



**FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS
REGULAR BOARD MEETING**

AGENDA

**MONDAY, JANUARY 28, 2019
4:00 P.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 / ESTABLISH A QUORUM

PLEDGE OF ALLEGIANCE

ADDITIONS TO AGENDA PER GC § 54954.2(b)

APPROVAL OF AGENDA

PUBLIC COMMENT

Members of the public are invited to address the Board of Directors on any item that is within the subject matter jurisdiction of the legislative body. The Board President may limit comments to three (3) minutes.

- A. 2018 EMPLOYEE OF THE YEAR; RESOLUTION NO. 4951
 - 1. Mavis Canpinar

II. CONSENT CALENDAR-----(ITEM B)****

All items appearing on the Consent Calendar may be disposed of by a single motion. Items shall be removed from the Consent Calendar if any member of the Board of Directors or the public requests removal prior to a vote on a motion to approve the items. Such items shall be considered separately for action by the Board.

B. APPROVAL OF MINUTES

- 1. December 10, 2018 Combined November/December Regular Board Meeting
- 2. January 9, 2019 Special Board Meeting

Recommendation: The Board approve the minutes of the aforementioned meeting(s) of the Board of Directors of the Fallbrook Public Utility District.

III. INFORMATION ----- (ITEMS C – D)

- C. EMPLOYEE ANNOUNCEMENTS
 - 1. Owni Toma, Chief Plant Operator
 - 2. Jake Robinson, System Operator I

Presented by: Jack Bebee, General Manager

D. BUDGET STATUS REPORT OVERVIEW AND MID-YEAR UPDATE

Presented by: David Shank, Assistant General Manager/Chief Financial Officer

IV. ACTION / DISCUSSION CALENDAR ----- (ITEMS E – M)

- E. CONSIDER REVISING THE 2019 BOARD OF DIRECTORS REGULAR MEETING SCHEDULE

Recommendation: That the Board revise the 2019 Board of Directors Regular Meeting Schedule to change the May Regular Board Meeting date from Wednesday, May 29, 2019, to Monday, May 20, 2019.

- F. CONSIDER REPLACEMENT OF WATER RESOURCES COMMITTEE WITH ENGINEERING AND OPERATIONS COMMITTEE AND UPDATE TO LIST OF MEETINGS NOT REQUIRING ADVANCE APPROVAL; RESOLUTION NO. 4952

Recommendation: That the Board adopt Resolution No. 4952 revising the Administrative Code, more specifically to Section 2.14 replacing the Water Resources Committee with the Engineering and Operations Committee, per the request of the Board President, and to Section 2.12 adding New Board Member Orientation and Training to the list of meetings that do not require advance approval.

- G. CONSIDER APPOINTING A BOARD MEMBER AS THE DISTRICT'S REPRESENTATIVE TO THE ASSOCIATION OF CALIFORNIA WATER AGENCIES (ACWA JPIA) BOARD OF DIRECTORS; RESOLUTION NO. 4953

Recommendation: That the Board adopt Resolution No. 4953 appointing a Governing Board Member as the District's representative on the ACWA JPIA Board of Directors and affirm that the General Manager shall continue serving as alternate director.

- H. CONSIDER ANNUAL REVIEW OF DIRECTORS' PER DIEM COMPENSATION

Recommendation: Staff supports Board direction.

- I. CONSIDER PROPOSED FIELD SERVICES MANAGER POSITION;
RESOLUTION NO. 4954

Recommendation: That the Board adopt Resolution No. 4954 approving the Field Services Manager job description and salary range and the related changes to the organizational chart and salary table.

- J. CONSIDER COMPLIANCE TECHNICIAN JOB DESCRIPTION REVISIONS;
RESOLUTION NO. 4955

Recommendation: That the Board adopt Resolution No. 4955 approving the proposed changes to the Compliance Technician job description.

- K. CONSIDER APPROVING THE DRAFT COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR) FOR FISCAL YEAR ENDING JUNE 30, 2018

Recommendation: The Board approve the Draft CAFR for fiscal year ending June 30, 2018.

- L. CONSIDER AWARD OF SANDIA & BUCKNELL PAINTING AND COATING PROJECT

Recommendation: That the board authorize award of the Sandia & Bucknell Painting and Coating Project to the lowest responsible bidder, AMP United, at an amount of \$700,848.

- M. CONSIDER REPLACEMENT OF TWO CREW SUPPORT UTILITY TRUCKS

Recommendation: That the Board approve the purchase of two (2) F550 pickup trucks with Scelzie Utility Bed/Flat Bed for \$173,809.80 from Fritts Ford and one (1) Wachs Valve/Vacuum from Wachs for \$63,635.00 for a total cost of \$237,444.80 in order to maintain a reliable District fleet to complete necessary infrastructure repairs and replacement. \$260,000 was budgeted for these items in the approved FY 2018/19 budget.

V. **ORAL/WRITTEN REPORTS**-----**(ITEMS 1-8)**

1. General Counsel
2. SDCWA Representative Report
3. General Manager
 - a. Engineering and Operations Report
4. Assistant General Manager/Chief Financial Officer
 - a. Treasurer's Report
 - b. Warrant List
5. Public Affairs Specialist
6. Notice of Approval of Per Diem for Meetings Attended
7. Director Comments/Reports on Meetings Attended

8. Miscellaneous

VI. ADJOURNMENT OF MEETING

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(a).

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.

January 24, 2019
Dated / Fallbrook, CA

Mary Lou West
Secretary, Board of Directors

MEMO

TO: Board of Directors
FROM: Jack Bebee, General Manager / JRB
DATE: January 28, 2019
SUBJECT: 2018 Employee of the Year – Mavis Canpinar
Resolution No. 4951

Mavis Canpinar was selected as the *November 2018 Employee of the Quarter* by Eddie Taylor, the *August 2018 Employee of the Quarter*, because of the following:

“Mavis is a team player, always very helpful and polite, pleasant to work with, and always goes the extra mile to help customers and fellow employees.”

In December, employees elected Mavis as the *2018 Employee of the Year*. Resolution No. 4951 conveys the Board of Directors’ commendation and appreciation to Mavis for her dedicated service to the District.

Congratulations, Mavis!

RESOLUTION NO. 4951

RESOLUTION OF THE BOARD OF DIRECTORS OF THE
FALLBROOK PUBLIC UTILITY DISTRICT OF COMMENDATION
AND APPRECIATION TO MAVIS CANPINAR, 2018 EMPLOYEE OF
THE YEAR

* * * * *

WHEREAS, the Fallbrook Public Utility District Recognition Program was authorized by the Board of Directors on November 28, 1988, and provides that an Employee of the Year be selected by employees' ballots from the Employee of the Quarter winners during the past year; and

WHEREAS, Mavis Canpinar was hired on April 13, 2015, as a Customer Service Representative I and has been promoted twice, most recently to Customer Service Specialist; and

WHEREAS, Mavis Canpinar was chosen as the Employee of the Quarter for November 2018 by Eddie Taylor; and

WHEREAS, Mavis Canpinar was voted by her peers as the 2018 Employee of the Year for her high level of professionalism, positive attitude, and willingness to go the extra mile for District ratepayers and fellow employees.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Directors of the Fallbrook Public Utility District does hereby commend Mavis Canpinar for being voted as the 2018 Employee of the Year and expresses its deep appreciation to Mavis for her dedicated service to the District.

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 28th day of January, 2019, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

M E M O

TO: Board of Directors
FROM: Mary Lou West, Secretary *mlw*
DATE: January 28, 2019
SUBJECT: Consider Approving Minutes

Recommended Action

That the Board approve the minutes of the following meeting(s) of the Board of Directors of the Fallbrook Public Utility District:

1. December 10, 2018 Combined November/December Regular Board Meeting
2. January 9, 2019 Special Board Meeting

Minutes of the
December 10, 2018 Combined
November/December Regular Board Meeting

DRAFT

FALLBROOK PUBLIC UTILITY DISTRICT BOARD OF DIRECTORS COMBINED NOVEMBER/DECEMBER REGULAR BOARD MEETING

MINUTES

MONDAY, DECEMBER 10, 2018
4:00 P.M.

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

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

President Gebhart called the Combined November/December Regular Meeting of the Board of Directors of the Fallbrook Public Utility District to order at 4:01 p.m. A quorum was established, and attendance was as follows:

Board of Directors

Present: Jennifer DeMeo, Member
Ken Endter, Member
Al Gebhart, Member
Don McDougal, Member
Charley Wolk, Member

Absent: None

District Staff

Present: Paula de Sousa Mills, General Counsel
Jack Bebee, General Manager
David Shank, Assistant General Manager/Chief Financial Officer
Mavis Canpinar, Customer Service Specialist
Devin Casteel, System Operations Supervisor
Jason Cavender, Operations Manager
Aaron Cook, Senior Engineer
Mick Cothran, Engineering Technician
Noelle Denke, Public Affairs Specialist
Soleil Deville, Engineering Technician
Kelly Laughlin, Administrative Office Specialist
Jeff Marchand, Engineering Supervisor
Veronica Tamzil, Senior Accountant
Mary Lou West, Secretary

Also present were others, including, but not limited to: Ruth Allen; Milt Davies, Retired Board Member, Division 2; and Donna Gebhart, Fallbrook Trails Council.

PLEDGE OF ALLEGIANCE

President Gebhart led the Pledge of Allegiance.

ADDITIONS TO AGENDA PER GC § 54954.2(b)

There were no additions to the agenda.

APPROVAL OF AGENDA

MOTION: Vice-President McDougal moved to approve the agenda as submitted; Director Wolk seconded. Motion passed; VOTE:

AYES: Directors DeMeo, Endter, Gebhart, McDougal, and Wolk

NOES: None

ABSTAIN: None

ABSENT: None

PUBLIC COMMENT

Members of the public are invited to address the Board of Directors on any item that is within the subject matter jurisdiction of the legislative body. The Board President may limit comments to three (3) minutes.

Ruth Allen stepped to the podium and expressed concern with the condition of the Martin tank, which is located near her home.

A. SEATING OF DIRECTORS

1. Kenneth Endter, Division No. 2
2. Charley Wolk, Division No. 5

President Gebhart announced that Directors Endter and Wolk were elected to Divisions 2 and 5, respectively.

B. RECOGNITION AND COMMENDATION OF STUDENT ARTWORK

The top 14 fourth grade student artists who submitted artwork for the 2019 Be Water Smart calendar contest were honored and presented with gifts and prizes for their outstanding artwork featured in the calendar.

At 4:24 p.m., President Gebhart announced the Board would take a brief recess.

At 4.28 p.m., the Board returned from recess and reconvened to Open Session.

C. COMMEMORATE MILT DAVIES'S RETIREMENT FROM THE BOARD OF DIRECTORS

A commemoration ceremony was held in honor of Milt Davies' 37 years of service on the Board of Directors for both the Fallbrook Public Utility District and the Fallbrook Sanitary District.

D. EMPLOYEE OF THE QUARTER FOR NOVEMBER 2018
1. Mavis Canpinar

Mavis Canpinar was commended for being chosen Employee of the Quarter for November 2018 and was presented with a Certificate from Assemblywoman Marie Waldron's office.

At 4:57 p.m., President Gebhart announced the Board would take a brief recess.

At 5:05 p.m., the Board returned from recess and reconvened to Open Session.

E. ELECTION OF OFFICERS TO THE BOARD OF DIRECTORS
1. President
2. Vice-President

President Gebhart turned the gavel over to General Manager Bebee to conduct the Election of Officers.

MOTION: President Gebhart nominated Vice-President McDougal as President and Director DeMeo as Vice-President. Motion carried; VOTE:

AYES: Directors DeMeo, Endter, Gebhart, McDougal, and Wolk
NOES: None
ABSTAIN: None
ABSENT: None

The Election of Officers was closed, and General Manager Bebee turned the gavel over to newly-elected President McDougal to preside over the remainder of the meeting.

F. APPOINTMENTS TO BOARD STANDING COMMITTEES
1. Fiscal Policy & Insurance
2. Personnel
3. Water Resources

President McDougal made the following appointments to the Board Standing Committees:

1. Fiscal Policy & Insurance: *Directors Gebhart and Wolk*
2. Personnel: *Directors McDougal and DeMeo*
3. Water Resources: *Directors Wolk and Endter*

President McDougal directed staff to bring to the Board at the next regular meeting a proposal to revise the Administrative Code to change the Water Resources Committee to Engineering and Operations Committee.

II. CONSENT CALENDAR----- (ITEMS G – H)

All items appearing on the Consent Calendar may be disposed of by a single motion. Items shall be removed from the Consent Calendar if any member of the Board of Directors or the public requests removal prior to a vote on a motion to approve the items. Such items shall be considered separately for action by the Board.

G. CONSIDER APPROVING MINUTES

1. October 22, 2018 Regular Board Meeting

Recommendation: That the Board approve the minutes of the aforementioned meeting of the Board of Directors of the Fallbrook Public Utility District.

H. CONSIDER 2019 BOARD OF DIRECTORS REGULAR MEETING SCHEDULE

Recommendation: The Board establish the 2019 Board of Directors' regular meeting schedule, to include postponing the May regular meeting by two days to Wednesday, May 29, 2019, at 4 p.m. and combining the November and December regular Board meetings to Monday, December 9, 2019, at 4 p.m.

MOTION: Director Wolk moved to approve the Consent Calendar as presented; Director Endter seconded. Motion carried; **VOTE:**

AYES: Directors DeMeo, Endter, Gebhart, McDougal, and Wolk

NOES: None

ABSTAIN: None

ABSENT: None

III. INFORMATION----- (ITEMS I – J)

I. INTRODUCTION OF NEW SENIOR ACCOUNTANT, VERONICA TAMZIL

Presented by: Jack Bebee, General Manager

General Manager Bebee introduced Veronica Tamzil as the new Senior Accountant.

J. CITRIC ACID PILOT STUDY PRESENTATION

Presented by: Devin Casteel, System Operations Supervisor

System Operations Supervisor Casteel presented a slide show with an overview of the District's Citric Acid Pilot Study conducted at the Red Mountain Reservoir Ultraviolet Water Treatment Plant. The study demonstrated that a continuous citric acid feed reduced labor costs and energy consumption resulting in a \$15,900 annual savings.

IV. ACTION / DISCUSSION CALENDAR ----- (ITEMS K – N)

K. CONSIDER CLAIM FOR PROPERTY DAMAGE

Recommendation: Staff recommends denial of the Claim and forwarding to ACWA/JPIA for resolution.

For the benefit of newly elected Director Endter, President McDougal explained the Claim process and stated that in order for the District's insurance carrier to handle the Claim, it must be denied by the Board of Directors and then forwarded to the District's insurance carrier, the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA), for resolution.

The Claimant was not present and there was no further discussion.

MOTION: Director Endter moved to deny the Claim and forward the Claim to the ACWA JPIA for resolution; Director Wolk seconded. Motion carried; **VOTE:**

AYES: Directors DeMeo, Endter, Gebhart, McDougal, and Wolk

NOES: None

ABSTAIN: None

ABSENT: None

L. DISCUSS COMMUNICATION PLAN AND CONSIDER AMENDING THE ADMINISTRATIVE CODE TO ADOPT ARTICLE 33, SOCIAL MEDIA POLICY; RESOLUTION NO. 4948

Recommendation: That the Board amend the Administrative Code to adopt Article 33, Social Media Policy, and adopt Resolution No. 4948.

General Manager Bebee stated that the Communication and Outreach Plan (Plan) was included in the board packet. He further stated that the Plan would be brought to the Board for review each year and the plan incorporates the use of social media.

General Manager Bebee briefly discussed implications of posts by Directors in relation to the Brown Act and the Public Records Act and suggested Directors refrain from posting to social media sites to avoid violations.

MOTION: Director Wolk moved to adopt Resolution No. 4948 amending the Administrative Code to add Article 33, Social Media Policy; Vice-President DeMeo seconded. Motion carried; VOTE:

AYES: Directors DeMeo, Endter, Gebhart, McDougal, and Wolk
NOES: None
ABSTAIN: None
ABSENT: None

M. CONSIDER RESOLUTION NO. 4949 AUTHORIZING THE GENERAL MANAGER TO SIGN AND FILE FOR A FINANCIAL ASSISTANCE APPLICATION FOR A FINANCING AGREEMENT FROM THE STATE WATER RESOURCES CONTROL BOARD FOR THE PLANNING, DESIGN, AND CONSTRUCTION OF THE LSMR IPR PILOT PROJECT

Recommendation: That the Board adopt Resolution No. 4949 authorizing the General Manager to execute the financial assistance agreement should our pilot project application be approved by the Deputy Director of the State Water Resources Control Board.

General Manager Bebee reported that staff is working with Camp Pendleton to secure grant funding for water recycling pilot projects. Staff is pursuing additional grant funding through Proposition 1, and staff is utilizing Camp Pendleton's consultant to assist with the process. If the grant is secured, staff would return to the Board with approval to move forward with the project that would include an agreement with Camp Pendleton on cost allocation.

MOTION: Director Endter moved to adopt Resolution No. 4949 authorizing the General Manager to sign and file for a financial assistance application for a financing agreement from the State Water Resources Control Board for the planning, design, and construction of the LSMR IPR Pilot Project; Director Wolk seconded. Motion carried; VOTE:

AYES: Directors DeMeo, Endter, Gebhart, McDougal, and Wolk
NOES: None
ABSTAIN: None
ABSENT: None

N. CONSIDER MANAGEMENT OF THE PROCEEDS FROM THE SALE OF THE SANTA MARGARITA PROPERTY

Recommendation That the Board direct staff to establish separate accounts to hold the proceeds from the sale of the property to help offset long-term water costs. \$6.2 million will be set aside to fund the rate stabilization fund, to off-set debt payments in dry years for the Santa Margarita Conjunctive Use Project. The Balance will be set aside in another

account to help off-set long-term pension obligations and will be put into a pension obligation off-set fund.

That the Board authorize staff on the recommendation of the FP&I committee to later invest these funds from these accounts with PFM for the rate stabilization fund or PARS for the Pension Obligation Off-Set Fund.

Director Wolk stated the Fiscal Policy & Insurance Committee recommends the proposal, which supports the statutory requirements for reserves.

Assistant General Manager/Chief Financial Officer Shank noted that the Treasurer's Report will be modified to reflect these new accounts and no transactions will be made without Board approval.

President McDougal stated he would be calling a Special Board Meeting to discuss District finances and use of reserve funds.

MOTION: Director Wolk moved to direct staff to establish separate accounts to hold the proceeds from the sale of the property to help offset long-term water costs. \$6.2 million will be set aside to fund the rate stabilization fund, to off-set debt payments in dry years for the Santa Margarita Conjunctive Use Project. The balance will be set aside in another account to help off-set long-term pension obligations and will be put into a pension obligation off-set fund.

That the Board authorize staff, who will discuss with the Fiscal Policy & Insurance Committee, to later invest these funds from these accounts with PFM for the rate stabilization fund or PARS for the pension obligation off-set fund; Director Endter seconded. Motion carried; VOTE:

AYES: Directors DeMeo, Endter, Gebhart, McDougal, and Wolk

NOES: None

ABSTAIN: None

ABSENT: None

V. ORAL/WRITTEN REPORTS------(ITEMS 1-9)

1. General Counsel

- General Counsel de Sousa Mills provided the Board with an update of legislation affecting special districts, including a brief overview of SB 1124 that was vetoed last year but is expected to be reintroduced in the coming year. The bill would modify an employer's obligation for problems or errors when calculating CalPERS benefits.

2. SDCWA Representative Report

- General Manager Bebee/SDCWA Representative provided an overview of the written report included in the board packet.
3. General Manager
 - General Manager Bebee provided an overview of the written reports included in the board packet.
 4. Assistant General Manager/Chief Financial Officer
 - a. Treasurer's Report
 - b. Budget Status Report
 - c. Warrant List
 - Assistant General Manager/Chief Financial Officer Shank provided an overview of the written reports included in the board packet.
 - Mr. Shank stated a mid-year Budget Status Update would be provided to the Board in January.
 5. Operations Manager/Senior Engineer
 - a. Engineering and Operations Report
 6. Public Affairs Specialist
 7. Notice of Approval of Per Diem for Meetings Attended
 8. Director Comments/Reports on Meetings Attended
 - Vice-President DeMeo provided a brief summary of meetings attended, as more fully described in the written reports included in the board packet.
 9. Miscellaneous

ADJOURN TO CLOSED SESSION

The Board of Directors adjourned to Closed Session at 6:11 p.m. following an oral announcement by President McDougal of Closed Session Item VI. 1.

VI. CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL – SIGNIFICANT EXPOSURE TO LITIGATION PER GC § 54956.9 (d)(2):
 - NUMBER OF POTENTIAL CASES: ONE (1)

RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 6:25 p.m.

REPORT FROM CLOSED SESSION (*As Necessary*)

President McDougal announced there was no reportable action taken in Closed Session.

VII. ADJOURNMENT OF MEETING

There being no further business to discuss, President McDougal adjourned the Combined Nov./Dec. Regular Meeting of the Board of Directors of the Fallbrook Public Utility District at 6:26 p.m.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

Minutes of the
January 9, 2019 Special Board Meeting

DRAFT

FALLBROOK PUBLIC UTILITY DISTRICT BOARD OF DIRECTORS SPECIAL BOARD MEETING

MINUTES

WEDNESDAY, JANUARY 9, 2019
4:00 P.M.

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

I. PRELIMINARY FUNCTIONS

CALL TO ORDER / ROLL CALL / ESTABLISH A QUORUM

President McDougal called the Special Meeting of the Board of Directors of the Fallbrook Public Utility District to order at 4:00 p.m. A quorum was established, and attendance was as follows:

Board of Directors

Present: Jennifer DeMeo, Member/Vice-President
Ken Endter, Member
Al Gebhart, Member
Don McDougal, Member/President
Charley Wolk, Member

Absent: None

District Staff

Present: Jack Bebee, General Manager
Lisa Chaffin, Human Resources Manager

Designated Negotiator

Present: Mark Bresee of Atkinson, Andelson, Loya, Ruud and Romo

Also present were others, including, but not limited to: There were no others present.

PLEDGE OF ALLEGIANCE

President McDougal led the Pledge of Allegiance.

APPROVAL OF AGENDA

MOTION: Director Gebhart moved to approve the agenda as presented; Director Wolk seconded. Motion passed; VOTE:

AYES: Directors DeMeo, Endter, Gebhart, McDougal, and Wolk

NOES: None
ABSTAIN: None
ABSENT: None

PUBLIC COMMENT

Members of the public are invited to address the Board of Directors on any item that is within the subject matter jurisdiction of the legislative body. The Board President may limit comments to three (3) minutes.

There were no public comments.

ADJOURN TO CLOSED SESSION

The Board of Directors adjourned to Closed Session at 4:01 p.m. following an oral announcement by President McDougal of Closed Session Item II. 1.

II. CLOSED SESSION ----- (ITEM 1)

1. CONFERENCE WITH LABOR NEGOTIATORS PURSUANT TO GOVERNMENT CODE SECTION 54957.6:

Agency Designated Negotiators: Mark Bresee of Atkinson, Andelson, Loya, Ruud and Romo

Employee Organizations: Fallbrook Public Utility District Employees' Association; Fallbrook Management Employees' Association

RECONVENE TO OPEN SESSION

The Board returned from Closed Session and reconvened to Open Session at 5:27 p.m.

REPORT FROM CLOSED SESSION (As Necessary)

President McDougal announced there was no reportable action taken in Closed Session.

III. ADJOURNMENT OF MEETING

There being no further business to discuss, President McDougal adjourned the Special Meeting of the Board of Directors of the Fallbrook Public Utility District at 5:28 p.m.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

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M E M O

TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO 
DATE: January 28, 2019
SUBJECT: Budget Status Report Overview and Mid-Year Update

Purpose

Review the new format for the Budget Status Report and provide the Board with a mid-year budget update.

Summary

A Budget Status Report is intended to provide current information on the financial performance of the District. To achieve this the report shows a mix of information including monthly, year-to-date, and remaining budget. The prior monthly activity allows large variances between budget and actual to be quickly identified. The fiscal year-to-date information provides a picture of the District's financial position and identifies any trends during the year. The final column of data shows where the line item is with regards to budget and budget remaining. The top of the far right column shows what percent of the current year remains (i.e. 50% at December). This can be helpful when looking at straight lined and other numbers because it indicates the extent the budget is over or under for that time of the year.

To generate the Budget Status Report, each cost and revenue stream was evaluated and historic trends in the data analyzed. As a result, all of the monthly and year-to-date data is adjusted to reflect historic trends. For example, property tax is received intermittently through the year. The remittance pattern was identified and applied to the budget so that each month's receipts reflect the monthly payment received in the past. That allows a very good assessment of what would be expected each month and what would be expected for the year-to-date.

The mid-year budget results show total revenues \$1.5 million under budget due to lower than expected wastewater and water sales revenues and lower than anticipated property tax revenues. The District's mid-year total expenses are \$1.3 million under budget due mostly to lower than budgeted purchased water expenses driven by the lower water sales levels. Operations costs for departments is also under budget. These revenues and expenses result in a net revenue of \$0.2 million loss. Capital project execution is slower than expected resulting in capital expenditures that are \$1.0 million under budget. Taking into account CIP spending net revenues are well \$0.8 million over budget.

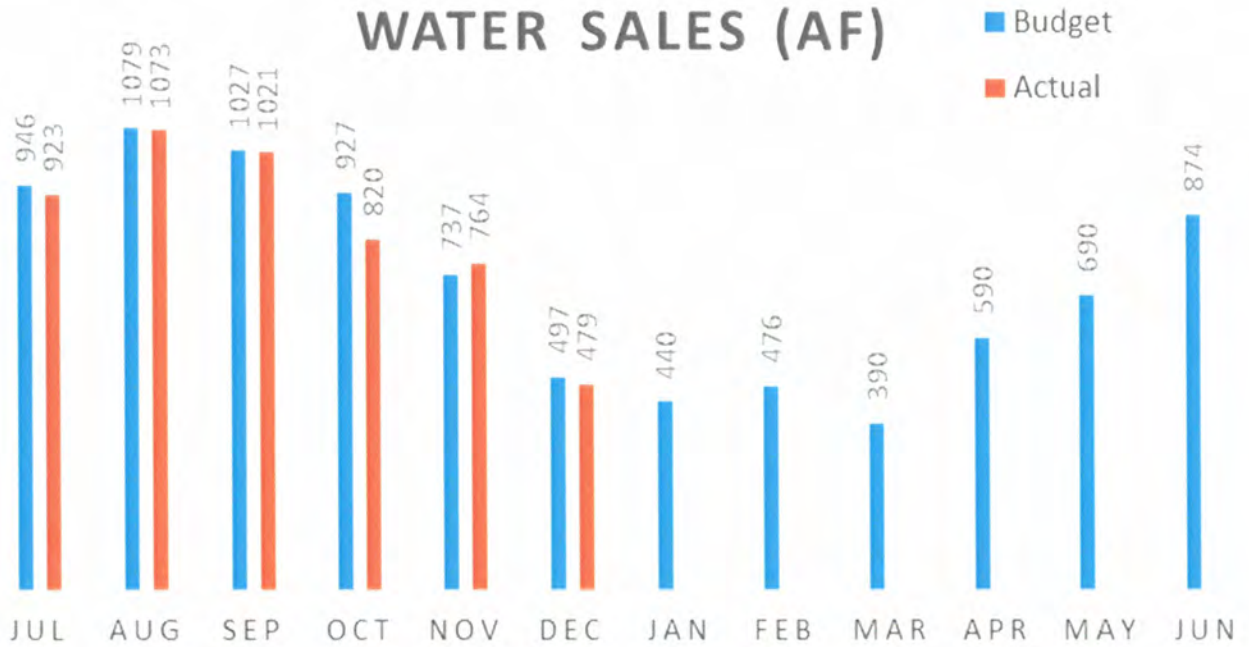
Looking forward, wastewater service charge revenues should increase due to the implementation of the new billing methodology and rate and charge increases. Property

tax and water standby receipts are expected to pick up and come in at budget levels as the final impacts of the Federal tax law charges are felt. In summary, the District's financial performance at the mid-year point is in-line with the budget.

Recommended Action

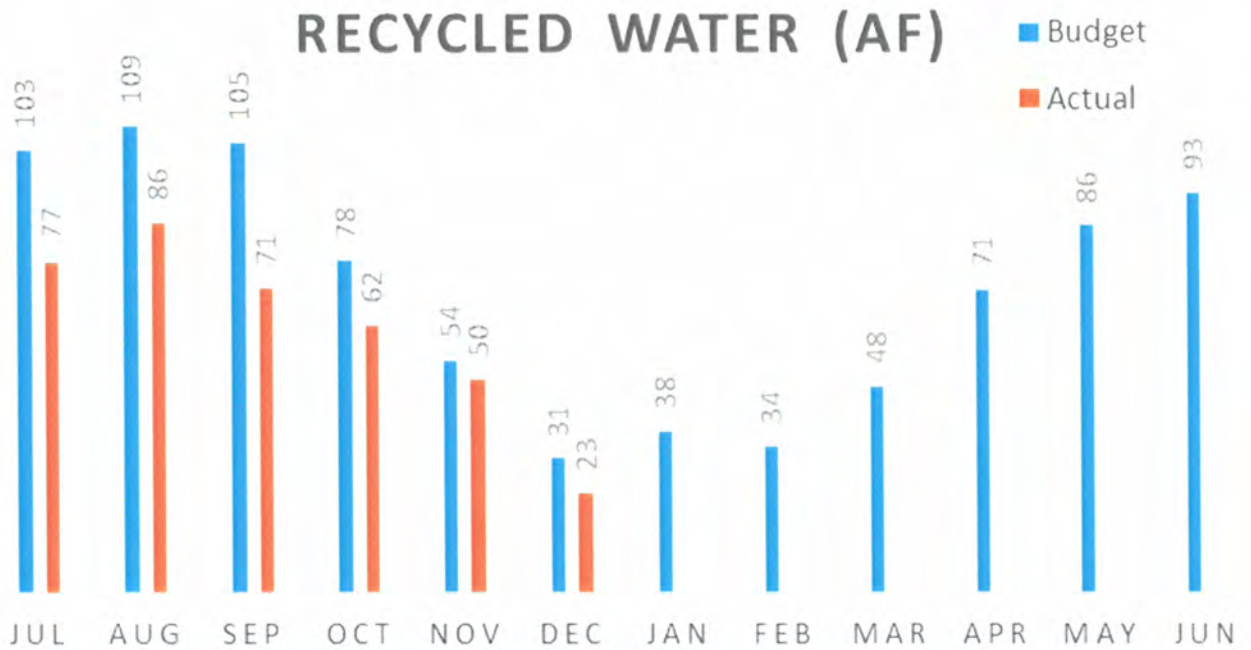
This item is for discussion only. No action is required.

WATER SALES (AF)



Year-to-Date Actual 5,081 AF Year-to-Date Budget 5,214 AF

RECYCLED WATER (AF)



Year-to-Date Actual 370 AF Year-to-Date Budget 480 AF

Monthly Budget Report for December

Favorable Variance Shown as a positive number

	Current Month		Year-To-Date				Annual Budget		
	Actual	Budget	Actual	Budget	Variance	%	Budget	Remaining Balance	%
Operating Revenues:								Year remaining	50.0%
Water Sales	840,466	890,072	8,891,748	9,333,976	(442,227)	-4.7%	16,148,015	7,256,267	44.9%
MWD Readiness to Serve	28,171	28,366	162,414	170,195	(7,781)	-4.6%	340,390	177,976	52.3%
CWA Infrastructure Access Charge	35,133	37,170	210,951	223,020	(12,069)	-5.4%	436,668	225,717	51.7%
Meter Service Charges	589,136	536,633	3,537,909	3,219,795	318,114	9.9%	6,697,173	3,159,264	47.2%
Wastewater Service Charges	327,079	501,384	2,069,555	3,008,307	(938,751)	-31.2%	6,016,613	3,947,058	65.6%
Recycled Water Revenues	34,329	50,152	561,894	720,169	(158,275)	-22.0%	1,333,360	771,466	57.9%
Overuse Penalties	-	-	-	-	-	NA	-	-	NA
Sundry Other Revenue	-	25,509	-	153,051	(153,051)	-100.0%	306,102	306,102	100.0%
CWA Rebates	4,420	12,627	54,160	75,763	(21,603)	-28.5%	151,525	97,365	64.3%
Total Operating Revenue	1,858,733	2,081,913	15,488,632	16,904,274	(1,415,642)	-8.4%	31,429,846	15,941,214	50.7%
Non Operating Revenues:									
Water Capital Improvement Charge	105,389	109,119	632,639	654,712	(22,073)	-3.4%	1,309,424	676,785	51.7%
Wastewater Capital Improvement Charge	93,818	95,175	562,822	571,051	(8,229)	-1.4%	1,142,101	579,279	50.7%
Property Taxes	667,430	295,551	816,529	1,067,023	(250,494)	-23.5%	1,908,753	1,092,224	57.2%
Water Standby/Availability Charge	50,079	71,582	60,231	112,349	(52,118)	-46.4%	203,000	142,769	70.3%
Water/Wastewater Capacity Charges	-	11,186	105,092	67,117	37,975	56.6%	134,234	29,142	21.7%
Portfolio Interest	17,284	18,370	127,913	110,222	17,691	16.1%	220,444	92,531	42.0%
Pumping Capital Improvement Charge	1,046	3,256	19,617	19,537	80	0.4%	39,073	19,456	49.8%
Federal Interest Rate Subsidy	-	-	-	68,339	(68,339)	-100.0%	133,917	133,917	100.0%
SRF Loan Proceeds	-	-	-	-	-	NA	-	-	NA
CSI Rebate	-	-	-	-	-	NA	-	-	NA
Facility Rents & Other Non-Operating Revenues	34,381	14,710	318,510	88,258	230,252	260.9%	176,516	(141,994)	-80.4%
Total Non Operating Revenues	969,427	618,949	2,643,352	2,758,607	(115,255)	-4.2%	5,267,458	2,624,106	49.8%
Total Revenues	2,828,160	2,700,862	18,131,984	19,662,881	(1,530,897)	-7.8%	36,697,304	18,565,320	50.6%
Expenditures									
Purchased Water Expense	779,207	868,428	7,075,408	7,996,814	921,405	11.5%	13,743,805	6,668,397	48.5%
MWD Readiness to Serve	28,366	28,366	170,195	170,195	-	0.0%	340,390	170,195	50.0%
CWA Infrastructure Access Charge	37,170	37,170	223,020	223,020	-	0.0%	436,668	213,648	48.9%
Water Services	110,472	245,972	1,594,680	1,724,801	130,121	7.5%	3,197,635	1,602,955	50.1%
Wastewater Services	146,496	200,896	1,400,014	1,414,628	14,614	1.0%	2,611,649	1,211,635	46.4%
Recycled Water Services	29,083	45,273	279,437	317,182	37,745	11.9%	588,552	309,115	52.5%
Administrative Services	460,833	476,234	3,157,384	3,347,491	190,107	5.7%	6,191,048	3,033,665	49.0%
Total Operating Expenses	1,591,627	1,902,339	13,900,137	15,194,131	1,293,993	8.5%	27,619,407	13,719,270	49.7%
Debt Service Expenses									
Red Mountain SRF	-	-	197,925	197,925	-	0.0%	395,850	197,925	50.0%
WWTP SRF	-	-	-	-	-	NA	1,845,746	1,845,746	100.0%
QECB Solar Debt (Net of Subsidy)	-	-	260,695	260,695	-	0.0%	518,423	257,728	49.7%
Total Debt Service	-	-	458,620	458,620	-	0.0%	2,760,019	2,301,399	83.4%
Total Expenses	1,591,627	1,902,339	14,358,757	15,652,751	1,293,993	8.3%	30,379,426	16,020,668	52.7%
Net Revenue/(loss) From Operations and Debt Service	1,236,532	798,523	3,773,227	4,010,130	(236,904)	-5.9%	6,317,878	2,544,652	40.3%
Capital Investment									
Construction Expenditures	659,933	649,991	2,872,828	3,899,944	1,027,116	26.3%	19,894,888	17,022,060	85.6%
SRF Loan Proceeds Draw (Capital Project Funds)	-	-	-	-	-	-	(12,095,000)	-	-
Net Revenue/(Loss)	576,599	148,532	900,399	110,186	790,212	717.2%	(1,482,010)	(2,382,408)	160.8%

MEMO

TO: Board of Directors
FROM: Mary Lou West, Secretary *MW*
DATE: January 28, 2019
SUBJECT: Consider Revising the 2019 Board of Directors Regular Meeting Schedule

Purpose

To revise the 2019 Board of Directors Regular Meeting Schedule.

Summary

On December 10, 2018, the Board of Directors approved the below 2019 Regular Meeting Schedule:

Month	Day	Month	Day	Month	Day	Month	Day
January	28	April	22	July	22	October	28
February	25	May	29 20	August	26	November	<i>Combined with December</i>
March	25	June	24	September	23	December	9

Monday, May 27, 2019, is the Memorial Day holiday; and since many people coordinate vacation time with holidays, the proposal would change the May Regular Board Meeting date from Wednesday, May 29, 2019, to Monday, May 20, 2019.

Recommendation

That the Board revise the 2019 Board of Directors Regular Meeting Schedule to change the May Regular Board Meeting date from Wednesday, May 29, 2019, to Monday, May 20, 2019.

M E M O

TO: Board of Directors
FROM: Jack Bebee, General Manager, JRB
DATE: January 28, 2019
SUBJECT: Replacement of Water Resources Committee with Engineering and Operations Committee and Update to List of Meetings Not Requiring Advance Approval; Resolution No. 4952

Purpose

For Board to consider request from the Board President to replace the Water Resources Committee with the Engineering and Operations Committee and to update the list of meetings that do not require advance approval.

Summary

The District has the following three standing committees that are established by the Board to help establish policy and procedures in their specific areas:

1. Fiscal Policy and Insurance
2. Personnel Committee
3. Water Resources Committee

The roles of each committee are summarized in Section 2.14 of the Administrative Code (attached). While the Fiscal Policy and Insurance and Personnel Committee meet frequently to help review items, meetings of the Water Resources Committee are limited given the narrow scope of the committee. In addition, the District has a number of activities related to the general operation and engineering aspects of the District that could benefit from additional Board member input as part of a committee. The District is also transitioning from the development of water resources as part of the Santa Margarita Conjunctive Use Project to implementation and operation of its own water treatment facility. Due to these issues, the Board President recommends replacing the Water Resources Committee with the Engineering and Operations Committee. The specific task of the committee would be:

Engineering and Operations Committee – This committee is responsible to advise the Board concerning the planning, construction, operation, and maintenance of the necessary works for the production, storage, transmission, and distribution of water for irrigation, domestic, industrial, and municipal purposes. They shall also review the capital improvement programs of the District, environmental documents and programs, and the master plans of the District, while conferring with staff during the preparation thereof.

Moreover, the Board may wish to add Orientation and Training, as prescribed by Section 2.16.7 of the Administrative Code, to the list of meetings that do not require approval in advance.

Recommended Action

That the Board adopt Resolution No. 4952 revising the Administrative Code, more specifically to Section 2.14 replacing the Water Resources Committee with the Engineering and Operations Committee, per the request of the Board President, and to Section 2.12 adding New Board Member Orientation and Training to the list of meetings that do not require advance approval.

- A. Association of California Water Agencies (ACWA) (semi-annual)
- B. California Special District Association (CSDA), San Diego Chapter (quarterly)
- C. Council of Water Utilities (monthly)
- D. California Association of Sanitation Agencies (CASA) (semi-annual)
- E. Training Courses in CA Local Agency Ethics (AB 1234) and/or Sexual Harassment for Supervisors (AB 1825)
- F. Metropolitan Water District of Southern California (up to one per month)
- G. San Diego County Water Authority (up to one per month)
- H. Meetings between the Board President and the General Manager (up to twice per month)
- I. Up to one meeting per month for each Director with the General Manager to discuss District business
- J. Toastmasters International (up to twice per month)
- K. Citizens Water Academy offered by the San Diego County Water Authority
- ~~K-L.~~ New Board Member Orientation and Training as prescribed by section 2.16.7 of the Administrative Code

Sec. 2.13 Board Packets.

Board packets are available for review at the District office on the Friday prior to a regular Board meeting after they have been made available to the Board of Directors. The general public may request and receive a copy of a full Board packet at no charge on the Friday preceding a regular Board meeting after 12:00 noon. Arrangements for review and pick-up shall be coordinated by the Secretary.

Sec. 2.14 Board Committees.

The Board currently has three (3) standing committees as follows:

- A. Fiscal Policy & Insurance Committee – This committee shall work with the General Manager and other officers of the District to review the annual audit, the annual financial statement before publication, budget, water rate structures and fees, investments, insurance, and other financial records and operations of the District.
- B. Personnel Committee – This committee is responsible for employer-employee relations, including negotiations with the FPUDEA and FMEA, all substantive

changes in personnel policies, and annual review and salary recommendations of the General Manager.

~~C. Water Resources Committee — This committee is responsible for the development of locally applicable conjunctive water use management options, assuring that all water quality standards are met with regulatory agencies, and to continue to provide a safe and reliable source of water for all district customers.~~

Engineering and Operations Committee — This committee is responsible to advise the Board concerning the planning, construction, operation, and maintenance of the necessary works for the production, storage, transmission, and distribution of water for irrigation, domestic, industrial, and municipal purposes. They shall also review the capital improvement programs of the District, environmental documents and programs, and the master plans of the District, while conferring with staff during the preparation thereof.

Sec. 2.15 Ethics Policy.

The respected operations of democratic government emphasize that elected officials be independent, impartial and responsible to the people. It requires that they conduct themselves in a manner above reproach. It also imposes an obligation of personal integrity that will foster public respect, confidence, and trust.

This Ethics Policy provides the following general guidelines and specific prohibitions to which elected District officials must conform in pursuit of their assigned duties and responsibilities.

- A. Disclosure of Closed Session Matters. No member of the District shall disclose to any person, other than members of the Board, General Manager, or other District staff designated by the General Manager to handle such matters of confidential District business, the content or substance of any information presented or discussed during a closed session meeting unless the District first authorizes such disclosure by the affirmative vote of three members.
- B. Disclosure of Confidential Communications. Except when disclosure is mandated by State or Federal law, no member of the District Board shall disclose confidential or privileged communications to any person other than members of the Board, General Manager, or other District staff designated by the General Manager to handle such matters, unless the Board of Directors first authorizes such disclosure by the affirmative vote of three members of the Board of Directors.
- C. Conduct During Negotiations/Litigation. The Board of Directors is authorized to provide direction to specifically identified negotiators in a legally constituted closed session on matters involving pending litigation, real estate negotiations and labor negotiations. If the Board of Directors, in closed session, provides such direction to its negotiators, all contact with the negotiating party or party's representative shall be limited to and made by those individuals designated to handle the negotiations.

The penalties for violating the restrictions on honoraria and gifts under the Political Reform Act constitute a criminal misdemeanor and may be punished by a fine of up to the greater of \$10,000 or three times the amount the violation received.

ARTICLE 2

Sec. 2.12 – Rev. 95
Sec. 2.5 – Rev. 2/97
Sec. 2.11 – Rev. 9/98
Sec. 2.13 – Rev. 12/98
Secs. 2.2, 2.9, 2.10, 2.14 – Rev. 2/04
Sec. 2.3 – Rev. 6/06
Sec. 2.14 – Board Committees added
– Rev. 8/08
Secs. 2.3, 2.4.1, 2.6, 2.12, 2.13 –
Rev. 12/09
Sec. 2.12 – Rev. 9/10
Sec. 2.12 – Rev. 8/12
Sec. 2.16 – Added 12/12
Sec. 2.15 – Rev. 1/13
Secs. 2.16.5, 2.16.6, 2.16.7 – Rev.
9/14
Sec. 2.2 – Rev. 2/27
Sec. 2.12 – Rev. 10/17
Secs. 2.2.2, 2.2.3, 2.3, 2.4.1, 2.5, 2.6,
2.10, 2.11, 2.12, 2.16.7, and add
2.17, 2.17.1, 2.17.2, 2.17.3, 2.17.4,
2.17.5, 2.17.6, 2.17.7, 2.17.8, 2.17.9,
2.17.10, 2.18, 2.18.1, 2.18.2, 2.18.3,
2.18.4 – Rev. 8/18
Sec. 2.12 – Rev. 10/18
Secs. 2.12, 2.14 – Rev. 1/19

RESOLUTION NO. 4952

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE FALLBROOK PUBLIC UTILITY DISTRICT
AMENDING ADMINISTRATIVE CODE – ARTICLE 2, GUIDELINES FOR
BOARD OF DIRECTORS

* * * * *

WHEREAS, Article 2, Section 2.12 of the Administrative Code designates meetings for attendance by Directors that are eligible for compensation and expense reimbursement and that do not require approval in advance; and

WHEREAS, every Board Member is required to participate in an orientation and training within 60 days of election or assuming office as a condition to receiving compensation or allowance of expenses. The proposal adds the orientation and training, as prescribed by Section 2.16.7 of the Administrative Code, to the list of meetings in Section 2.12 that do not require advance approval; and

WHEREAS, the Board currently has three standing committees to assist with establishing District policies and procedures, as follows: Fiscal Policy & Insurance, Personnel, and Water Resources. The responsibilities of the Water Resources Committee is narrow in scope limiting the committee's involvement in District matters; and

WHEREAS, the proposal replaces the Water Resources Committee with Engineering and Operations Committee and redefines the committee's responsibilities to advise the Board concerning the planning, construction, operation, and maintenance of the necessary works for the production, storage, transmission, and distribution of water for irrigation, domestic, industrial, and municipal purposes. They shall also review the capital improvement programs of the District, environmental documents and programs, and the master plans of the District, while conferring with staff during the preparation thereof.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Fallbrook Public Utility District that Article 2, *Guidelines for Board of Directors*, shall be amended with the proposed revisions shown in Attachment A and as follows:

1. Section 2.12, *Directors' Compensation*, adding the orientation and training as prescribed by Section 2.16.7 of the Administrative Code to the list of meetings in Section 2.12 that do not require advance approval.
2. Section 2.14, *Board Committees*, replacing the Water Resources Committee with Engineering and Operations Committee and redefining the committee's responsibilities.
3. The remaining provisions of Article 2 are unaffected and reconfirmed hereby.

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 28th day of January, 2019, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

Attachment A

- D. California Association of Sanitation Agencies (CASA) (semi-annual)
- E. Training Courses in CA Local Agency Ethics (AB 1234) and/or Sexual Harassment for Supervisors (AB 1825)
- F. Metropolitan Water District of Southern California (up to one per month)
- G. San Diego County Water Authority (up to one per month)
- H. Meetings between the Board President and the General Manager (up to twice per month)
- I. Up to one meeting per month for each Director with the General Manager to discuss District business
- J. Toastmasters International (up to twice per month)
- K. Citizens Water Academy offered by the San Diego County Water Authority
- L. New Board Member Orientation and Training as prescribed by section 2.16.7 of the Administrative Code

Sec. 2.13 Board Packets.

Board packets are available for review at the District office on the Friday prior to a regular Board meeting after they have been made available to the Board of Directors. The general public may request and receive a copy of a full Board packet at no charge on the Friday preceding a regular Board meeting after 12:00 noon. Arrangements for review and pick-up shall be coordinated by the Secretary.

Sec. 2.14 Board Committees.

The Board currently has three (3) standing committees as follows:

- A. Fiscal Policy & Insurance Committee – This committee shall work with the General Manager and other officers of the District to review the annual audit, the annual financial statement before publication, budget, water rate structures and fees, investments, insurance, and other financial records and operations of the District.
- B. Personnel Committee – This committee is responsible for employer-employee relations, including negotiations with the FPUDEA and FMEA, all substantive changes in personnel policies, and annual review and salary recommendations of the General Manager.

Engineering and Operations Committee — This committee is responsible to advise the Board concerning the planning, construction, operation, and maintenance of the necessary works for the production, storage, transmission, and distribution of water

for irrigation, domestic, industrial, and municipal purposes. They shall also review the capital improvement programs of the District, environmental documents and programs, and the master plans of the District, while conferring with staff during the preparation thereof.

Sec. 2.15 Ethics Policy.

The respected operations of democratic government emphasize that elected officials be independent, impartial and responsible to the people. It requires that they conduct themselves in a manner above reproach. It also imposes an obligation of personal integrity that will foster public respect, confidence, and trust.

This Ethics Policy provides the following general guidelines and specific prohibitions to which elected District officials must conform in pursuit of their assigned duties and responsibilities.

- A. Disclosure of Closed Session Matters. No member of the District shall disclose to any person, other than members of the Board, General Manager, or other District staff designated by the General Manager to handle such matters of confidential District business, the content or substance of any information presented or discussed during a closed session meeting unless the District first authorizes such disclosure by the affirmative vote of three members.
- B. Disclosure of Confidential Communications. Except when disclosure is mandated by State or Federal law, no member of the District Board shall disclose confidential or privileged communications to any person other than members of the Board, General Manager, or other District staff designated by the General Manager to handle such matters, unless the Board of Directors first authorizes such disclosure by the affirmative vote of three members of the Board of Directors.
- C. Conduct During Negotiations/Litigation. The Board of Directors is authorized to provide direction to specifically identified negotiators in a legally constituted closed session on matters involving pending litigation, real estate negotiations and labor negotiations. If the Board of Directors, in closed session, provides such direction to its negotiators, all contact with the negotiating party or party's representative shall be limited to and made by those individuals designated to handle the negotiations. During a pending labor contract or discussion, no member of the District Board shall have any contact or discussion with the negotiating party or the party's representative regarding the subject matter of the pending negotiation. In addition, during litigation or real estate negotiations, no member of the District Board (unless they have been designated as a negotiator) shall have any contact or discussion with litigating or negotiating party or the party's representative regarding the subject matter of the pending litigation or real estate negotiations.

ARTICLE 2

Sec. 2.12 – Rev. 95
Sec. 2.5 - Rev. 2/97
Sec. 2.11 – Rev. 9/98
Sec. 2.13 – Rev. 12/98
Secs. 2.2, 2.9, 2.10, 2.14 – Rev. 2/04
Sec. 2.3 – Rev. 6/06
Sec. 2.14 – Board Committees added
– Rev. 8/08
Secs. 2.3, 2.4.1, 2.6, 2.12, 2.13 –
Rev. 12/09
Sec. 2.12 – Rev. 9/10
Sec. 2.12 – Rev. 8/12
Sec. 2.16 – Added 12/12
Sec. 2.15 – Rev. 1/13
Secs. 2.16.5, 2.16.6, 2.16.7 – Rev.
9/14
Sec. 2.2 – Rev. 2/27
Sec. 2.12 – Rev. 10/17
Secs. 2.2.2, 2.2.3, 2.3, 2.4.1, 2.5, 2.6,
2.10, 2.11, 2.12, 2.16.7, and add
2.17, 2.17.1, 2.17.2, 2.17.3, 2.17.4,
2.17.5, 2.17.6, 2.17.7, 2.17.8, 2.17.9,
2.17.10, 2.18, 2.18.1, 2.18.2, 2.18.3,
2.18.4 – Rev. 8/18
Sec. 2.12 – Rev. 10/18
Secs. 2.12, 2.14 – Rev. 1/19

MEMO

TO: Board of Directors
FROM: Jack Bebee, General Manager JRB
DATE: January 28, 2019
SUBJECT: Consider Appointing a Board Member as the District's Representative to the Association of California Water Agencies (ACWA JPIA) Board of Directors; Resolution No. 4953

Purpose

To appoint a Board Member to serve as the Association of California Water Agencies (ACWA JPIA) representative on behalf of the District.

Summary

On December 16, 2002, the Board of Directors of the Fallbrook Public Utility District adopted Resolution No. 4422 appointing Milt Davies as the District's ACWA JPIA representative. Milt Davies retired from the Board when his term ended on December 7, 2018.

In accordance with the JPIA Agreement, the District is required to appoint a representative to the ACWA JPIA Board of Directors. Article 7 of the JPIA Agreement sets forth the requirement, as follows:

"(a) The Authority shall be governed by the Board of Directors which is hereby established and which shall be composed of one representative from each Member, who shall be a Member director selected by the governing board of that Member. Each Member, in addition to appointing its member of the Board, shall appoint at least one alternate who shall be an officer, member of the governing board, or employee of that Member. The alternate appointed by a Member shall have the authority to attend and participate in any meeting of the Board when the regular member for whom he or she is an alternate is absent from said meeting. (b) Each Director or alternate of the Board shall serve until a successor is appointed. Each Director or alternate shall serve at the pleasure of the Member by which he or she has been appointed. (c) Each Director representing a Member, or his or her alternate, shall have one vote."

The proposal appoints a Board Member as the District's ACWA JPIA representative to replace the vacancy left by the retirement of Milt Davies and affirms that the General Manager will continue to serve as the alternate director.

Recommended Action

That the Board adopt Resolution No. 4953 appointing a governing Board Member as the District's representative on the ACWA JPIA Board of Directors and affirm that the General Manager shall continue serving as alternate director.

RESOLUTION NO. 4953

RESOLUTION OF THE BOARD OF DIRECTORS OF THE FALLBROOK
PUBLIC UTILITY DISTRICT APPOINTING A GOVERNING BOARD
MEMBER TO SERVE AS THE DISTRICT'S REPRESENTATIVE ON THE
ASSOCIATION OF CALIFORNIA WATER AGENCIES JOINT POWERS
INSURANCE AUTHORITY BOARD OF DIRECTORS

* * * * *

WHEREAS, the Fallbrook Public Utility District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA JPIA); and

WHEREAS, the ACWA JPIA enables its members to work collectively together to share in pooled liability coverages tailored to the needs of California water agencies; and

WHEREAS, each water agency that joins the ACWA JPIA names a member of its governing board as the representative to serve as a member director on the ACWA JPIA Board of Directors to become eligible to participate on its various committees and sub-committees; and

WHEREAS, the District's JPIA member director, Milt Davies, is unable to fulfill the duties of the position due to his retirement and term ending effective December 7, 2018.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Directors of the Fallbrook Public Utility District does hereby appoint _____, to serve as the District's representative as a member director on the ACWA JPIA Board of Directors and authorizes him or her to attend meetings on the District's behalf; and

BE IT FURTHER RESOLVED THAT the General Manager shall continue to serve as the alternate director on the ACWA JPIA Board of Directors and will attend meetings in the absence of the District's JPIA member director.

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 28th day of January, 2019, by the following vote:

- AYES:
- NOES:
- ABSTAIN:
- ABSENT:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

MEMO

TO: Board of Directors
 FROM: Jack Bebee, General Manager, JRB
 DATE: January 28, 2019
 SUBJECT: Annual Review of Directors' Per Diem Compensation

Purpose

To perform the annual review of Directors' per diem compensation as prescribed by Article 2.12 of the Administrative Code.

Summary

Members of the Fallbrook Public Utility District Governing Board receive compensation of One Hundred Dollars per day (\$100) for each day's attendance at meetings, as more fully described in Sections 2.12, 12.17, and 12.17.1 of the Administrative Code. In addition, Article 2.12 prescribes that per diem compensation shall be reviewed each January at a Board meeting.

If the Board determines to change the amount of Directors' per diem compensation, a Public Hearing must be noticed to receive public comment prior to any action taken. Any changes to compensation shall require approval by the Board at an open meeting held at least 60 days prior to the effective date of the Ordinance making the change and cannot exceed five (5) percent per each calendar year following the operative date of the last adjustment.

The following is a table of per diem compensation paid by several other agencies:

DISTRICT	PER DIEM
Valley Center Municipal Water District	\$100.00
Padre Dam Municipal Water District	\$140.00
Santa Fe Irrigation District	\$150.00
Rainbow Municipal Water District	\$150.00
San Diego County Water Authority	\$150.00
Helix Water District	\$200.00

Recommendation

Staff supports Board direction.

I

M E M O

TO: Board of Directors
FROM: Personnel Committee
DATE: January 28, 2019
SUBJECT: Proposed Field Services Manager Position

Purpose

To obtain approval for staffing changes in field services operations, to include the creation of a Field Services Manager (FSM) position that will report directly to the General Manager.

Summary

In support of efforts to continue to improve field operations, staff recommends creating the FSM position to provide overall direct management of the District's construction maintenance, collections and system service/shop services. If approved, there will be an internal/promotional recruitment to fill the position.

Budgetary Impact

The proposed salary for FSM, without a Bachelor's degree, is approximately **10%**, above that of the field supervisors, who would report directly to the FSM, and approximately **15%** above with a degree.

Field Supervisors - Max. Annual Salary (includes 2.5% certification pay)	Field Services Manager -Proposed Max. Annual Salary (not eligible for 2.5% certification pay)	12-Month Cost (If filled internally)
\$113,401	\$125,196 (No Degree)	\$11,795
	\$131,544 (Degree)	\$18,143

The proposed salary range was established based on a review and analysis of market data for comparable positions (attached) and in consideration of internal equity and the increased breadth and scope of supervision required of this position. The budgetary impact of the FSM position may be somewhat offset by the elimination of an internal position if it is filled internally by a current employee, which will result in no change to the total number of positions. In addition, the FSM position will be exempt from any additional certification pay and overtime compensation.

Recommended Action

That the Board approve the Field Services Manager job description and salary range and the related changes to the org. chart and salary table.

FIELD SERVICES MANAGER SALARY SURVEY

<u>District</u>	<u>Position Title</u>	<u>Education Requirement</u>	<u>Min Annual Salary</u>	<u>Max Annual Salary</u>
Rancho Water	Field Services Manager	Bachelor's - desirable	\$ 120,105	\$ 158,539
Otay Water	Field Services Manager	Bachelor's - required	\$ 112,332	\$ 140,415
Eastern Municipal	Field Services Manager	Associate's - desirable	\$ 99,798	\$ 123,968
Mean (Arithmetic Average)			\$ 110,745	\$ 140,974
Median (Middle of Data Set)			\$ 112,332	\$ 140,415
FPUD - PROPOSED	FIELD SERVICES MANAGER	NO DEGREE	\$ 100,272	\$ 125,196
		BACHELOR'S DEGREE	\$ 105,312	\$ 131,544



RESOLUTION NO. 4954

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE FALLBROOK PUBLIC UTILITY DISTRICT
AMENDING THE ADMINISTRATIVE CODE—ARTICLE 11, PERSONNEL
REGULATIONS

* * * * *

WHEREAS, staff identified the need for a Field Services Manager position to provide overall direct management of the District's construction maintenance, collections, and system service/shop services; and

WHEREAS, in response staff developed a proposed job description and salary range for the Field Services Manager position and brought the proposal to the Personnel Committee; and

WHEREAS, on January 16, 2019, the Personnel Committee reviewed staff's proposal and recommended the Administrative Code be revised to add the Field Services Manager job description and salary range to Article 11 of the Administrative Code, including related changes to the organizational chart and salary table.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Fallbrook Public Utility District as follows:

1. That the Board approves the proposed revisions to Article 11 set forth in Exhibit "A" and incorporated herein to add the Field Services Manager job description and salary range, including related changes to the organizational chart and salary table.
2. The remaining provisions of Article 11 are unaffected and reconfirmed hereby.

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 28th day of January, 2019, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

Exhibit "A"

FIELD SERVICES MANAGER

Definition

Under direction of the General Manager, to plan, organize and supervise staff assigned to maintenance, construction, repair and installation of District water, wastewater, and recycled water distribution and facilities. This position will also oversee the building and grounds, meter maintenance and repairs, and fleet services work centers.

Class Characteristics

This position is responsible for managing and directing the construction maintenance, collections and system services/shop supervisors and departments. The incumbent exercises significant authority and independence in implementing a broad range of services and programs in coordination with other District managers and executives. Responsibilities include organizational, budget and personnel administration for the assigned functional areas of responsibility. Positions at this level report to the assigned division head and direct the efforts of multiple supervisors and other support staff.

Examples of Duties

- Has primary responsibility for scheduling of construction activities;
- Oversees all District emergency repairs and operations and ensures appropriate personnel are available at all times;
- Schedules and supervises the work of water and wastewater construction, maintenance or installation crews and field specialists, selecting, making assignments, setting priorities for and training personnel;
- Maintains records of payroll-related information, ensuring the proper reporting of time worked and absences;
- Plans, organizes, directs and manages District maintenance and related administrative activities; develop goals and objectives; identify necessary resources, and implement appropriate staffing, organizational structures, and strategies;
- Manages service lateral installation and repairs;
- Oversees the maintenance and repairs of District facilities including properties, structures, and waterlines (buildings, pump stations, wells, reservoirs, etc.);
- Manages the preventive and corrective maintenance of Districts' facilities including potable, reclaimed and raw water pipelines and related appenences;
- Oversee the District's fleet department and evaluates purchasing and depleting vehicle needs when required; manages the District's fleet including all heavy

equipment; monitors monthly fuel consumption and generates monthly reports tracking consumption and fuel costs;

- Assists as necessary with corrective maintenance and repairs to District's wastewater collection systems and treatment facilities;
- Manages the District's security system including all cyber locks, camera systems, and alarms;
- Reviews and evaluates work methods, procedures, services, and products; identifies and recommends evaluation standards and criteria; monitors and assesses measures of effectiveness and efficiency;
- Manages the department's Computerized Maintenance Management System (CMMS), creates work orders, and adds, changes, and depletes assets as needed;
- Recommends, implements and ensures compliance with operational policies and procedures;
- Participates in hiring, supervising, training and evaluating assigned staff; establishes work standards and expectations; conducts performance evaluations; counsels and disciplines employees as required;
- Develops and recommends the department's budget; participates in monitoring appropriations and expenditures; allocates required work hours, recommends mid-year adjustments as necessary;
- Prepares and presents staff reports and other necessary correspondence to boards, commission, and committees;
- Responds to and resolve difficult and complex citizen inquiries and complaints;
- Plans, schedules, and manages maintenance and construction projects and communicate status to division director and fellow division managers; and
- Perform related duties as assigned.

Qualifications

Knowledge of:

Principles and practices of public administration as they pertain to a municipal utility; administrative principles and methods including goal setting, program Development and Implementation, principles and practices of budget development and administration; theories, principles, techniques and equipment used in the maintenance and repair of water mains, services and related appurtenances; principles, practices, methods and equipment used in the maintenance and repair of buildings, grounds and related facilities; safety regulations, safe work practices and safety equipment related to the work; codes, regulations and guidelines pertaining to the work; computer applications related to the work; office and records management practices and procedures; principles and practices of sound business communication; principles and practices of effective supervision; understand,

interpret, explain and apply District, local, state and federal laws and regulations applicable to areas of responsibility; establish and maintain effective working relationships with District staff, contractors, consultants, vendors and others encountered in the course of work; and District personnel rules, policies and labor contract provisions.

Ability to:

Plan, assign, direct and coordinate a variety of functional specialties with overlapping work areas; manage and direct a water and recycled water distribution system maintenance program; select, motivate and evaluate staff and provide for their training and development; prepare, administer and monitor a division budget; analyze complex operational and administrative problems, evaluate alternatives and recommend or implement effective courses of action; develop and implement goals, objectives, policies, procedures, work standards and management controls; exercise sound independent judgment within general policy guidelines; establish and maintain effective working relationships with all levels of District staff; use tact, discretion and diplomacy in dealing with sensitive situations and customers, both internal and external.

Licenses and Certification

- Grade D3 Water Distribution Certificate – SWRCB, required
- Grade T2 Water Treatment Certificate – SWRCB, required
- Valid Class C California driver's license, required

Education, Training and Experience

Education: Any combination of formal or informal training and education to include graduation or equivalent from high school supplemented by college level courses in management and/or public works construction. A Bachelor's degree with major coursework in business management or a related field is desirable.

Training and Experience: Five (5) or more years of increasingly responsible supervisory experience in public works construction with a water utility.

Physical Requirements/Working Conditions

The essential functions of this position may require the employee to perform the following physical requirements:

- Frequent use of office equipment such as a computer, copier and FAX machine
- Must be able to carry, push, pull, reach and lift materials and objects up to 25 lbs.
- Extended standing, walking, sitting, reaching, stooping, and bending

- Communicates verbally with District management, co-workers, and the public in face-to-face, one-on-one, and group meetings
- Regularly uses a telephone or radio for communication
- Ability to speak and hear both in person, by telephone, and radio
- Vision within normal ranges with or without correction

The essential functions of this position may expose the employee to the following working conditions:

- Work in a temperature controlled office environment with moderate noise.
- Occasional work in the field where noise is at times loud and employee may be exposed to hot and cold conditions; inclement weather, or traffic hazards

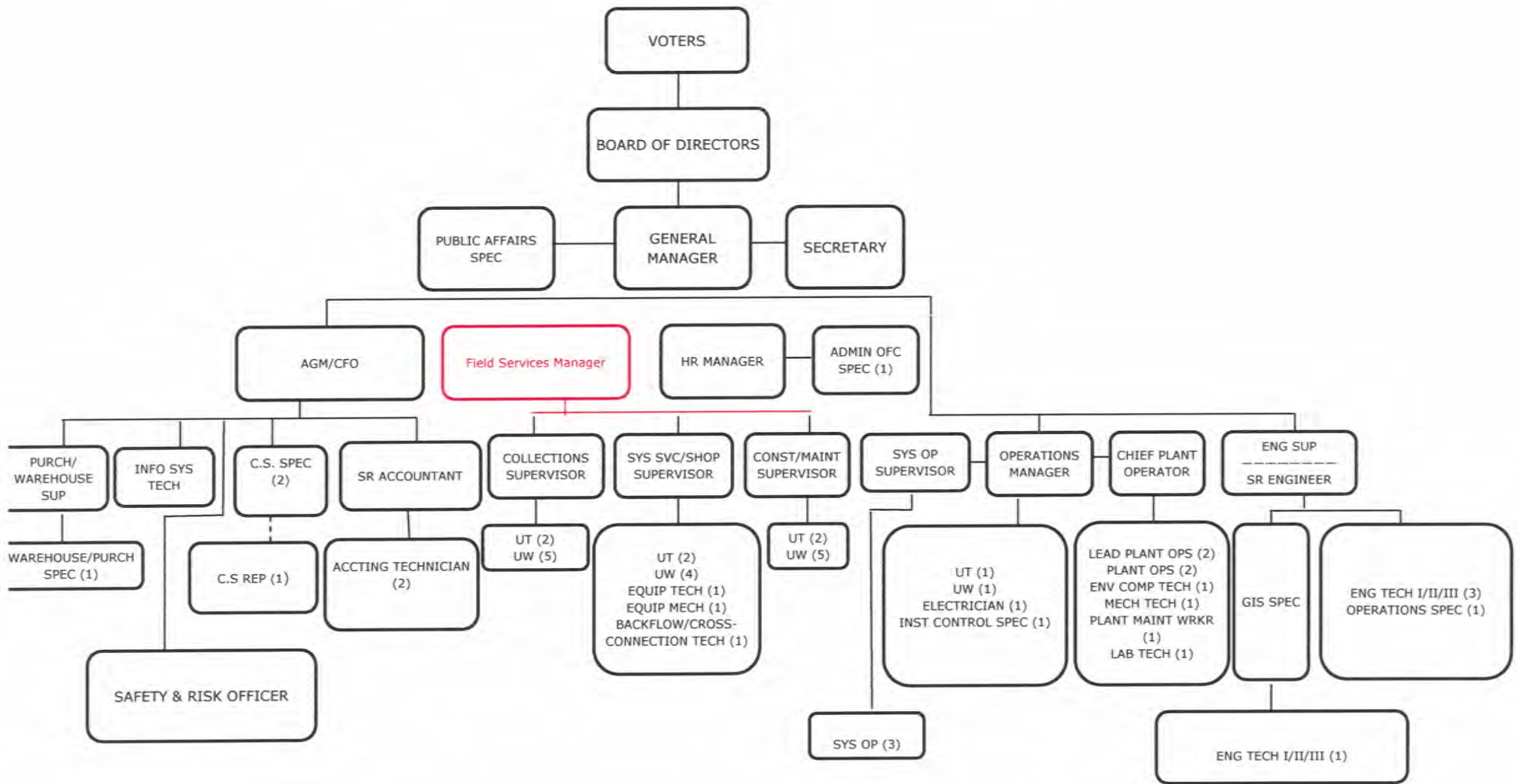
SALARY SCHEDULE
EFFECTIVE AUGUST 27, 2018

Classification	Positions	Salary Range
Accounting Technician I & II	2	19 & 23
Administrative Office Specialist	1	21
Backflow/Cross-Connection Technician	1	27-28
Collection Supervisor	1	39-41
Construction/Maintenance Supervisor	1	39-41
Customer Service Representative I & II*	1	15 & 19
Customer Service Specialist*	2	25
Engineering Supervisor	1	34-36
Engineering Technician I, II & III	3	20-22/27-28/31-32
Environmental Compliance Technician	1	36-37
Equipment Mechanic	1	25
Equipment Technician	1	30-31
Geographical Information Systems (GIS) Specialist	1	32
Information Systems Technician	1	31
Instrumentation and Control Specialist	1	35-38
Laboratory Technician I & II	1	28-29/32-33
Lead Plant Operator	2	30-31
Maintenance Electrician	1	28-32
Mechanical Technician	1	29-31
Operations Specialist	1	21-22
Plant Maintenance Worker I & II	1	15-17/18-21
Plant Operator (I-T), I, II	2	16-17/22-23/26-27
Public Affairs Specialist	1	36
Safety & Risk Officer	1	43-45
Secretary	1	36
System Operations Supervisor	1	40
Systems Operator I & II	3	24-25/28-29
System Service/Shop Supervisor	1	39-41
Utility Technician (Water and Wastewater)	7	23-27
Utility Worker I & II (Water and Wastewater)	15	15-17/18-21
Warehouse/Purchasing Specialist	1	27-28
Purchasing/Warehouse Supervisor	1	37-38
Management (Exempt)		
General Manager	1	\$243,984
Acting General Manager	1	\$18,345.60
Assistant General Manager/District Engineer	1	66
Assistant General Manager/CFO	1	62
Chief Plant Operator	1	45-46
Field Services Manager	1	46-48
Operations Manager	1	53
Human Resources Manager	1	53
Senior Accountant	1	42-43
Senior Engineer	1	52

Appendix B
Added 6/22/15
Board Approved
Revision Date
7/15, 1/16, 9/17

*=Customer Service Representatives/Specialists combined cannot exceed 3 total positions.

FALLBROOK PUBLIC UTILITY DISTRICT



67 Total Positions

Range #	FY 18-19 Monthly Salary Range									
	Step A	Step B	Step C	Step D	Step E	Step F	Step G	Step H	Step I	Step J
1	\$2,751	\$2,818	\$2,889	\$2,962	\$3,035	\$3,111	\$3,189	\$3,269	\$3,351	\$3,434
2	\$2,818	\$2,889	\$2,962	\$3,035	\$3,111	\$3,189	\$3,269	\$3,351	\$3,434	\$3,520
3	\$2,889	\$2,962	\$3,035	\$3,111	\$3,189	\$3,269	\$3,351	\$3,434	\$3,520	\$3,609
4	\$2,962	\$3,035	\$3,111	\$3,189	\$3,269	\$3,351	\$3,434	\$3,520	\$3,609	\$3,699
5	\$3,035	\$3,111	\$3,189	\$3,269	\$3,351	\$3,434	\$3,520	\$3,609	\$3,699	\$3,791
6	\$3,111	\$3,189	\$3,269	\$3,351	\$3,434	\$3,520	\$3,609	\$3,699	\$3,791	\$3,884
7	\$3,189	\$3,269	\$3,351	\$3,434	\$3,520	\$3,609	\$3,699	\$3,791	\$3,884	\$3,981
8	\$3,269	\$3,351	\$3,434	\$3,520	\$3,609	\$3,699	\$3,791	\$3,884	\$3,981	\$4,080
9	\$3,351	\$3,434	\$3,520	\$3,609	\$3,699	\$3,791	\$3,884	\$3,981	\$4,080	\$4,184
10	\$3,434	\$3,520	\$3,609	\$3,699	\$3,791	\$3,884	\$3,981	\$4,080	\$4,184	\$4,292
11	\$3,520	\$3,609	\$3,699	\$3,791	\$3,884	\$3,981	\$4,080	\$4,184	\$4,292	\$4,397
12	\$3,609	\$3,699	\$3,791	\$3,884	\$3,981	\$4,080	\$4,184	\$4,292	\$4,397	\$4,507
13	\$3,699	\$3,791	\$3,884	\$3,981	\$4,080	\$4,184	\$4,292	\$4,397	\$4,507	\$4,618
14	\$3,791	\$3,884	\$3,981	\$4,080	\$4,184	\$4,292	\$4,397	\$4,507	\$4,618	\$4,735
15	\$3,884	\$3,981	\$4,080	\$4,184	\$4,292	\$4,397	\$4,507	\$4,618	\$4,735	\$4,853
16	\$3,981	\$4,080	\$4,184	\$4,292	\$4,397	\$4,507	\$4,618	\$4,735	\$4,853	\$4,973
17	\$4,080	\$4,184	\$4,292	\$4,397	\$4,507	\$4,618	\$4,735	\$4,853	\$4,973	\$5,099
18	\$4,184	\$4,292	\$4,397	\$4,507	\$4,618	\$4,735	\$4,853	\$4,973	\$5,099	\$5,226
19	\$4,292	\$4,397	\$4,507	\$4,618	\$4,735	\$4,853	\$4,973	\$5,099	\$5,226	\$5,356
20	\$4,397	\$4,507	\$4,618	\$4,735	\$4,853	\$4,973	\$5,099	\$5,226	\$5,356	\$5,491
21	\$4,507	\$4,618	\$4,735	\$4,853	\$4,973	\$5,099	\$5,226	\$5,356	\$5,491	\$5,626
22	\$4,618	\$4,735	\$4,853	\$4,973	\$5,099	\$5,226	\$5,356	\$5,491	\$5,626	\$5,769
23	\$4,735	\$4,853	\$4,973	\$5,099	\$5,226	\$5,356	\$5,491	\$5,626	\$5,769	\$5,912
24	\$4,853	\$4,973	\$5,099	\$5,226	\$5,356	\$5,491	\$5,626	\$5,769	\$5,912	\$6,061
25	\$4,973	\$5,099	\$5,226	\$5,356	\$5,491	\$5,626	\$5,769	\$5,912	\$6,061	\$6,217
26	\$5,099	\$5,226	\$5,356	\$5,491	\$5,626	\$5,769	\$5,912	\$6,061	\$6,217	\$6,367
27	\$5,226	\$5,356	\$5,491	\$5,626	\$5,769	\$5,912	\$6,061	\$6,217	\$6,367	\$6,526
28	\$5,356	\$5,491	\$5,626	\$5,769	\$5,912	\$6,061	\$6,217	\$6,367	\$6,526	\$6,691
29	\$5,491	\$5,626	\$5,769	\$5,912	\$6,061	\$6,217	\$6,367	\$6,526	\$6,691	\$6,859
30	\$5,626	\$5,769	\$5,912	\$6,061	\$6,217	\$6,367	\$6,526	\$6,691	\$6,859	\$7,029
31	\$5,769	\$5,912	\$6,061	\$6,217	\$6,367	\$6,526	\$6,691	\$6,859	\$7,029	\$7,202
32	\$5,912	\$6,061	\$6,217	\$6,367	\$6,526	\$6,691	\$6,859	\$7,029	\$7,202	\$7,384
33	\$6,061	\$6,217	\$6,367	\$6,526	\$6,691	\$6,859	\$7,029	\$7,202	\$7,384	\$7,568
34	\$6,217	\$6,422	\$6,526	\$6,691	\$6,859	\$7,029	\$7,202	\$7,384	\$7,568	\$7,757
35	\$6,367	\$6,526	\$6,691	\$6,859	\$7,029	\$7,202	\$7,384	\$7,568	\$7,757	\$7,951
36	\$6,526	\$6,691	\$6,859	\$7,029	\$7,202	\$7,384	\$7,568	\$7,757	\$7,951	\$8,148
37	\$6,691	\$6,859	\$7,029	\$7,202	\$7,384	\$7,568	\$7,757	\$7,951	\$8,148	\$8,356
38	\$6,859	\$7,029	\$7,202	\$7,384	\$7,568	\$7,757	\$7,951	\$8,148	\$8,356	\$8,563
39	\$7,029	\$7,202	\$7,384	\$7,568	\$7,757	\$7,951	\$8,148	\$8,356	\$8,563	\$8,776
40	\$7,202	\$7,384	\$7,568	\$7,757	\$7,951	\$8,148	\$8,356	\$8,563	\$8,776	\$8,998
41	\$7,384	\$7,568	\$7,757	\$7,951	\$8,148	\$8,356	\$8,563	\$8,776	\$8,998	\$9,220
42	\$7,568	\$7,757	\$7,951	\$8,148	\$8,356	\$8,563	\$8,776	\$8,998	\$9,220	\$9,452
43	\$7,757	\$7,951	\$8,148	\$8,356	\$8,563	\$8,776	\$8,998	\$9,220	\$9,452	\$9,688
44	\$7,951	\$8,148	\$8,356	\$8,563	\$8,776	\$8,998	\$9,220	\$9,452	\$9,688	\$9,930
45	\$8,148	\$8,356	\$8,563	\$8,776	\$8,998	\$9,220	\$9,452	\$9,688	\$9,930	\$10,180
46	\$8,356	\$8,563	\$8,776	\$8,998	\$9,220	\$9,452	\$9,688	\$9,930	\$10,180	\$10,433
47	\$8,563	\$8,776	\$8,998	\$9,220	\$9,452	\$9,688	\$9,930	\$10,180	\$10,433	\$10,695
48	\$8,776	\$8,998	\$9,220	\$9,452	\$9,688	\$9,930	\$10,180	\$10,433	\$10,695	\$10,962
49	\$8,998	\$9,220	\$9,452	\$9,688	\$9,930	\$10,180	\$10,433	\$10,695	\$10,962	\$11,234
50	\$9,220	\$9,452	\$9,688	\$9,930	\$10,180	\$10,433	\$10,695	\$10,962	\$11,235	\$11,516
51	\$9,452	\$9,688	\$9,930	\$10,180	\$10,433	\$10,695	\$10,962	\$11,235	\$11,516	\$11,804
52	\$9,688	\$9,930	\$10,180	\$10,433	\$10,669	\$10,962	\$11,235	\$11,516	\$11,804	\$12,100
53	\$9,930	\$10,180	\$10,433	\$10,695	\$10,962	\$11,235	\$11,521	\$11,804	\$12,100	\$12,402
54	\$10,180	\$10,433	\$10,695	\$10,962	\$11,235	\$11,516	\$11,804	\$12,100	\$12,402	\$12,712
55	\$10,433	\$10,695	\$10,962	\$11,235	\$11,516	\$11,804	\$12,100	\$12,402	\$12,712	\$13,029
56	\$10,695	\$10,962	\$11,234	\$11,516	\$11,804	\$12,100	\$12,402	\$12,712	\$13,029	\$13,354
57	\$10,962	\$11,234	\$11,516	\$11,804	\$12,100	\$12,402	\$12,712	\$13,029	\$13,354	\$13,690
58	\$11,234	\$11,516	\$11,804	\$12,100	\$12,402	\$12,712	\$13,029	\$13,354	\$13,690	\$14,033
59	\$11,516	\$11,804	\$12,100	\$12,402	\$12,712	\$13,029	\$13,354	\$13,690	\$14,033	\$14,383
60	\$11,804	\$12,100	\$12,402	\$12,712	\$13,029	\$13,354	\$13,690	\$14,033	\$14,383	\$14,740
61	\$12,100	\$12,402	\$12,712	\$13,029	\$13,354	\$13,690	\$14,033	\$14,383	\$14,740	\$15,111
62	\$12,402	\$12,712	\$13,029	\$13,354	\$13,690	\$14,033	\$14,383	\$14,740	\$15,111	\$15,487
63	\$12,712	\$13,029	\$13,354	\$13,690	\$14,033	\$14,383	\$14,740	\$15,111	\$15,487	\$15,876
64	\$13,029	\$13,354	\$13,690	\$14,033	\$14,383	\$14,740	\$15,111	\$15,487	\$15,876	\$16,271
65	\$13,354	\$13,690	\$14,033	\$14,383	\$14,740	\$15,111	\$15,487	\$15,876	\$16,271	\$16,678
66	\$13,690	\$14,031	\$14,383	\$14,740	\$15,111	\$15,487	\$15,876	\$16,271	\$16,678	\$17,096
67	\$14,033	\$14,383	\$14,740	\$15,111	\$15,487	\$15,876	\$16,271	\$16,678	\$17,096	\$17,522
68	\$14,383	\$14,740	\$15,111	\$15,487	\$15,876	\$16,271	\$16,678	\$17,096	\$17,522	\$17,961
69	\$14,740	\$15,111	\$15,487	\$15,876	\$16,271	\$16,678	\$17,096	\$17,522	\$17,961	\$18,410
70	\$15,111	\$15,487	\$15,876	\$16,271	\$16,678	\$17,096	\$17,522	\$17,961	\$18,410	\$18,869

MEMO

TO: Board of Directors
FROM: Personnel Committee
DATE: January 28, 2019
SUBJECT: Compliance Technician Job Description Revisions

Purpose

To obtain approval for the proposed revisions to the job description for the District's Compliance Technician job classification to allow staff to open a recruitment in the near future.

Summary

The December 2018 promotion of the District's most recent Compliance Technician to Chief Plant Operator prompted a thorough review of the duties, responsibilities and qualifications of the position.

The proposed changes to the job description more adequately describe the current and projected scope of duties of the position.

Budgetary Impact

There is no budgetary impact as no change in compensation is being proposed.

Recommended Action

That the Board approve the proposed changes to the Compliance Technician job description.

ENVIRONMENTAL COMPLIANCE TECHNICIAN

Definition

Under direction of the Chief Plant Operator, plans, organizes and has responsibility for ~~the District contract laboratories, industrial waste program ensuring that NPDES, Biosolids Reuse Program; ensures that the Wastewater, recycled water, stormwater, pretreatment and Water Recycling Division is~~drinking water operations are in compliance with ~~all~~ Federal, State, and local regulations ~~by managing, interpreting,; and implementing regulatory permit requirements of monitoring and reporting, permit applications, and performs~~ related environmental programs. Also provides support to water operations and construction environmental permitting. Assists water operations in compiling records and preparing reports on laboratory tests and water quality assurance ~~duties as assigned.~~

Class Characteristics

This ~~one~~ position class is responsible for the testing and workload of contract laboratories and serves the District by monitoring existing permit and environmental regulations and initiates actions for compliance, interprets regulations and explains necessary compliance issues to staff, ~~communicates~~has lead-level responsibility with regulatory agencies and ~~acts as authorized permittee with all agencies involved in environmental regulations, including the EPA, State and such as the State Water Resources Control Board (SWRCB), Regional Water Quality Control Boards, Board (RWQCB), Environmental Protection Agency (EPA), Air Pollution Control Board, County Health Departments and District (APCD), California Air Resources Board (ARB), County Department of Public Health. Incumbent monitors the District's industrial discharge requirements and recycled and wastewater permit requirements. Environmental Health (DEH) and Department of Toxic Substances Control (DTSC).~~ Positions in this class perform work which has variation and ~~which allows or~~ requires the exercise of technical judgment ~~in the application of designed methods, procedures, or best management practices. Incumbents are expected to refer matters that do not fit an established pattern of precedent and practice to the Chief Plant Operator for instruction. Incumbents do not hire, evaluate or discipline.~~ Incumbents are expected to advise the ~~supervisor of~~ Chief Plant Operator of compliance anomalies and staff performance problems observed.

Examples of Duties and Responsibilities:

~~Selects, makes required test assignments for, and schedules the work of the District contract laboratories (1,3);~~

~~Prepares, writes, reviews, and certifies compliance reports for wastewater, water recycling, biosolids, industrial, stormwater, and other permit required duties such as industrial user inspections, sewer overflow and spill reports, laboratory certification, laboratory quality assurance;~~

~~Creates and maintains Compliance Reporting standard operating procedures manual (S.O.P.) (1,3);~~

~~Reviews state and federal changes in discharge requirements (1);~~

~~Implements the biosolids reuse program (1);~~

Include but not limited to the following:

- Oversees compliance of NPDES and recycled water use sites (1); compliance with applicable regulations.
- Ensures compliance with applicable regulations in environmental programs such as stormwater, Biosolids reuse, air pollution control and hazardous materials reporting.
- Act as primary liaison with regulatory agencies for regulatory compliance and inspections.
- Prepares, reviews and submits required reports to regulatory agencies.
- Understands, interprets, explains and applies Federal, State and local laws and regulations applicable.
- Collects data, process reports and prepares concise summaries.
- Recommends and implements changes to Standard Operating Procedures (SOPs) as a result of regulatory changes.
- Plans and organizes the workload of contract laboratories.
- Supports water operations and construction environmental permits (1); and assists with water quality compliance.
- Performs related workduties as required.

~~1-The performance of this function is the reason the job exists.~~

~~3-This function is highly specialized. Employees are hired for the skill/ability to perform this.~~

Qualifications

Knowledge of:

- Current Federal, State, and local regulations effecting water, wastewater affecting NPDES, recycled water and laboratory facilities and Biosolids operations;

~~Laboratory methodology and the ability to prepare and understand laboratory reports;
Techniques for measuring and analyzing pollutants;~~

- Sources of pollutants, wastewater collection Role and procedures of the SWRCB and the RWQCB.

~~General state-wide permits for collections systems industrial waste, treatability, and plant impact;~~

- Specific user agreements between District and; recycled water users; and hydrostatic discharge.

~~Chemistry, math, and microbiology, laboratory certification processes and procedures; and~~

~~Computer software programs (word processing, spreadsheet and database).~~

- ~~• Regulatory requirements for Biosolids, air pollution control, stormwater, and hazardous materials reporting.~~
- ~~• Excel, Word, Outlook and PowerPoint.~~

Ability to:

- ~~• Read, understand and explain complex rules and regulations, assess their impacts, and summarize them into compliance plans and reports;~~
- ~~• Complete regulatory permit applications and support management staff in negotiations with regulatory policy makers and staff;~~
- ~~• Manage multiple spreadsheets with a proficient understanding using excel.~~
- ~~• Maintain an organized and thorough records and filing system related to the responsibilities of this position;~~

~~Prepare~~ Assists Chief Plant Operator with preparing a budget for contract monitoring requirements;

~~Prepare clear and concise reports;~~

- ~~• Inspect industrial facilities and waste pre-treatment equipment for and permit and ordinance requirements;~~
- ~~• Take field samples and assist perform inspections in the Labfield.~~
- ~~• Assist in laboratory at times;~~
- ~~• Operate a personal computer; vehicle while observing legal and defensive driving practices.~~
- ~~• Understand and carry out oral and written instruction;~~
- ~~• Establish and maintain effective relationships with those contacted in the course of work.~~

Licenses and Certification

- ~~• Possession of a valid and appropriate California driver's license;~~
- ~~• Desired: Possession of a Wastewater Operator Grade III Laboratory Analyst Certification;~~
- ~~• Desired: Possession of a Grade I Environmental Compliance Inspector Certification;~~

~~Desired: Possession of current certification as HAZWOPER (Hazardous Materials Awareness Education, Training 8 hours);~~

Training and Experience

Any combination of training, education, and experience, which demonstrates possession of knowledge and abilities stated above perform the duties of the position.

~~Desired: A typical way to obtain knowledge and abilities would be: Three years of increasingly responsible environmental regulation experience bachelor's degree and three years of experience in a Wastewater Laboratory, preferably in a lead capacity environmental and regulatory compliance.~~

~~Additional education and training equivalent to a Bachelor's Degree with major course work in Environmental Biology, Chemistry or related field is recommended.~~

OTHER REQUIREMENTS

Physical Demands

- Walking: Moves about on foot often through uneven terrain.
- Carrying: Transports objects by holding them in hands or arms.
- Handling: Seizes, holds or works with hands; specifically operating valves, adjusting control knobs, hand and power tools, computer and calculator.
- Lifting: Raises and lowers pumps, motors, hoses, and miscellaneous awkward objects.
- Reaching: Extends hands and arms in any direction.
- Pulling: Manipulates hoses up to four inches in diameter and up to forty feet in length.
- Stooping: Bends body downward and forward by bending at the knees or waist.
- Climbing: Ascends and descends ladders up to 50 feet in height.
- Vision: Reads work tickets, meters, meter dials, reservoir levels, data sheets, ~~video messages, scales~~ and gauges and operates District vehicles.
- Sitting: Drives (often through rough terrain) and sits in District vehicle ~~for up to four hours per day.~~
- Talking: Communicates by cellphone, desk phone, radio, ~~telephone~~ and in person.
- Hearing: Hears well enough to receive communication by desk phone, cell phone, radio, ~~telephone~~ and in person.

Physical Strength:

- Lifting: Up to 50 pounds, infrequent exertion.
- Dragging/Pushing: Up to 100 pounds; infrequent exertion.

Environmental Conditions

- Noise: Works in conditions with constant or intermittent noise.
- Temperature/Weather: Works outside with variations of temperature and weather.

- This position may include periodic to frequent disagreeable working conditions including dirt, fumes, vibration, heat, cold, dampness, sewage, wastewater solids and hazardous chemicals.

Protective Devices Required

- Hard hat, gloves, safety shoes, District uniform, respirator, hearing protection, safety glasses, chemical suits and seat belt.

~~Reasonable accommodations will be considered.~~

~~SALARY RANGE: 36 LAIII & ECI I (Target Range)
37 LA III, ECI I + Other~~

~~Board Approved Effective Date~~

~~12/96~~

~~Board Approved~~

~~Revision Date~~

~~2/99~~

~~7/00~~

~~9/00~~

~~7/01~~

~~9/04~~

~~7/05~~

~~1/14~~

RESOLUTION NO. 4955

RESOLUTION OF THE BOARD OF DIRECTORS
OF THE FALLBROOK PUBLIC UTILITY DISTRICT
AMENDING THE ADMINISTRATIVE CODE—ARTICLE 11, PERSONNEL
REGULATIONS

* * * * *

WHEREAS, the District's most recent Compliance Technician was promoted to Chief Plant Operator prompting a thorough review of the duties, responsibilities, and qualifications of the position; and

WHEREAS, in response staff developed proposed changes to the Compliance Technician job description to more adequately describe the current and projected scope of duties of the position.

WHEREAS, on January 16, 2019, the Personnel Committee reviewed staff's proposal and recommended Article 11 of the Administrative Code be revised to change the Compliance Technician job description.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Fallbrook Public Utility District as follows:

1. That the Board approves the proposed revisions to Article 11 set forth in Exhibit "A" and incorporated herein to change the Compliance Technician job description.
2. The remaining provisions of Article 11 are unaffected and reconfirmed hereby.

PASSED AND ADOPTED by the Board of Directors of the Fallbrook Public Utility District at a regular meeting of the Board held on the 28th day of January, 2019, by the following vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

President, Board of Directors

ATTEST:

Secretary, Board of Directors

Exhibit "A"

ENVIRONMENTAL COMPLIANCE TECHNICIAN

Definition

Under direction of the Chief Plant Operator, plans, organizes and has responsibility for ensuring that NPDES, Biosolids, recycled water, stormwater, pretreatment and drinking water operations are in compliance with Federal, State, and local regulations; and performs related duties as assigned.

Class Characteristics

This position has lead-level responsibility with regulatory agencies such as the State Water Resources Control Board (SWRCB), Regional Water Quality Control Board (RWQCB), Environmental Protection Agency (EPA), Air Pollution Control District (APCD), California Air Resources Board (ARB), County Department of Environmental Health (DEH) and Department of Toxic Substances Control (DTSC). Positions in this class perform work which has variation and requires the exercise of technical judgment. The incumbent is expected to advise the Chief Plant Operator of compliance anomalies and staff performance problems observed.

Duties and Responsibilities:

Include but not limited to the following:

- Oversees NPDES and recycled water compliance with applicable regulations;
- Ensures compliance with applicable regulations in environmental programs such as stormwater, Biosolids reuse, air pollution control and hazardous materials reporting;
- Act as primary liaison with regulatory agencies for regulatory compliance and inspections;
- Prepares, reviews and submits required reports to regulatory agencies;
- Understands, interprets, explains and applies Federal, State and local laws and regulations applicable;
- Collects data, process reports and prepares concise summaries;
- Recommends and implements changes to Standard Operating Procedures (SOPs) as a result of regulatory changes;
- Plans and organizes the workload of contract laboratories;
- Supports water operations and construction environmental permits and assists with water quality compliance; and
- Performs related duties as required.

Qualifications

Knowledge of:

- Current Federal, State, and local regulations affecting NPDES, recycled water and Biosolids operations;
- Role and procedures of the SWRCB and the RWQCB;

- General state-wide permits for collections systems; recycled water and hydrostatic discharge;
- Regulatory requirements for Biosolids, air pollution control, stormwater, and hazardous materials reporting; and
- Excel, Word, Outlook and PowerPoint.

Ability to:

- Read, understand and explain rules and regulations, assess their impacts, and summarize them into reports;
- Complete regulatory permit applications and support management in negotiations with regulatory policy makers and staff;
- Manage multiple spreadsheets with a proficient understanding using Excel;
- Maintain an organized records and filing system;
- Assists Chief Plant Operator with preparing a budget for contract monitoring and permit requirements;
- Take samples and perform inspections in the field;
- Assist in laboratory at times;
- Operate a vehicle while observing legal and defensive driving practices;
- Understand and carry out oral and written instruction; and
- Establish and maintain effective relationships with those contacted in the course of work.

Licenses and Certification

- Possession of a valid and appropriate California driver's license.
- Desired: Possession of a Wastewater Operator Grade I Certification.
- Desired: Possession of a Grade I Environmental Compliance Inspector Certification.

Education, Training and Experience

Three years of experience in environmental and regulatory compliance. A bachelor's degree in a related field is highly desirable.

OTHER REQUIREMENTS

Physical Demands

- Walking: Moves about on foot often through uneven terrain.
- Carrying: Transports objects by holding them in hands or arms.
- Handling: Seizes, holds or works with hands; specifically operating valves, adjusting control knobs, hand and power tools, computer and calculator.
- Lifting: Raises and lowers pumps, motors, hoses, and miscellaneous awkward objects.
- Reaching: Extends hands and arms in any direction.
- Pulling: Manipulates hoses up to four inches in diameter and up to forty feet in length.
- Stooping: Bends body downward and forward by bending at the knees or waist.

- Climbing: Ascends and descends ladders up to 50 feet in height.
- Vision: Reads work tickets, meters, meter dials, reservoir levels, data sheets, and gauges and operates District vehicles.
- Sitting: Drives (often through rough terrain) and sits in District vehicle.
- Talking: Communicates by cellphone, desk phone, radio and in person.
- Hearing: Hears well enough to receive communication by desk phone, cell phone, radio, and in person.

Physical Strength

- Lifting: Up to 50 pounds, infrequent exertion.
- Dragging: Up to 100 pounds; infrequent exertion.

Environmental Conditions

- Noise: Works in conditions with constant or intermittent noise.
- Temperature/Weather: Works outside with variations of temperature and weather.
- This position may include periodic to frequent disagreeable working conditions including dirt, fumes, vibration, heat, cold, dampness, sewage, wastewater solids and hazardous chemicals.

Protective Devices Required

- Hard hat, gloves, safety shoes, District uniform, respirator, hearing protection, safety glasses and chemical suits.

M E M O

TO: Board of Directors
FROM: David Shank, Assistant General Manager/CFO 
DATE: January 28, 2019
SUBJECT: Draft Comprehensive Annual Financial Report (CAFR)

Purpose

Review and approve the District's Draft Comprehensive Annual Financial Report (CAFR) for Fiscal Year ending June 30, 2018, Attachment A. This year is the first year that the District's staff have prepared a CAFR. In prior years, the District prepared and issued an Annual Financial Report (AFR). As part of the District's continuous improvement efforts, staff have implemented the best management practice of issuing a CAFR. The CAFR provides all of the information provided in prior AFRs but includes additional components designed to enhance both transparency and financial data. Two notable additions are:

- Transmittal Letter – This section provides additional information on the District including District Profile, economic conditions, major initiatives and other basic information critical to understanding the District.
- Statistical Section – This section presents unaudited and historic data related to the District's financial position, operations, customers and rates and charges. This information helps readers get a more complete understanding of the District.

Summary

The District's basic financial statements and notes included in the Draft CAFR were prepared by White, Nelson, Diehl, Evans, LLP's, the District's independent auditor. Like the AFR, the basic financial statements are the heart of the CAFR and provide detailed information on the District's financial position.

David Forman, the engagement Partner, met with the Fiscal Policy and Insurance Committee (Committee) on January 22, 2019 to review the statements and present his summary of the audit and findings (Attachment B). At the meeting, the Committee asked questions and raised any concerns they had.

Recommended Action

The Committee recommends the Board approve the Draft CAFR for Fiscal Year Ending June 30, 2018.

Attachment A



Fallbrook Public Utility District

A special district in the State of California



Comprehensive Annual Financial Report
for the Fiscal Year Ending June 30, 2018

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year ending June 30, 2018

Current Board of Directors:

- District #1 - Al Gebhart
- District #2 - Ken Endter
- District #3 - Jennifer DeMeo, Vice-President
- District #4 - Don McDougal, President
- District #5 - Charley Wolk

Prepared by District Management:

- General Manager - Jack Bebee
- Assistant General Manager/CFO - David Shank

Acknowledgment: District Management would like to thank Kelly Laughlin, Mick Cothran, Jeff Marchand, Joye Johnson, Annalece Bokma, Caroline Wilson and Veronica Tamzil for their support in preparing this document.

Fallbrook Public Utility District
990 East Mission Road
Fallbrook, CA 92028
(760) 728-1125
www.fpud.com

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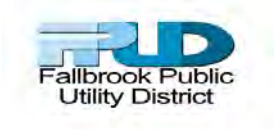
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INTRODUCTORY SECTION



January 24, 2019

Board of Directors
Fallbrook Public Utility District
990 East Mission Road
Fallbrook, California 92028

990 East Mission Road
Fallbrook, California
92028-2232
www.fpud.com

(760) 728-1125

Board of Directors

Al Gebhart
Division 1

Ken Endter
Division 2

Jennifer DeMeo
Division 3

Don McDougal
Division 4

Charley Wolk
Division 5

Staff

Jack Bebee
General Manager

David Shank
*Assistant General Manager/
Chief Financial Officer*

Mary Lou West
Secretary

General Counsel

Paula de Sousa Mills
Best Best & Krieger

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) for the Fallbrook Public Utility District (District) for the fiscal year ended June 30, 2018. The purpose of this report is to provide the Board, the public, and other interested parties, with reliable financial information about the District.

This is the first time the District has produced a CAFR, which is an industry wide best management practice. The CAFR is being produced as part of management’s efforts to enhance the District’s fiscal transparency and to support a better understanding of the District’s operations. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

White Nelson Diehl Evans, LLP, Certified Public Accountants, have issued an unmodified opinion on the Fallbrook Public Utility District’s financial statements for the year ended June 30, 2018. The independent auditors’ report is located at the front of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditors’ report in the Financial Section and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it. Following the MD&A are the basic financial statements, notes to the statements, and an unaudited section of statistical information.

This report has been prepared using the financial reporting model recommended in the Government Accounting Standards Board’s (GASB) Statement 34. The GASB requires proprietary fund governments to use the full accrual basis of accounting. The accompanying statements have been prepared using the full accrual basis.



District Profile

Fallbrook is an unincorporated community in San Diego County. The first permanent recorded settlement in Fallbrook was in 1869, in the east area of the District, which later became Live Oak County Park. While agriculture has always played a major role in the community, the first plantings were olives and citrus. These crops were replaced in the 1920's by avocados and it wasn't long before Fallbrook became generally recognized as the "Avocado Capital of the World."

Fallbrook Public Utility District (District) was incorporated on June 5, 1922 to serve water from local area wells along the San Luis Rey River. Soon after it was established, the District began to grow. Annexations into the District have expanded the service area from 500 acres to 28,000 acres (44 square miles). To meet the growing demand for water, additional ground water supplies were developed along both the San Luis Rey and Santa Margarita rivers.

The District became a member of the San Diego County Water Authority (Water Authority) at its formation on June 9, 1944, and thus was eligible to receive a portion of Colorado River water that would be diverted by the Metropolitan Water District of Southern California (Metropolitan). When Colorado River water became available in 1948, consumption within the District gradually increased to approximately 10,000 acre-feet per year by 1959. Then in 1978, Metropolitan augmented its supply system with water from the California State Water Project and began delivering water from both systems to San Diego County. Today, the Water Authority provides virtually all of the District's potable water.

The District provides residents, businesses and agricultural customers with full-service water, wastewater and recycled water services.

Water System

The District imports 99% of its water from the Water Authority with the remaining 1% coming from a local well. The District has four connections to the Water Authority's system. The District's water distribution system is comprised of 270 miles of pipeline, 6,800 valves, an ultraviolet disinfection water treatment plant, nine steel reservoirs, a 300-million-gallon treated water reservoir, five pump stations and plans for a groundwater treatment plant. District staff operate the system, and conduct all system maintenance and repairs. The District is in the middle of an Advanced Metering Infrastructure (AMI) system upgrade that will enable real-time meter reading and provide customers with real-time water use.

The District also recently signed an agreement with U.S. Marine Corps Base Camp Pendleton to share local water in the Santa Margarita River. The river is expected to provide 30% of the District's total water needs, reducing reliance on the Water Authority. Construction of a bi-directional pipeline and groundwater treatment plant is expected to begin in the Summer of 2019.

The District's five-year average annual water sales is 10,596 acre-feet. Residential and commercial customers represent 58% of sales, and agricultural customers make up the remaining 42%. The District's historic sales trend is down due to improved water efficiency for both residential and commercial indoor and outdoor use, combined with sharp decreases in agricultural water demands. The decrease in agricultural water demands is due to drought and the increases in water costs over the last decade. The District's agricultural water sales have reduced from 7,000 acre-feet in Fiscal Year 2008 to 3,644 in Fiscal Year 2018.



Wastewater System

The District's wastewater system is comprised of 78 miles of buried sewer lines and force mains, a 2.7 million gallon per day water reclamation plant, a 1-megawatt solar facility and a 23-mile ocean outfall line.

In an effort to go green, and to save money by reducing hauling and disposal costs of sewage sludge, the District began recycling its sewage sludge in 2008. A state-of-the-art thermal dryer heats the sludge to extremely high temperatures, killing all harmful pathogens. The end product is a sterile fertilizer that can be safely returned to the soil and is classified as a Class A soil amendment. Instead of paying to haul sewage sludge to a landfill, the fertilizer is sold to commercial growers.

The environmentally conscious decision to turn sludge into fertilizer came about as the cost of trucking the sludge out of the county had begun to skyrocket. The District was spending \$150,000 per year to haul its sludge to Riverside County, but that location was set to close and the nearest site was Kern County or out of state. This technology was cutting edge in 2008 and remains so today, reducing the District's environmental footprint, and reducing waste and saving money, all while meeting California's strict emissions standards

Recycled Water System

The District's recycled water system includes 10.5 miles of buried pipe. Currently the District has 16 recycled water customers, and delivers an average of 0.6 million gallons per day to them. The District provides recycled water for nurseries, sports fields, home owners' associations, Fallbrook High School, street medians, and for freeway irrigation. In 2015, the District completed a \$27 million expansion and upgrade to the water reclamation plant to improve reliability of operation and provide storage for recycled water. The project was completed ahead of schedule and under budget.

To help new users tap into the expanding recycled water system, the District secured funding from the Department of Water Resources through the Prop. 84 grant program. In 2014, the District held a workshop to assist growers with planning, getting permits, purchasing new equipment, and receiving grant funds. Assisting growers through the entire process has helped bring new recycled customers online. The project included expanding the recycle water distribution system in order to add new large water users.

Governance and Organizational Structure

The District's Board is made up of five community members who serve overlapping four-year terms. In March 2016, the Board unanimously approved a resolution to change the method of electing board members to "election by district" and approved a map identifying five territorial units within the District. Each director, therefore, is elected by the registered voters of the sub-district he or she resides in, within the District's service area. To run for office, a candidate must live in the area he or she is running to represent. Prior to 2016, directors would win a seat on the board by being the top vote-getters, regardless of where they lived within the District.

Elected District Officials (As of 06/30/2018):

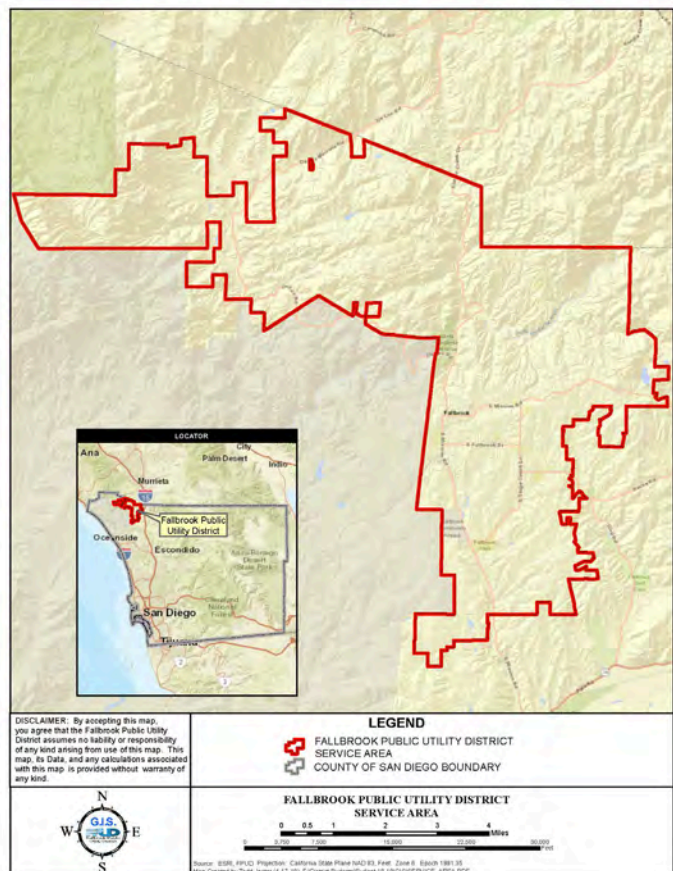
- District #1 - Al Gebhart, President**
- District #2 - Milt Davies**
- District #3 - Jennifer DeMeo**
- District #4 - Don McDougal, Vice-President**
- District #5 - Charley Wolk**

Service Area and Local Economy

San Diego County is the second-most populous county in the state and the fifth-most populous in the United States. The District is located in the north-east region of the county and is rural in character. The District’s service area and pipeline is shown in the accompanying maps. The District is bordered to the west by the Naval Weapons Station and U.S. Marine Corps Base Camp Pendleton, making the District’s service area a bedroom community for Camp Pendleton’s active military and civilian-service workers. The service area’s 2017 population is estimated to be 34,602 with 11,418 households. Fallbrook’s population has remained relatively unchanged over the past several years.

The median household income in Fallbrook was \$60,546, which is less than the state median of \$67,739 and slightly higher than the national average of \$59,039. Being only slightly higher than the national average is noteworthy since California is one of the most expensive states to live in.

The San Diego Association of Governments (SANDAG) projects that the County’s population will approach 4.4 million residents in 2050, up from 3.3 million in 2016. The District’s 2050 housing density is expected to increase slightly as housing demands increase. Employment is also expected to slightly increase by 2050.



Financial Policies

The District maintains certain policies that govern aspects of the District's financial management. The District's maintains the following policies:

- Debt Management Policy – Defines the District's debt management.
- Investment Policy – Establishes permitted investments in compliance with State Code.
- Fund Balance/Reserve Policies – Set target balances for reserves and working capital.
- Capitalization Policy – Establishes the parameters for defining an operating or capital expenditure.

These policies can be found on the District's website as standalone documents or as part of the District's Administrative Code.

In addition to the policies listed above, the Board has adopted a cost recovery approach for certain pension liability related expenditures funded by reserves. In 2014, the District paid off a CalPERS liability related to the District pension plan being included into the small agency pool. The payment of \$3.1 million was made the District's reserves and the Board established a 5-year plan to recover the reserves from operations. To achieve this, each year the District included in the rates and charges the recovery of \$585,000 in total from water, recycled water and wastewater. Fiscal year ending June 30, 2019 marks the end of the 5-year cost recovery plan and the complete planned repayment of reserves.

Long-Range Planning

The District engages in a wide range of long range planning activities. In 2017, the District completed a comprehensive 10-year financial plan. As part of the financial plan, a Capital Improvement Plan was developed for water, recycled water and wastewater services. In addition, the District also restructured its rates and charges to better align them with the cost of service. Other planning activities include establishing and funding a 115 Trust to offset the District's pension and Other Post Employment Benefits (OPEB) liabilities. On June 30, 2018, the trust held \$2.3 million in assets to offset in District's OPEB and Pension liability.

In 2018, the District adopted a new Mission Statement to ensure the District's activities are aligned with the stakeholder interests. To benefit the community of Fallbrook by providing efficient and reliable services the District has identified the following long-range strategic focus areas.

#1 Strategic Focus Area | Water Supply

Need: *The District is almost 100% reliant on imported water purchased from the SDCWA, and has little control over the cost of this water. While our water is reliable due to regional investments in supply and storage, this has also resulted in the cost of water increasing significantly.*

Goal: Provide a reliable, cost-effective water supply through implementation of local water supply projects.

Strategy: Maximize available local water resources through development of our Santa Margarita River water rights settlement, which will provide low-cost water from the Santa Margarita River and resolve over 60 years of water rights litigation between the United States Government and the District. Evaluate further expansion of recycled water supplies, which provide a local, cost-effective drought-proof supply.

#2 Strategic Focus Area | Infrastructure

Need: *The District was formed in 1922 and has aging infrastructure throughout its service area. Over the last few years, pipe failures have caused increased service disruptions and property damage. If not addressed, these problems will increase significantly as the existing infrastructure reaches the end of its useful life.*

Goal: Maintain reliable infrastructure to our customers in the most cost-effective manner.

Strategy: Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

#3 Strategic Focus Area | Efficiency

Need: *While the District has been able to maintain reliable service with limited resources, additional legal and environmental requirements along with rising employee costs require the District to do more with less to help control water and wastewater rates.*

Goal: Create a District culture of continuous improvement through the implementation of systems, processes and goals for all aspects of the organization.

Strategy: Continue taking incremental steps toward developing an organization that is a model in the industry for operational practices and efficiency, and one that is looked to as an industry leader for a smaller utility. Collaborate with other agencies locally and nationally to implement best practices in the industry.

#4 Strategic Focus Area | Community

Need: *The District was formed by the community as a local resource, but the need to increase rates for long-term fiscal sustainability and to address past under-investments in infrastructure negatively affects our customers' public opinion of the District.*

Goal: Improve experience for our customers to help provide a positive impact on the community we serve.

Strategy: Improve messaging and District approach, from field staff to management, to make sure we are approaching our activities with a focus on the customer's perspective. Establish programs that help invest in our community.

#5 Strategic Focus Area | Workforce

Need: *Approximately 40% of our staff are currently eligible or within five years of being eligible for retirement. Recruiting is challenging for qualified replacements with necessary knowledge in water and wastewater operations, heavy construction, finance, and engineering.*



Goal: Develop a resilient organization so that key positions can be filled internally with capable staff with proper training and education.

Strategy: Create an organization where many key positions are developed internally and a formal program exists to identify staff with management potential and provide necessary training. Establish a work environment and reputation in the industry that draws qualified candidates with external recruitments.

Major Initiatives

Water Affordability

The District has been faced in the past with escalating wholesale water costs driven by major investments in supply reliability made by the San Diego County Water Authority. While the result of these investments is improved water supply reliability, it has also resulted in a corresponding increase in our water rates. The cost of the water we purchase is 50% of our total operating costs for our water enterprise. In addition to the regional investments in San Diego County supplies, there is a significant proposed statewide water project to fix the Bay-Delta State Water Project, which delivers our key water supplies from Northern California, also known as the WaterFix. While the exact cost of the WaterFix to our ratepayers is not known, due to the size of the overall project, which is expected to be \$11.8 billion, and the fact that the cost is to be recovered on regional water rates, the project will cause an ongoing increase in wholesale water costs. With the additional increases due the WaterFix on the horizon, local water supply development, which will reduce our dependence on costly imported water, is one way to mitigate continued wholesale water rate increases. The District recently settled over 60 years of water rights litigation with Camp Pendleton Marine Corps Base, which has been a hurdle to the District in achieving our own local water supply. This settlement allows the District to finally move forward on the Santa Margarita Conjunctive Use Project (SMCUP) which will make local supply for the District a reality and will provide District ratepayers long-term rate relief from increasing wholesale water costs. This project will begin construction in fiscal year 2020 and it will be one of the major capital investments by the District for the next decade

Asset Management

The District has implemented an asset management program that balances the cost of infrastructure rehabilitation with the cost of emergency repairs. Our critical buried infrastructure, such as water mains, have an average service life of 80 to 100 years. In the past, the District's replacement cycle for buried assets was on a replacement cycle of 400 years. With this replacement cycle, the frequency of asset failures was expected to increase significantly over the near-term resulting in an increasing number of emergency water disruptions and property damage claims. In response, the District has proactively managed the renewal and rehabilitation program and is on a path to drive the system service live down from 400 years to 100 years. The recent decreased frequency of asset failures shows that some progress on this program has made, but this is a long-term program to meet the future replacement needs

Continuous Improvement

This has been a year of transition for the District. With new leadership in the organization, significant changes to business processes and procedures and implementation of an Enterprise Resource Planning (ERP) system, the District is set on a course to adopt many industry-wide best management practices. The District is focused on improving the level of service to its customers in the most cost-effective manner and to continuously evaluate and modify operational practices to achieve this goal. This document is an example of the District's commitment to continuous improvement and improved financial management and transparency. The District's organizational chart is shown on the next page.

Acknowledgments

Management would like to thank the Board of Directors for their leadership and vision guiding the implementation of the highest standards of financial management and securing District's long-term financial sustainability.



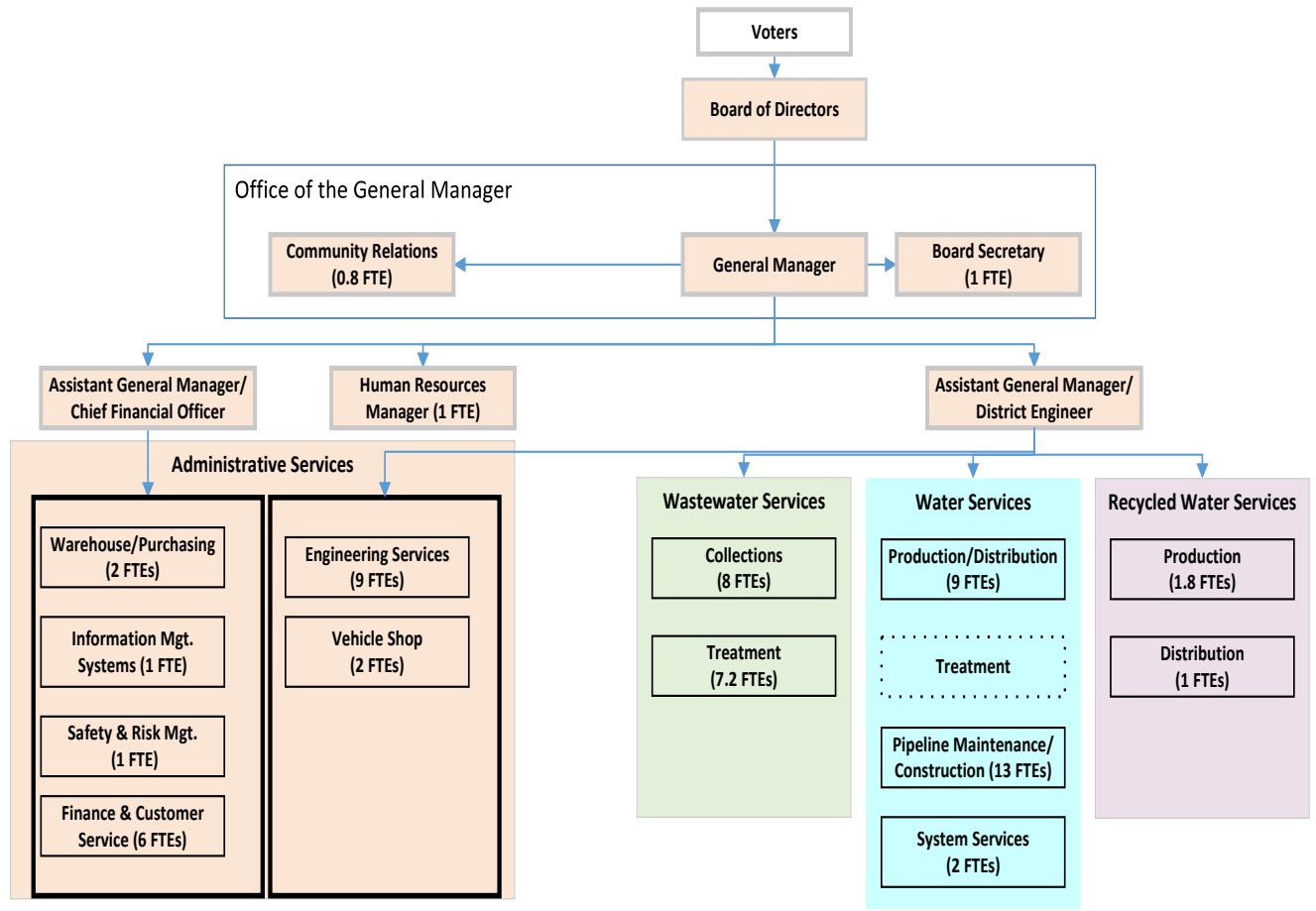
Jack Bebee
General Manager



David Shank
Assistant General Manager/CFO



Fiscal Year Organizational Structure (Total FTE 67.8)



 Future Division excluded from FTE count

FTE = Full-Time Equivalent

FINANCIAL SECTION

The logo for White Nelson Diehl Evans LLP is centered in a dark blue rectangular box. The text "WHITE NELSON DIEHL EVANS LLP" is written in a large, white, serif font. Below it, in a smaller, white, sans-serif font, is the text "Certified Public Accountants & Consultants".

WHITE NELSON DIEHL EVANS LLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITORS' REPORT

Board of Directors
Fallbrook Public Utility District
Fallbrook, California

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Fallbrook Public Utility District (District) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

2965 Roosevelt Street, Carlsbad, CA 92008-2389 • Tel: 760.729.2343 • Fax: 760.729.2234

Offices located in Orange and San Diego Counties

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Fallbrook Public Utility District as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Notes 1c and 10 to the financial statements, the District adopted Governmental Accounting Standards Board's Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which required retrospective application resulting in a \$217,110 reduction of previously reported net position. As discussed in Note 10 to the financial statements, the District also recorded prior period adjustments resulting in a decrease of net position of \$542,795 related to compensated absences liability and an increase in net position in the amount of \$4,245,424 related to capital assets. Our opinions are not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of the Proportionate Share of the Net Pension Liability - Defined Benefit Pension Plans, Schedule of Contributions - Defined Benefit Pension Plans, Schedule of Changes in the Net OPEB Liability and Related Ratios, and Schedule of Contributions - OPEB, identified as Required Supplementary Information (RSI) in the accompanying Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the RSI because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

The Introductory Section and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

White Nelson Dick Evans LLP

Carlsbad, California
January 24, 2019

Management's Discussion and Analysis

This section of the Fallbrook Public Utility District's (District) annual financial report provides management's summary and analysis of the District's financial performance for fiscal year ending June 30, 2018. Management's Discussion and Analysis (MD&A) are broken into the following sections:

- Financial Statement Overview
- Financial Highlights & Analysis
- Capital Assets
- Debt Management
- Currently Known Facts, Conditions and Decisions

Interested parties are encouraged to read this section of the District's annual financial report in conjunction with the Letter of Transmittal and the detailed financial statements included in this report.

Financial Statement Overview

The financial statements report information about the District's financial position and result of operations using the accrual basis of accounting, similar to methods used by private sector companies. The statements also present changes in cash balances, and information about both short and long-term activities. This section of the annual report contains three components: Management's Discussion and Analysis, the Basic Financial Statements, and the Notes to the Financial Statements.

The Basic Financial Statements include the following:

- The Statement of Net Position present financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The Statement of Revenues, Expenses and Changes in Net Position accounts for the District's activities during the last year. It provides the basis for measuring the relative success in recovering operational costs.
- The Statement of Cash Flows report the District's cash receipts and disbursements during the period, classified into operating, financing, and investing categories.
- The Notes to the Financial Statements provide additional information and present material disclosures required by generally accepted accounting principles that are not otherwise visible in the financial statements. The notes immediately follow the statements.

Interested parties are encouraged to read this section of the District's annual financial report in conjunction with the Letter of Transmittal and the detailed financial statements included in this report.

Financial Highlights

This year the District's net financial position increased 1.1% from the June 30, 2017 restated balance of \$85,168,437 to a June 30, 2018 balance of \$86,083,307. The District's total assets increased to \$137,205,031 which is a 0.7% increase from last year as restated. Liabilities increased to \$54,284,655 or 3.2% from year ending June 30, 2017. Of the District's assets, 83.6% are related to infrastructure, which is the largest class of assets.

This year the District restated its fiscal year ending June 30, 2017 net position. The change in net position was the result of adjustment to three components: 1) decrease to net position as of June 30, 2017 in the amount of \$542,795 to restate the balance of the compensated absences liability; 2) a decrease to the net position as of June 30, 2017 of \$217,110 relating to the District's implementation of GASB 75; and 3) an increase to the net position in the amount of \$4,245,424 to restate the balance of capital assets as of June 30, 2017. The restatement of capital assets was the result of a detailed review of the District's fixed asset records and the identification of assets not properly booked in the past. Similarly, the District recalculated its compensated absences liability based upon the District policies, which resulted in higher compensated absence expense in fiscal year ending June 30, 2017.

The District's operating loss widened from \$2,634,112 in fiscal year ending June 30, 2017 to \$3,437,777 in fiscal year ending June 30, 2018 as expenses outpaced increases in revenues. Overall the District's operating revenues increased 9.6% or from \$27,256,065 to \$29,882,022 in fiscal years ending June 30, 2017 and 2018, respectively. After net non-operating revenues and capital contributions the District's fiscal year ending June 30, 2018 change in net position was \$914,870. During the past year the District made contributions to the Pension and OPEB 115 Trust bring the trust balance to \$2,336,531.

Condensed Statements of Net Position

	For the Year Ended June 30, 2018	For the Year Ended June 30, 2017	For the Year Ended June 30, 2016
Assets			
Current Assets	\$ 17,589,075	\$ 19,124,049	\$ 20,732,086
OPEB and Restricted Assets	4,968,360	4,114,814	3,471,337
Capital Assets, net	114,647,596	108,717,795	108,553,869
Total Assets	137,205,031	131,956,658	132,757,292
Deferred Outflows of Resources	4,014,167	2,980,305	1,248,099
Liabilities			
Current liabilities	6,679,433	5,671,488	7,149,490
Noncurrent liabilities	47,605,222	46,947,511	46,749,529
Total Liabilities	54,284,655	52,618,999	53,899,019
Deferred Inflows of Resources	851,236	635,046	796,520
Net Position			
Net Investment in Capital Assets	79,333,568	72,519,098	70,683,956
Restricted	4,711,487	3,475,457	3,455,377
Unrestricted	2,038,252	5,688,363	5,170,519
Total Net Position	\$ 86,083,307	\$ 81,682,918	\$ 79,309,852

Financial Analysis

The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position report information about the District's enterprise fund activities in a way that will help answer questions as to whether the District, as a whole, is better or worse off as a result of this year's activities. These two statements report the net position of the District and changes in it. One can think of the District's net position as the difference between assets and deferred outflows of resources (what is owned) and liabilities and deferred inflows of resources (what is owed) and is one way to measure its financial health or financial position.

Fiscal year 2018 compared to Fiscal Year 2017

The largest and most significant portion of the District's net position is its investment in capital assets, which are used to provide services to its customers. Water assets include the pipeline distribution system, the dam at the Red Mountain reservoir and equipment and structures. Wastewater assets include the sewage collections system, wastewater treatment plant, solar generating plant, equipment and ownership of the Oceanside Ocean Outfall. Capital assets increase to \$114,647,596 in fiscal year ending June 30, 2018.

Current assets decreased by \$1,534,974 million from fiscal year ending June 30, 2018. The decrease is primarily driven by Pay-as-you-go (PAYGO) funding of capital projects and transfers to the District's Section 115 Trust established with PARS to fund OPEB and pension liabilities. At year-end, the trust offsetting the District's OPEB and pension liabilities held \$2,336,531, \$947,784 for OPEB and \$1,388,747, respectively. The OPEB assets are reported in this report as a Fiduciary Fund in compliance with GASB 75, which is a new requirement.

Net capital assets remained relatively flat with an increase of \$1,684,377 in fiscal year ending June 30, 2018, as restated. District wide depreciation in fiscal year ending June 30, 2018 was \$5,693,723. The slight increase in net capital assets indicates that the District's capital investments in fiscal year ending June 30, 2018 slightly outpaced the rate of asset depreciation.

Current liabilities increased by \$1,007,945 from fiscal year ending June 30, 2017. The driver behind the increase in current liabilities was corresponding increase in accounts payable, which is related to construction related outflows.

The District's total net position increased by \$914,870 primarily attributable to the \$4,211,886 in non-operating revenue, which is predominantly made up of property taxes and capital improvement charges, and \$140,761 in capital contributions. These along with offsetting non-operating expenses of \$1,232,411, compensated for the operating loss of \$3,437,777.

Fiscal year 2017 compared to Fiscal Year 2016

Current assets decreased by \$1,608,037 from fiscal year ending June 30, 2016. The decrease is found in Cash and Investments as unrestricted cash became restricted, in order to fund the Section 115 Trust established with PARS to fund OPEB and pension liabilities. At year-end, the trust offsetting the District's OPEB and pension liabilities held \$1,367,435, \$756,952 for OPEB and \$610,483, respectively.

Net capital assets remained relatively flat with an increase of \$4,409,350 in fiscal year ending June 30, 2017 before prior period adjustments. With the Wastewater Treatment Plant completed and placed in service in fiscal year ending June 30, 2016, District wide depreciation in fiscal year ending in June 30, 2017 was \$5,294,310. The increase in net capital assets indicates that the District's capital investments in fiscal year ending June 30, 2017 slightly outpaced the rate of asset depreciation.

Current liabilities decreased by \$1,478,002 from fiscal year ending June 30, 2016. The driver behind the decrease in current liabilities was corresponding decrease in accounts payable, which is related to reduced construction related outflows.

The District's total net position increased by \$2,373,066 before restatements primarily attributable to the \$6,181,189 in non-operating revenue, which is predominantly made up of property taxes and capital improvement charges and capital contributions. These along with offsetting non-operating expenses of \$1,174,011, compensated for the operating loss of \$2,634,112.

Condensed Statements of Revenues, Expenses and Changes in Net Position

	For the Year Ended June 30, 2018	For the Year Ended June 30, 2017	For the Year Ended June 30, 2016
Operating revenues	\$ 29,882,022	\$ 27,256,065	\$ 25,356,017
Operating expenses	33,319,799	29,890,177	27,144,267
Operating loss	(3,437,777)	(2,634,112)	(1,778,250)
Non-Operating revenue, net	4,211,886	4,174,506	4,431,344
Change in net position before capital contributions	774,109	1,540,394	2,643,094
Capital Contributions	140,761	832,672	1,631,767
Change in net position	914,870	2,373,066	4,274,861
Net Position - beginning	81,682,918	79,309,852	75,034,991
Prior Period Adjustments	3,485,519	—	—
Net position - end of year	\$ 86,083,307	\$ 81,682,918	\$ 79,309,852

Fiscal year 2018 compared to Fiscal Year 2017

Fiscal year ending June 30, 2018 water sales were up 14% or \$3,000,013 from fiscal year ending June 30, 2017. Wastewater revenues were down 6.6% from fiscal year ending June 30, 2017 levels due to issues associated with the methodology used to calculate billable wastewater flows. While the Statements of Net Position shows the District's overall financial position, the Statements of Revenues, Expenses and Changes in Net Position provides answers as to the nature and source of the changes in the District's fiscal year ending June 30, 2018 net position. The District's net position increased by \$914,870 during fiscal year ending June 30, 2018.

Operating revenue increased \$2,625,957 due to increased water sales of 9,313 AF in fiscal year ending June 30, 2018 compared to 8,592 during fiscal year ending June 30, 2017. Recycled water sales were up slightly to 704 AF as compared to 614 AF in fiscal year ending June 30, 2017. Wastewater revenues decreased by \$369,293 versus fiscal year ending June 30, 2017. Operating revenues includes potable water and recycled sales, monthly District water and wastewater operations charges and pass-through charges from the SDCWA.

Operating expenses increased by \$3,429,622 versus fiscal year ending June 30, 2017. The increase in operating expense was driven by a \$1,386,165 increase in the cost of water from fiscal year ending June 30, 2017. Depreciation expense increased by \$399,413 from fiscal year ending June 30, 2017 while other operating costs increased by \$3,030,209. The operating increase also includes costs associated with changes in the actuarial valuation of the District's pension obligation, which like depreciation, is the systematic allocation of the cost over a specified time horizon.

The District's operating loss of \$3,437,777 when netted against non-operating revenue of \$4,211,886 results in a \$774,109 increase in net position before capital contributions. The District's non-operating revenues come from five primary sources, property taxes in the amount of \$1,984,543, water and wastewater capital improvement charges in the amount of \$2,476,452, water availability charges in the amount of \$229,400, connection fees in the amount of \$411,774 and the Federal Interest Rates Subsidy Payments of \$145,338. Other revenue was slightly up from the prior year primarily due to connection fee revenues.

Supplemental information for each of the three operations divisions can be found on page 65 of this report.

Fiscal year 2017 compared to Fiscal Year 2016

The District's net position increased by \$2,373,066 during fiscal year ending June 30, 2017.

Before prior period adjustment, operating revenue increased \$1,900,048 due to increased water sales of 9,785 AF in fiscal year ending in June 30, 2017 compared to 8,680 during fiscal year ending in June 30, 2016. Recycled water sales were up slightly to 641 AF as compared to 575 AF in fiscal year ending June 30, 2016. Wastewater revenues increased by \$225,122 versus fiscal year ending June 30, 2016. Operating revenues includes potable water and recycled sales, monthly District water and wastewater operations charges and pass-through charges from the SDCWA.

Operating expenses increased by \$2,745,910 versus fiscal year ending June 30, 2016. Depreciation expense increased by \$1,654,192 from fiscal year ending June 30, 2016 due to the completion of the Wastewater Treatment Plant while other operating costs increased by \$1,091,718. The operating increase also includes costs associated with changes in the actuarial valuation of the District's pension obligation, which like depreciation, is the systematic allocation of the cost over a specified time horizon.

The District's operating loss of \$2,634,112 when netted against non-operating revenue of \$4,174,506 results in a \$1,540,394 increase in net position before capital contributions. The District's \$4,174,506 in non-operating revenues come from five primary sources, property taxes in the amount of \$1,889,808 water and wastewater capital improvement charges in the amount of \$2,283,558, intergovernmental revenue in the amount of \$238,765, connection fees in the amount of \$238,124 and the California Solar Initiative rebate in the amount of \$234,930, which is down from the prior year and represents the final rebate payments. Other revenue was down from the prior year primarily due to fewer assets being sold.

Capital Assets

The District’s has implemented an asset management program to improve the system reliability and reduce the number of unscheduled repairs. A critical component of the asset management program is the District’s pipeline and valve replacement program. In fiscal year ending June 30, 2018, the District replaced 16,042 feet of pipe and 427 valves. The District’s pipeline and valve replacement program’s goal is to reduce the replacement cycle of pipelines to 100 years from the previous 400 year replacement cycle. At June 30, 2018, the District has the following commitments with respect to unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Completion Date
Harris PS Improvements	\$ 227,045	2019
Old Hwy 395 Pipelines	27,311	2019
Old Stage Road Pipeline	136,184	2019
Santa Margarita Drive Pipeline	1,023,962	2019
Overland Trail Lift Station Design	172,802	2019

Additional information on the District’s capital asset activity can be found at Note 3 of the Notes to the Basic Financial Statements.

Debt Administration

At June 30, 2018, the District had \$35.3 million of long-term debt outstanding. \$3.8 million of this debt is attributable to the wastewater Qualified Energy Conservation Bonds (QECCB) solar loan, which qualifies for Federal Interest Rate Subsidy payments. The loan was originally for \$7.227 million. An additional \$4.4 million of indebtedness is attributable to the Red Mountain Filtration Plant SRF loan, which was originally for \$6.16 million. \$27.2 million of indebtedness is attributable to the Wastewater Treatment Plant SRF loan. The total loan principal amount was \$29.6 million with payments on the loan commencing in March 2017. During the year ended June 30, 2018 \$1.8 million of principal payments were made on the District’s outstanding long-term obligations.

More detailed information about the District’s debt structure is found in Note 4 to the Basic Financial Statements

Currently Known Facts

On December 19, 2018, the Distinct closed escrow on the sale of its Santa Margarita property. The property was sold for \$9.98 million. The Board used the proceeds from the sale to fund the District’s Water Rate Stabilization Fund with \$6.2 million and \$3.78 million was set aside for the Districts Pension Trust Fund, which reduces the District’s pension liabilities. These actions further strengthened the District’s short and long-term financial position.

ENTERPRISE FUND
STATEMENT OF NET POSITION
June 30, 2018

ASSETS

Current Assets

Cash and cash equivalents (Note 2)	\$	2,810,799
Investments (Note 2)		8,512,057
Receivables - water sales and services		3,986,912
Accrued interest receivable		79,174
Property taxes receivable		9,183
Other receivables		142,877
Inventory (Note 5)		1,985,473
Prepaid expenses and other deposits		62,600
Total current assets		17,589,075

Noncurrent Assets

Restricted Assets

Cash and cash equivalents		1,388,748
Investments		3,579,612
Total Restricted Assets		4,968,360

Capital assets (Note 3)

Capital assets, not being depreciated		14,391,257
Capital assets being depreciated, net		100,256,339
Total capital assets, net		114,647,596
Total noncurrent assets		119,615,956
Total assets		137,205,031

DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts from Pension (Note 6)		3,819,796
Deferred amounts from OPEB (Note 7)		194,371
Total Deferred Outflows of Resources	\$	4,014,167

The accompanying notes are an integral part of the financial statements.

(continued)

ENTERPRISE FUND
STATEMENT OF NET POSITION (CONTINUED)
June 30, 2018

LIABILITIES

Current liabilities

Accounts payable	\$ 3,731,613
Accrued wages	297,812
Construction and other deposits	63,142
Accrued interest payable	230,365
Compensated absences, current portion (Note 1)	516,850
Current portion of other long-term debt (Note 4)	1,839,651
	6,679,433

Total current liabilities

Noncurrent Liabilities

Health retirement account liability	240,814
Net OPEB obligation (Note 7)	283,769
Net pension liability (Note 6)	12,746,294
Retention payable	84,693
Compensated absences, net of current portion (Note 1)	775,275
Long-term debt - net of current portion (Note 4)	33,474,377

Total Noncurrent Liabilities

Total Liabilities

DEFERRED INFLOWS OF RESOURCES

Deferred amounts from Pension (Note 6)	843,878
Deferred amounts from OPEB (Note 7)	7,358
	851,236

Total Deferred Inflows of Resources

NET POSITION

Net investment in capital assets	79,333,568
Restricted for	
1958 Annex projects	1,213,780
Debt service	2,108,959
Pension Assets (Note 6)	1,388,748
Unrestricted	2,038,252
	86,083,307
Total Net Position	\$ 86,083,307

The accompanying notes are an integral part of the financial statements.

ENTERPRISE FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the year ended June 30, 2018

OPERATING REVENUES	
Water sales	\$ 24,466,233
Wastewater service	5,258,183
Other	157,606
Total operating revenues	29,882,022
OPERATING EXPENSES	
Cost of water sold	14,453,229
General and administration	5,516,557
Transmission and distribution	3,922,528
Wastewater operations and maintenance	3,733,762
Operating expenses before depreciation	27,626,076
Depreciation	5,693,723
Total operating expenses including depreciation	33,319,799
Operating (Loss)	(3,437,777)
NONOPERATING REVENUES (EXPENSES)	
Property taxes	1,984,543
Capital improvements charges	2,476,452
Investment income	18,188
Water availability charges	229,400
Lease revenue	178,602
Intergovernmental revenue - federal interest rate subsidy	145,338
Connection fees	411,774
Loss on disposal of capital assets	(273,396)
Interest expense	(959,015)
Total nonoperating revenues (expenses)	4,211,886
Changes in net position before capital contributions	774,109
Capital contributions	
State Proposition 84	67,100
Capital asset contributions - donated from developers	73,661
Total capital contributions	140,761
Change in net position	914,870
Net position, beginning of year, as previously stated	81,682,918
Prior period adjustment	3,485,519
Net position - beginning of year, as restated	85,168,437
Net position - end of year	\$ 86,083,307

The accompanying notes are an integral part of the financial statements.

ENTERPRISE FUND
STATEMENT OF CASH FLOWS
For the year ended June 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 29,287,895
Payments for water	(14,453,229)
Payments for services and supplies	(4,744,367)
Payments for employee wages, benefits and related costs	(7,504,397)
	2,585,902
Net cash provided by operating activities	2,585,902

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Property taxes	1,981,314
	1,981,314
Net cash provided by noncapital financing activities	1,981,314

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition and construction of capital assets	(7,151,672)
Principal payments on long-term debt	(1,787,278)
Interest paid	(952,745)
Lease revenues collected	178,602
Intergovernmental revenue - federal interest rate subsidy	73,892
Capital improvement charges and connection fees	2,888,226
State Proposition 84	67,100
Water availability charges	229,400
	(6,454,475)
Net cash used by capital and related financing activities	(6,454,475)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(6,847,809)
Sales of investments	10,208,942
Interest received	273,130
	3,634,263
Net cash provided by investing activities	3,634,263

Net change in cash and cash equivalents 1,747,004

Cash and cash equivalents - beginning 2,452,543

Cash and cash equivalents - ending \$ 4,199,547

Financial Statement Presentation

Cash and cash equivalents	\$ 2,810,799
Cash and cash equivalents - Restricted Assets	1,388,748
Total Cash and cash equivalents	\$ 4,199,547

The accompanying notes are an integral part of the financial statements.

(continued)

ENTERPRISE FUND
STATEMENT OF CASH FLOWS (CONTINUED)
For the year ended June 30, 2018

Reconciliation of operating income (loss) to net cash provided by operating activities

Operating (loss)	\$	(3,437,777)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation		5,693,723
(Increase) Decrease in:		
Receivables		(594,127)
Inventory		(560,972)
Prepaid expenses and other deposits		29,222
Net OPEB asset		12,909
Deferred outflows of resources		(1,033,862)
Increase (decrease) in:		
Accounts payable		608,723
Accrued wages		37,547
HRA liability		104,286
Net OPEB obligation		66,659
Net pension liability		1,731,438
Compensated absences		(288,057)
Deferred inflows of resources		216,190
Net cash provided by operating activities	\$	<u>2,585,902</u>

Noncash investing and capital and related financing activities

Change in fair value of investments	\$	274,640
Capital assets contributed	\$	73,661

The accompanying notes are an integral part of the financial statements.

FIDUCIARY FUND
STATEMENT OF FIDUCIARY NET POSITION - OPEB TRUST FUND
June 30, 2018

Assets

Cash and Cash Equivalents	\$ 947,784
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Net Position

Restricted for other postemployment benefits	\$ 947,784
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The accompanying notes are an integral part of the financial statements.

FIDUCIARY FUND
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - OPEB TRUST FUND
 For the year ended June 30, 2018

Additions	
Employer contributions	\$ 153,000
Investment income	<u>40,802</u>
Total additions	<u>193,802</u>
 Deductions	
Administration	<u>1,970</u>
Change in net position	<u>191,832</u>
Net position - beginning of year	<u>755,952</u>
Net position - end of year	<u><u>\$ 947,784</u></u>

The accompanying notes are an integral part of the financial statements.

June 30, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Operations of the District

Fallbrook Public Utility District (District) was incorporated as a political subdivision of the State of California in 1922 and operates under the provisions of the Public Utility District Code as adopted in 1953. The District constructs, operates and maintains facilities to supply water to the town of Fallbrook and the surrounding residential and agricultural areas comprising approximately 27,963 acres, which includes the former De Luz Heights Municipal Water District (annexed in 1990). The District is a member of the San Diego County Water Authority, and as that organization is a member of the Metropolitan Water District of Southern California, the District is entitled to pro rata participation in all water supplies available to those agencies. The District is governed by a Board of Directors consisting of five board members, each of whom is elected to office for a term of four years by registered voters of the District.

In November 1994, the citizens of the Fallbrook Sanitary District (which is wholly included within the Fallbrook Public Utility District) voted to dissolve that district and have the Fallbrook Public Utility District become the provider of wastewater services in Fallbrook. The provisions of the dissolution and assumption of services established a separate improvement district to identify the tax base and debt obligations of the former Fallbrook Sanitary District.

Under the terms and conditions of the Local Agency Formation Commission (LAFCO), a San Diego County agency that oversees special districts, the debt of the former Fallbrook Sanitary District, now identified as Improvement District S, existing at the time of the merger was paid from taxes and other revenues raised within the Improvement District "S". The debt of the former De Luz Heights Municipal Water District was also paid from revenues and taxes paid in the De Luz area.

b. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. The District's enterprise and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting. Under the economic measurement focus, all assets and liabilities (whether current or noncurrent) associated with these activities are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the District's principal ongoing operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Capital contributions are reported as a separate line item in the Statement of Revenues, Expenses and Changes in Net Position. When both restricted and unrestricted resources are available for use, it is the District's practice to use restricted resources first, then unrestricted resources as they are needed.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**b. Measurement Focus, Basis of Accounting, and Financial Statement Presentation: (Continued)**

The District, as an enterprise fund, accounts for its operations in a manner similar to private business enterprises. The intent of the governing body is that the costs (including depreciation and amortization) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The focus of enterprise fund measurement is upon determination of operating income, changes in net position, and cash flows. The District follows the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, such as, unbilled but utilized utility services are recorded at year end.

The District also reports a fiduciary fund for the activity related to its other postemployment benefits (OPEB) trust. Fiduciary funds are used to account for assets held by the District in a trustee capacity.

The basic financial statements of the Fallbrook Public Utility District have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting financial reporting purposes.

Net position of the District is classified into three components: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. These classifications are defined as follows:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of notes or borrowings that are attributable to the acquisition of the asset, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

Restricted Net Position

This component of net position consists of net position with constrained use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This component of net position consists of net position that does not meet the definition of “net investment in capital assets,” or “restricted net position.”

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**c. New Accounting Pronouncements:**Current Year Standards:

- GASB Statement No. 75 – “*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*,” effective for periods beginning after June 15, 2017. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, deferred inflows of resources, and expenses for postemployment benefits other than pensions. Accounting changes adopted to conform to the implementation of this statement should be applied retroactively. The result of the implementation of this statement decreased net position at July 1, 2017 of the District by \$217,110.
- GASB Statement No. 81 – “*Irrevocable Split-Interest Agreements*,” effective for periods beginning after December 15, 2016, and this did not impact the District.
- GASB Statement No. 82 – “*Pension Issues*,” effective for periods beginning after June 15, 2016, except for certain provisions on selection of assumptions, which are effective in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017, and did not impact the District.
- GASB Statement No. 85 – “*Omnibus 2017*,” effective for periods beginning after June 15, 2017, and did not impact the District.
- GASB Statement No. 86 – “*Certain Debt Extinguishment Issues*,” effective for periods beginning after June 15, 2017, and did not impact the District.

Pending Accounting Standards:

GASB has issued the following statements which may impact the District’s financial reporting requirements in the future:

- GASB 83 – “*Certain Asset Retirement Obligations*” effective for periods beginning after June 15, 2018.
- GASB 84 – “*Fiduciary Activities*” effective for periods beginning after December 15, 2018.
- GASB 87- “*Leases*,” effective for periods beginning after December 15, 2019.
- GASB 88 – “*Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*” effective for periods after June 15, 2018.
- GASB 89 – “*Accounting for Interest Cost Incurred before the End of a Construction Period*” effective for periods beginning after December 15, 2019.
- GASB 90 – “*Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*” effective for periods beginning after December 15, 2018.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**d. Deferred Outflows/Inflows of Resources:**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The District has the following items that qualify for reporting in this category:

- Deferred outflow related to pensions for employer contributions made after the measurement date of the net pension liability.
- Deferred outflows related to other post-employment benefits for employer contributions made after the measurement date of the net other post-employment benefit liability.
- Deferred outflow related to pensions resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over five years.
- Deferred outflow related to pensions for changes in proportion. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans.
- Deferred outflow related to pensions for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans.
- Deferred outflows from pensions resulting from the changes in assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plans.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has the following that will qualify for reporting in this category:

- Deferred inflow related to pensions for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the Plans.
- Deferred inflows from pensions resulting from the changes in assumptions and differences between employer contributions and proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the Plans.
- Deferred outflow related to other post-employment benefits resulting from the difference in projected and actual earnings on investments of the pension plan fiduciary net position. This amount is amortized over five years.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**e. Cash, Cash Equivalents and Investments**Cash and cash equivalents

For purposes of the statement of cash flows, cash and cash equivalents include petty cash, demand deposits with financial institutions, deposits in money market mutual funds (SEC registered), and deposits in external investment pools, and marketable securities that mature within 90 days of purchase. Such marketable securities and deposits in money market funds are carried at fair value. Investment pool deposits are carried at the District's proportionate share of the fair value of each pool's underlying portfolio.

State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Investment Valuation

Investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

f. Water Sales

Water sales revenue is recorded when water is delivered and service is rendered, including an estimated amount for unbilled service.

g. Accounts Receivable and Allowance for Doubtful Accounts

The District participates in the County of San Diego's Teeter Plan. Under the Plan, each year in June, the County advances the delinquent receivables amount to the District. The advance is then collected from the taxpayer by the County. The County also receives penalty payments.

h. Inventories

Inventory consists of water stored at Red Mountain Reservoir and in any of the District's water distribution tanks in the service area, warehouse materials, supplies and equipment necessary to support operations. Inventory is valued at cost using the weighted average cost method. Warehouse materials, supplies and equipment are charged to inventory stores expense when they are issued at the weighted average cost. Water inventory is charged to the cost of water when sold.

i. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses and are recorded utilizing the consumption method.

j. Restricted Assets

Amounts shown as restricted assets have been restricted by debt agreements, by law or regulations, or by contractual obligations to be used for specified purposes, such as service of debt and construction of capital assets.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k. Capital Assets and Depreciation

Capital assets are valued at cost when constructed or purchased. Donated assets, donated works of art and similar assets, and capital assets received in a service concession arrangement are reported at acquisition value. The District capitalizes all plant and office equipment with a value of \$5,000 or greater and a useful life of greater than three years. Improvements to existing capital assets are capitalized if they extend the useful life of the asset by three or more years and the cost of the improvement is \$5,000 or greater. Interest costs incurred while constructing capital assets can be capitalized as part of the specific capital assets. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized. Depreciation on capital assets in service, excluding land, is computed using the straight-line method over the estimated useful lives of such assets and is reported as an operating expense. Capital projects are subject to depreciation or amortization when completed and placed in service. The ranges of estimated useful lives of capital assets are as follows:

Water Transmission and Distribution System:	
Impounding dams and reservoirs	50 years
Pipelines	50 years
Other	20 to 25 years
Wastewater collection system, and treatment and disposal facilities	20 to 50 years
Buildings and structures	45 years
Equipment	3 to 10 years

l. Compensated Absences

Vested or accumulated vacation and sick leave is recorded as an expense and liability as benefits accrue to employees. Changes in compensated absences for the year ended June 30, 2018, were as follows:

Balance				Balance
July 1, 2017				June 30, 2018
(As Restated)	Additions	Deletions		
\$ 1,580,180	577,705	(865,760)	\$	1,292,125

m. Contributed Capital, Connection Fees and Water Availability Charges (Capacity Fees)

Capital contributions for water and wastewater represent contributions of capital assets from developers and revenues from the California State proposition programs. Capital contributions are recorded in the statement of revenues, expenses and changes in net position at fair value at the date the ownership is transferred to the District.

Connection and water availability charges (capacity fees) for water and sewer represent purchases of water meters and fees to connect to the water distribution system or connect to the wastewater collections system by developers or landowners. Connection fees and water availability charges are used strictly for capital improvement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

n. Property Taxes and Assessments

Property taxes in California are levied in accordance with Article XIII A of the State Constitution at 1% of countywide assessed valuations. This levy is allocated pursuant to state law to the appropriate units of local government. Additional levies require two-thirds approval by the voters and are allocated directly to the specific government. Taxes and assessments are recognized as revenue based on amounts reported to the District by the San Diego County Tax Collector’s Offices. The San Diego County Tax Collector’s Offices acts as a collection agent for the property taxes which are normally collected twice a year.

Lien Date:	January 1
Levy Date:	July 1
Due Dates:	First Installment - November 1 Second Installment - February 1
Delinquent Dates:	First Installment - December 10 Second Installment - April 10

o. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

p. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District’s California Public Employees’ Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

q. Other Postemployment Benefits

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District’s OPEB Plan and additions to/deductions from the OPEB Plans’ fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the District’s OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. CASH AND INVESTMENTS

Cash and investments at June 30, 2018 are classified in the accompanying financial statements as follows:

	<u>2018</u>
Statement of Net Position:	
Current Assets:	
Cash and cash equivalents	\$ 2,810,799
Restricted cash and cash equivalents	1,388,748
Investments	8,512,057
Restricted investments	3,579,612
Cash and cash equivalents with OPEB trust*	<u>947,784</u>
Total cash and investments	<u>\$ 17,239,000</u>

Cash and investments consist of the following:

Cash on hand	\$ 1,150
Deposits with financial institutions	2,568,290
Investments	<u>14,669,560</u>
Total cash and investments	<u>\$ 17,239,000</u>

Investments Authorized by the California Government Code and the District’s Investment policy:

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District’s investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District’s investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District’s investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Quality Requirements (S & P Rating)
U.S. Treasury Obligations	5 Years	No Limitation	No Limitation	No Limitation
Federal Agencies	5 Years	No Limitation	75%	No Limitation
State Obligations	5 Years	25%	5%	A/A-1
Supranationals	5 Years	30%	No Limitation	AA
Banker's Acceptances	180 Days	25%	5%	A-1
Commercial Paper	270 Days	25%	5%	A-1
Negotiable Certificates of Deposit	5 Years	30%	5%	A/A-1
Repurchase Agreements	1 Year	10%	No Limitation	No Limitation
Medium-Term Notes	5 Years	30%	5%	A
Passbook and Money Market Savings Accounts	No Limitation	No Limitation	No Limitation	No Limitation
Local Agency Investment Fund (LAIF)	No Limitation	No Limitation	No Limitation	No Limitation
County Pooled Investment Funds	No Limitation	No Limitation	No Limitation	No Limitation
California Local Agency Obligations	5 Years	25%	5%	A/A-1
Joint Powers Authority Pool	No Limitation	No Limitation	No Limitation	No Limitation
Money Market Mutual Funds	No Limitation	20%	No Limitation	AAA
Mortgage Pass-Through Securities	5 Years	20%	5%	AA

2. CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements:

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy.

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity at June 30, 2018.

Investment Type	Total	Remaining Maturity (in Months)			
		12 Months or Less	13 to 24 Months	25 to 60 Months	More than 60 Months
Local Agency Investment Fund (LAIF)	\$ 226,523	\$ 226,523	\$ -	\$ -	\$ -
San Diego County Treasurer Pool	14,840	14,840	-	-	-
Asset Backed Securities	1,263,200	-	89,270	1,173,930	-
Medium-Term Notes	3,842,158	99,199	640,963	3,101,996	-
Municipal Bonds	169,595	-	-	169,595	-
Supranational Agency Bonds	136,910	-	-	136,910	-
Negotiable Certificates of Deposit	2,211,585	448,068	1,233,479	530,038	-
U.S. Agency Securities	247,924	-	-	247,924	-
U.S. Treasury Securities	4,087,223	441,582	353,065	3,292,576	-
Federal Agency Collateralized Mortgage Obligations	133,070	23,027	-	110,043	-
PARS Pooled Trust - Pension Trust	1,388,748	1,388,748	-	-	-
PARS Pooled Trust - OPEB Trust	947,784	947,784	-	-	-
Total	\$ 14,669,560	\$ 3,589,771	\$ 2,316,777	\$ 8,763,012	\$ -

2. CASH AND INVESTMENTS (Continued)

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District’s Investment Policy, or debt agreements, and the Standard & Poor’s (S&P) rating for each investment type at June 30, 2018.

Investment Type	Total	Minimum Legal Rating*	Exempt from Disclosure	S&P Rating as of Year End				
				AAA	AA	A	BBB	Not Rated
Local Agency Investment Fund (LAIF)	\$ 226,523	Exempt	226,523	-	-	-	-	-
San Diego County Treasurer Pool	14,840	Exempt	14,840	-	-	-	-	-
Asset Backed Securities	1,263,200	A	-	1,263,200	-	-	-	-
Medium-Term Notes	3,842,158	A	-	2,991,845	-	-	850,313	-
Municipal Bonds	169,595	A/A-1	-	-	169,595	-	-	-
Supranational Agency Bonds	136,910	AA	-	136,910	-	-	-	-
Negotiable Certificates of Deposit	2,211,585	A/A-1	-	-	808,561	915,067	-	487,957
U.S. Agency Securities	247,924	Exempt	247,924	-	-	-	-	-
U.S. Treasury Securities	4,087,223	Exempt	4,087,223	-	-	-	-	-
Federal Agency Collateralized Mortgage Obligations	133,070	AA	-	-	133,070	-	-	-
PARS Pooled Trust - Pension Trust	1,388,748	Exempt	-	-	-	-	-	1,388,748
PARS Pooled Trust - OPEB Trust	947,784	Exempt	-	-	-	-	-	947,784
Total	\$ 14,669,560		\$ 4,576,510	\$ 4,391,955	\$ 1,111,226	\$ 915,067	\$ 850,313	\$ 2,824,489

* Required to be rated accordingly by at least one Nationally Recognized Statistical Rating Organization (NRSRO)

Concentration of Credit Risk:

The investment policy of the District is in accordance with limitations on the amount that can be invested in any one issuer as stipulated by the California Government Code. Investments in any one issuer (other than for U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments is as follows:

Issuer	Investment Type	Reported Amount 2018
United States Treasury	U.S. Treasury Securities	\$ 4,087,223

2. CASH AND INVESTMENTS (Continued)

Custodial Credit Risk:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2018, \$1,996,047 of the District's deposits with financial institutions in excess of the Federal insurance limits were held in collateralized accounts.

Fair Value Measurements:

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are described as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.
- Level 2: Inputs to the valuation methodology include:
 - Quoted prices for similar assets or liabilities in active markets;
 - Quoted prices for identical or similar assets or liabilities in inactive markets;
 - Inputs other than quoted prices that are observable for the asset or liability;
 - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the District's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the District's own data.

The asset's or liability's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

2. CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued)

The determination of what constitutes observable requires judgment by the District’s management. District management considers observable data to be that market data which is readily available, regularly distributed or updated, reliable, and verifiable, not proprietary, and provided by multiple independent sources that are actively involved in the relevant market.

The categorization of an investment or liability within the hierarchy is based upon the relative observability of the inputs to its fair value measurement and does not necessarily correspond to District management’s perceived risk of that investment or liability.

The following is a description of the recurring valuation methods and assumptions used by the District to estimate the fair value of its investments. The methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy. When quoted prices in active markets are not available, fair values are based on evaluated prices received by District management.

The District has no investments categorized in Level 3. When valuing Level 3 securities, the inputs or methodology are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	June 30, 2018
Investments by Fair Value Level				
Asset Backed Securities	\$ -	\$ 1,263,200	\$ -	\$ 1,263,200
Medium-Term Notes	-	3,842,158	-	3,842,158
Municipal Bonds	-	169,595	-	169,595
Supranational Agency Bonds	-	136,910	-	136,910
Negotiable Certificates of Deposit	-	2,211,585	-	2,211,585
U.S. Agency Securities	-	247,924	-	247,924
U.S. Treasury Securities	-	4,087,223	-	4,087,223
Federal Agency Collateralized Mortgage Obligations	-	133,070	-	133,070
Total Investments by Fair Value Level	<u>\$ -</u>	<u>\$ 12,091,665</u>	<u>\$ -</u>	<u>\$ 12,091,665</u>
Investments measured at Cost or Net Asset Value (NAV)				
Local Agency Investment Fund (LAIF)				226,523
San Diego County Treasurer Pool				14,840
PARS Pooled Trust - Pension Trust				1,388,748
PARS Pooled Trust - OPEB Trust				947,784
Total Investments at Cost or Net Asset Value (NAV)				<u>2,577,895</u>
Total Investments				<u>\$ 14,669,560</u>

3. CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2018, were as follows:

	June 30, 2017 As restated	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2018
Capital assets, not being depreciated:					
Land and property rights-water	\$ 5,868,531	\$ -	\$ (97,757)	\$ -	\$ 5,770,774
Land and property rights-wastewater	1,128,164	-	-	-	1,128,164
Construction in progress	10,411,182	7,125,600	(195,190)	(9,849,273)	7,492,319
Total capital assets, not being depreciated	<u>17,407,877</u>	<u>7,125,600</u>	<u>(292,947)</u>	<u>(9,849,273)</u>	<u>14,391,257</u>
Capital assets, being depreciated:					
Water Operations:					
Impounding Dam	28,394,374	525,896	-	1,602,241	30,522,511
Distribution System	44,147,467	-	-	4,199,948	48,347,415
Buildings and Structures	4,790,915	-	-	258,212	5,049,127
Equipment	7,464,546	-	-	1,751,512	9,216,058
Total Water Operations	<u>84,797,302</u>	<u>525,896</u>	<u>-</u>	<u>7,811,913</u>	<u>93,135,111</u>
Wastewater Operations:					
Collection system	10,715,914	-	-	1,775,160	12,491,074
Treatment and disposal facilities	60,022,107	-	-	-	60,022,107
Equipment	871,062	-	-	-	871,062
Total wastewater operations	<u>71,609,083</u>	<u>-</u>	<u>-</u>	<u>1,775,160</u>	<u>73,384,243</u>
Recycle Operations:					
Distribution System	4,338,130	-	-	262,200	4,600,330
Total recycle operations	<u>4,338,130</u>	<u>-</u>	<u>-</u>	<u>262,200</u>	<u>4,600,330</u>
Total capital assets being depreciated	160,744,515	525,896	-	9,849,273	171,119,684
Less accumulated depreciation	<u>(65,189,173)</u>	<u>(5,693,723)</u>	<u>19,551</u>	<u>-</u>	<u>(70,863,345)</u>
Total capital assets being depreciated, net	<u>95,555,342</u>	<u>(5,167,827)</u>	<u>19,551</u>	<u>9,849,273</u>	<u>100,256,339</u>
Total capital assets, net	<u>\$ 112,963,219</u>	<u>\$ 1,957,773</u>	<u>\$ (273,396)</u>	<u>\$ -</u>	<u>\$ 114,647,596</u>

Depreciation expense for depreciable capital assets was \$5,693,723 for the year ended June 30, 2018.

4. LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2018 were as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018	Due Within One Year
Red Mountain State Revolving Fund Loan	\$ 4,629,582	\$ -	\$ (278,617)	\$ 4,350,965	\$ 285,825
Qualified Energy Conservation Revenue Bonds	4,060,032	-	(287,973)	3,772,059	306,282
Clean Water State Revolving Fund Loan	28,411,692	-	(1,220,688)	27,191,004	1,247,544
Total Long-Term Debt	<u>\$ 37,101,306</u>	<u>\$ -</u>	<u>\$ (1,787,278)</u>	<u>\$ 35,314,028</u>	<u>\$ 1,839,651</u>

4. LONG TERM DEBT (Continued)

Red Mountain State Revolving Fund Loan

On June 21, 2010, The District entered into a loan agreement with the State of California Department of Public Health with interest at 2.57% payable semi-annually, and principal payments ranging from \$118,751 to \$195,414 due semi-annually beginning July 1, 2011 through January 1, 2031. The proceeds of the loan (\$6,159,773 disbursed during the fiscal year ending June 30, 2011) assisted the District in financing construction of the Red Mountain UV Filtration Plant, which enabled the District to meet the Federal safe drinking water standards. This standard is incorporated into the Long-Term Two Enhanced Surface Water Treatment Rule (LT2).

Future debt service requirements for the above loan payable based on the initial loan rate is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 285,825	\$ 110,025	\$ 395,850
2020	293,220	102,631	395,851
2021	300,807	95,044	395,851
2022	308,589	87,262	395,851
2023	316,573	79,278	395,851
2024-2028	1,710,043	269,209	1,979,252
2029-2031	1,135,908	51,645	1,187,553
Total	\$ 4,350,965	\$ 795,094	\$ 5,146,059

Qualified Energy Conservation Bonds (QECCB) Solar Loan

On November 18, 2010, the District borrowed \$7,227,000 from the California Alternative Energy and Advanced Transportation Financing Authority, the proceeds of which were used to finance the construction of a solar project. Financing was secured at an interest rate of 5.74%. The Federal government will pay 70% of the Tax Credit Rate, which is 5.56% or 3.89%. The District’s applicable interest rate is the difference between the taxable rate and the Federal Direct Pay rate, equivalent to 1.85% interest with principal payments ranging from \$134,593 to \$317,071 until November 18, 2027.

Future debt service requirements for the above loan payable based on the initial loan rate is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 306,282	\$ 68,299	\$ 374,581
2020	325,386	62,551	387,937
2021	345,316	56,446	401,762
2022	366,104	49,969	416,073
2023	387,783	43,104	430,887
2024-2028	2,041,188	97,752	2,138,940
Total	\$ 3,772,059	\$ 378,121	\$ 4,150,180

4. LONG TERM DEBT (Continued)

Clean Water State Revolving Fund Loan

On November 2, 2012, the District entered into a loan agreement with the California State Water Resources Control Board in the principal amount of \$22,154,148 with interest of 2.20%. In September 2013, the District entered into an amended loan agreement increasing the principal amount to \$28,723,000. The proceeds of the loan assisted the District fund costs associated with the Fallbrook Wastewater Treatment Plan I Rehabilitation project. Upon completion of the project in May 2016, accrued interest of \$886,644 on the amount drawn down was transferred to the loan principal, increasing the principal amount to \$29,609,644. Annual payments in the amount of \$1,845,746 including principal and interest is due beginning March 2017 through March 2036.

Future debt service requirements for the above loan payable based on the initial loan rate is as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 1,247,544	\$ 598,202	\$ 1,845,746
2020	1,274,990	570,756	1,845,746
2021	1,303,039	542,707	1,845,746
2022	1,331,706	514,040	1,845,746
2023	1,361,004	484,742	1,845,746
2024-2028	7,267,544	1,961,185	9,228,729
2029-2033	8,102,931	1,125,798	9,228,729
2034-2035	5,302,246	234,991	5,537,237
Total	<u>\$ 27,191,004</u>	<u>\$ 6,032,421</u>	<u>\$ 33,223,425</u>

5. INVENTORIES

Inventories at June 30, 2018 consisted of the following:

Water inventory	\$ 1,002,130
Materials inventory	983,343
	<u>\$ 1,985,473</u>

6. PENSION PLANS

a. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees’ Retirement System (CalPERS). The Plan’s benefit provisions are established by statute. The Plan is included as a pension trust fund in the CalPERS Comprehensive Annual Financial Report, which is available online at www.calpers.ca.gov.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for non-industrial disability benefits after five (5) years of service. The death benefit is one of the following: the basic death benefit or the 2W death benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law. Employees are eligible for service-related disability benefits regardless of length of service. An employee must be actively employed by the District at the time of disability in order to be eligible for this benefit. Disability benefits are determined by the products of 1.8 percent of final compensation and the factor of years of service. The basic death benefit is a lump sum in the amount of the member’s accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month’s salary for each completed year of current service, up to a maximum of six months’ salary. Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree’s designated survivor(s), or to the retiree’s estate.

The Plans’ provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire date		
Benefit formula	2.5%@55	2%@62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	6.25%
Required employer contribution rates:		
Normal cost rate	10.848%	6.909%
Payment of unfunded liability	\$ 593,281	\$ 47

6. PENSION PLANS (Continued)

a. General Information about the Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS’ annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2018, Fallbrook Public Utility District reported net pension liabilities for its proportionate shares of the net pension liability of each risk pool as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	<u>\$ 12,746,294</u>

The District’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2017, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District’ proportionate share of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The Fallbrook Public Utility District’s proportionate share of the net pension liability as of the measurement date ended June 30, 2016 and 2017 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2016	0.30670%
Proportion - June 30, 2017	0.29991%
Change - Increase (Decrease)	-0.00679%

6. PENSION PLANS (Continued)

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2018, the District recognized pension expense of \$2,291,903. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 1,081,154	\$ -
Differences between actual and expected experience	16,155	231,445
Change in assumptions	2,004,406	152,838
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	264,767	459,595
Net differences between projected and actual earnings on plan investments	453,314	-
Total	\$ 3,819,796	\$ 843,878

\$1,081,154 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	Amount
2019	\$ 460,031
2020	1,073,687
2021	630,186
2022	(269,141)
2023	-
Thereafter	-

6. PENSION PLANS (Continued)

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Actuarial Assumptions

For the measurement period ended June 30, 2017 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2016 total pension liability determined in the June 30, 2016 actuarial accounting valuation. The June 30, 2017 total pension liability was based on the following actuarial methods and assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)

- (1) Varies by entry age and service
- (2) The mortality table used was developed based on CalPERS-specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 experience study report (based on CalPERS demographic data from 1997 to 2011) available on the CalPERS website.
- (3) Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

All other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at the CalPERS website under Forms and Publications.

Change of Assumptions

In fiscal year 2017-2018, the financial reporting discount rate was reduced from 7.65% to 7.15%. Deferred outflows of resources and deferred inflows of resources for changes of assumptions represent the unamortized portion of this assumption change and the unamortized portion of the changes of assumptions related to prior measurement periods.

6. PENSION PLANS (Continued)

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.15% for each Plan and reflects the long-term expected rate of return for the each Plan net of investment expenses and without reduction for administrative expenses. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the Plans, the tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB 68 section.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long term expected rate of return, CalPERS took into account both short term and long term market return expectations as well as the expected pension fund (PERF) cash flows. Taking into account historical returns of all the Public Employees Retirement Funds’ asset classes (which includes the agent plan and two cost-sharing plans or PERF A, B, and C funds), expected compound (geometric) returns were calculated over the short term (first 10 years) and the long-term (11-60 years) using a building block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each PERF fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short term and long term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the CalPERS Board effective on July 1, 2014.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (a)	Real Return Years 11+ (b)
Global Equity	47.00%	4.90%	5.38%
Global Fixed Income	19.00%	0.80%	2.27%
Inflation Sensitive	6.00%	0.60%	1.39%
Private Equity	12.00%	6.60%	6.63%
Real Estate	11.00%	2.80%	5.21%
Infrastructure and Forestland	3.00%	3.90%	5.36%
Liquidity	2.00%	-0.40%	-0.90%
Total	100.00%		

(a) An expected inflation of 2.5% used for this period
 (b) An expected inflation of 3.0% used for this period

6. PENSION PLANS (Continued)

b. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability of the each Plan, calculated using the discount rate for each Plan, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	<u>Miscellaneous Plan</u>
1% Decrease	6.15%
Net Pension Liability	\$ 19,353,390
Current Discount Rate	7.15%
Net Pension Liability	\$ 12,746,294
1% Increase	8.15%
Net Pension Liability	\$ 7,274,178

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan:

At June 30, 2018, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

7. OTHER POSTEMPLOYMENT BENEFITS

Plan Description:

The District administers its Public Agencies Post-Employment Health Care Plan (OPEB Plan), a single-employer defined benefit plan that is used to provide postemployment benefits other than pensions. The District’s OPEB Plan provides continued medical dental, and vision coverage for an eligible retired employee, spouse or legal dependent. Coverage will continue for the retiree and spouse or legal dependent until they become entitled to Medicare Benefits at age 65.

Employees retiring after age 50, with 10 or more years of continuous employment, will have the mandatory amount estimated by the District at the date of retirement to be necessary to pay for 50% of the employee’s monthly health insurance premium, and any additional costs for spouse and dependent(s) covered at the time of retirement. The difference between the total value of sick leave at retirement and the estimated cost benefit (medical, dental and vision) minus the estimated costs of 50% of the retiree’s medical premium is deposited into a health reimbursement account at the District to pay for retiree benefits until Medicare entitlement or the account is depleted. The District’s health reimbursement account (HRA) balance as of June 30, 2018 is \$240,814. The District will pay for half (50%) of the retired employee’s monthly premium.

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Plan Description (Continued)

During the year ended June 30, 2017, the District entered into a trust agreement with Public Agency Retirement Services (PARS), as the trust administrator and U.S. Bank National Association (US Bank) as the trustee. Management of the OPEB Plan is vested with the General Manager of the District with oversight and governance by the District’s Finance Committee. Benefit terms are as established by the District’s board of directors and agreed upon between the District and the Fallbrook Public Utility District Employees’ Association through Memorandum of Understanding.

Employees Covered

As of the June 30, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the plan:

	<u>Number of Participants</u>
Inactive employees currently receiving benefits	4
Participating Active Employees	<u>69</u>
Total	<u><u>73</u></u>

Contributions

The District has historically funded the plan on a pay-as-you-go basis. Plan members are not required to contribute to the OPEB Plan. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2018, the District’s cash contributions were \$153,000 in payments to the trust and \$49,055 in payments made outside of the trust, resulting in total payments of \$202,055.

Net OPEB Liability

The District’s net OPEB liability was measured as of June 30, 2017, and was determined by an actuarial valuation as of June 30, 2017. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Methods and Assumptions

The total OPEB liability as of June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	4.00%
Projected Salary Increase	3.00% per year
Expected long term investment rate of return, net of plan investment expense	4.00%
Healthcare Cost Trend Rates	8.00%
Mortality	Based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (Continued)

The actuarial assumptions used in the June 30, 2017 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the District.

Investment Policy

The OPEB Plan has an established investment guidelines policy document which provides a framework for a well-diversified asset mix that can potentially be expected to meet the trusts short and long-term needs consistent with the District’s investment objectives, liquidity considerations and risk tolerance. The investment guidelines facilitate the process of ongoing communication between the District and the plan fiduciaries and help maintain a long-term perspective when market volatility is caused by short-term market movements. As the trustee, US Bank has delegated investment authority to Highmark Capital Management (Highmark) as the investment manager. Highmark has full investment discretion over the managed assets in the trust and is authorized to purchase, sell, exchange, invest, reinvest, and manage the OPEB Plan assets in accordance with the trust’s investment objectives.

The goal of the trust’s investment program is to generate adequate long-term returns that, when combined with contributions, will result in sufficient assets to pay the present and future obligations of the OPEB Plan. The following objectives are intended to assist in achieving this goal:

- The OPEB Plan assets should earn, on a long-term average basis, a rate of return equal to or more than the target rate of return of 4.0%;
- The OPEB Plan trust should seek to earn a return more than its policy benchmark over the long-term;
- The OPEB Plan assets will be managed on a total return basis which considers both investment income and capital appreciation. As the plan sponsor the District recognizes the importance of preservation of capital, but also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns.

To achieve the objectives above, the District has established an asset allocation which strives for the growth of income and principal with a strategic, long-term perspective of the capital markets. With a moderate risk tolerance, the following table summarizes the District’s OPEB Plan trust asset allocation policy:

Asset Class	New Strategic Allocation
Cash	5.00%
Fixed Income	45.00%
Equity	50.00%
Total	100.00%

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 4.0 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to pay-as-you-go. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
Balance at June 30, 2016	\$ 971,597	\$ -	\$ 971,597
Changes in the Year:			
Service cost **	61,278	-	61,278
Interest on the total OPEB liability	38,242	-	38,242
Contribution - employer	-	767,396	(767,396)
Net investment income	-	20,571	(20,571)
Administrative expenses	-	(619)	619
Benefit payments	(31,396)	(31,396)	-
Net Changes	<u>68,124</u>	<u>755,952</u>	<u>(687,828)</u>
Balance at June 30, 2017	<u>\$ 1,039,721</u>	<u>\$ 755,952</u>	<u>\$ 283,769</u>

** - Service Cost - The actuarial present value of projected benefits payments that are attributed to the valuation year.

Change of Assumptions

There were no changes of assumptions.

Change of Benefit Terms

There were no changes of benefit terms.

Subsequent Events

There were no subsequent events that would materially affect the results presented in this disclosure.

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the District’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.00%) or 1-percentage point higher (5.00%) than the current discount rate:

	1% Decrease (3.0%)	Discount Rate (4.0%)	1% Increase (5.0%)
Net OPEB Liability	\$ 353,205	\$ 283,769	\$ 217,481

Sensitivity of the Total OPEB Liability to Changes in Health-Care Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (7.00% decreasing to 4.00%) or 1 percentage point higher (9.00% decreasing to 6.00%) than the current healthcare cost trend rates:

	1% Decrease (7.00% decreasing to 4.00%)	Current Healthcare Cost Trend Rates (8.00% decreasing to 5.00%)	1% Increase (9.00% decreasing to 6.00%)
Net OPEB Liability	\$ 179,196	\$ 283,769	\$ 404,884

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the District recognized OPEB expense of \$86,926. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to the measurement date	\$ 202,055	\$ -
Differences between projected and actual earnings	-	7,358
Total	<u>\$ 202,055</u>	<u>\$ 7,358</u>

\$202,055 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019.

The net difference between projected and actual earnings on plan investments is amortized over a five year period.

7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2019	\$ (1,840)
2020	(1,840)
2021	(1,840)
2022	(1,838)
2023	-
Thereafter	-

Payable to the OPEB Plan

At June 30, 2018, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2018.

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster.

The District is a participating member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA) (Authority), which arranges for and provides general liability, property damage, worker’s compensation, and dam failure liability insurance to its member agencies. The District pays a premium commensurate with the level of coverage requested. The District has elected to self-insure for a portion of property damage coverage in the amount of \$10,000 per occurrence. During the past three years, there have been no instances where the amount of claims settlements exceeded insurance coverage, nor have there been any significant reductions of insurance coverage.

9. COMMITMENTS AND CONTINGENCIES

Construction Commitments

At June 30, 2018, the District had the following commitments with respect to unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Completion Date
Harris PS Improvements	\$ 227,045	2019
Old Hwy 395 Pipeline	27,311	2019
Old Stage Road Pipeline	136,184	2019
Santa Margarita Drive Pipeline	1,023,962	2019
Overland LS Design	172,802	2019

9. COMMITMENTS AND CONTINGENCIES (Continued)Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. The District has (a) determined that it has no litigation pending with service of process completed which would have a material effect on its financial condition and (b) believes, to its current actual knowledge and after due inquiry and consultation with legal counsel, that no litigation has been threatened against the District in any court which would have a material effect on its financial condition.

10. RESTATEMENT OF PRIOR YEAR FINANCIAL STATEMENTS

The District recorded a prior period adjustment in the amount of \$3,485,519. This prior period adjustment consists of three components: (1) decrease to net position as of June 30, 2017 in the amount of \$542,795 to restate the balance of the compensated absences liability; (2) a decrease to net position as of June 30, 2017 of \$217,110 relating to the District's implementation of GASB 75; and (3) an increase to net position in the amount of \$4,245,424 to restate the balance of capital assets as of June 30, 2017.

1. SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – DEFINED BENEFIT PENSION PLANS

For the Last Ten Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Classic & PEPRA Miscellaneous Plan				
Plan's Proportion of the Net Pension Liability	0.12853%	0.12729%	0.12295%	0.11351%
Plan's Proportionate Share of the Net Pension Liability	\$ 12,746,294	\$ 11,014,856	\$ 8,439,096	\$ 6,888,388
Plan's Covered Payroll	\$ 5,271,090	\$ 4,743,986	\$ 4,753,842	\$ 4,683,594
Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	241.82%	232.19%	177.52%	147.07%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	73.31%	74.06%	78.40%	83.21%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 1,335,205	\$ 1,234,176	\$ 1,177,856	\$ 1,014,669

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018

The discount rate was reduced from 7.65% to 7.15%.

* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

2. SCHEDULE OF CONTRIBUTIONS – DEFINED BENEFIT PENSION PLANS

For the Last Ten Fiscal Years*

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 1,081,154	\$ 968,372	\$ 870,680	\$ 756,872
Contributions in relation to the actuarially determined contributions	<u>1,081,154</u>	<u>968,372</u>	<u>870,680</u>	<u>756,872</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 5,216,869	\$ 5,271,090	\$ 4,743,986	\$ 4,753,842
Contributions as a percentage of covered payroll	20.72%	18.37%	18.35%	15.92%

Notes to Schedule:

Valuation Date	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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Methods and Assumptions Used to Determine Contribution Rates:

Single and agent employers	Entry age**
Amortization method	Level percentage of payroll, closed**
Asset valuation method	Market Value***
Inflation	2.75%**
Salary increases	Depending on age, service, and type of employment**
Investment rate of return	7.50%, net of pension plan investment expense, including inflation**
Retirement age	50 years (2% at 55), 62 years (2% at 62), 50 years (2% at 50)
Mortality	Mortality assumptions are based on mortality rates resulting from the most

* - Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

** - The valuation for June 30, 2012, 2013, and 2014 (applicable to fiscal years ended June 30, 2015, 2016, and 2017 respectively) included the same actuarial assumptions.

*** - The valuation for June 30, 2012 (applicable to fiscal year ended June 30, 2015) valued assets using a 15 Year Smoothed Market method. The market value asset valuation method was utilized for the June 30, 2013, 2014, and 2015 valuations (applicable to fiscal years ended June 30, 2016, 2017, and 2018 respectively).

3. SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

	For the Last Ten Fiscal Years*	6/30/2018
Fiscal year end		<u>6/30/2018</u>
Measurement date		<u>6/30/2017</u>
Total Pension Liability:		
Service cost		\$ 61,278
Interest on total OPEB liability		38,242
Benefit payments, including refunds of		<u>(31,396)</u>
Net Change in Total OPEB Liability		68,124
Total OPEB Liability - Beginning of Year		<u>971,597</u>
Total OPEB Liability - End of Year (a)		<u>1,039,721</u>
Plan Fiduciary Net Position:		
Contributions - employer		767,396
Net investment income		20,571
Administrative expenses		(619)
Benefit payments		<u>(31,396)</u>
Net Change in Plan Fiduciary Net Position		755,952
Plan Fiduciary Net Position - Beginning of Year		<u>-</u>
Plan Fiduciary Net Position - End of Year (b)		<u>755,952</u>
Net OPEB Liability - Ending (a)-(b)		<u>\$ 283,769</u>
Plan fiduciary net position as a percentage of the total OPEB liability		72.71%
Covered payroll		\$ 5,684,049
Net OPEB liability as percentage of covered - employee payroll		4.99%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

There were no changes in assumptions.

* Fiscal year 2018 was the first year of implementation; therefore, only one year is shown.

4. SCHEDULE OF CONTRIBUTIONS - OPEB

For the Last Ten Fiscal Years*

	<u>6/30/2018</u>
Actuarially determined contribution	\$ 74,065
Contributions in relation to the actuarially determined contributions	<u>(202,055)</u>
Contribution deficiency (excess)	<u>\$ (127,990)</u>
Covered employee payroll	\$ 5,216,869
Contributions as a percentage of covered payroll	1.42%

Notes to Schedule:

Valuation Date 6/30/2017

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age actuarial cost method **
Discount Rate	4%
Projected Salary increases	3.0% Per Year
Expected long term investment rate of return, net of plan investment expenses.	4.00%
Healthcare Cost Trend Rate	8.0% for 2016, 7.0% for 2017, 6.0% for 2018; and 5.0% for 2019 and later years.
Mortality	Based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

* Fiscal year 2018 was the first year of implementation; therefore, one year shown.

** Entry age is based on the age at hire for eligible employees. The To the extent that different benefit formulas apply to different employees

STATISTICAL SECTION

Financial Position 59-61

These tables show the District’s financial position over the reporting period.

District Operations 62-76

These tables show the Districts revenues and expenses, the District’s rates and charges and the District’s property tax revenues.

Debt Capacity 77-78

These tables show the District’s debt capacity and ability to meet its debt service coverage requirements.

Demographic and Economic Information 79

These tables provide demographic and economic information on the District’s service area. Because the District is part of the unincorporated region of the San Diego County, County wide data is reported.

Table #1 - Net Positions

Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2009	\$ 55,276,250	\$ 11,294,440	\$ 578,780	\$ 67,149,470
2010	60,003,604	3,669,823	4,368,538	68,041,965
2011	60,487,772	2,613,866	7,671,400	70,773,038
2012	60,609,683	1,212,780	10,336,039	72,158,502
2013	60,609,683	1,213,780	10,336,039	72,159,502
2014	64,203,257	2,431,978	12,479,645	79,114,880
2015	67,995,640	2,231,947	4,807,404	75,034,991
2016	70,683,956	3,455,377	5,170,519	79,309,852
2017	76,004,617	3,495,635	5,668,185	85,168,437
2018	79,333,568	4,711,487	2,038,252	86,083,307

Source: Fallbrook Public Utility District

Table #2 - Changes in Net Position and Net Position by Component, Last Ten Fiscal Years

	Fiscal Year 2009	Fiscal Year 2010	Fiscal Year 2011
Changes in Net Position:			
Operating Revenues (See Schedule 2)	\$ 21,252,330	\$ 21,795,259	\$ 21,255,448
Operating Expenses (See Schedule 3)	(22,452,094)	(24,347,069)	(24,175,989)
Other Operating Revenues	-	142,229	363,564
Operating Income (loss)	\$ (1,199,764)	\$ (2,409,581)	\$(2,556,977)
Non-Operating Revenues (expenses)			
Property Taxes Ad-Valorem	\$ 1,753,229	\$ 1,602,551	\$ 1,549,625
Capital Improvement Charges	-	-	404,175
California Solar Initiative Rebate	-	-	-
Investment income	515,239	490,664	147,486
Water Availability Charges	200,748	201,397	200,944
Lease Revenue	188,810	215,154	184,983
Intergovernmental Revenue - Federal Interest Subsidy	-	-	-
Connection Fees	154,798	108,631	112,499
Federal Grants	14,097	-	-
Gain (Loss) on disposal of capital assets	-	-	-
Other Non-Operating Revenues	762,228	748,834	102,704
Other Non-Operating Expenses	(358,671)	(276,937)	(508,849)
Total Non-Operating Revenues (expenses), net	\$ 3,230,478	\$ 3,090,294	\$ 2,193,567
Net income Before Capital Contributions	\$ 2,030,714	\$ 680,713	\$ (363,410)
Capital Contributions	508,887	211,782	3,094,483
Capital Grant - Proposition 50	-	-	-
Capital Grant - Proposition 84	-	-	-
Extraordinary Items	-	-	-
Changes in Net Position	\$ 2,539,601	\$ 892,495	\$ 2,731,073
Net Position			
Beginning, as restated	\$ 64,609,869	\$ 67,149,470	\$ 68,041,965
Adjustments to restate balance	-	-	-
Ending, as restated	\$ 67,149,470	\$ 68,041,965	\$70,773,038

(1) Capital Grant of \$828,598 was received from State of California Wildlife Conservation Board Proposition 50 Funding.

(2) Accumulative effect of change in accounting principals.

(3) State Proposition 50 in the amount of \$874,040 and State Proposition 84 in the amount of \$68,428 was received

Source: Fallbrook Public Utility District

(Continued)

Fiscal Year 2012	Fiscal Year 2013	Fiscal Year 2014	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017	Fiscal Year 2018
\$ 23,661,715	\$ 27,582,160	\$ 28,955,183	\$ 27,483,881	\$ 25,356,017	\$ 27,256,065	\$ 29,882,022
(26,140,572)	(28,007,733)	(33,062,764)	(29,367,701)	(27,921,351)	(30,678,705)	(33,319,799)
279,560	439,560	681,876	-	-	-	-
\$ (2,199,297)	\$ 13,987	\$ (3,425,705)	\$ (1,883,820)	\$ (2,565,334)	\$ (3,422,640)	\$ (3,437,777)
\$ 1,552,911	\$ 1,582,219	\$ 1,694,090	\$ 1,719,296	\$ 1,815,734	\$ 1,889,808	\$ 1,984,543
414,910	1,252,501	1,981,822	2,134,025	2,224,529	2,283,558	2,476,452
534,835	779,786	843,714	729,519	740,125	234,930	-
87,217	30,507	209,175	141,433	324,126	63,861	18,188
200,906	201,037	200,779	200,810	200,808	200,730	229,400
177,095	181,100	183,641	185,770	185,220	166,012	178,602
-	-	-	-	185,040	238,765	145,338
190,932	247,607	118,581	208,521	131,894	238,124	411,744
-	-	-	-	-	-	-
-	-	-	-	-	-	(273,396)
109,261	81,008	69,816	162,913	91,361	32,729	-
(294,462)	(291,721)	(344,730)	(321,941)	(690,409)	(385,483)	(959,015)
\$ 2,973,605	\$ 4,064,044	\$ 4,956,888	\$ 5,160,346	\$ 5,208,428	\$ 4,963,034	\$ 4,211,886
\$ 774,308	\$ 4,078,031	\$ 1,531,183	\$ 3,276,526	\$ 2,643,094	\$ 1,540,394	\$ 774,109
273,825	595,205	76,746	153,790	75,299	59,509	73,661
338,331	-	828,598 ⁽¹⁾	224,596 ⁽¹⁾	874,040 ⁽³⁾	773,163	-
-	-	-	-	682,428	-	67,100
-	-	-	-	-	-	-
\$ 1,386,464	\$ 4,673,236	\$ 2,436,527	\$ 3,654,912	\$ 4,274,861	\$ 2,373,066	\$ 914,870
\$70,773,038	\$ 72,159,502	\$ 76,678,353	\$ 79,114,880	\$ 75,034,991	\$ 79,309,852	\$ 85,168,437
-	(154,385)	-	(7,734,801) ⁽²⁾	-	3,485,519	-
\$72,159,502	\$76,678,353	\$79,114,880	\$75,034,991	\$79,309,852	\$ 85,168,437	\$ 86,083,307

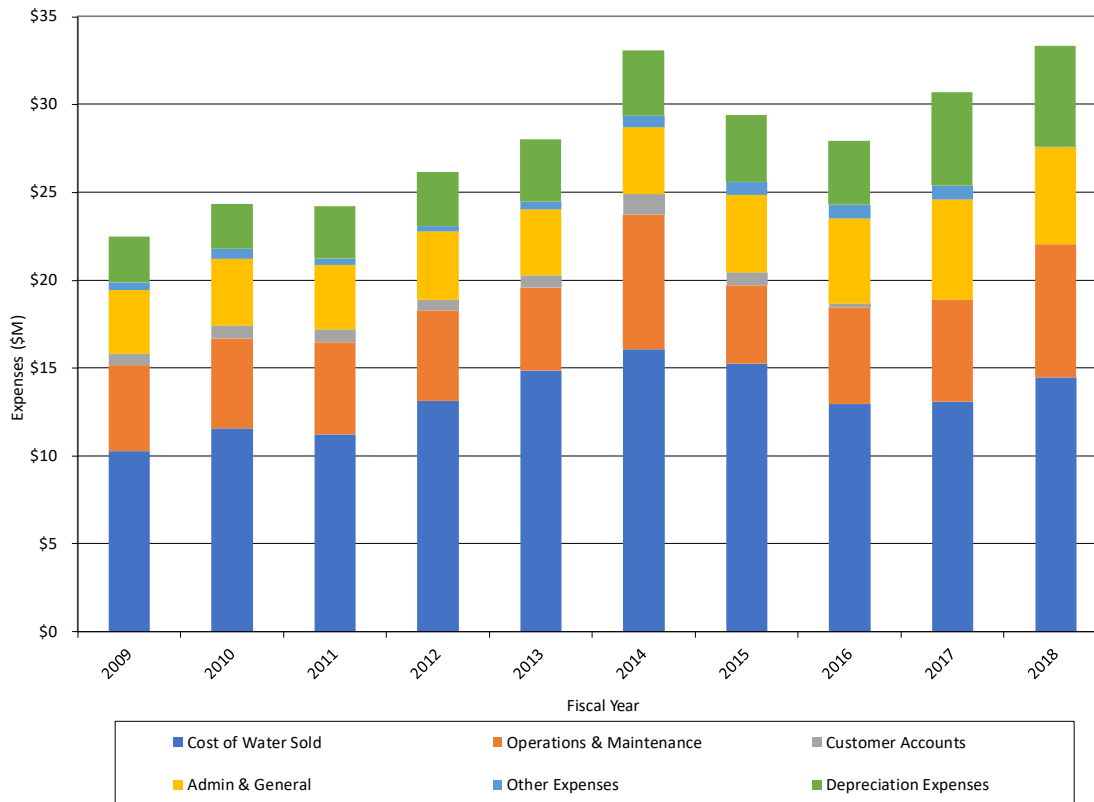
Table #3 - Operating Expenses by Activity (Last Ten Fiscal Years)

Fiscal Year	Water				
	Cost of Water Sold	Operations & Maintenance	Customer Accounts	Admin & General*	Other Expenses
2009	\$ 9,858,637	\$ 2,323,269	\$ 632,005	\$ 1,902,446	\$ 54,551
2010	11,075,601	2,433,410	748,604	2,103,971	193,320
2011	10,771,752	2,461,466	726,636	2,024,761	N/A
2012	12,647,833	2,570,414	611,736	2,148,057	N/A
2013	14,457,083	2,350,655	700,158	2,056,605	N/A
2014	15,649,781	3,810,606	1,179,998	2,006,124	N/A
2015	14,692,652	2,173,576	725,610	2,286,586	N/A
2016	12,804,470	2,788,548	203,560	2,571,803	N/A
2017	13,067,064	3,030,201	N/A	2,963,305	N/A
2018	14,453,229	3,922,528	N/A	2,868,610	N/A

* General and administration costs are allocated as follows: 52% water, 42% wastewater, and 6% recycled water.

Source: Fallbrook Public Utility District

Chart #1 - Operating Expenses by Activity



Source: Fallbrook Public Utility District

(Continued)

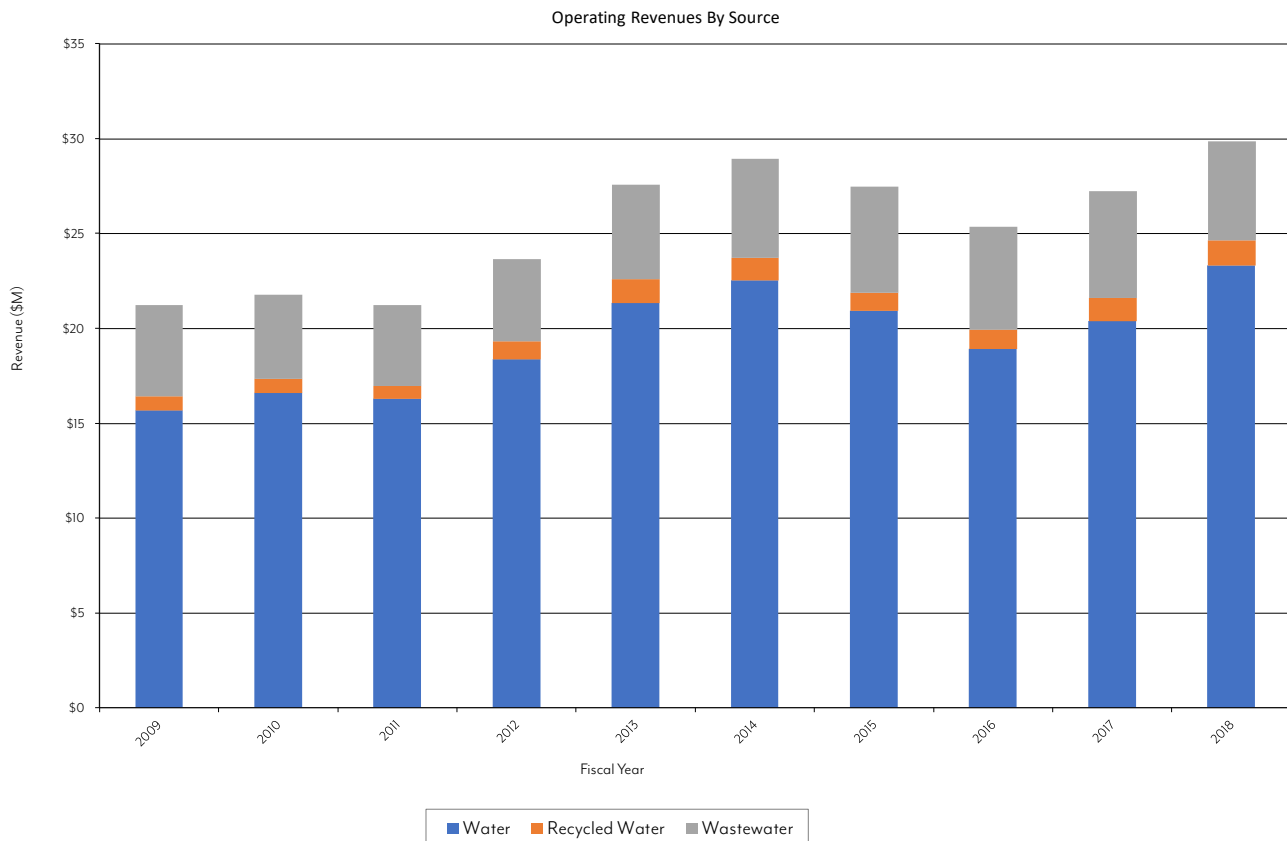
Recycled				Wastewater			Depreciation Expenses	Total Operating Expenses
Cost of Water Sold	Operations & Maintenance	Admin & General*	Other Expenses	Operations & Maintenance	Admin & General*	Other Expenses		
\$ 421,605	\$ 43,448	\$ 120,180	\$ 215,160	\$ 2,516,297	\$ 1,602,391	\$ 170,004	\$ 2,592,101	\$ 22,452,094
498,288	37,426	147,436	193,320	2,624,356	1,539,276	170,004	2,582,057	24,347,069
461,085	32,320	146,516	193,560	2,742,465	1,501,790	170,004	2,943,634	24,175,989
492,962	53,275	156,733	79,560	2,494,189	1,606,509	200,000	3,079,304	26,140,572
403,582	52,675	149,252	79,560	2,309,384	1,529,836	360,000	3,558,943	28,007,733
427,328	63,620	188,964	171,960	3,765,046	1,584,190	509,916	3,705,231	33,062,764
551,866	N/A	337,226	92,400	2,296,712	1,763,527	671,052	3,776,494	29,367,701
146,128	N/A	242,623	94,248	2,709,284	2,038,033	682,536	3,640,118	27,921,351
N/A	622,997	346,173	94,248	2,173,738	2,392,289	694,380	5,294,310	30,678,705
N/A	693,971	330,993	N/A	3,039,790	2,316,954	N/A	5,693,723	33,319,799

Table #4 - Operating Revenues by Source (Last Ten Fiscal Years)

Fiscal Year	Water			Recycled			Wastewater		Total Operating Revenue
	Water Sales	Service Charges	Other Charges	Water Sales	Service Charges	Other Charges	Service Charges	Other Charges	
2009	\$ 10,364,482	\$ 4,501,750	\$ 829,961	\$ 340,287	\$ 40,757	\$ 347,753	\$ 4,813,589	\$ 13,751	\$ 21,252,330
2010	10,881,138	4,591,783	1,139,365	389,825	49,306	294,834	4,433,766	15,242	21,795,259
2011	10,728,119	4,531,720	1,029,567	449,322	43,576	200,345	4,162,654	110,145	21,255,448
2012	12,778,113	4,524,843	1,062,054	592,986	55,373	312,948	4,331,022	4,376	23,661,715
2013	15,458,783	4,702,564	1,190,568	777,329	50,316	445,859	4,950,757	5,984	27,582,160
2014	16,587,771	4,772,242	1,188,741	802,509	50,972	344,423	5,205,516	3,009	28,955,183
2015	14,722,792	4,930,254	1,295,660	662,849	53,011	244,466	5,571,362	3,487	27,483,881
2016	12,328,995	5,000,621	1,583,301	824,925	59,359	156,353	5,402,353	110	25,356,017
2017	13,233,057	5,388,463	1,783,859	1,135,841	N/A	86,620	5,627,476	749	27,256,065
2018	16,194,537	5,777,173	1,340,062	1,153,170	17,956	156,060	5,258,183	(15,119)	29,882,022

Source: Fallbrook Public Utility District

Chart #2 - Operating Revenues by Source



Source: Fallbrook Public Utility District

Table #5 - Water Rates (\$/Kgal*)⁽¹⁾

Fiscal Year	Domestic Tier 1	Domestic Tier 2	Domestic Tier 3	Commercial Tier 1	Commercial Tier 2	Government	Special Ag Rate	Commercial Ag Rate
2009	\$ 2.17	\$ 2.48	\$ 2.73	\$ 2.48	\$ 2.73	\$ 2.17	\$ 1.57	N/A
2010	2.55	2.94	3.24	2.55	2.94	2.94	2.38	\$ 2.74
2011	3.06	3.52	3.88	3.06	3.52	3.52	2.63	3.06
2012	3.51	4.04	4.45	3.51	4.04	4.04	2.81	3.45
2013	3.86	4.44	4.89	3.86	4.44	4.44	3.05	3.86
2014	4.03	4.64	5.11	4.03	4.64	4.64	3.14	4.06
2015	4.19	4.61	5.08	4.19	4.61	4.61	3.14	4.06
2016	4.38	4.82	5.31	4.38	4.82	4.82	3.18	4.28
2017	5.21	5.74	6.32	5.21	5.74	5.74	3.65	4.97
2018	5.62	5.71	6.95	5.79	5.79	5.70	4.17	4.83

*Kgal = 1,000 gal

(1) The District is required to follow the rules of Proposition 218 when raising or adjusting its rates.

Source: Fallbrook Public Utility District

Table #6 - Non-Agricultural/Government Monthly Water Service Charge (\$/month)

Fiscal Year	3/4" Meter	1" Meter	1½" Meter	2" Meter	3" Meter	4" Meter	6" Meter	Standby
2009	\$ 34.87	\$ 45.37	\$ 64.74	\$ 94.75	\$ 154.57	\$ 245.77	\$ 439.24	\$ 20.78
2010	34.87	45.37	64.74	94.75	154.57	245.77	439.24	20.78
2011	34.87	45.37	64.74	94.75	154.57	245.77	439.24	20.78
2012	34.87	45.37	64.74	94.75	154.57	245.77	439.24	20.78
2013	36.09	46.96	67.01	98.07	159.98	254.37	454.61	21.51
2014	36.63	47.66	68.02	99.54	162.38	258.19	461.43	21.83
2015	38.10	49.57	70.74	103.52	168.88	268.52	479.89	22.70
2016	39.24	51.06	72.86	106.63	173.95	276.58	494.29	23.38
2017	41.59	54.12	77.23	113.03	184.39	293.17	523.95	24.78
2018	44.10	67.33	125.36	195.01	380.73	589.67	1,170.06	Variable

For more information on the District's rate structure, visit www.fpud.com

Source: Fallbrook Public Utility District

Table #7 - Monthly Water Service Charge (Ag/Gov) (\$/month)

Fiscal Year	3/4" Meter	1" Meter	1 ½" Meter	2" Meter	3" Meter	4" Meter	6" Meter	Standby
2009	\$ 43.37	\$ 57.26	\$ 82.77	\$ 122.31	\$ 201.26	\$ 312.70	\$ 563.53	\$ 20.78
2010	43.37	57.26	82.77	122.31	201.26	312.70	563.53	20.78
2011	43.37	57.26	82.77	122.31	201.26	312.70	563.53	20.78
2012	43.37	57.26	82.77	122.31	201.26	312.70	563.53	20.78
2013	44.45	58.69	84.84	125.37	206.29	320.52	57.62	21.51
2014	44.89	59.28	85.69	126.62	208.35	323.73	583.40	21.83
2015	44.89	59.28	85.69	126.62	208.35	323.73	583.40	21.83
2016	46.24	61.06	88.26	130.42	214.60	333.44	600.90	23.38
2017	49.01	64.72	93.56	138.25	227.48	353.45	636.95	24.78
2018	44.10	67.33	125.36	195.01	380.73	589.67	1,170.06	Variable

Source: Fallbrook Public Utility District

Table #8 - Monthly Water Capital Improvement Charge (CIC) (\$/month)

Fiscal Year	3/4" Meter	1" Meter	1 ½" Meter	2" Meter	3" Meter	4" Meter	6" Meter	Standby
2009	\$ 3.00	\$ 4.13	\$ 6.00	\$ 9.38	\$ 15.75	\$ 24.75	\$ 45.00	\$ 1.80
2010	3.20	4.40	6.40	10.00	16.80	26.40	48.00	1.92
2011	3.20	4.40	6.40	10.00	16.80	26.40	48.00	1.92
2012	3.29	4.52	6.58	10.28	\$17.27	27.14	49.35	1.97
2013	4.00	5.50	8.00	12.50	21.00	33.00	60.00	2.40
2014	8.00	11.00	16.00	25.00	42.00	66.00	120.00	4.80
2015	8.59	11.81	17.18	26.84	45.10	70.87	128.85	5.15
2016	9.06	12.46	18.12	28.31	47.57	74.75	135.90	5.44
2017	9.45	12.99	18.90	29.53	49.61	77.96	141.75	5.67
2018	8.58	14.30	28.60	45.76	91.52	143.00	286.00	Variable

Source: Fallbrook Public Utility District

Table #9 - Sewer Rates by Customer Class (2009)

Fiscal Year	2009	
	(Flat)	Metered Flow (per 1,000 Gallons)
Fixed Rates (By account type)		
Residential Unrestricted	\$ 45.96	N/A
Multi-Family	36.77	
Mobile Home	36.77	
Hotel (each unit without kitchen)	22.98	
Hotel (each unit with kitchen)	36.77	
Business (low flow)	61.13	
Service Station (w/out dump station)	137.88	
Service Station (with dump station)	137.88	
Church	45.96	
Bakery	45.96	
Theatre	61.13	
Hospital (per bed)	29.87	
Convalescent home	13.79	
School (per Primary student)	0.77	
School (per Jr H student, staff)	1.15	
School (per High school)	1.53	
Mortuary	45.96	
Special	40.96	
Standby	11.03	
Car Wash	229.80	
Grocery Store (under 2,500 ft ²)	137.88	7.24
Grocery Store (2,501 - 7,000 ft ²)	183.84	7.24
Grocery Store (over 7,000 ft ²)	229.80	7.24
Self Service Laundry	229.80	1.41
Restaurant (under 2,500 ft ²)	137.88	4.45
Restaurant (2,501 - 7,000 ft ²)	183.84	4.45
Restaurant (over 7,000 ft ²)	229.80	4.45

Source: Fallbrook Public Utility District

Table #10 - Sewer Rates by Customer Class (2010 - 2018)

	2010	2011	2012	2013	2014	2015	2016	2017	2018**
Fixed Rates (by meter size) (\$/month)									
3/4"	\$ 12.15	\$ 12.15	\$ 12.15	\$ 12.69	\$ 13.19	\$ 14.10	\$ 14.23	\$ 16.12	B Y
1"	18.33	18.33	18.33	19.23	19.95	21.23	21.55	24.01	
1 1/2"	33.79	33.79	33.79	35.59	36.86	39.06	39.86	43.75	
2"	52.35	52.35	52.35	55.23	57.15	60.46	61.84	67.42	EDU
3"	95.63	95.63	95.63	101.03	104.49	110.38	113.14	122.67	\$9.28/ EDU
4"	157.48	157.48	157.48	166.47	172.12	181.70	186.36	201.60	
6"	312.08	312.08	312.08	330.06	341.20	359.99	369.49	398.91	
Billable Flow Rates * (\$/Kgal)									
Single Family Residence, Ag Domestic, Multi - Family	\$ 5.63	\$ 5.88	\$ 6.72	\$ 7.64	\$ 7.64	\$ 7.64	\$ 8.21	\$ 8.77	\$ 9.44
, Low -Strength Commercial, Schools, Churches	8.47	8.81	10.09	11.54	11.54	11.54	12.35	13.27	9.37
Medium Strength Commercial	8.47	8.81	10.09	11.54	11.54	11.54	12.35	13.27	11.57
High Strength Commercial	14.14	14.67	16.83	19.35	19.35	19.35	20.63	22.28	14.44

* Billable flow rates are calculated based upon water usage adjusted for outdoor use.

** Rates switched from fiscal year to calendar year January 1, 2018.

Source: Fallbrook Public Utility District

Table #11 - Monthly Sewer Capital Improvement Charge (CIC) (\$/month)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Per EDU	N/A	N/A	N/A	N/A	\$8.00	\$10.00	\$10.44	\$10.70	\$10.84	\$11.16

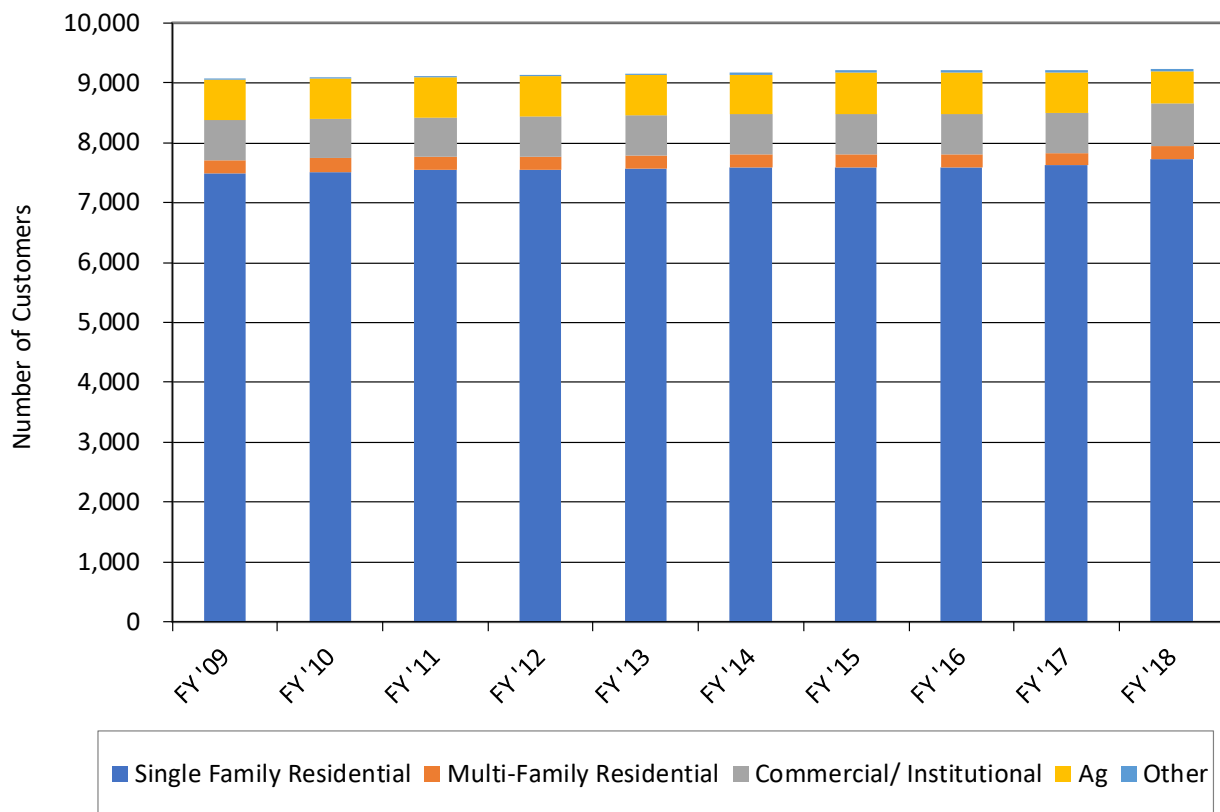
Source: Fallbrook Public Utility District

Table #12 - Number of Water Customers by Type

As of June 30	Single Family Residential	Multi-Family Residential	Commercial/ Institutional	Ag	Other	Total
2009	7,492	220	667	668	28	9,075
2010	7,514	222	666	666	28	9,096
2011	7,540	223	663	666	28	9,120
2012	7,545	219	678	667	29	9,138
2013	7,569	217	678	663	31	9,158
2014	7,582	217	680	660	32	9,171
2015	7,581	217	679	695	33	9,205
2016	7,582	217	671	699	37	9,206
2017	7,617	217	673	674	38	9,219
2018	7,735	218	711	529	40	9,233

Source: Fallbrook Public Utility District

Chart #3 - Number of Water Customers by Type



Source: Fallbrook Public Utility District

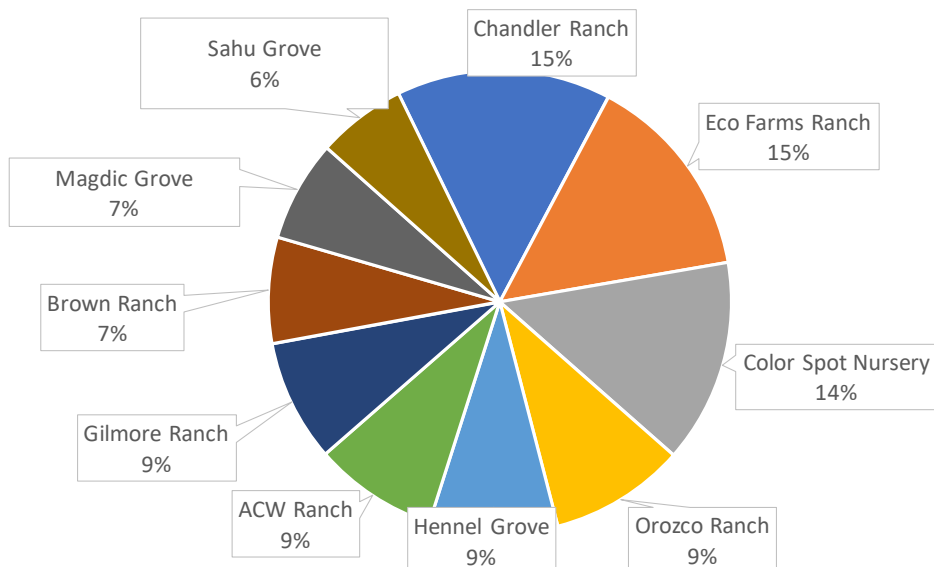
Table #13 - Top Ten Water Customers

Fiscal Year 2009		
Customer	Annual Usage (Kgal)	Percent of Total
Ross Ranch	134,180	2.48%
Chandler Ranch	69,746	1.29%
Sparrow Hawk Ranch	40,020	0.74%
Serafiana Holdings	35,941	0.67%
Lambden Grove	28,513	0.53%
Hennel Grove	28,490	0.53%
Magdic Grove	27,778	0.51%
Gilmore Grove	27,137	0.50%
ACW Ranch	26,980	0.50%
Color Spot Nursery	13,614	0.25%
Total Top 10 Customers	432,399	8.01%
Total All Other Water Customers	4,968,581	91.99%
Total Water Consumed	5,400,980	100.00%

Fiscal Year 2018		
Customer	Annual Usage (Kgal)	Percent of Total
Chandler Ranch	56,291	1.86%
Eco Farms Ranch	54,465	1.80%
Color Spot Nursery	53,442	1.77%
Orozco Ranch	35,564	1.18%
Hennel Grove	33,641	1.11%
ACW Ranch	32,543	1.08%
Gilmore Ranch	31,971	1.06%
Brown Ranch	27,762	0.92%
Magdic Grove	26,538	0.88%
Sahu Grove	23,331	0.77%
Total Top 10 Customers	375,548	12.43%
Total All Other Water Customers	2,644,732	87.57%
Total Water Consumed	3,020,280	100.00%

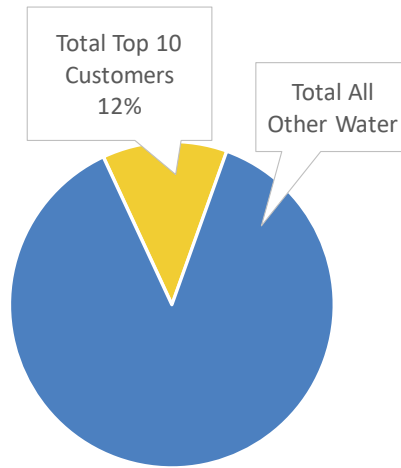
Source: Fallbrook Public Utility District

Chart #4 - Top Ten Water Customers and their Relative Consumption Fiscal Year 2018



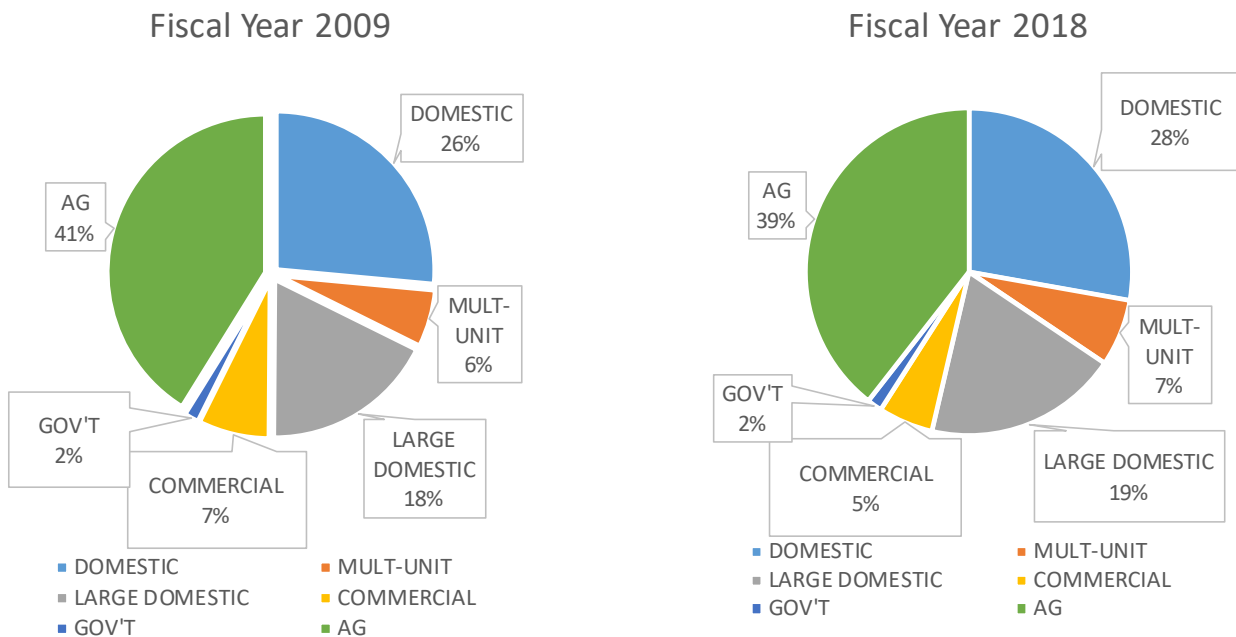
Source: Fallbrook Public Utility District

Chart #5 - Total Water Consumed Fiscal Year 2018



Source: Fallbrook Public Utility District

Chart #6 - Breakdown of Water Sales by Customer Class for Fiscal Year 2009 vs Fiscal Year 2018



Source: Fallbrook Public Utility District

Table #14 - Water System

Fiscal Year	Miles of Water Mains	Service Connections	Annual Production (G)	Average Daily Production (gpd)
2009	267.85	9,098	4,763,112,375	13,049,623
2010	268.03	9,116	3,831,051,035	10,496,030
2011	268.38	9,124	3,863,212,430	10,584,144
2012	268.89	9,130	4,201,053,710	11,509,736
2013	268.89	9,142	4,159,247,155	11,395,198
2014	268.94	9,154	4,159,247,155	11,395,198
2015	268.98	9,166	3,327,254,350	9,115,765
2016	269.11	9,197	3,235,951,180	8,865,620
2017	269.11	9,211	3,114,930,490	8,534,056
2018	269.11	9,244	3,287,934,350	9,008,039

Source: Fallbrook Public Utility District

Table #15 - Water System Total Production*

Fiscal Year	Total Used/Prod. (AF)	HCF
2009	14,617.50	6,367,383.06
2010	11,757.10	5,121,392.81
2011	11,855.80	5,164,386.53
2012	12,892.60	5,616,016.62
2013	12,764.30	5,560,129.14
2014	12,822.40	5,585,437.50
2015	10,211.00	4,447,911.65
2016	9,930.80	4,325,856.52
2017	9,559.40	4,164,074.68
2018	10,090.30	4,395,334.72

*Total Production before system losses.

Source: Fallbrook Public Utility District

Table #16 - Sewer System

Fiscal Year	Miles of Sewer Lines	Service Connections	Annual Sewerage (G)	Daily Sewerage (GD)
2009	77.55	4,947	621,329,428.29	1,702,272.41
2010	77.55	4,956	630,238,194.63	1,726,679.99
2011	78.53	4,975	636,329,979.08	1,743,369.81
2012	78.62	4,994	609,826,887.99	1,670,758.60
2013	78.62	5,008	557,909,048.16	1,528,517.94
2014	78.62	5,028	540,541,189.86	1,480,934.77
2015	78.64	5,034	562,027,804.80	1,539,802.20
2016	78.64	5,044	499,860,321.77	1,369,480.33
2017	78.64	5,049	507,140,810.66	1,389,426.88
2018	78.64	5,049	486,337,179.41	1,332,430.63

Source: Fallbrook Public Utility District

Table #17 - Sewer System Influent Flow

Fiscal Year	Total Used/Prod. (AF)
2009	1,914.62
2010	1,965.79
2011	1,985.67
2012	1,968.83
2013	1,883.86
2014	1,873.30
2015	1,997.62
2016	1,639.416
2017	1,706.45
2018	1,592.26

Source: Fallbrook Public Utility District

Table #18 - Recycled Water System

Fiscal Year	Miles of Recycled Pipes	Service Connections	Used Annual Recycled Water (AF)*	Daily Usage (MGD)
2009	8.28	26	602.10	0.5
2010	8.28	28	593.90	0.5
2011	8.28	28	536.83	0.5
2012	8.28	28	603.50	0.5
2013	8.28	28	758.70	0.7
2014	8.28	28	746.80	0.7
2015	8.28	28	598.80	0.5
2016	10.53	29	599.83	0.5
2017	10.53	30	671.34	0.6
2018	10.53	32	740.40	0.7

*includes water not billed at full rate
 Source: Fallbrook Public Utility District

Table #19 - Recycled Water System Production

Fiscal Year	Total Prod./Disposed (AF)
2009	1906.79
2010	1934.13
2011	1952.83
2012	1871.49
2013	1712.16
2014	1658.86
2015	1724.80
2016	1534.02
2017	1556.36
2018	1492.51

Notes:
 G- Gallons
 GD - Gallons per Day
 AF - Acre Feet
 MG - Millions of Gallons
 MGD - Millions of Gallons per Day

Source: Fallbrook Public Utility District

FPUD treats all water to recycled standards. This tables includes both recycled water used as well as discharged to the ocean outfall.

Table #20 - Annual RW Production and WRP Influent Flow

	Recycled Water (Acre-Feet)				WRP Influent Flow (Acre-Ft)
	Annual Production	Daily Average Production	Total Used Production	Total Disposed	
2009	1,894.39	5.19	674.81	1,219.57	1,914.62
2010	1,926.46	5.28	486.57	1,439.89	1,971.72
2011	1,962.58	5.38	607.88	1,354.69	1,999.50
2012	1,795.23	4.92	702.99	1,092.23	1,933.72
2013	1,661.57	4.55	714.98	946.59	1,892.02
2014	1,756.49	4.81	690.15	1,066.34	1,888.80
2015	1,588.47	4.35	584.11	1,004.36	1,878.31
2016	1,489.03	4.08	694.37	794.66	1,600.40
2017	1,570.92	4.30	664.82	906.11	1,694.43
2018	1,492.51	4.09	740.39	752.12	1,592.26

Source: Fallbrook Public Utility District

Table #21 - Full Time Equivalent (FTE) Employees by Function

Fiscal Year	Water Services	Wastewater Services	Recycled Water Services	General & Administrative	Total Operating Revenue
2009	22	15	6	30.8	73.8
2010	22	15	6	31.8	74.8
2011	23	15	5	28.8	71.8
2012	23	14	5	29.8	71.8
2013	22	14	6	28.8	70.8
2014	21	13	6	27.8	67.8
2015	21	13	5	28.8	67.8
2016	20	13	5	28.8	66.8
2017	23	12	5	27.8	67.8
2018	24	15.2	2.8	25.8	67.8

Source: Fallbrook Public Utility District

Table #22 -Assessed Valuation of Taxable Property

Fiscal Year	Secured				Unsecured		Total Assessed Value
	Water		Sewer		Water	Sewer	
	Local Assessed	State Assessed	Local Assessed	State Assessed			
2009	\$ 3,303,826,499	\$ 225,000	\$ 1,960,400,429	\$ 225,000	\$ 48,339,127	\$42,692,786	\$5,355,708,841
2010	3,104,742,322	225,000	1,821,146,148	225,000	41,608,589	36,302,150	5,004,249,209
2011	3,037,269,947	225,000	1,781,731,084	225,000	42,343,299	37,141,389	4,898,935,719
2012	3,023,254,725	225,000	1,783,734,000	225,000	39,028,848	33,883,225	4,880,350,798
2013	3,005,131,868	225,000	1,773,732,093	225,000	40,228,753	35,613,386	4,855,156,100
2014	3,058,914,090	-	1,811,990,591	-	39,761,073	34,916,821	4,945,582,575
2015	3,234,556,718	-	1,928,060,834	-	40,480,476	35,184,912	5,238,282,940
2016	3,390,367,447	-	2,021,437,198	-	37,440,559	32,152,307	5,481,397,511
2017	3,518,846,961	-	2,098,501,032	-	36,135,611	31,163,876	5,684,647,480
2018	3,700,470,372	-	220,524,962	-	36,271,614	31,902,804	3,989,169,752

Source: County of San Diego, Office of the Auditor & Controller

Table #23 -Property Tax

Fiscal Year	Current Year Levy*			Revenues Collected **			Uncollected Collected			Percent Uncollected
	Water	Sewer	Total	Water	Sewer	Total	Water	Sewer	Total	
2009	\$ 947,297	\$ 856,431	\$1,803,728	\$ 935,118	\$ 845,401	\$ 1,780,519	\$ 12,178	\$ 11,030	\$ 23,208	1.3%
2010	884,001	785,885	1,669,885	870,482	773,715	1,644,197	13,519	12,170	25,688	1.5%
2011	865,466	769,673	1,635,140	853,568	759,066	1,612,634	11,898	10,607	22,506	1.4%
2012	859,279	769,708	1,628,987	848,048	758,639	1,606,687	11,230	11,069	22,300	1.4%
2013	866,702	776,960	1,643,662	855,046	766,457	1,621,503	11,656	10,504	22,159	1.3%
2014	887,378	798,786	1,686,164	874,729	787,339	1,662,068	12,649	11,447	24,096	1.4%
2015	933,206	847,121	1,780,327	921,440	836,401	1,757,840	11,766	10,721	22,487	1.3%
2016	982,997	890,717	1,873,715	970,998	879,769	1,850,767	11,999	10,949	22,948	1.2%
2017	1,022,747	927,792	1,950,539	1,009,595	915,788	1,925,384	13,151	12,004	25,155	1.3%
2018	1,072,468	978,636	2,051,105	1,060,447	967,619	2,028,066	12,021	11,017	23,039	1.1%

* Total levy including penalties before administrative fees.

** Amount before administrative and other fees deducted.

Source: County of San Diego, Office of the Auditor & Controller

Table #24 -Pledged-Revenue Debt Service Coverage Ratio

Fiscal Year	Total Operating Revenues	Total Operating Expenses*	Non-Operating Revenue	Net Revenue Available for Debt Service	Debt Service	Coverage Ratio	Required Coverage Level
2009	\$ 21,252,330	\$ 1,392,337	\$ 3,589,149	\$ 4,981,486	\$ 1,281,297	3.89	1.15
2010	21,795,259	30,247	3,367,231	3,397,478	1,279,841	2.65	1.15
2011	21,255,448	23,093	2,702,416	2,725,509	1,148,552	2.37	1.20
2012	23,661,715	600,447	3,268,067	3,868,514	1,567,663	2.47	1.20
2013	27,582,160	3,133,370	4,355,765	7,489,135	1,490,434	5.02	1.20
2014	28,955,183	(402,350)	5,301,618	4,899,268	1,414,198	3.46	1.20
2015	27,483,881	1,892,674	5,482,287	7,374,961	1,319,031	5.59	1.20
2016	25,356,017	1,074,784	5,898,837	6,973,621	1,302,876	5.35	1.20
2017	27,256,065	1,871,670	5,348,517	7,220,187	2,756,731	2.62	1.20
2018	29,882,022	2,255,947	5,170,901	7,426,848	2,758,501	2.69	1.20

*Excludes depreciation and interest expenses
 Source: Fallbrook Public Utility District

Table #25 Computation of Direct and Overlapping Debt (As of 06/30/2018)

2017-18 Assessed Valuation: \$3,745,741,986

OVERLAPPING TAX AND ASSESSMENT DEBT:	Total Debt (6/30/18)	% Applicable ⁽¹⁾	District's Share of Debt (6/30/18)
Metropolitan Water District	\$ 60,600,000	0.136%	\$ 82,416
Palomar Community College District	627,826,320	3.230	20,278,790
Bonsall Unified School District	11,039,906	0.480	52,992
Fallbrook Union High School District	11,152,627	40.495	4,516,256
Fallbrook Union School District	20,119,476	70.118	14,107,374
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$39,037,828
DIRECT AND OVERLAPPING GENERAL FUND DEBT:			
San Diego County General Fund Obligations	273,220,000	0.755%	2,062,811
San Diego County Pension Obligation Bonds	558,525,000	0.755	4,216,864
San Diego County Superintendent of Schools Certificates of Participation	10,785,000	0.755	81,427
Palomar Community College District Certificates of Participation	2,720,000	3.230	87,856
Bonsall Unified School District Certificates of Participation	7,580,000	0.480	36,384
Fallbrook Public Utility District	0	100.	0
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$6,485,342
TOTAL DIRECT DEBT			\$0
TOTAL OVERLAPPING DEBT			\$45,523,170
COMBINED TOTAL DEBT			\$ 45,523,170 ⁽²⁾

(1) The percentage of overlapping debt applicable to the public utility district is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the public utility divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2017-18 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	1.04%
Total Direct Debt	0.00%
Combined Total Debt	1.22%

Source: California Municipal Statistics Inc.

Table #26 - San Diego County Principal Employers

Fiscal Year 2018			Fiscal Year 2009		
Employer Name	Number of Employees	Percentage of Total County Employment	Employer Name	Number of Employees	Percentage of Total County Employment
University of California San Diego	34,448	2.26%	Federal Government	41,600	2.94%
Naval Base San Diego	34,185	2.24%	State of California	41,600	2.94%
Sharp Healthcare	18,364	1.20%	University of California San Diego	29,337	2.07%
County of San Diego	17,413	1.14%	County of San Diego	17,189	1.22%
Scripps Health	14,941	0.98%	San Diego Unified School District	14,555	1.03%
San Diego Unified School District	13,815	0.91%	Sharp HealthCare	14,400	1.02%
Qualcomm Inc.	11,800	0.77%	Scripps Health	12,622	0.89%
City of San Diego	11,462	0.75%	City of San Diego	11,087	0.78%
Kaiser Permanente San Diego	9,606	0.63%	Qualcomm Inc.	9,859	0.70%
UC San Diego Health	8,932	0.59%	Kaiser Permanente	7,618	0.54%
Total Top Ten County Employers	174,966	11.47%	Total Top Ten County Employers	199,867	14.13%
All Other County Employers	1,350,544	88.53%	All Other County Employers	1,214,733	85.87%
Total County Employment ⁽¹⁾	1,525,510	100.00%	Total County Employment ⁽¹⁾	1,414,600	100.00%

Source: San Diego Business Journal, County of San Diego, Bureau of Labor Statistics

Note: (1) Bureau of Labor Statistics (not seasonally adjusted)

Table #27 -Outstanding Debt, Demographic Statistics and Per Capita Statistics

Fiscal Year	District's Outstanding Long-Term Debt ⁽¹⁾		Total Outstanding Debt	Demographic Statistics				Per Capita Outstanding Debt	Per Capita Debt as a Percent of Personal Income
	Notes	Contracts		Population Estimate ⁽²⁾	Per Capital Personal Income ⁽³⁾	Unemployment Rate ⁽⁴⁾	Total Estimated Personal Income		
2009	\$ 364,328	\$ 5,186,937	\$ 5,551,265	33,376	\$ 43,038	9.7%	\$ 1,436,439,466	\$ 166	0.4%
2010	295,568	4,198,000	4,493,568	33,510	44,016	10.7%	1,474,981,191	134	0.3%
2011	224,814	13,386,773	13,611,587	33,645	46,496	10.7%	1,564,343,649	405	0.9%
2012	152,008	1,263,686	1,415,694	33,780	48,110	9.5%	1,625,146,771	42	0.1%
2013	77,090	13,165,083	13,242,173	33,915	49,162	8.2%	1,667,352,544	390	0.8%
2014	-	21,810,892	21,810,892	34,052	51,444	6.5%	1,751,754,674	641	1.2%
2015	-	32,389,288	32,389,288	34,188	53,696	5.3%	1,835,782,189	947	1.8%
2016	-	38,841,278	38,841,278	34,326	55,797	4.9%	1,915,273,183	1,132	2.0%
2017	-	37,101,306	37,101,306	34,464	57,878	4.2%	1,994,683,778	1,077	1.9%
2018	-	35,314,028	35,314,028	34,602	60,510	3.7%	2,093,767,020	1,021	1.7%

(1) - Debt secured by District's net revenues

(2) - Historic population estimated based upon a 0.4% growth rate and the current population estimate of 34,602.

(3) - Per capital personal income of for the San Diego County Region. Source: California Department of Transportation

(4) - Source Employee Development Department Labor Market Information Division June unemployment rate

Attachment B

Board of Directors
Fallbrook Public Utility District
Fallbrook, California

We have audited the basic financial statements of the Fallbrook Public Utility District (the District) for the year ended June 30, 2018, and have issued our report thereon dated January 24, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information during a meeting on July 16, 2018. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. As discussed in Note 1 to the basic financial statements, the District adopted Governmental Accounting Standards Board's Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." The adoption of this standard required retrospective application resulting in a \$217,110 reduction of previously reported net position. No other accounting policies were adopted, and the application of other existing policies was not changed during the year ended June 30, 2018. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Significant Audit Findings (Continued)

Qualitative Aspects of Accounting Practices (Continued)

The most sensitive estimates affecting the District's financial statements were:

- a. Management's estimate of the fair market value of investments which is based on market values by outside sources.
- b. Management's estimate of useful lives of depreciable capital assets is based on the length of time it is believed that those assets will provide some economic benefit in the future.
- c. Management's estimate of the Other Post-Employment Benefits Plan actuarial accrued liability which impacts the annual required contributions are based upon several key assumptions that are set by management with the assistance of an independent third party actuary. These key assumptions include anticipated investment rate of return, health care cost trends, projected salary increases, mortality and certain amortization periods.
- d. The annual required contributions, pension expense, net pension liability and corresponding deferred outflows of resources and deferred inflows of resources for the District's public defined benefit plans with CalPERS are based on actuarial valuations provided by CalPERS.

We evaluated the key factors and assumptions used to develop these estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- a. The disclosure regarding depreciation expense reported in Note 1.k.
- b. The disclosure of the net pension liability reported in Note 6.
- c. The disclosure regarding Other Post-Employment Benefits reported in Note 7.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Adjustments

Professional standards require us to accumulate all known and likely adjustments identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

Significant Audit Findings (Continued)

Corrected and Uncorrected Adjustments

The following misstatements detected as a result of audit procedures were corrected by management:

Current year sick time expense was reduced by \$542,795 and Net Position was increased to correct the balance of accrued sick time at June 30, 2018.

The balance in Cash and Investments was increased and the current year mark-to-market adjustment was decreased by \$125,307 to correct the balance in Cash and Investments at June 30, 2018.

Utility billing receivables and water sales were increased by \$188,242 to correct the balance in Utility billing receivables at June 30, 2018.

Disagreements with Management

For the purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 24, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Fallbrook Public Utility District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Fallbrook Public Utility District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis, the Schedule of Proportionate Share of the Net Pension Liability – Defined Benefit Pension Plans, the Schedule of Contributions - Defined Benefit Pension Plans, Schedule of Changes in the Net OPEB Liability and Related Ratios, and Schedule of Contributions - OPEB, which are required supplementary information (RSI) that supplements the financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were not engaged to report on the Introductory Section and Statistical Section which accompany the financial statements but are not RSI. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Restriction in Use

This information is intended solely for the information and use of the Board of Directors and management of the Fallbrook Public Utility District and is not intended to be, and should not be, used by anyone other than these specified parties.

White Nelson Reed Evans LLP

Carlsbad, California
January 24, 2019

Board of Directors
Fallbrook Public Utility District
Fallbrook, California

In planning and performing our audit of the financial statements of the Fallbrook Public Utility District as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered Fallbrook Public Utility District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fallbrook Public Utility District's internal control. Accordingly, we do not express an opinion on the effectiveness of Fallbrook Public Utility District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

- 1) Bank Reconciliations Not Performed Timely or Reviewed and Approved – During the course of testing bank reconciliations, it was noted that the reconciliation was not done timely and there was no indication that it was reviewed or approved. Through discussions with District staff monthly bank reconciliations were not reviewed or approved during the fiscal year.

WNDE recommends that bank reconciliations are performed monthly and are promptly reviewed and approved by an employee other than the employee preparing the bank reconciliation.

Management's Response:

Due to staffing levels, during the past year there was a period when bank reconciliations were delayed and approval streamlined. Once staffing changes were completed, the monthly bank reconciliation process returned to normal. This includes completing them on a timely basis and being reviewed by management. This recommendation has already been implemented.

- 2) \$125,307 of Cash Held at Year End Written Off as a Mark-To-Market Adjustment– during the course of our testing over Cash and Investments at year-end, it was noted that the District wrote off as a mark-to-market adjustment \$125,307 of cash and cash equivalents held at Union Bank at year-end.

WNDE recommends that all cash and investments held by the District at year end be represented on the books and records of the District.

Management's Response:

There was an error in the calculation of the Mark-to-Market Adjustment of the District's investment holdings. As a result of this error, the non-cash Mark-to-Market adjustment was overstated resulting in a lower net value for District cash/investments and portfolio investment earnings. While this error impacted the financial statements, this error had no impact on the actual accounts or the funds held in the District's accounts. As a result of this error, staff are creating a procedure for calculating the annual Mark-to-Market Adjustment. This recommendation is being implemented.

- 3) Sick Time Expense Overstated in FY 2018 by \$542,795 – During the course of our audit of accrued sick and vacation at year end it was noted that the District recorded a current year fiscal year expense of \$542,795 to adjust a prior year balance which has been incorrectly reported. As a result of our audit this expense was removed from the current year and shown as a prior period adjustment.

WNDE recommends that only revenue and expenses related to the current year be reflected on the Statement of Revenue, Expenses and Changes in Net Position.

Management's Response:

The District's accounting for compensated absences has been modified and the recommendation already implemented.

Fallbrook Public Utility District's written responses to the material weaknesses identified in our audit have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of Management, the Board of Directors, and others within Fallbrook Public Utility District, and is not intended to be, and should not be, used by anyone other than these specified parties.

White Nelson Dick Evans LLP

Carlsbad, California
January 24, 2019

MEMO

TO: Board of Directors
FROM: Aaron Cook, Senior Engineer *AC*
DATE: January 28, 2019
SUBJECT: Award of Sandia & Bucknell Painting and Coating Project

Purpose

To request Board approval to award the Sandia & Bucknell Painting and Coating Project to the lowest responsive bidder.

Summary

The district has a program in place to ensure the long term integrity of steel water storage tanks that are critical components of the drinking water system. This program requires periodic recoating on the interior and exterior of the tanks to protect the steel from corrosion. The Sandia Reservoir is to be recoated accordingly. The Bucknell Reservoir is to be removed from service due to its deteriorated condition and seismic risk, and to facilitate general operational improvements. Only the exterior of the tank will be recoated to maintain its use for communications systems. The District staff prepared a bid package for the recoating and repair of the reservoirs. Bid opening was on January 9, 2019, and six bids were received. A summary of the bid results is below:


Company Name	Bid Amount
AMP United	\$700,848
Advanced Industrial Svcs	\$739,000
Cal Sierra	\$762,928
Paso Robles Tank	\$870,100
Techno Coatings	\$972,300
Utility Service Co.	\$998,200

AMP United was the apparent lowest responsible bidder. AMP United has previously done similar work for the District, and it was completed satisfactorily. This project was included in the approved capital budget with a total of \$786,000 allocated to complete the work at both tank sites.

Recommendation

That the board authorize award of the Sandia & Bucknell Painting and Coating Project to the lowest responsible bidder, AMP United, at an amount of \$700,848.

M E M O

TO: Board of Directors
FROM: Todd Lange, System Service/Shop Supervisor 
DATE: January 14, 2019
SUBJECT: Replacement of Two (2) Crew Support Utility Trucks

Purpose

To present to the Board a request for the replacement of two (2) crew support utility trucks in accordance with the District's approved Vehicle and Heavy Equipment Replacement Program and associated budget.

Summary

As part of the District's asset management plan to maintain reliable infrastructure, it is important to have reliable fleet and heavy equipment to support the replacement program and the District's operational needs. In March 2015, the Board approved a Vehicle and Heavy Equipment Replacement Program to ensure reliability of the District's vehicles and equipment. In April 2017, the Board approved an updated plan to help prioritize equipment replacements. The District has also developed scoring criteria to determine appropriate timing and prioritization of equipment replacements.

District Field Equipment Replacement

The approved Vehicle and Heavy Equipment Replacement Program Budget includes the purchase of two (2) full size crew support utility trucks.

Vehicle # 1103, a crew support utility truck for the Waste Water Collection crew, (39.2 points / see attached) is in poor condition and needs to be replaced. This is shown as Vehicle #1 in Request for Proposal (RFP) summary.

Vehicle # 1116, a 2007 Chevy 3500, (28 pts/see attached) is used for both the yearly valve maintenance program, and emergency shutdowns. This truck will be reassigned to the fleet/loaner pool and will be used for unplanned emergency shutdowns both during normal working hours and after hours and in case a large number of valves must be shutdown instead of disposing of this vehicle. The vehicle will be put into a low use, low mileage standby application. The purchase of a new valve truck, assigned to Department 6 will be used for the annual valve maintenance program. This is shown as Vehicle #2 in RFP summary.

The District issued the RFP in November 2018 for the replacement of two (2) crew support utility trucks that was sent to the following:

- (2) Ford Dealers
- (4) Chevy Dealers
- (5) Dodge Dealers

One (1) Ford dealer and (1) Chevy dealer responded

RFP Summary- Two (2) Crew Support Utility Trucks

Vehicle #1 with Scelzie Utility/Crane Body

Vendor	Manufacturer/Chassis	Lot Price (tax included)
Fritts Ford	Ford F550	\$105,437.36
Sierra Chevrolet	Chevy CK56403	\$108,131.00

Vehicle #2 with Scelzie Flat Bed

Vendor	Manufacturer/Chassis	Lot Price (tax included)
Fritts Ford	Ford F550	\$68,372.44
Sierra Chevrolet	Chevy CK56403	\$69,788.00

The District has not experienced any performance and maintenance issues with the District's existing Ford fleet vehicles. Vehicle #2 will also be equipped with a Wachs Valve/Vacuum unit, similar to the one installed on Truck # 1116. This equipment is a proprietary in order to integrate with our software and asset inventory system. FPUD staff can only obtain this specific equipment through Wachs and the system is integrated through software so that information collected from the Wachs Valve machine is imported to our GIS valve system to update valve data. Due to the proprietary nature of the valve exercising system it is necessary to sole source this item.

A request for Quotation was requested on 1/10/2019 from Wachs in the amount of \$63,635.00

Recommended Action

That the Board approve the purchase of two (2) F550 pickup trucks with Scelzie Utility Bed/Flat Bed for \$173,809.80 from Fritts Ford and one (1) Wachs Valve/Vacuum from Wachs for \$63,635.00 for a total cost of \$237,444.80 in order to maintain a reliable District fleet to complete necessary infrastructure repairs and replacement. \$260,000 was budgeted for these items in the approved FY 2018/19 budget.



Vehicle/Equipment Evaluation Form

990 E Mission Rd
 Fallbrook, CA
 Phone:(760) 728-1125
 Fax:(760) 728-8491

Vehicle or Equipment VIN or Serial #: 1GBJK39U95E297015

Vehicle or Equipment #: 1103

Make: Chevy Model: 3500 Year: 2005

Mileage: 92654 Hours of Operation: N/A

Date of Evaluation: 1/7/2019 Evaluator: Todd Lange/Kerry Mehrens

System	Points	Comments
Age	14	Built 2005
Miles Hours	9.2	92,654
Type of service	5	2 Transmissions/Brakes
Reliability	3	Brakes and Motor Mounts
Maintenance Costs	5	Transmission/Brakes
Condition	3	Normal Wear
Total Points	39.2	

Age 1 point for each year of chronological age, based on in-service date

Miles/Hours 1 point for each 10,000 miles or 750 hours of use

Type of Service 1, 3, or 5 points are assigned based on the type of service that the vehicle had during most of its life. The more severe the type of service performed the higher the number assigned.

Reliability 1, 3, or 5 points are assigned depending on the frequency that a vehicle is in the shop for repair. The more the frequency of shop visits the higher the number.

Maintenance Costs 1 to 5 points are assigned based on total life maintenance and repair costs (not including repair of accident damage). A 5 is assigned to a vehicle with life repair costs equal or greater to the vehicle's original purchase price and a 1 is given to a vehicle with life repair costs equal to 20% or less of its original purchase cost.

Condition This category takes into consideration body condition, rust, interior condition, accident history, anticipated repairs, etc. a scale of 1 to 5 points is used with the higher the number the worse the condition.

Point Ranges	
Under 20 points	Condition I: Excellent
20 to 23 points	Condition II: Good
24 to 30 points	Condition III: Qualifies for replacement
31 or more points	Condition IV: Needs immediate consideration



Evaluator's Comments: Truck is undersized for the body application that was installed on chassis.

Truck has had (2) Transmissions, numerous engine mounts, suspension work, and brake jobs requiring both front

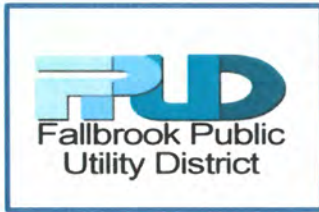
and rear brakes every 10,000 miles. Full set of tires every 10,000 miles

PHOTO's:



FUD





990 E Mission Rd
 Fallbrook, CA
 Phone:(760) 728-1125
 Fax:(760) 728-8491

Vehicle/Equipment Evaluation Form

Vehicle or Equipment VIN or Serial # 1GBHK34U67E111911
 Vehicle or Equipment # 1116
 Make: Chevrolet Model: 3500 Year: 2007
 Mileage: 58,118 Hours of Operation: _____
 Date of Evaluation: 1/15/2019 Evaluator: Jeff Evans / Kerry Mehrens

System	Points	Comments
Age (1pt per year)	12	Build Date 2007
Miles/Hours (1pt for 10,000)	5	58,118
Type of service (1,3,5)	3	Transmission Replacement / Brakes
Reliability (1,3,5)	3	Brakes / Motor Mounts
Maintenance Costs (1-5)	2	Brakes / Tires
Condition (1-5)	3	Normal Wear
Total Points	28	

Rating	Code Description
1	Excellent condition, like new, no repair needed in the near future
2	Good condition, minor wear and tear, system functions perfectly, no repair needed in the near future
3	Fair condition, significant signs of wear, system functions moderately well, repairs expected soon
4	Poor condition, substantial signs of degradation, system barely functions, repairs needed very soon

5	Bad condition, system inoperable repair, needed immediately
---	---

Point Ranges	
Under 20 points	Condition I: Excellent
20 to 23 points	Condition II: Good
24 to 30 points	Condition III: Qualifies for replacement
31 or more points	Condition IV: Needs immediate consideration

Evaluator's Comments: Truck is at it's weight limit. Truck has had the transmission replaced and broken motor mounts. Requires a full set of tires every 10,000 miles.







1. MWD Issues

MWD has established a workshop to discuss the settlement terms proposed recently by SDCWA in closed session on January 22nd. Following this meeting there may be information released by MWD relative to their proposed approach to try and reach settlement on existing litigation between MWD and SDCWA.

SDCWA is also now focused on trying to get the ability to store supplies in Lake Mead and is looking to get MWD support for them to obtain an account that would allow independent storage of SDCWA supplies in Lake Mead.

2. Key Upcoming Issues

On the Jan Board agenda some key issues discussed include:

- Increase in the legal contract services associated with the San Vicente Pump Storage Project
- Increase in the professional services contract for the Brought to you by Water outreach effort.
- Initial discussion on the SDCWA budget and upcoming rate setting process.
- Legislative updates from DC and Sacramento.

Detailed updates on any of these items will be provided by the General Manager at the request of any Board members.

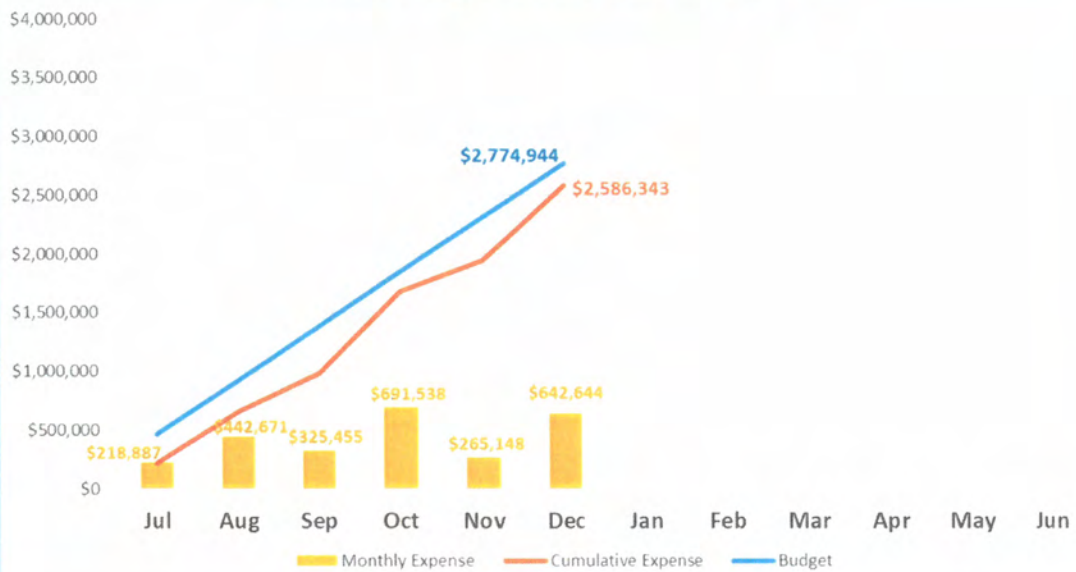


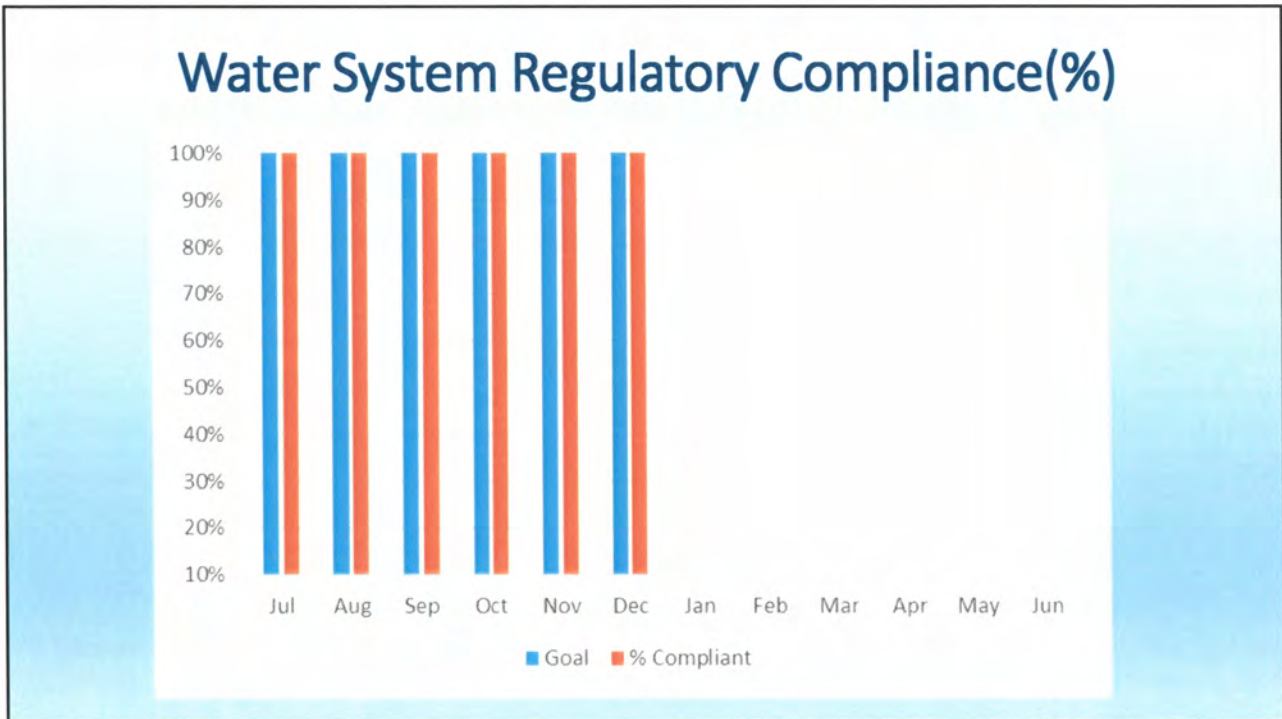
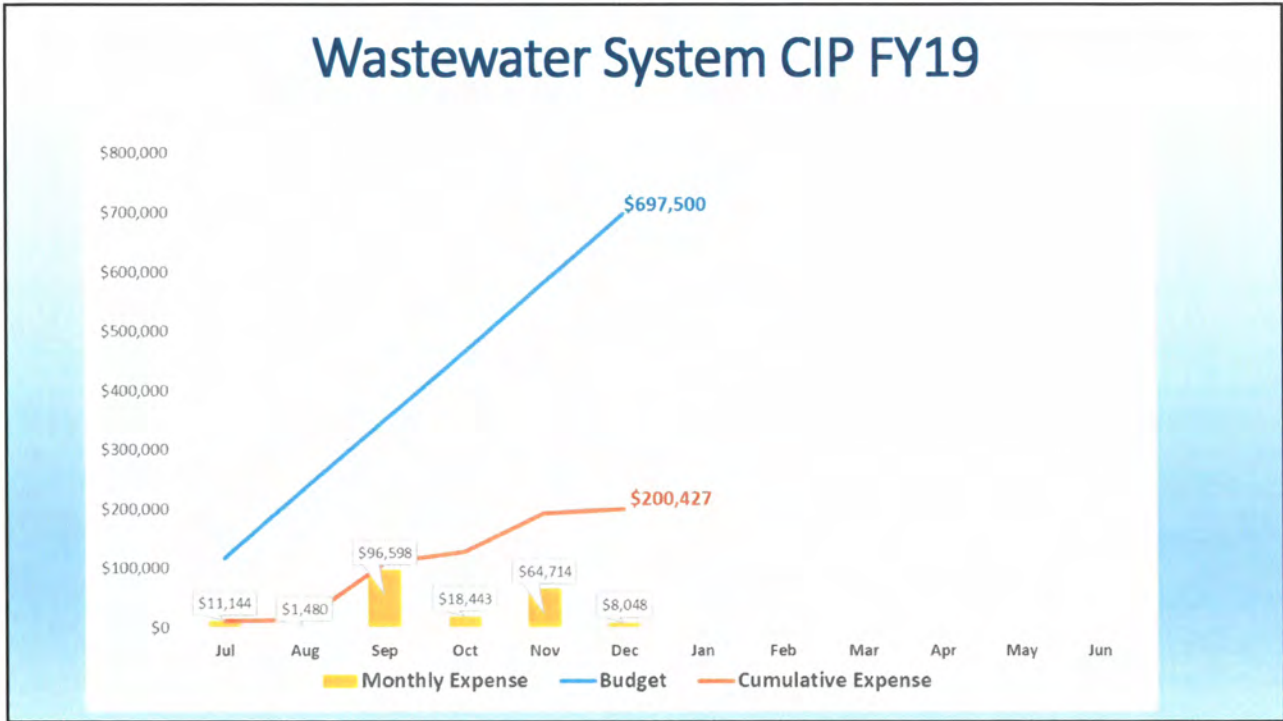
Fallbrook Public Utility District

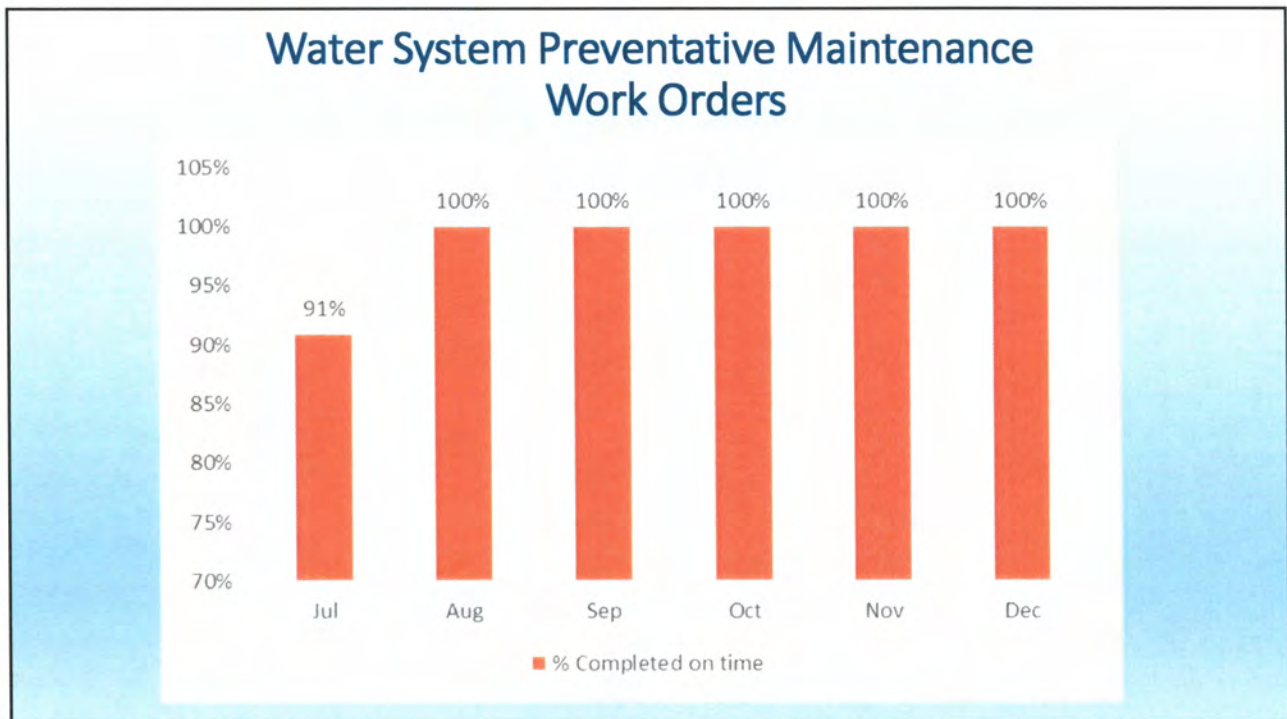
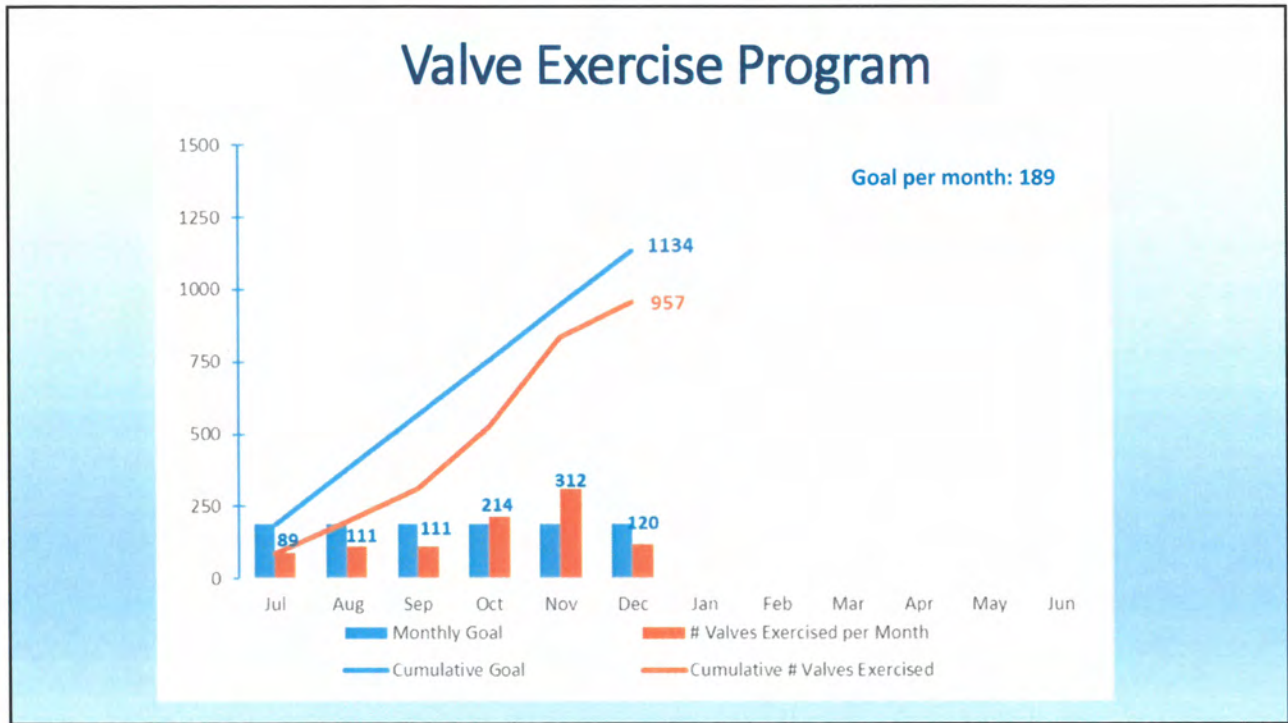
Engineering and Operations FY19

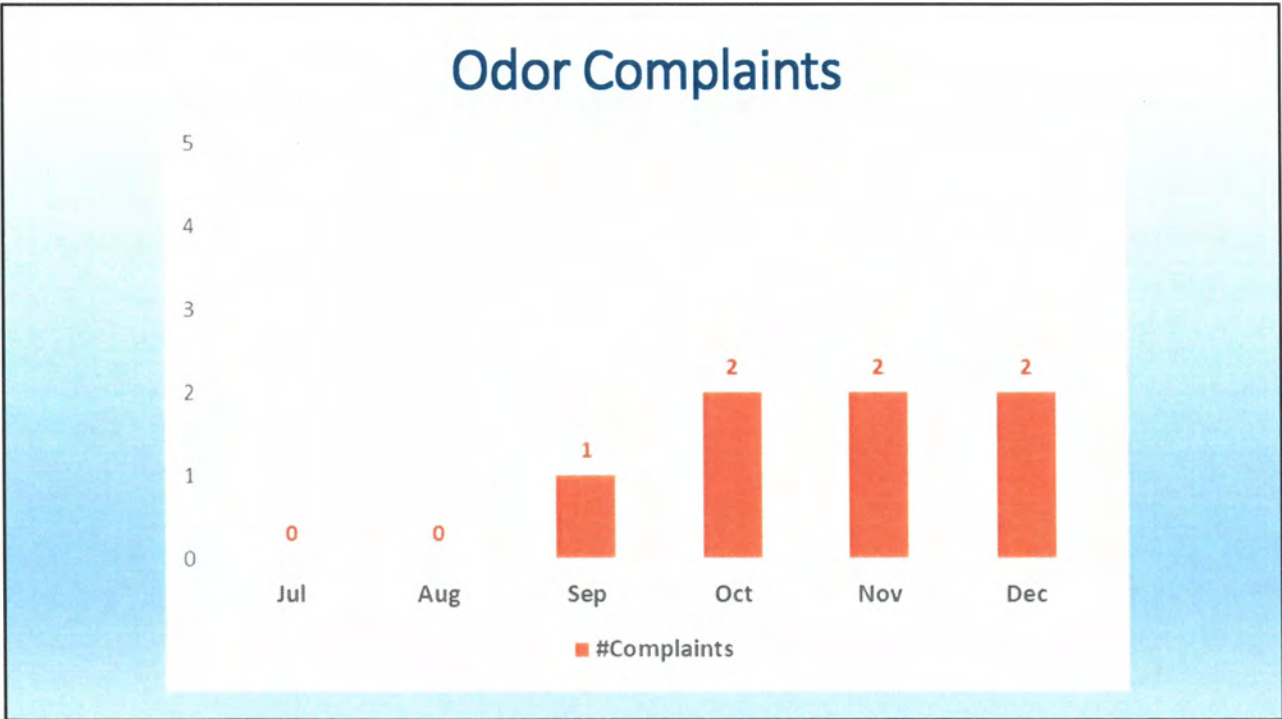
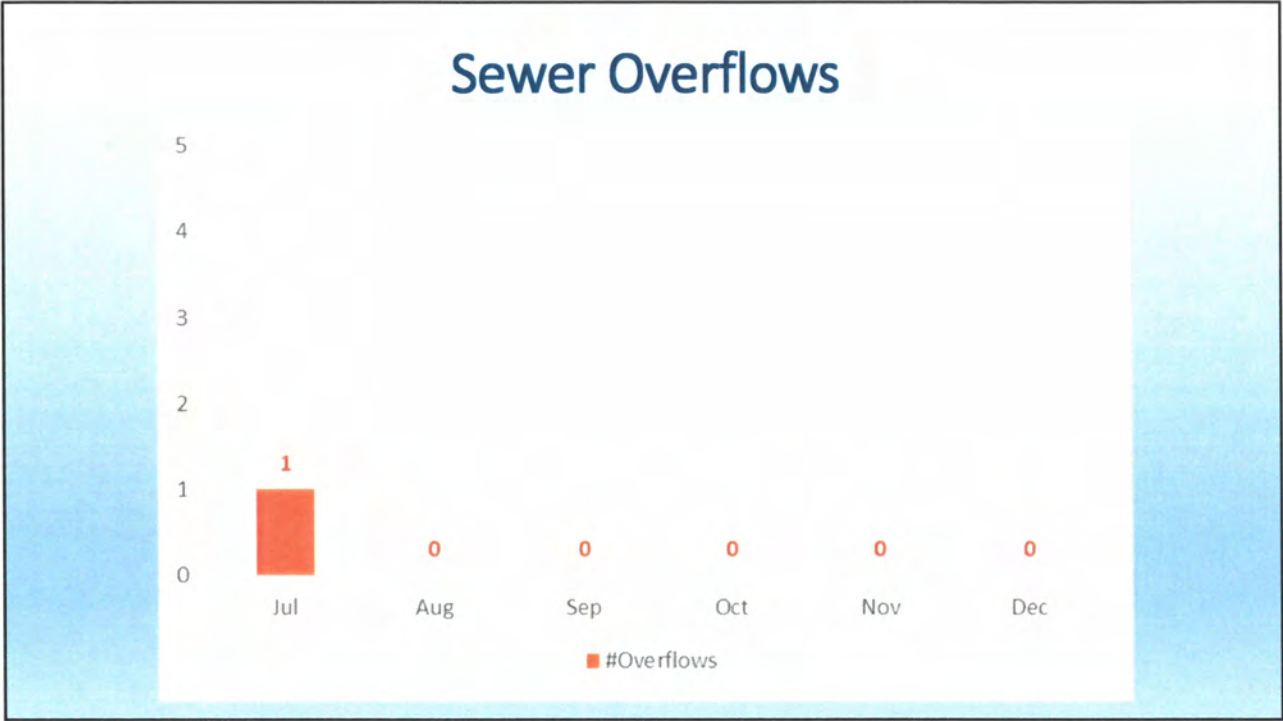
Board Meeting January 2019

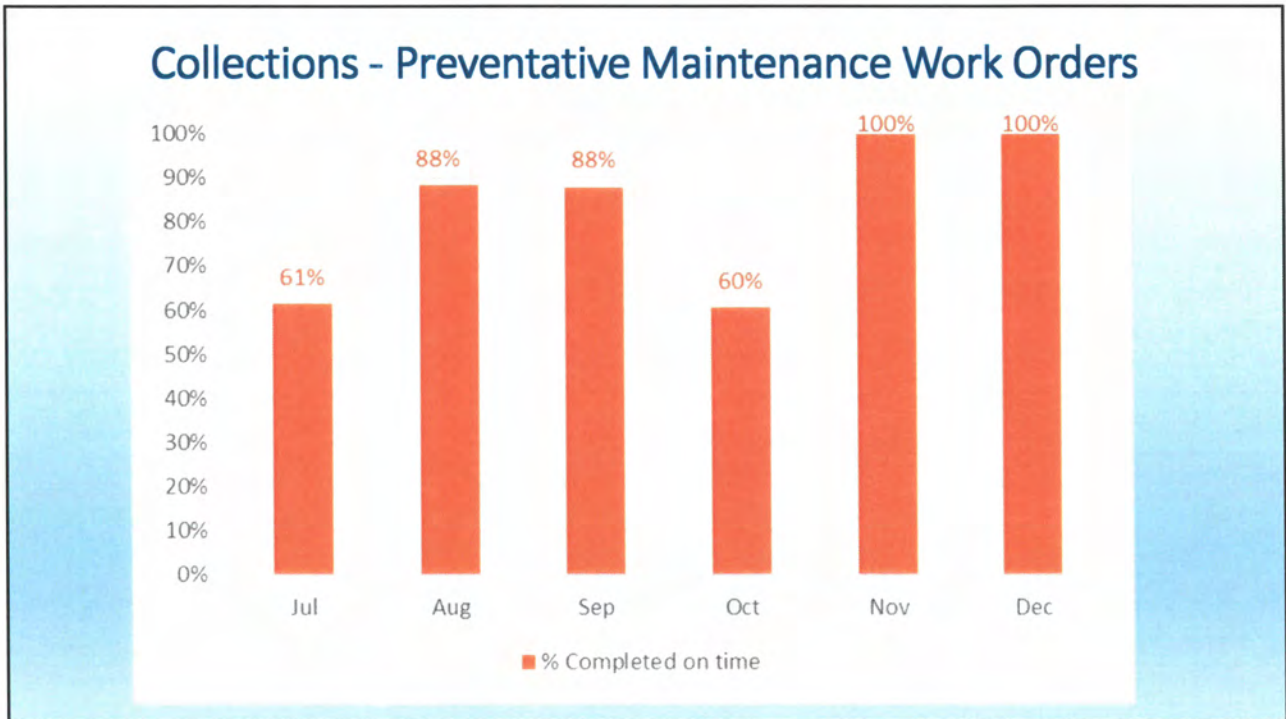
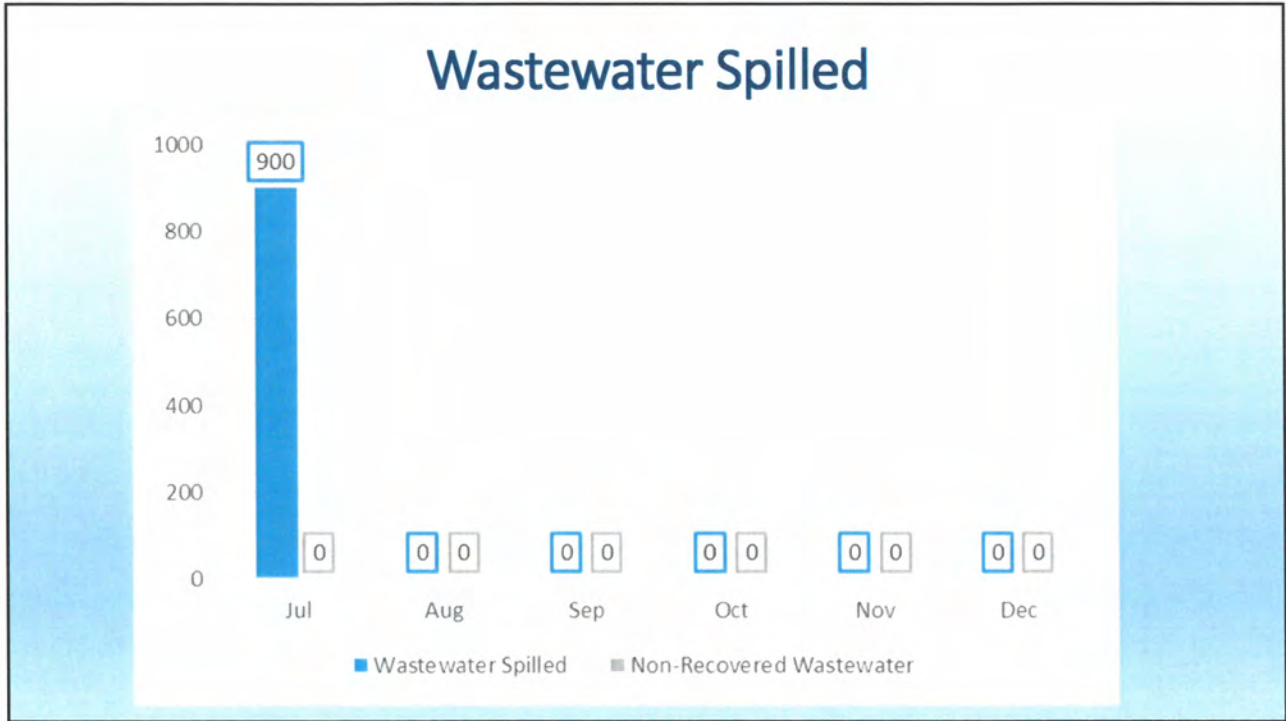
Water System CIP FY19



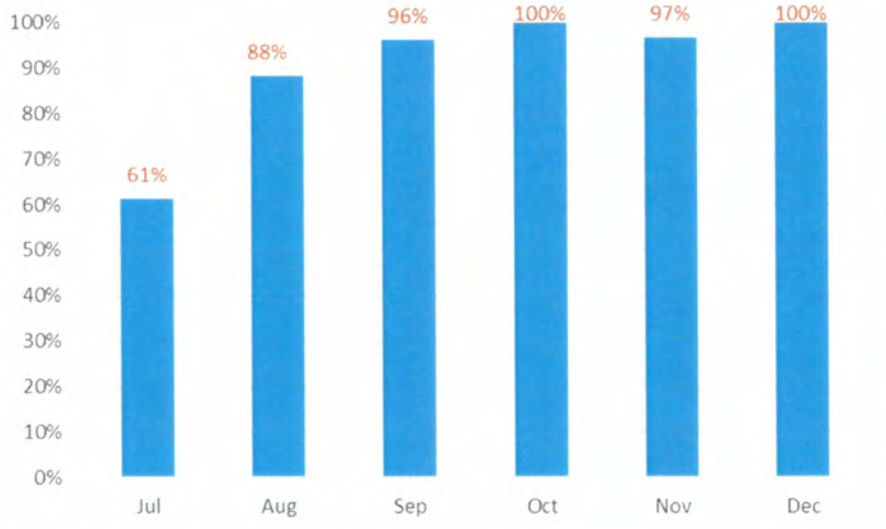




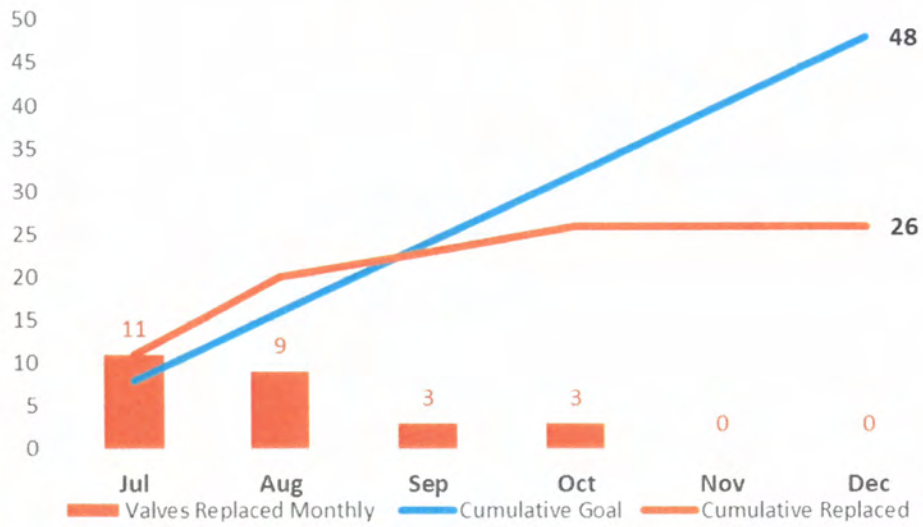


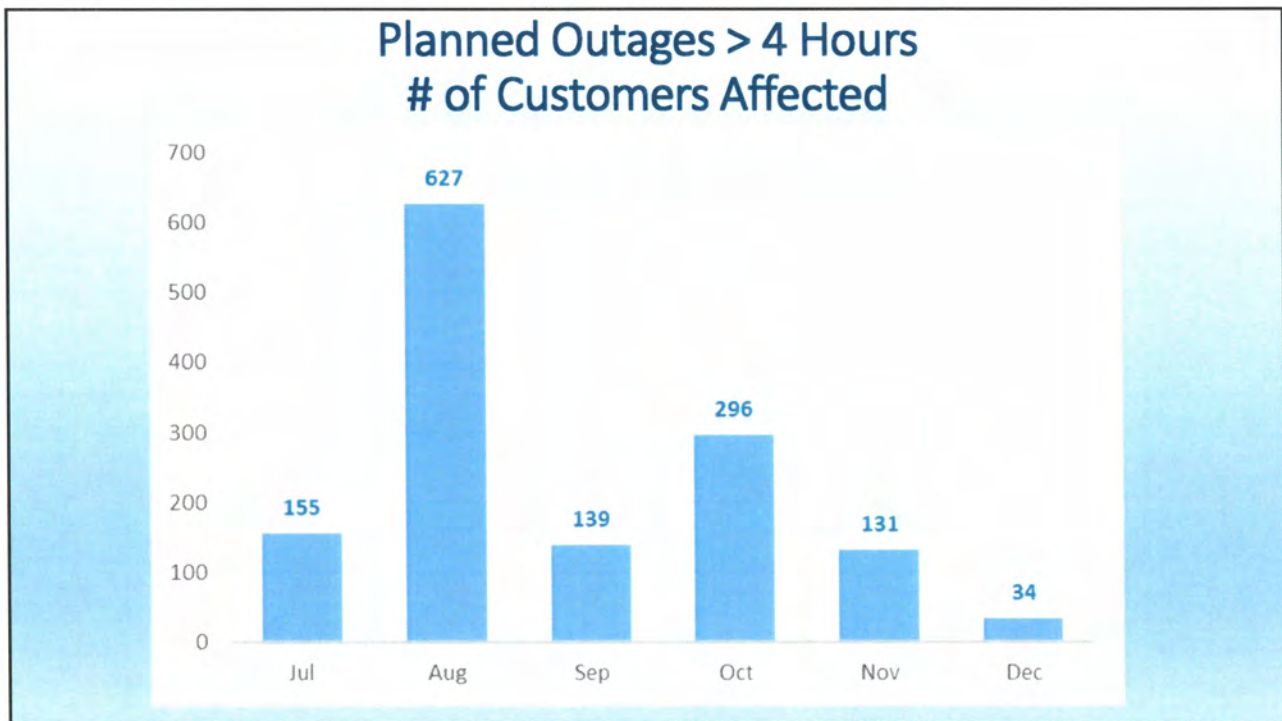
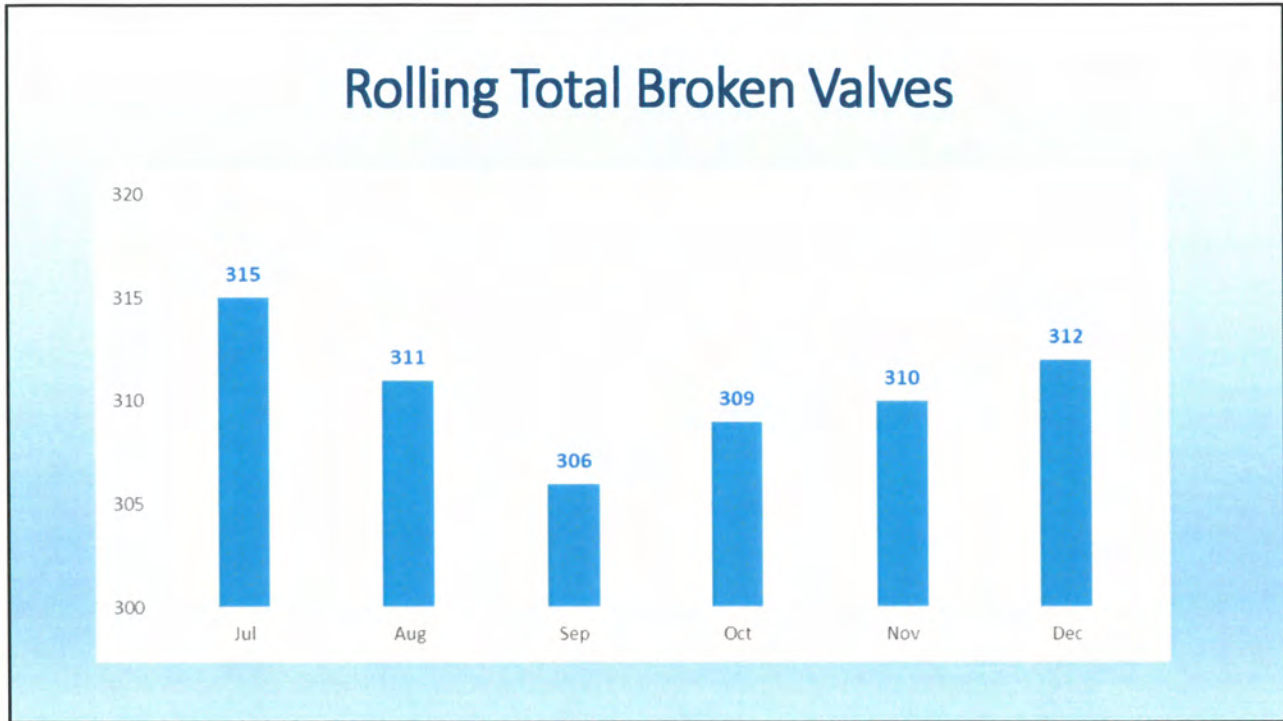


Reclamation Plant - Preventative Maintenance Work Orders % Completed on Time



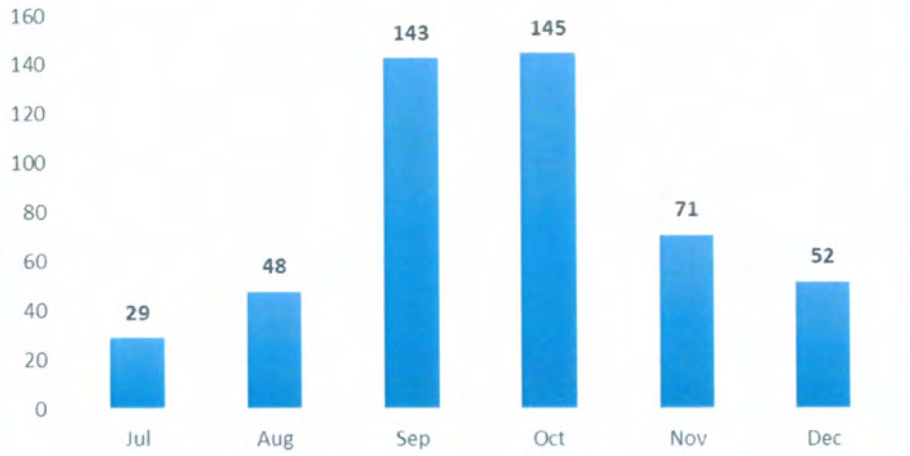
Valves Replaced





Unplanned Disruption > 4 Hours

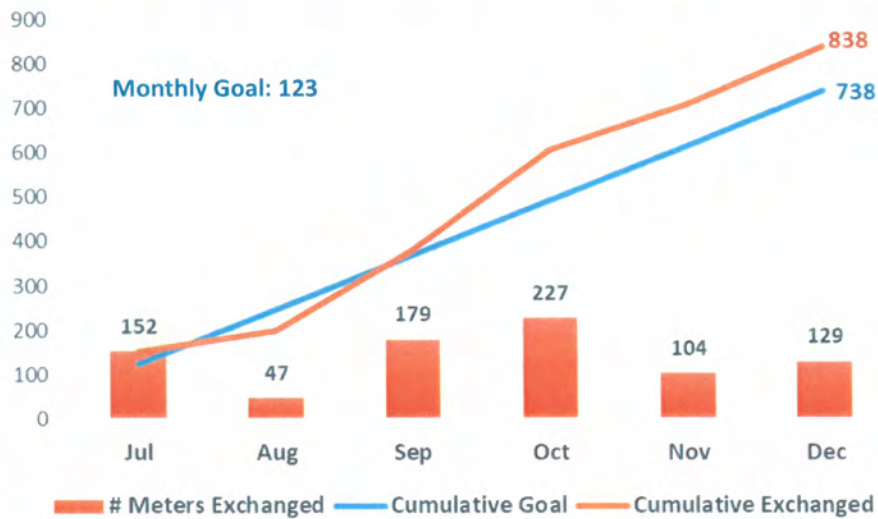
Accounts/Customers Affected



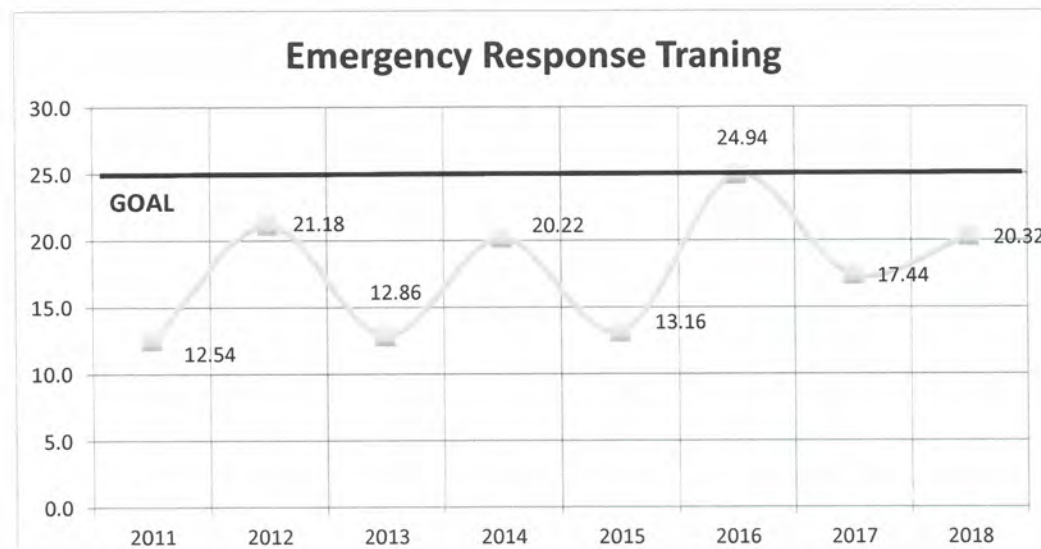
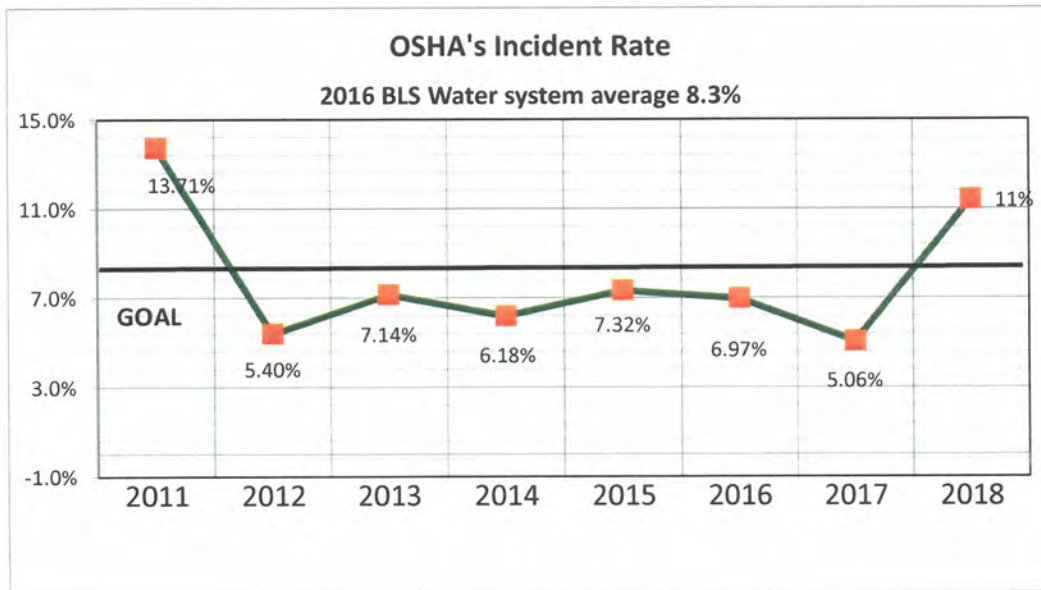
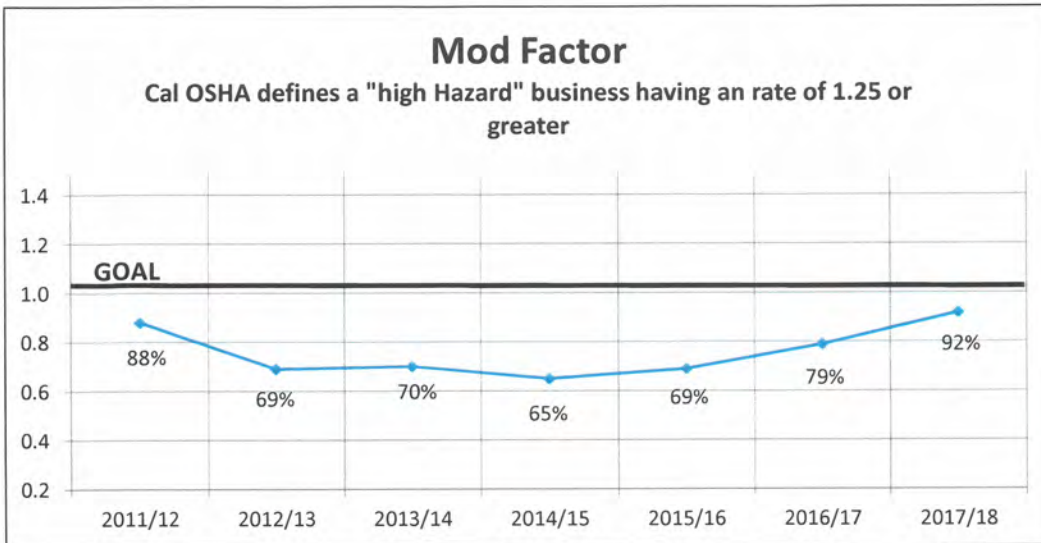
Meter Exchange

Total # Meters to Exchange FY-19: 1476

Meters Left to Exchange: 658



**SAFETY RISK
YEARLY REPORT**



Treasurer's Report October 31, 2018

Operations Summary

Disbursements	\$ 3,380,472
Receipts	\$ 3,379,524
Net change	\$ (949)

District Reserves**

Liquidity	\$ 1,700,774
PFM Portfolio	\$ 11,509,602
Total	\$ 13,210,376
Net change	\$ (147,503)

Account	Begning Market Value	Ending Market Value	Change in Market Value	(Withdrawals)/Deposits	Yield	Percent of Total Investments
Operating Fund	\$ 16,403	\$ 15,454	NA	\$ (949)	0.4%	0.1%
Money Market	\$ 1,589,369	\$ 1,441,563	NA	\$ (147,806)	0.4%	9.3%
LAIF	\$ 227,597	\$ 228,834	NA	\$ 1,237	2.0%	1.5%
County Pool	\$ 14,908	\$ 14,923	NA	\$ 15	1.8%	0.1%
PFM Managed Portfolio (Liquidity)*	NA	NA	NA	NA	NA	NA
District's Liquidity Portfolio	\$ 1,848,277	\$ 1,700,774	\$ -	\$ (147,503)	0.6%	11.0%
PFM Managed Long-term Investment Portfolio*	\$ 11,550,317	\$ 11,509,602	\$ (40,715)	\$ -	2.1%	74.2%
PARS (OPEB & Pension Trust)**	\$ 2,393,130	\$ 2,294,572	\$ (98,557)	\$ -	0.0%	14.8%
District Accounts Total	\$ 15,791,724	\$ 15,504,948	\$ (139,273)	\$ (147,503)	1.6%	100.0%

*PFM Managed Portfolio is split between liquidity and long-term investments. The liquidity portion is to be determined.

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

All investments have been made in accordance with the District's Annual Statement of Investment Policy.

Dave Shank
January 17, 2019



Fallbrook Public Utilities District - Holdings Summary

Security Type	September 30, 2018	October 31, 2018	Change (\$)	Change (%)
U.S. Treasury	\$3,913,382.25	\$3,911,521.97	(\$1,860.28)	0.0%
Supranational	\$136,704.12	\$136,674.16	(\$29.96)	0.0%
Municipal	\$169,435.60	\$168,781.10	(\$654.50)	-0.4%
Federal Agency CMO	\$113,581.05	\$112,596.76	(\$984.29)	-0.9%
Federal Agency	\$247,820.48	\$247,793.70	(\$26.78)	0.0%
Corporate Note	\$3,743,360.76	\$3,732,243.92	(\$11,116.84)	-0.3%
Negotiable CD	\$2,015,099.78	\$2,014,206.34	(\$893.44)	0.0%
Asset-Backed Security	\$1,210,933.39	\$1,185,784.11	(\$25,149.28)	-2.1%
Securities Total	\$11,550,317.43	\$11,509,602.06	(\$40,715.37)	-0.4%
Money Market Fund	\$131,900.16	\$182,302.54	\$50,402.38	38.2%
Total Investments	\$11,682,217.59	\$11,691,904.60	\$9,687.01	0.1%

Summary	
FY18-19 Accrual Earnings	\$75,516.74
Yield to Maturity at Cost	2.09%
Weighted Average Maturity	2.43 Years





Managed Account Security Transactions & Interest

For the Month Ending October 31, 2018

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
INTEREST											
	10/01/18	10/01/18	CA ST TXBL GO BONDS DTD 04/25/2018 2.800% 04/01/2021	13063DGA0	170,000.00	0.00	2,062.67	2,062.67			
	10/01/18	10/01/18	MONEY MARKET FUND	MONEY0002	0.00	0.00	152.69	152.69			
	10/01/18	10/01/18	BANK OF AMERICA CORP (CALLABLE) DTD 09/18/2017 2.328% 10/01/2021	06051GGS2	90,000.00	0.00	1,047.60	1,047.60			
	10/01/18	10/01/18	BB&T CORP (CALLABLE) NOTES DTD 03/21/2017 2.750% 04/01/2022	05531FAX1	300,000.00	0.00	4,125.00	4,125.00			
	10/01/18	10/01/18	BURLINGTON NRTH CORP DTD 09/24/2009 4.700% 10/01/2019	12189TBC7	200,000.00	0.00	4,700.00	4,700.00			
	10/01/18	10/01/18	UNITED PARCEL SERVICE CORPORATE BOND DTD 11/14/2017 2.050% 04/01/2021	911312BP0	110,000.00	0.00	1,127.50	1,127.50			
	10/01/18	10/25/18	FHLMC MULTIFAMILY STRUCTURED P POOL DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	110,000.00	0.00	283.25	283.25			
	10/01/18	10/25/18	FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	3,970.08	0.00	5.91	5.91			
	10/15/18	10/15/18	ALLY ABS 2017-4 A3 DTD 08/23/2017 1.750% 12/15/2021	02007FAC9	100,000.00	0.00	145.83	145.83			
	10/15/18	10/15/18	CNH 2017-A A2 DTD 03/22/2017 1.640% 07/15/2020	12636WAB2	57,627.96	0.00	78.76	78.76			
	10/15/18	10/15/18	JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	30,000.00	0.00	44.50	44.50			
	10/15/18	10/15/18	JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	30,000.00	0.00	45.50	45.50			
	10/15/18	10/15/18	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	95,000.00	0.00	132.21	132.21			
	10/15/18	10/15/18	HAROT 2018-1 A3 DTD 02/28/2018 2.640% 02/15/2022	43814UAC3	125,000.00	0.00	275.00	275.00			
	10/15/18	10/15/18	TOYOTA ABS 2016-B A3 DTD 05/11/2016 1.300% 04/15/2020	89231UAD9	44,759.36	0.00	48.49	48.49			
	10/15/18	10/15/18	ALLYA 2017-5 A3 DTD 11/22/2017 1.990% 03/15/2022	02007YAC8	110,000.00	0.00	182.42	182.42			



Managed Account Security Transactions & Interest

For the Month Ending October 31, 2018

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
INTEREST											
	10/15/18	10/15/18	JDOT 2018-A A3 DTD 02/28/2018 2.660% 04/15/2022	47788CAC6	35,000.00	0.00	77.58	77.58			
	10/15/18	10/15/18	JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	19,872.32	0.00	20.70	20.70			
	10/15/18	10/15/18	FORDO 2017-C A3 DTD 11/21/2017 2.010% 03/15/2022	34532AAD5	140,000.00	0.00	234.50	234.50			
	10/15/18	10/15/18	NAROT 2018-A A3 DTD 02/28/2018 2.650% 05/15/2022	65478DAD9	75,000.00	0.00	165.63	165.63			
	10/15/18	10/15/18	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	73,438.03	0.00	78.95	78.95			
	10/15/18	10/15/18	TOYOTA ABS 2016-C A3 DTD 08/10/2016 1.140% 08/15/2020	89237WAD9	25,894.52	0.00	24.60	24.60			
	10/21/18	10/21/18	MORGAN STANLEY CORP NOTES DTD 04/21/2016 2.500% 04/21/2021	61746BEA0	260,000.00	0.00	3,250.00	3,250.00			
	10/25/18	10/25/18	GOLDMAN SACHS GRP INC CORP NT (CALLABLE) DTD 04/25/2016 2.625% 04/25/2021	38141GVU5	290,000.00	0.00	3,806.25	3,806.25			
	10/31/18	10/31/18	US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	245,000.00	0.00	1,531.25	1,531.25			
	10/31/18	10/31/18	US TREASURY NOTES DTD 10/31/2016 1.250% 10/31/2021	912828T67	250,000.00	0.00	1,562.50	1,562.50			
Transaction Type Sub-Total					2,990,562.27	0.00	25,209.29	25,209.29			
PAYDOWNS											
	10/01/18	10/25/18	FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	506.16	506.16	0.00	506.16	(5.06)	0.00	
	10/15/18	10/15/18	CNH 2017-A A2 DTD 03/22/2017 1.640% 07/15/2020	12636WAB2	10,018.05	10,018.05	0.00	10,018.05	0.39	0.00	
	10/15/18	10/15/18	TOYOTA ABS 2016-B A3 DTD 05/11/2016 1.300% 04/15/2020	89231UAD9	5,336.13	5,336.13	0.00	5,336.13	0.27	0.00	
	10/15/18	10/15/18	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	5,028.15	5,028.15	0.00	5,028.15	0.68	0.00	
	10/15/18	10/15/18	TOYOTA ABS 2016-C A3 DTD 08/10/2016 1.140% 08/15/2020	89237WAD9	2,362.34	2,362.34	0.00	2,362.34	0.06	0.00	

FALLBROOK PUBLIC UTILITY DISTRICT
PARS Post-Employment Benefits Trust

Account Report for the Period
10/1/2018 to 10/31/2018

Paula Clark
Accounting Supervisor
Fallbrook Public Utility District
PO Box 2290
Fallbrook, CA 92088

Account Summary

Source	Beginning Balance as of 10/1/2018	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 10/31/2018
OPEB	\$970,742.32	\$0.00	-\$39,776.23	\$202.24	\$0.00	\$0.00	\$930,763.85
PENSION	\$1,422,387.23	\$0.00	-\$58,282.41	\$296.33	\$0.00	\$0.00	\$1,363,808.49
Totals	\$2,393,129.55	\$0.00	-\$98,058.64	\$498.57	\$0.00	\$0.00	\$2,294,572.34

Investment Selection

Source

OPEB Moderate Index PLUS
PENSION Moderate Index PLUS

Investment Objective

Source

OPEB The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.

PENSION The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.

Investment Return

Source	1-Month	3-Months	1-Year	Annualized Return			Plan's Inception Date
				3-Years	5-Years	10-Years	
OPEB	-4.10%	-3.18%	0.00%	-	-	-	2/16/2017
PENSION	-4.10%	-3.18%	-0.02%	-	-	-	2/16/2017

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.
Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.
Account balances are inclusive of Trust Administration, Trustee and Investment Management fees

Treasurer's Report November 30 , 2018

Operations Summary

Disbursements	\$	2,847,457
Receipts	\$	2,847,457
Net change	\$	-

District Reserves**

Liquidity	\$	1,770,082
PFM Portfolio	\$	11,489,936
Total	\$	13,260,018
Net change	\$	69,492

Account	Begning Market Value	Ending Market Value	Change in Market Value	(Withdrawals)/Deposits	Yield	Percent of Total Investments
Operating Fund	\$ 15,454	\$ 15,454	NA	\$ 0	0.4%	0.1%
Money Market	\$ 1,441,379	\$ 1,510,871	NA	\$ 69,492	0.4%	9.7%
LAIF	\$ 228,834	\$ 228,834	NA	\$ -	2.0%	1.5%
County Pool	\$ 14,923	\$ 14,923	NA	\$ -	1.8%	0.1%
PFM Managed Portfolio (Liquidity)*	NA	NA	NA	NA	NA	NA
District's Liquidity Portfolio	\$ 1,700,589	\$ 1,770,082	\$ -	\$ 69,492	0.6%	11.4%
PFM Managed Long-term Investment Portfolio*	\$ 11,509,602	\$ 11,489,936	\$ (19,666)	\$ -	2.1%	73.8%
PARS (OPEB & Pension Trust)**	\$ 2,294,572	\$ 2,319,178	\$ 24,606	\$ -	0.0%	14.9%
District Accounts Total	\$ 15,504,764	\$ 15,579,196	\$ 4,940	\$ 69,492	1.6%	100.0%

*PFM Managed Portfolio is split between liquidity and long-term investments. The liquidity portion is to be determined.

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

All investments have been made in accordance with the District's Annual Statement of Investment Policy.



Dave Shank
January 17, 2019



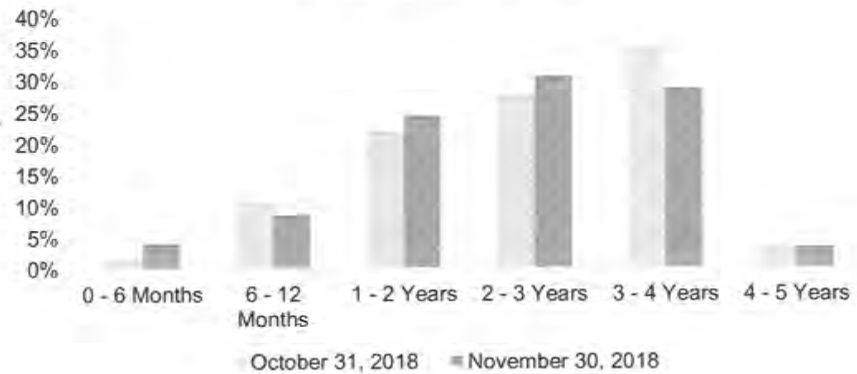
Fallbrook Public Utilities District - Holdings Summary

Security Type	October 31, 2018	November 30, 2018	Change (\$)	Change (%)
U.S. Treasury	\$3,911,521.97	\$3,928,754.97	\$17,233.00	0.4%
Supranational	\$136,674.16	\$136,939.04	\$264.88	0.2%
Municipal	\$168,781.10	\$168,514.20	(\$266.90)	-0.2%
Federal Agency CMO	\$112,596.76	\$112,590.38	(\$6.38)	0.0%
Federal Agency	\$247,793.70	\$248,366.43	\$572.73	0.2%
Corporate Note	\$3,732,243.92	\$3,726,033.15	(\$6,210.77)	-0.2%
Negotiable CD	\$2,014,206.34	\$2,013,793.98	(\$412.36)	0.0%
Asset-Backed Security	\$1,185,784.11	\$1,154,943.98	(\$30,840.13)	-2.6%
Securities Total	\$11,509,602.06	\$11,489,936.13	(\$19,665.93)	-0.2%
Money Market Fund	\$182,302.54	\$234,971.32	\$52,668.78	28.9%
Total Investments	\$11,691,904.60	\$11,724,907.45	\$33,002.85	0.3%

Summary

FY18-19 Accrual Earnings	\$96,187.88
Yield to Maturity at Cost	2.09%
Weighted Average Maturity	2.34 Years

Maturity Distribution





Managed Account Security Transactions & Interest

For the Month Ending **November 30, 2018**

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
INTEREST											
	11/01/18	11/01/18	MONEY MARKET FUND	MONEY0002	0.00	0.00	277.74	277.74			
	11/01/18	11/25/18	FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	3,463.92	0.00	5.15	5.15			
	11/01/18	11/25/18	FHLMC MULTIFAMILY STRUCTURED P POOL DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	110,000.00	0.00	283.25	283.25			
	11/05/18	11/05/18	SUMITOMO MITSUI BANK NY CD DTD 05/04/2017 2.050% 05/03/2019	86563YVN0	250,000.00	0.00	2,647.92	2,647.92			
	11/05/18	11/05/18	AMERICAN EXPRESS CREDIT (CALLABLE) NOTES DTD 05/05/2016 2.250% 05/05/2021	0258M0EB1	285,000.00	0.00	3,206.25	3,206.25			
	11/10/18	11/10/18	BRANCH BANKING & TRUST (CALLABLE) NOTE DTD 05/10/2016 2.050% 05/10/2021	05531FAV5	250,000.00	0.00	2,562.50	2,562.50			
	11/13/18	11/13/18	PACCAR FINANCIAL CORP NOTES DTD 11/13/2017 2.050% 11/13/2020	69371RN85	40,000.00	0.00	410.00	410.00			
	11/15/18	11/15/18	JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	30,000.00	0.00	45.50	45.50			
	11/15/18	11/15/18	NAROT 2018-A A3 DTD 02/28/2018 2.650% 05/15/2022	65478DAD9	75,000.00	0.00	165.63	165.63			
	11/15/18	11/15/18	JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	30,000.00	0.00	44.50	44.50			
	11/15/18	11/15/18	FORDO 2017-C A3 DTD 11/21/2017 2.010% 03/15/2022	34532AAD5	140,000.00	0.00	234.50	234.50			
	11/15/18	11/15/18	ALLY ABS 2017-4 A3 DTD 08/23/2017 1.750% 12/15/2021	02007FAC9	100,000.00	0.00	145.83	145.83			
	11/15/18	11/15/18	CNH 2017-A A2 DTD 03/22/2017 1.640% 07/15/2020	12636WAB2	47,609.91	0.00	65.07	65.07			
	11/15/18	11/15/18	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	68,409.88	0.00	73.54	73.54			
	11/15/18	11/15/18	TOYOTA ABS 2016-C A3 DTD 08/10/2016 1.140% 08/15/2020	89237WAD9	23,532.18	0.00	22.36	22.36			
	11/15/18	11/15/18	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	95,000.00	0.00	132.21	132.21			

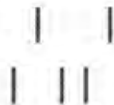


Managed Account Fair Market Value & Analytics

For the Month Ending **November 30, 2018**

FPUD - INVESTMENT PORTFOLIO - 28710100

Security Type/Description Dated Date/Coupon/Maturity	CUSIP	Par	Broker	Next Call Date	Market Price	Market Value	Unreal G/L On Cost	Unreal G/L Amort Cost	Effective Duration	Duration to Worst at Mkt	YTM
Managed Account Sub-Total		11,720,192.36				11,489,936.13	(277,254.13)	(234,025.31)	2.10	2.15	3.01
Securities Sub-Total		\$11,720,192.36				\$11,489,936.13	(\$277,254.13)	(\$234,025.31)	2.10	2.15	3.01%
Accrued Interest						\$60,847.16					
Total Investments						\$11,550,783.29					





Managed Account Security Transactions & Interest

For the Month Ending November 30, 2018

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
INTEREST											
	11/01/18	11/01/18	MONEY MARKET FUND	MONEY0002	0.00	0.00	277.74	277.74			
	11/01/18	11/25/18	FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	3,463.92	0.00	5.15	5.15			
	11/01/18	11/25/18	FHLMC MULTIFAMILY STRUCTURED P POOL DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	110,000.00	0.00	283.25	283.25			
	11/05/18	11/05/18	SUMITOMO MITSUI BANK NY CD DTD 05/04/2017 2.050% 05/03/2019	86563YVNO	250,000.00	0.00	2,647.92	2,647.92			
	11/05/18	11/05/18	AMERICAN EXPRESS CREDIT (CALLABLE) NOTES DTD 05/05/2016 2.250% 05/05/2021	0258M0EB1	285,000.00	0.00	3,206.25	3,206.25			
	11/10/18	11/10/18	BRANCH BANKING & TRUST (CALLABLE) NOTE DTD 05/10/2016 2.050% 05/10/2021	05531FAV5	250,000.00	0.00	2,562.50	2,562.50			
	11/13/18	11/13/18	PACCAR FINANCIAL CORP NOTES DTD 11/13/2017 2.050% 11/13/2020	69371RN85	40,000.00	0.00	410.00	410.00			
	11/15/18	11/15/18	JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	30,000.00	0.00	45.50	45.50			
	11/15/18	11/15/18	NAROT 2018-A A3 DTD 02/28/2018 2.650% 05/15/2022	65478DAD9	75,000.00	0.00	165.63	165.63			
	11/15/18	11/15/18	JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	30,000.00	0.00	44.50	44.50			
	11/15/18	11/15/18	FORDO 2017-C A3 DTD 11/21/2017 2.010% 03/15/2022	34532AAD5	140,000.00	0.00	234.50	234.50			
	11/15/18	11/15/18	ALLY ABS 2017-4 A3 DTD 08/23/2017 1.750% 12/15/2021	02007FAC9	100,000.00	0.00	145.83	145.83			
	11/15/18	11/15/18	CNH 2017-A A2 DTD 03/22/2017 1.640% 07/15/2020	12636WAB2	47,609.91	0.00	65.07	65.07			
	11/15/18	11/15/18	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	68,409.88	0.00	73.54	73.54			
	11/15/18	11/15/18	TOYOTA ABS 2016-C A3 DTD 08/10/2016 1.140% 08/15/2020	89237WAD9	23,532.18	0.00	22.36	22.36			
	11/15/18	11/15/18	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	95,000.00	0.00	132.21	132.21			

FALLBROOK PUBLIC UTILITY DISTRICT
PARS Post-Employment Benefits Trust

Account Report for the Period
12/1/2018 to 12/31/2018

David Shank
Assistant General Manager/CFO
Fallbrook Public Utility District
PO Box 2290
Fallbrook, CA 92088

Account Summary

Source	Beginning Balance as of 12/1/2018	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 12/31/2018
OPEB	\$940,744.97	\$0.00	-\$4,849.15	\$195.99	\$0.00	\$0.00	\$935,699.83
PENSION	\$1,378,433.38	\$0.00	-\$7,105.25	\$287.17	\$0.00	\$0.00	\$1,371,040.96
Totals	\$2,319,178.35	\$0.00	-\$11,954.40	\$483.16	\$0.00	\$0.00	\$2,306,740.79

Investment Selection

Source

OPEB **Moderate Index PLUS**
PENSION **Moderate Index PLUS**

Investment Objective

Source

OPEB The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.

PENSION The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.

Investment Return

Source	1-Month	3-Months	1-Year	Annualized Return			Plan's Inception Date
				3-Years	5-Years	10-Years	
OPEB	-0.52%	-3.56%	-1.31%	-	-	-	2/16/2017
PENSION	-0.52%	-3.56%	-1.33%	-	-	-	2/16/2017

Information as provided by US Bank, Trustee for PARS. Not FDIC Insured. No Bank Guarantee. May Lose Value

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.
Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.
Account balances are inclusive of Trust Administration, Trustee and Investment Management fees

Treasurer's Report December 31 , 2018

Operations Summary

Disbursements	\$	2,658,759
Receipts	\$	2,655,327
Net change	\$	(3,432)

District Reserves**

Liquidity	\$	2,235,468
PFM Portfolio	\$	11,529,072
Total	\$	13,764,541
Net change	\$	465,387

Account	Begning Market Value	Ending Market Value	Change in Market Value	(Withdrawals)/Deposits	Yield	Percent of Total Investments
Operating Fund	\$ 15,454	\$ 12,022	NA	\$ (3,432)	0.4%	0.0%
Money Market	\$ 1,510,871	\$ 1,979,632	NA	\$ 468,762	0.4%	7.6%
LAIF	\$ 228,834	\$ 228,834	NA	\$ -	2.0%	0.9%
County Pool	\$ 14,923	\$ 14,980	NA	\$ 57	1.8%	0.1%
PFM Managed Portfolio (Liquidity)*	NA	NA	NA	NA	NA	NA
District's Liquidity Portfolio	\$ 1,770,081	\$ 2,235,468	\$ -	\$ 465,387	0.6%	8.6%
PFM Managed Long-term Investment Portfolio*	\$ 11,489,936	\$ 11,529,072	\$ 39,136	\$ -	2.1%	44.2%
Water Rate Stabilization Fund	\$ -	\$ 6,205,175	\$ -	\$ 6,205,175	2.5%	23.8%
Pension Obligation Off-Set Fund	\$ -	\$ 3,779,104	\$ -	\$ 3,779,104	2.5%	14.5%
PARS (OPEB & Pension Trust)**	\$ 2,319,178	\$ 2,306,741	\$ (12,438)	\$ -	-1.3%	8.9%
District Accounts Total	\$ 15,579,196	\$ 26,055,560	\$ 26,698	\$ 10,449,665	1.8%	100.0%

*PFM Managed Portfolio is split between liquidity and long-term investments. The liquidity portion is to be determined.

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

All investments have been made in accordance with the District's Annual Statement of Investment Policy.

Dave Shank
January 17, 2019



Fallbrook Public Utilities District - Holdings Summary

Security Type	November 30, 2018	December 31, 2018	Change (\$)	Change (%)
U.S. Treasury	\$3,928,754.97	\$3,974,544.00	\$45,789.03	1.2%
Supranational	\$136,939.04	\$137,768.12	\$829.08	0.6%
Municipal	\$168,514.20	\$169,850.40	\$1,336.20	0.8%
Federal Agency CMO	\$112,590.38	\$110,970.30	(\$1,620.08)	-1.4%
Federal Agency	\$248,366.43	\$249,843.90	\$1,477.47	0.6%
Corporate Note	\$3,726,033.15	\$3,746,280.19	\$20,247.04	0.5%
Negotiable CD	\$2,013,793.98	\$2,016,606.24	\$2,812.26	0.1%
Asset-Backed Security	\$1,154,943.98	\$1,123,209.07	(\$31,734.91)	-2.7%
Securities Total	\$11,489,936.13	\$11,529,072.22	\$39,136.09	0.3%
Money Market Fund	\$234,971.32	\$288,753.39	\$53,782.07	22.9%
Total Investments	\$11,724,907.45	\$11,817,825.61	\$92,918.16	0.8%

Summary	
FY18-19 Accrual Earnings	\$117,188.72
Yield to Maturity at Cost	2.10%
Weighted Average Maturity	2.25 Years





Managed Account Security Transactions & Interest

For the Month Ending December 31, 2018

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
INTEREST											
	12/01/18	12/25/18	FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	3,219.37	0.00	4.79	4.79			
	12/01/18	12/25/18	FHLMC MULTIFAMILY STRUCTURED P POOL DTD 12/01/2015 3.090% 08/25/2022	3137BM6P6	110,000.00	0.00	283.25	283.25			
	12/03/18	12/03/18	MONEY MARKET FUND	MONEY0002	0.00	0.00	359.36	359.36			
	12/07/18	12/07/18	WELLS FARGO & COMPANY NOTES DTD 12/07/2015 2.550% 12/07/2020	94974BGR5	385,000.00	0.00	4,908.75	4,908.75			
	12/15/18	12/15/18	JOHN DEERE ABS 2017-B A3 DTD 07/15/2017 1.820% 10/15/2021	47788BAD6	30,000.00	0.00	45.50	45.50			
	12/15/18	12/15/18	JDOT 2018-A A3 DTD 02/28/2018 2.660% 04/15/2022	47788CAC6	35,000.00	0.00	77.58	77.58			
	12/15/18	12/15/18	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	63,333.67	0.00	68.08	68.08			
	12/15/18	12/15/18	JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	28,592.85	0.00	42.41	42.41			
	12/15/18	12/15/18	ALLY ABS 2017-4 A3 DTD 08/23/2017 1.750% 12/15/2021	02007FAC9	100,000.00	0.00	145.83	145.83			
	12/15/18	12/15/18	ALLYA 2017-5 A3 DTD 11/22/2017 1.990% 03/15/2022	02007YAC8	110,000.00	0.00	182.42	182.42			
	12/15/18	12/15/18	HAROT 2018-1 A3 DTD 02/28/2018 2.640% 02/15/2022	43814UAC3	125,000.00	0.00	275.00	275.00			
	12/15/18	12/15/18	TOYOTA ABS 2016-B A3 DTD 05/11/2016 1.300% 04/15/2020	89231UAD9	33,673.02	0.00	36.48	36.48			
	12/15/18	12/15/18	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	93,667.18	0.00	130.35	130.35			
	12/15/18	12/15/18	JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	15,318.31	0.00	15.96	15.96			
	12/15/18	12/15/18	CNH 2017-A A2 DTD 03/22/2017 1.640% 07/15/2020	12636WAB2	34,369.75	0.00	46.97	46.97			
	12/15/18	12/15/18	FORDO 2017-C A3 DTD 11/21/2017 2.010% 03/15/2022	34532AAD5	140,000.00	0.00	234.50	234.50			
	12/15/18	12/15/18	NAROT 2018-A A3 DTD 02/28/2018 2.650% 05/15/2022	65478DAD9	75,000.00	0.00	165.63	165.63			



Managed Account Security Transactions & Interest

For the Month Ending December 31, 2018

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
INTEREST											
	12/15/18	12/15/18	TOYOTA ABS 2016-C A3 DTD 08/10/2016 1.140% 08/15/2020	89237WAD9	21,018.21	0.00	19.97	19.97			
	12/31/18	12/31/18	US TREASURY NOTES DTD 06/30/2017 1.750% 06/30/2022	912828XW5	235,000.00	0.00	2,056.25	2,056.25			
	12/31/18	12/31/18	US TREASURY NOTES DTD 01/03/2017 2.000% 12/31/2021	912828U81	390,000.00	0.00	3,900.00	3,900.00			
	12/31/18	12/31/18	US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	240,000.00	0.00	2,550.00	2,550.00			
	12/31/18	12/31/18	US TREASURY NOTES DTD 12/31/2015 2.125% 12/31/2022	912828N30	185,000.00	0.00	1,965.63	1,965.63			
Transaction Type Sub-Total					2,453,192.36	0.00	17,514.71	17,514.71			
PAYDOWNS											
	12/01/18	12/25/18	FNMA SERIES 2016-M9 ASQ2 DTD 06/01/2016 1.785% 06/01/2019	3136ASPX8	2,785.38	2,785.38	0.00	2,785.38	(27.85)	0.00	
	12/15/18	12/15/18	FORD ABS 2017-A A3 DTD 01/25/2017 1.670% 06/15/2021	34531EAD8	6,374.77	6,374.77	0.00	6,374.77	0.02	0.00	
	12/15/18	12/15/18	TOYOTA ABS 2016-B A3 DTD 05/11/2016 1.300% 04/15/2020	89231UAD9	5,189.77	5,189.77	0.00	5,189.77	0.27	0.00	
	12/15/18	12/15/18	JOHN DEERE ABS 2017-A A3 DTD 03/02/2017 1.780% 04/15/2021	47787XAC1	2,171.83	2,171.83	0.00	2,171.83	0.31	0.00	
	12/15/18	12/15/18	TOYOTA ABS 2016-C A3 DTD 08/10/2016 1.140% 08/15/2020	89237WAD9	2,246.56	2,246.56	0.00	2,246.56	0.06	0.00	
	12/15/18	12/15/18	HYUNDAI ABS 2016-B A3 DTD 09/21/2016 1.290% 04/15/2021	44891EAC3	4,763.67	4,763.67	0.00	4,763.67	0.64	0.00	
	12/15/18	12/15/18	JOHN DEERE ABS 2016-B A3 DTD 07/27/2016 1.250% 06/15/2020	47788NAC2	1,972.41	1,972.41	0.00	1,972.41	0.16	0.00	
	12/15/18	12/15/18	CNH 2017-A A2 DTD 03/22/2017 1.640% 07/15/2020	12636WAB2	10,762.97	10,762.97	0.00	10,762.97	0.41	0.00	
Transaction Type Sub-Total					36,267.36	36,267.36	0.00	36,267.36	(25.98)	0.00	
Managed Account Sub-Total						36,267.36	17,514.71	53,782.07	(25.98)	0.00	

FALLBROOK PUBLIC UTILITY DISTRICT
PARS Post-Employment Benefits Trust

Account Report for the Period
12/1/2018 to 12/31/2018

David Shank
Assistant General Manager/CFO
Fallbrook Public Utility District
PO Box 2290
Fallbrook, CA 92088

Account Summary

Source	Beginning Balance as of 12/1/2018	Contributions	Earnings	Expenses	Distributions	Transfers	Ending Balance as of 12/31/2018
OPEB	\$940,744.97	\$0.00	-\$4,849.15	\$195.99	\$0.00	\$0.00	\$935,699.83
PENSION	\$1,378,433.38	\$0.00	-\$7,105.25	\$287.17	\$0.00	\$0.00	\$1,371,040.96
Totals	\$2,319,178.35	\$0.00	-\$11,954.40	\$483.16	\$0.00	\$0.00	\$2,306,740.79

Investment Selection

Source

OPEB	Moderate Index PLUS
PENSION	Moderate Index PLUS

Investment Objective

Source

OPEB	The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.
PENSION	The dual goals of the Moderate Strategy are growth of principal and income. It is expected that dividend and interest income will comprise a significant portion of total return, although growth through capital appreciation is equally important. The portfolio will be allocated between equity and fixed income investments.

Investment Return

Source	1-Month	3-Months	1-Year	Annualized Return			Plan's Inception Date
				3-Years	5-Years	10-Years	
OPEB	-0.52%	-3.56%	-1.31%	-	-	-	2/16/2017
PENSION	-0.52%	-3.56%	-1.33%	-	-	-	2/16/2017

Information as provided by US Bank, Trustee for PARS; Not FDIC Insured; No Bank Guarantee; May Lose Value

Past performance does not guarantee future results. Performance returns may not reflect the deduction of applicable fees, which could reduce returns. Information is deemed reliable but may be subject to change.
Investment Return: Annualized rate of return is the return on an investment over a period other than one year multiplied or divided to give a comparable one-year return.
Account balances are inclusive of Trust Administration, Trustee and Investment Management fees



Account Statement

For the Month Ending **December 31, 2018**

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
CAMP Pool					
Opening Balance					0.00
12/20/18	12/20/18	Purchase - Incoming Wires	1.00	6,200,000.00	6,200,000.00
12/31/18	01/02/19	Accrual Income Div Reinvestment - Distributions	1.00	5,174.74	6,205,174.74
Closing Balance					6,205,174.74

	Month of December	Fiscal YTD July-December
Opening Balance	0.00	0.00
Purchases	6,205,174.74	6,205,174.74
Redemptions (Excl. Checks)	0.00	0.00
Check Disbursements	0.00	0.00
Closing Balance	6,205,174.74	6,205,174.74
Cash Dividends and Income	5,174.74	5,174.74

Closing Balance	6,205,174.74
Average Monthly Balance	2,400,166.93
Monthly Distribution Yield	2.46%



Account Statement

For the Month Ending **December 31, 2018**

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
CAMP Pool					
Opening Balance					0.00
12/20/18	12/20/18	Purchase - Incoming Wires	1.00	3,775,952.00	3,775,952.00
12/31/18	01/02/19	Accrual Income Div Reinvestment - Distributions	1.00	3,151.54	3,779,103.54
Closing Balance					3,779,103.54

	Month of December	Fiscal YTD July-December
Opening Balance	0.00	0.00
Purchases	3,779,103.54	3,779,103.54
Redemptions (Excl. Checks)	0.00	0.00
Check Disbursements	0.00	0.00
Closing Balance	3,779,103.54	3,779,103.54
Cash Dividends and Income	3,151.54	3,151.54

Closing Balance	3,779,103.54
Average Monthly Balance	1,461,760.50
Monthly Distribution Yield	2.46%

11/30/2018

Treasurer's Warrant No. November

TO: Treasurer of the Fallbrook Public Utility District

The bills and claims listed below are approved as authorized by resolution no. 3538 of the Board of Directors dated July 8, 1985. You are hereby authorized and directed to pay said prospective claims in the amounts stated (less discounts in instances where discounts are allowed).

Payroll -11/18

Computer Check Register

Payroll #1	135,374.13
Payroll #2	<u>136,453.87</u>
	<u>271,828.00</u>

Accounts Payable

Checks by Date - Summary by Check Date

User: annaleceb
Printed: 12/6/2018 11:18 AM



Fallbrook Public Utility District

Purchasing Dept. Phone: (760) 728-1151, Fax: (760) 728-8491

Main Office Phone: (760) 728-1125, Fax: (760) 728-6029

Check No	Vendor No	Vendor Name	Check Date	Check Amount
ACH	02582	EMPLOYMENT DEVELOPMENT DEPT	11/07/2018	1,185.00
79397	06369	ADVANCED INFRASTRUCTURE TECH	11/07/2018	2,978.21
79398	91286	AMAZON CAPITAL SERVICES, INC.	11/07/2018	1,675.16
79399	04166	AMERICAN WATER WORKS ASSOCIA	11/07/2018	2,237.00
79400	06403	APPLEONE EMPLOYMENT SERVICES	11/07/2018	303.12
79401	05958	BAMM! PROMOTIONAL PRODUCTS, I	11/07/2018	406.21
79402	06235	JACK BEBEE	11/07/2018	74.96
79403	91069	BRENNTAG PACIFIC INC.	11/07/2018	3,275.24
79404	06394	CALIFORNIA BANK & TRUST	11/07/2018	222,925.28
79405	03978	CAMERON WELDING SUPPLY	11/07/2018	393.02
79406	01719	MICKEY M. CASE	11/07/2018	60.00
79407	91330	AARON COOK	11/07/2018	63.11
79408	91210	CORE & MAIN LP	11/07/2018	33,214.95
79409	02925	DATA NET SOLUTIONS	11/07/2018	235.00
79410	91129	JENNIFER DEMEO	11/07/2018	34.88
79411	05180	NOELLE DENKE	11/07/2018	122.17
79412	06048	DEPARTMENT OF THE INTERIOR	11/07/2018	2,703.55
79413	05704	DEPT OF CONSUMER AFFAIRS	11/07/2018	115.00
79414	05192	DIAMOND ENVIRONMENTAL SERVIC	11/07/2018	330.89
79415	05177	DOWNEY BRAND, LLP	11/07/2018	156.00
79416	03391	ELECTRICAL SALES INC	11/07/2018	560.41
79417	05588	ESCONDIDO METAL SUPPLY	11/07/2018	473.93
79418	09523	FALLBROOK EQUIP RENTALS	11/07/2018	10,225.48
79419	05987	FALLBROOK GARAGE & QWIK LUBE	11/07/2018	362.25
79420	01099	FALLBROOK IRRIGATION INC	11/07/2018	126.57
79421	02411	FALLBROOK PRINTING CORP	11/07/2018	213.78
79422	05560	FRANCHISE TAX BOARD	11/07/2018	535.93
79423	91331	GOVERNMENT TRAINING AGENCY	11/07/2018	300.00
79424	02170	GRAINGER, INC.	11/07/2018	125.54
79425	02767	GRANGETTO FARM & GARDEN SUPPI	11/07/2018	37.41
79426	05380	HACH CO	11/07/2018	150.91
79427	06722	CHRIS HAMILTON	11/07/2018	133.00
79428	91332	KEN HENNEL	11/07/2018	60,373.22
79429	03276	HOME DEPOT CREDIT SERVICES	11/07/2018	39.96
79430	06577	INFOSEND INC	11/07/2018	2,653.60
79431	06463	IOTUM INC.	11/07/2018	7.75
79432	06380	JANI-KING OF CALIFORNIA, INC - SAI	11/07/2018	2,722.99
79433	06243	JIM'S SIGN SHOP	11/07/2018	360.00
79434	04027	JOES HARDWARE	11/07/2018	2,183.42
79435	05401	JOE'S PAVING	11/07/2018	54,300.38
79436	91209	LIFESTYLES INFOCUS	11/07/2018	1,610.79
79437	91029	MALLORY SAFETY AND SUPPLY CO	11/07/2018	28.02
79438	91192	MISSION LINEN SUPPLY	11/07/2018	962.20
79439	06614	MITEL LEASING	11/07/2018	815.16
79440	05942	MSDSOONLINE, INC	11/07/2018	1,498.00
79441	06707	NATIONAL METER & AUTOMATION	11/07/2018	56,921.10
79442	06298	ONESOURCE DISTRIBUTORS, LLC	11/07/2018	241.07

Check No	Vendor No	Vendor Name	Check Date	Check Amount
79443	04900	PARADISE CHEVROLET CADILLAC	11/07/2018	75.67
79444	06110	SKY PETERSON	11/07/2018	87.00
79445	06130	S & J SUPPLY COMPANY, INC.	11/07/2018	141.38
79446	00232	SAN DIEGO GAS & ELECTRIC	11/07/2018	74,157.61
79447	91107	SPECTRUM BUSINESS	11/07/2018	107.00
79448	91223	STERLING HEALTH SERVICES INC.	11/07/2018	750.00
79449	05883	TESTAMERICA LABORATORIES, INC.	11/07/2018	373.28
79450	02972	THERMO ENVIRONMENTAL INSTRUM	11/07/2018	53.44
79451	91309	UNITED MATERIAL HANDLING, INC	11/07/2018	7,595.55
79452	00458	VERIZON WIRELESS	11/07/2018	1,095.55
79453	91310	VOLT WORKFORCE SOLUTIONS	11/07/2018	298.08
79454	00233	WAXIE SANITARY SUPPLY	11/07/2018	397.30
79455	91214	YOUNGREN CONSTRUCTION, INC.	11/07/2018	9,425.00
Total for 11/7/2018:				565,008.48
ACH	00152	FPUD EMPL ASSOCIATION	11/08/2018	846.70
ACH	06758	US TREASURY - PAYROLL TAXES	11/08/2018	52,086.81
ACH	06759	STATE OF CA - PR TAXES	11/08/2018	8,188.81
ACH	06760	STATE OF CA - SDI	11/08/2018	1,882.23
ACH	06761	LINCOLN FINANCIAL GROUP	11/08/2018	5,319.38
ACH	06763	PERS - PAYROLL	11/08/2018	34,779.77
Total for 11/8/2018:				103,103.70
79456	91286	AMAZON CAPITAL SERVICES, INC.	11/14/2018	443.47
79457	04995	AMERICAN MESSAGING	11/14/2018	109.82
79458	02805	ASBURY ENVIRONMENTAL SERVICES	11/14/2018	812.80
79459	05088	AT&T	11/14/2018	895.45
79460	06235	JACK BEBEE	11/14/2018	78.81
79461	03978	CAMERON WELDING SUPPLY	11/14/2018	159.26
79462	UB*00220	ALICIA CARROLL	11/14/2018	4.57
79463	91284	COAST WASTE MANAGEMENT INC	11/14/2018	1,351.05
79464	91330	AARON COOK	11/14/2018	60.00
79465	09705	CSDA SAN DIEGO CHAPTER	11/14/2018	60.00
79466	05192	DIAMOND ENVIRONMENTAL SERVIC	11/14/2018	202.11
79467	03391	ELECTRICAL SALES INC	11/14/2018	3,801.25
79468	04122	EVOQUA WATER TECHNOLOGIES LLC	11/14/2018	3,952.12
79469	05987	FALLBROOK GARAGE & QWIK LUBE	11/14/2018	399.78
79470	00169	FALLBROOK OIL COMPANY	11/14/2018	4,998.05
79471	00170	FALLBROOK WASTE & RECYCLING	11/14/2018	693.40
79472	01432	FERGUSON WATERWORKS #1083	11/14/2018	3,717.93
79473	06764	G & W TRUCK ACCESSORIES	11/14/2018	295.50
79474	02170	GRAINGER, INC.	11/14/2018	2,679.54
79475	UB*00221	NEW CENTURY CONSTRUCTION INC	11/14/2018	557.83
79476	05255	INLAND WATER WORKS SUPPLY CO.	11/14/2018	58,524.41
79477	06267	J2 GLOBAL IRELAND LIMITED	11/14/2018	59.91
79478	90889	JAUREGUI & CULVER, INC.	11/14/2018	618.11
79479	91101	LABSOURCE, INC.	11/14/2018	241.02
79480	03765	LENNIHAN LAW	11/14/2018	3,474.15
79481	90887	LLOYD PEST CONTROL	11/14/2018	367.00
79482	91029	MALLORY SAFETY AND SUPPLY CO	11/14/2018	1,487.63
79483	05655	DON MCDUGAL	11/14/2018	65.40
79484	03944	MISSION RESOURCE CONSV DISTRIC	11/14/2018	719.50
79485	90932	NAPA AUTO PARTS	11/14/2018	471.36
79486	00718	NATIONWIDE RETIREMENT SOLUTIO	11/14/2018	2,695.00
79487	00370	NUTRIEN AG SOLUTIONS, INC.	11/14/2018	826.78

Check No	Vendor No	Vendor Name	Check Date	Check Amount
79488	01267	PACIFIC PIPELINE	11/14/2018	525.20
79489	06542	PONTON INDUSTRIES INC	11/14/2018	3,562.22
79490	06130	S & J SUPPLY COMPANY, INC.	11/14/2018	1,555.13
79491	05938	SAN DIEGO COUNTY RECORDER	11/14/2018	50.00
79492	00231	SAN DIEGO COUNTY WATER AUTH	11/14/2018	1,305,837.40
79493	05403	SAN DIEGO UNION-TRIBUNE CO.	11/14/2018	164.32
79494	06401	SONSRAY MACHINERY LLC	11/14/2018	48.18
79495	05415	STATE WATER RESOURCE CONTROL	11/14/2018	80.00
79496	05415	STATE WATER RESOURCE CONTROL	11/14/2018	80.00
79497	02206	STATE WATER RESOURCES CONTROL	11/14/2018	88.00
79498	06735	TCN, INC.	11/14/2018	116.34
79499	05883	TESTAMERICA LABORATORIES, INC.	11/14/2018	624.75
79500	02972	THERMO ENVIRONMENTAL INSTRUM	11/14/2018	115.68
79501	00250	TRY ENTERPRISES	11/14/2018	4,320.00
79502	00724	UNDERGROUND SERVICE ALERT	11/14/2018	300.40
79503	02960	VWR INTERNATIONAL INC	11/14/2018	243.29

Total for 11/14/2018:

1,412,533.92

ACH	00152	FPUD EMPL ASSOCIATION	11/21/2018	540.50
ACH	06758	US TREASURY - PAYROLL TAXES	11/21/2018	52,485.89
ACH	06759	STATE OF CA - PR TAXES	11/21/2018	8,240.66
ACH	06760	STATE OF CA - SDI	11/21/2018	1,868.97
ACH	06761	LINCOLN FINANCIAL GROUP	11/21/2018	5,319.38
ACH	06763	PERS - PAYROLL	11/21/2018	35,322.42
79509	06740	ACCELA, INC	11/21/2018	30,849.09
79510	00101	ACWA JPIA	11/21/2018	87,242.03
79511	03223	AIR POLLUTION CONTROL DISTRICT	11/21/2018	4,197.00
79512	02013	ALVAREZ FAMILY TRUST	11/21/2018	244.58
79513	91286	AMAZON CAPITAL SERVICES, INC.	11/21/2018	167.89
79514	05778	AQUATIC BIOASSAY AND CONSULTIN	11/21/2018	1,400.00
79515	06020	BABCOCK & SONS, INC.	11/21/2018	3,275.00
79516	91319	BARRETT ENGINEERED PUMPS	11/21/2018	8,370.02
79517	06235	JACK BEBEE	11/21/2018	567.18
79518	06768	BEL VILLAGGIO EYECARE CENTER	11/21/2018	419.00
79519	02743	BEST BEST & KRIEGER	11/21/2018	6,404.64
79520	00898	BP BATTERY	11/21/2018	286.38
79521	03035	BRITHINEE ELECTRIC	11/21/2018	1,261.75
79522	06424	CAEATFA FUND	11/21/2018	2,168.10
79523	04178	CALOLYMPIC SAFETY CO., INC.	11/21/2018	1,732.59
79524	91241	LISA CHAFFIN	11/21/2018	60.00
79525	03205	CITY OF OCEANSIDE	11/21/2018	971.70
79526	91272	KEVIN COLLINS	11/21/2018	60.00
79527	91210	CORE & MAIN LP	11/21/2018	3,828.14
79528	02176	CORELOGIC SOLUTIONS, LLC	11/21/2018	225.00
79529	05953	CORODATA RECORDS MANAGEMENT	11/21/2018	740.93
79530	06675	CORODATA SHREDDING, INC	11/21/2018	58.37
79531	05714	COUNTY OF SD DEPT PUBLIC WORKS	11/21/2018	2,299.00
79532	02925	DATA NET SOLUTIONS	11/21/2018	4,483.00
79533	05192	DIAMOND ENVIRONMENTAL SERVIC	11/21/2018	330.89
79534	06303	EXECUTIVE LANDSCAPE INC.	11/21/2018	700.00
79535	02647	FALLBROOK AWARDS	11/21/2018	37.71
79536	05987	FALLBROOK GARAGE & QWIK LUBE	11/21/2018	2,804.84
79537	01099	FALLBROOK IRRIGATION INC	11/21/2018	136.64
79538	02411	FALLBROOK PRINTING CORP	11/21/2018	4,250.61
79539	01155	FALLBROOK REFUSE	11/21/2018	49.00
79540	04494	FEDERAL EXPRESS CORPORATION	11/21/2018	157.24

Check No	Vendor No	Vendor Name	Check Date	Check Amount
79541	UB*00222	RUSSELL FINDLAY	11/21/2018	490.53
79542	05560	FRANCHISE TAX BOARD	11/21/2018	535.93
79543	06286	GARDA CL WEST, INC.	11/21/2018	248.40
79544	04958	GOSCH FORD TEMECULA	11/21/2018	1,258.19
79545	02170	GRAINGER, INC.	11/21/2018	611.84
79546	02767	GRANGETTO FARM & GARDEN SUPPI	11/21/2018	150.18
79547	05970	GRISWOLD INDUSTRIES	11/21/2018	2,837.74
79548	05380	HACH CO	11/21/2018	13,428.90
79549	02773	HDS WHITE CAP CONST SUPPLY	11/21/2018	2,191.64
79550	06429	HEALTHPOINTE MEDICAL GROUP,INC	11/21/2018	275.00
79551	91336	JACOB HYINK	11/21/2018	84.09
79552	06577	INFOSEND INC	11/21/2018	3,827.69
79553	06359	INFRASTRUCTURE ENGINEERING CO	11/21/2018	4,560.00
79554	05871	ITRON INC	11/21/2018	18,935.02
79555	06380	JANI-KING OF CALIFORNIA, INC - SA	11/21/2018	2,722.99
79556	00190	JCI JONES CHEMICALS INC.	11/21/2018	5,350.72
79557	06479	KNOCKOUT PEST CONTROL & TERMI	11/21/2018	600.00
79558	06633	MAINTENANCE CONNECTION INC	11/21/2018	756.20
79559	06338	MYTHOS TECHNOLOGY INC	11/21/2018	1,483.94
79560	06707	NATIONAL METER & AUTOMATION	11/21/2018	9,914.12
79561	03201	NATIONAL SAFETY COMPLIANCE INC	11/21/2018	802.70
79562	91167	NORTH COUNTY FORD	11/21/2018	900.01
79563	06298	ONESOURCE DISTRIBUTORS, LLC	11/21/2018	400.38
79564	04900	PARADISE CHEVROLET CADILLAC	11/21/2018	643.49
79565	91155	QUALITY GATE COMPANY	11/21/2018	1,578.75
79566	04075	RAYNE WATER SYSTEMS	11/21/2018	130.00
79567	06130	S & J SUPPLY COMPANY, INC.	11/21/2018	3,603.16
79568	00236	SCRAPPYS	11/21/2018	227.16
79569	91269	SRK ENGINEERING INC.	11/21/2018	26,366.67
79570	91223	STERLING HEALTH SERVICES INC.	11/21/2018	520.00
79571	91082	TELETRAC, INC	11/21/2018	1,918.75
79572	02972	THERMO ENVIRONMENTAL INSTRUM	11/21/2018	804.20
79573	00458	VERIZON WIRELESS	11/21/2018	1,002.04
79574	91310	VOLT WORKFORCE SOLUTIONS	11/21/2018	2,219.04
79575	02960	VWR INTERNATIONAL INC	11/21/2018	951.53
79576	05909	WAGNER & BONSIGNORE, CONSULTI	11/21/2018	3,912.15
79577	91250	WEKA INC	11/21/2018	27,087.36
79578	06231	WESTERN WATER WORKS SUPPLY CC	11/21/2018	3,283.36
79579	91295	WHITE NELSON DIEHL EVANS LLP	11/21/2018	3,500.00
79580	06736	JEFF WOLFE	11/21/2018	87.00
Total for 11/21/2018:				423,757.01
79581	91286	AMAZON CAPITAL SERVICES, INC.	11/28/2018	2,174.42
79582	06403	APPLEONE EMPLOYMENT SERVICES	11/28/2018	526.26
79583	91266	BEAR STATE PUMP & EQUIPMENT LL	11/28/2018	6,479.67
79584	00898	BP BATTERY	11/28/2018	788.00
79585	91069	BRENNTAG PACIFIC INC.	11/28/2018	3,696.16
79586	03134	CALIFORNIA WATER ENVIRONMENT	11/28/2018	188.00
79587	91008	MICHAEL COTHRAN	11/28/2018	60.00
79588	02925	DATA NET SOLUTIONS	11/28/2018	1,188.00
79589	05177	DOWNEY BRAND, LLP	11/28/2018	78.00
79590	03391	ELECTRICAL SALES INC	11/28/2018	1,722.89
79591	01099	FALLBROOK IRRIGATION INC	11/28/2018	23.47
79592	00169	FALLBROOK OIL COMPANY	11/28/2018	4,945.20
79593	01432	FERGUSON WATERWORKS #1083	11/28/2018	24,655.36
79594	91198	FIRST BANKCARD	11/28/2018	481.30

Check No	Vendor No	Vendor Name	Check Date	Check Amount
79595	91201	FIRST BANKCARD	11/28/2018	800.00
79596	91235	FIRST BANKCARD	11/28/2018	179.31
79597	91313	FIRST BANKCARD	11/28/2018	800.98
79598	91323	FIRST BANKCARD	11/28/2018	388.05
79599	00182	GLENNIE'S OFFICE PRODUCTS, INC	11/28/2018	489.54
79600	02767	GRANGETTO FARM & GARDEN SUPPI	11/28/2018	96.53
79601	06577	INFOSEND INC	11/28/2018	1,460.00
79602	91077	MULTI SERVICE TECHNOLOGY SOLU'	11/28/2018	141.90
79603	06298	ONESOURCE DISTRIBUTORS, LLC	11/28/2018	1,220.81
79604	04900	PARADISE CHEVROLET CADILLAC	11/28/2018	209.05
79605	00232	SAN DIEGO GAS & ELECTRIC	11/28/2018	4,417.81
79606	00236	SCRAPPYS	11/28/2018	227.16
79607	00159	SUPERIOR READY MIX	11/28/2018	1,493.70
79608	02972	THERMO ENVIRONMENTAL INSTRUM	11/28/2018	454.15
79609	06211	UNITED IMAGING	11/28/2018	536.92
79610	02960	VWR INTERNATIONAL INC	11/28/2018	1,416.92
79611	06231	WESTERN WATER WORKS SUPPLY CC	11/28/2018	9,886.28
Total for 11/28/2018:				71,225.84
Report Total (223 checks):				2,575,628.95



Jack Bebee

General Manager

12/31/2018

Treasurer's Warrant No. December

TO: Treasurer of the Fallbrook Public Utility District

The bills and claims listed below are approved as authorized by resolution no. 3538 of the Board of Directors dated July 8, 1985. You are hereby authorized and directed to pay said prospective claims for the amounts stated (less discounts in instances where discounts are allowed).

Payroll -12/18

Computer Check Register

Payroll #1	148,484.82
Payroll #2	<u>141,258.02</u>
	<u>289,742.84</u>

Accounts Payable

Checks by Date - Summary by Check Date

User: annaleceb
 Printed: 1/14/2019 9:19 AM



Fallbrook Public Utility District

Purchasing Dept. Phone: (760) 728-1151, Fax: (760) 728-8491

Main Office Phone: (760) 728-1125, Fax: (760) 728-6029

Check No	Vendor No	Vendor Name	Check Date	Check Amount
ACH	00152	FPUD EMPL ASSOCIATION	12/05/2018	540.50
ACH	06758	US TREASURY - PAYROLL TAXES	12/05/2018	59,746.67
ACH	06759	STATE OF CA - PR TAXES	12/05/2018	10,145.62
ACH	06760	STATE OF CA - SDI	12/05/2018	2,041.28
ACH	06761	LINCOLN FINANCIAL GROUP	12/05/2018	5,319.38
ACH	06763	PERS - PAYROLL	12/05/2018	35,490.58
Total for 12/5/2018:				113,284.03
79615	01460	AFLAC	12/06/2018	1,094.60
79616	91256	AFP	12/06/2018	200.00
79617	05880	ALLEN INSTRUMENTS & SUPPLIES	12/06/2018	914.55
79618	91286	AMAZON CAPITAL SERVICES, INC.	12/06/2018	282.12
79619	06661	MARK APRIL	12/06/2018	74.66
79620	06696	AT & T MOBILTIY	12/06/2018	56.55
79621	06235	JACK BEBEE	12/06/2018	40.00
79622	UB*00224	DELORIS BROOKS	12/06/2018	7.14
79623	91335	CALIFORNIA NEWSPAPERS PARTNER:	12/06/2018	1,296.00
79624	03134	CALIFORNIA WATER ENVIRONMENT	12/06/2018	97.00
79625	04178	CALOLYMPIC SAFETY CO., INC.	12/06/2018	697.95
79626	90884	MAVIS CANPINAR	12/06/2018	100.00
79627	01719	MICKEY M. CASE	12/06/2018	60.00
79628	91188	CDTFA	12/06/2018	954.27
79629	06285	CFM-SAN DIEGO, INC.	12/06/2018	379.04
79630	UB*00223	LA CRESTA TREE COMPANY	12/06/2018	38.79
79631	UB*00226	LA CRESTA TREE COMPANY	12/06/2018	40.26
79632	UB*00225	FRANCES & BERT CORONA	12/06/2018	2.20
79633	02586	COSTCO MEMBERSHIP	12/06/2018	120.00
79634	06762	DENALI WATER SOLUTIONS LLC	12/06/2018	1,416.96
79635	91123	DIGITAL DEPLOYMENT, INC.	12/06/2018	550.00
79636	91200	FIRST BANKCARD	12/06/2018	1,627.96
79637	91225	FIRST BANKCARD	12/06/2018	697.91
79638	05560	FRANCHISE TAX BOARD	12/06/2018	535.93
79639	00182	GLENNIE'S OFFICE PRODUCTS, INC	12/06/2018	14.03
79640	02170	GRAINGER, INC.	12/06/2018	53.11
79641	05380	HACH CO	12/06/2018	572.00
79642	06577	INFOSEND INC	12/06/2018	3,892.08
79643	00190	JCI JONES CHEMICALS INC.	12/06/2018	3,391.74
79644	04027	JOES HARDWARE	12/06/2018	1,578.96
79645	91224	KEN WEINBERG WATER RESOURCES	12/06/2018	6,595.71
79646	04926	KONICA MINOLTA PREMIER FINANCE	12/06/2018	3,793.87
79647	91304	LEARNSOFT CONSULTING INC	12/06/2018	150.00
79648	91029	MALLORY SAFETY AND SUPPLY CO	12/06/2018	229.29
79649	91192	MISSION LINEN SUPPLY	12/06/2018	1,243.69
79650	06707	NATIONAL METER & AUTOMATION	12/06/2018	14,316.35
79651	00718	NATIONWIDE RETIREMENT Solutio	12/06/2018	2,695.00
79652	06298	ONESOURCE DISTRIBUTORS, LLC	12/06/2018	1,173.13

Check No	Vendor No	Vendor Name	Check Date	Check Amount
79653	UB*00229	AM ORTEGA	12/06/2018	1,174.49
79654	00215	PETTY CASH	12/06/2018	250.26
79655	00216	PINE TREE LUMBER	12/06/2018	1,191.50
79656	UB*00227	MICHAEL RASMUSSEN	12/06/2018	70.41
79657	UB*00228	FELIX & ROCIO ROJAS	12/06/2018	2.24
79658	05636	SAM'S CLUB	12/06/2018	496.83
79659	05403	SAN DIEGO UNION-TRIBUNE CO.	12/06/2018	214.08
79660	91107	SPECTRUM BUSINESS	12/06/2018	107.00
79661	02972	THERMO ENVIRONMENTAL INSTRUM	12/06/2018	479.79
79662	91309	UNITED MATERIAL HANDLING, INC	12/06/2018	2,598.15
79663	05528	WATER ENVIRONMENT FEDERATION	12/06/2018	378.00
79664	06231	WESTERN WATER WORKS SUPPLY CC	12/06/2018	862.00
79665	91337	ELLIE WILMOT	12/06/2018	230.00
Total for 12/6/2018:				59,037.60
79666	00805	ACWA/JOINT POWERS INS.	12/10/2018	37,648.63
Total for 12/10/2018:				37,648.63
79668	91344	A & G GROVE MGMT SERVICE	12/12/2018	448.26
79669	00160	WILLIAM AHREND	12/12/2018	134.69
79670	91286	AMAZON CAPITAL SERVICES, INC.	12/12/2018	159.84
79671	91342	AMERICAN LOTUS BUDDHIST ASSOC	12/12/2018	1,190.75
79672	05088	AT&T	12/12/2018	877.34
79673	91352	RUBEN BARRAZA	12/12/2018	431.10
79674	06235	JACK BEBEE	12/12/2018	31.35
79675	02743	BEST BEST & KRIEGER	12/12/2018	6,151.26
79676	91353	BLUE FIELD PROPERTIES	12/12/2018	473.15
79677	91343	ROBERT BOLINGER	12/12/2018	380.67
79678	03003	CALIFORNIA ASSOCIATION OF SANIT	12/12/2018	8,913.00
79679	06394	CALIFORNIA BANK & TRUST	12/12/2018	197,925.28
79680	91350	CALMEX WHOLESALE GROWERS	12/12/2018	1,593.05
79681	91355	JULIE CHERNOS	12/12/2018	6,209.89
79682	91210	CORE & MAIN LP	12/12/2018	1,465.40
79683	91129	JENNIFER DEMEO	12/12/2018	106.28
79684	05180	NOELLE DENKE	12/12/2018	200.40
79685	91340	RICHARD DRYDEN	12/12/2018	327.79
79686	09523	FALLBROOK EQUIP RENTALS	12/12/2018	3,815.80
79687	91316	FALLBROOK HEATING & AIR CONDIT	12/12/2018	1,677.00
79688	01099	FALLBROOK IRRIGATION INC	12/12/2018	110.79
79689	00169	FALLBROOK OIL COMPANY	12/12/2018	2,617.35
79690	91339	FALLBROOK VILLAGE TOASTMASTE	12/12/2018	68.00
79691	01432	FERGUSON WATERWORKS #1083	12/12/2018	956.82
79692	91203	FIRST BANKCARD	12/12/2018	197.78
79693	91341	PETER & JUDY GILMORE	12/12/2018	29,197.11
79694	00182	GLENNIE'S OFFICE PRODUCTS, INC	12/12/2018	23.72
79695	05140	GMC ELECTRICAL, INC.	12/12/2018	2,240.00
79696	05380	HACH CO	12/12/2018	16.98
79697	06429	HEALTHPOINTE MEDICAL GROUP,INC	12/12/2018	75.00
79698	91336	JACOB HYINK	12/12/2018	70.87
79699	06577	INFOSEND INC	12/12/2018	1,760.80
79700	06359	INFRASTRUCTURE ENGINEERING CO	12/12/2018	14,346.96
79701	04027	JOES HARDWARE	12/12/2018	134.89
79702	05401	JOE'S PAVING	12/12/2018	9,375.00
79703	91345	DAVID KISLING	12/12/2018	4,964.18
79704	06555	LIEBERT CASSIDY WHITMORE	12/12/2018	148.00

Check No	Vendor No	Vendor Name	Check Date	Check Amount
79705	91130	LINCOLN NATIONAL LIFE INSURANC	12/12/2018	3,057.23
79706	91354	PEDRO MARTIZEZ	12/12/2018	1,578.48
79707	91348	ROGER MILNER	12/12/2018	1,716.07
79708	06707	NATIONAL METER & AUTOMATION	12/12/2018	3,741.09
79709	91351	RAMOS FARMS	12/12/2018	4,535.42
79710	91349	RANAJIT SAHU	12/12/2018	13,871.04
79711	06252	SAN DIEGO COUNTY	12/12/2018	61.45
79712	00231	SAN DIEGO COUNTY WATER AUTH	12/12/2018	1,050,636.80
79713	00232	SAN DIEGO GAS & ELECTRIC	12/12/2018	55,979.99
79714	91094	C/O GOODMAN FACTORS SCADA INT	12/12/2018	7,894.16
79715	00236	SCRAPPYS	12/12/2018	109.78
79716	91347	ANDREW & AMBER SELNA	12/12/2018	372.77
79717	06064	SOLENIIS LLC	12/12/2018	8,907.35
79718	03197	SWRCB ACCOUNTING OFFICE	12/12/2018	32,281.00
79719	05883	TESTAMERICA LABORATORIES, INC.	12/12/2018	55.12
79720	03027	UPS STORE	12/12/2018	146.23
79721	03358	US BANK TRUST NA	12/12/2018	2,740.00
79722	00458	VERIZON WIRELESS	12/12/2018	1,185.02
79723	91310	VOLT WORKFORCE SOLUTIONS	12/12/2018	1,308.24
79724	91346	MARK WIENER	12/12/2018	10,441.37

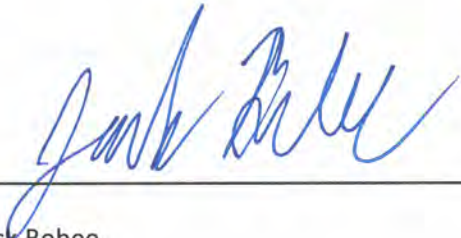
Total for 12/12/2018:

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ACH	00152	FPUD EMPL ASSOCIATION	12/20/2018	540.50
ACH	06758	US TREASURY - PAYROLL TAXES	12/20/2018	53,780.30
ACH	06759	STATE OF CA - PR TAXES	12/20/2018	8,603.38
ACH	06760	STATE OF CA - SDI	12/20/2018	1,801.13
ACH	06761	LINCOLN FINANCIAL GROUP	12/20/2018	5,458.53
ACH	06763	PERS - PAYROLL	12/20/2018	35,446.94
79733	00101	ACWA JPIA	12/20/2018	89,744.81
79734	06323	ADVANCED COMMUNICATION SYSTE	12/20/2018	2,819.89
79735	91286	AMAZON CAPITAL SERVICES, INC.	12/20/2018	543.07
79736	04995	AMERICAN MESSAGING	12/20/2018	102.79
79737	91285	BAY CITY EQUIPMENT INDUSTRIES, I	12/20/2018	29,870.46
79738	00898	BP BATTERY	12/20/2018	367.46
79739	91049	CALIFORNIA HAZARDOUS SERVICES.	12/20/2018	3,255.00
79740	03978	CAMERON WELDING SUPPLY	12/20/2018	380.60
79741	91320	AUDREY CERAME	12/20/2018	188.00
79742	91241	LISA CHAFFIN	12/20/2018	1,091.41
79743	91272	KEVIN COLLINS	12/20/2018	60.00
79744	91330	AARON COOK	12/20/2018	110.69
79745	02176	CORELOGIC SOLUTIONS, LLC	12/20/2018	225.00
79746	05953	CORODATA RECORDS MANAGEMENT	12/20/2018	696.73
79747	06675	CORODATA SHREDDING, INC	12/20/2018	58.37
79748	02925	DATA NET SOLUTIONS	12/20/2018	148.00
79749	05192	DIAMOND ENVIRONMENTAL SERVIC	12/20/2018	202.11
79750	91356	EHS REGISTRATION FUND	12/20/2018	175.00
79751	02647	FALLBROOK AWARDS	12/20/2018	130.38
79752	01099	FALLBROOK IRRIGATION INC	12/20/2018	108.37
79753	00170	FALLBROOK WASTE & RECYCLING	12/20/2018	693.40
79754	00152	FPUD EMPL ASSOCIATION	12/20/2018	4,243.75
79755	05560	FRANCHISE TAX BOARD	12/20/2018	535.93
79756	91302	ALEX GALLOWAY	12/20/2018	161.00
79757	06286	GARDA CL WEST, INC.	12/20/2018	248.40
79758	UB*00230	FALLBROOK GEM & MINERAL	12/20/2018	1,256.52
79759	09517	GENCO	12/20/2018	237.05
79760	05995	GOVERNMENT FINANCE OFFICERS A	12/20/2018	310.00

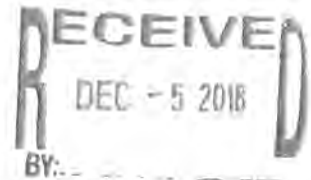
Check No	Vendor No	Vendor Name	Check Date	Check Amount
79761	02767	GRANGETTO FARM & GARDEN SUPPI	12/20/2018	327.34
79762	05970	GRISWOLD INDUSTRIES	12/20/2018	2,244.06
79763	05380	HACH CO	12/20/2018	2,634.44
79764	05901	KENNETH HUBBARD	12/20/2018	65.04
79765	06577	INFOSEND INC	12/20/2018	4,147.79
79766	06267	J2 GLOBAL IRELAND LIMITED	12/20/2018	59.91
79767	06380	JANI-KING OF CALIFORNIA, INC - SAI	12/20/2018	2,722.99
79768	04027	JOES HARDWARE	12/20/2018	318.85
79769	05401	JOE'S PAVING	12/20/2018	8,945.00
79770	91357	JOHN KEARN	12/20/2018	337.55
79771	05194	LESLIE'S SWIMMING POOL SUPPLIES	12/20/2018	3,081.43
79772	06633	MAINTENANCE CONNECTION INC	12/20/2018	756.20
79773	91307	MANN, KING ENGINEERS, INC.	12/20/2018	2,450.00
79774	06660	MCCROMETER INC	12/20/2018	1,118.84
79775	03944	MISSION RESOURCE CONSV DISTRIC	12/20/2018	220.50
79776	06614	MITEL LEASING	12/20/2018	5,645.38
79777	06338	MYTHOS TECHNOLOGY INC	12/20/2018	1,483.94
79778	03201	NATIONAL SAFETY COMPLIANCE INC	12/20/2018	55.00
79779	00718	NATIONWIDE RETIREMENT SOLUTIO	12/20/2018	2,695.00
79780	91167	NORTH COUNTY FORD	12/20/2018	94.03
79781	01406	NORTH COUNTY WELDING SUPPLY	12/20/2018	51.91
79782	06298	ONESOURCE DISTRIBUTORS, LLC	12/20/2018	15,445.75
79783	01267	PACIFIC PIPELINE	12/20/2018	7,228.95
79784	04900	PARADISE CHEVROLET CADILLAC	12/20/2018	144.87
79785	91207	PARRISH & SON SPECIALTIES	12/20/2018	390.00
79786	04075	RAYNE WATER SYSTEMS	12/20/2018	130.00
79787	06608	ROTARY CLUB OF FALLBROOK	12/20/2018	211.00
79788	06130	S & J SUPPLY COMPANY, INC.	12/20/2018	20,126.00
79789	91094	C/O GOODMAN FACTORS SCADA INT	12/20/2018	6,477.25
79790	00236	SCRAPPYS	12/20/2018	761.18
79791	90925	SHERWIN-WILLIAMS	12/20/2018	176.18
79792	91327	SIMFLO	12/20/2018	1,165.00
79793	04434	SNAP ON TOOLS	12/20/2018	124.99
79794	91296	SOUTHLAND PAVING, INC.	12/20/2018	190,995.60
79795	91297	SPRINGS UNLIMITED INC.	12/20/2018	2,083.85
79796	06735	TCN, INC.	12/20/2018	46.31
79797	05883	TESTAMERICA LABORATORIES, INC.	12/20/2018	621.11
79798	02972	THERMO ENVIRONMENTAL INSTRUM	12/20/2018	871.39
79799	00250	TRY ENTERPRISES	12/20/2018	2,170.00
79800	00724	UNDERGROUND SERVICE ALERT	12/20/2018	254.20
79801	91067	UPODIUM ENTERPRISES, LLC	12/20/2018	669.18
79802	00458	VERIZON WIRELESS	12/20/2018	666.17
79803	91310	VOLT WORKFORCE SOLUTIONS	12/20/2018	778.32
79804	05909	WAGNER & BONSIGNORE, CONSULTI	12/20/2018	1,226.05
79805	01359	WATERMASTER	12/20/2018	28,276.18
79806	06238	AUSTIN WENDT	12/20/2018	56.83
79807	90933	CAROLINE WILSON	12/20/2018	65.87
79808	06495	WRECK N' BALL ENTERPRISES	12/20/2018	61.00
Total for 12/20/2018:				564,273.40
79809	06740	ACCELA, INC	12/26/2018	6,700.00
79810	91286	AMAZON CAPITAL SERVICES, INC.	12/26/2018	75.16
79811	02805	ASBURY ENVIRONMENTAL SERVICES	12/26/2018	35.00
79812	06374	BOOT BARN INC.	12/26/2018	141.91
79813	00898	BP BATTERY	12/26/2018	510.06
79814	06375	CALGON CARBON CORPORATION	12/26/2018	309.59

Check No	Vendor No	Vendor Name	Check Date	Check Amount
79815	00709	COUNTY OF SAN DIEGO	12/26/2018	1,225.00
79816	05714	COUNTY OF SD DEPT PUBLIC WORKS	12/26/2018	720.00
79817	91123	DIGITAL DEPLOYMENT, INC.	12/26/2018	550.00
79818	03391	ELECTRICAL SALES INC	12/26/2018	4,087.96
79819	01099	FALLBROOK IRRIGATION INC	12/26/2018	7.47
79820	00169	FALLBROOK OIL COMPANY	12/26/2018	4,183.12
79821	91200	FIRST BANKCARD	12/26/2018	1,898.12
79822	91202	FIRST BANKCARD	12/26/2018	170.44
79823	91203	FIRST BANKCARD	12/26/2018	1,342.08
79824	91225	FIRST BANKCARD	12/26/2018	1,018.14
79825	91235	FIRST BANKCARD	12/26/2018	116.99
79826	91313	FIRST BANKCARD	12/26/2018	1,152.55
79827	91302	ALEX GALLOWAY	12/26/2018	155.00
79828	05380	HACH CO	12/26/2018	2,966.12
79829	06577	INFOSEND INC	12/26/2018	5,393.15
79830	91334	INNOVATIVE PROCESS CONTROLS LL	12/26/2018	2,474.00
79831	91287	MEDORA ENVIRONMENTAL INC	12/26/2018	1,033.29
79832	91077	MULTI SERVICE TECHNOLOGY SOLU'	12/26/2018	1,298.92
79833	90932	NAPA AUTO PARTS	12/26/2018	903.71
79834	06707	NATIONAL METER & AUTOMATION	12/26/2018	4,367.68
79835	91167	NORTH COUNTY FORD	12/26/2018	325.09
79836	06298	ONESOURCE DISTRIBUTORS, LLC	12/26/2018	44.97
79837	01267	PACIFIC PIPELINE	12/26/2018	8,449.73
79838	04900	PARADISE CHEVROLET CADILLAC	12/26/2018	500.76
79839	91007	PFM ASSET MANGEMENT LLC	12/26/2018	987.11
79840	91236	PLATINUM CONSULTING GROUP LLC	12/26/2018	21,445.15
79841	91246	RELIABLE WATER SOLUTIONS, LLC	12/26/2018	3,322.67
79842	02958	RSIS INC	12/26/2018	1,767.00
79843	00236	SCRAPPYS	12/26/2018	784.91
79844	04434	SNAP ON TOOLS	12/26/2018	377.13
79845	90929	SOUTHWEST ANSWERING SERVICE, I	12/26/2018	718.55
79846	91297	SPRINGS UNLIMITED INC.	12/26/2018	1,895.69
79847	05415	STATE WATER RESOURCE CONTROL	12/26/2018	55.00
79848	91223	STERLING HEALTH SERVICES INC.	12/26/2018	70.00
79849	05883	TESTAMERICA LABORATORIES, INC.	12/26/2018	548.65
79850	02972	THERMO ENVIRONMENTAL INSTRUM	12/26/2018	194.84
79851	91255	TOP-LINE INDUSTRIAL SUPPLY L.L.C.	12/26/2018	487.29
79852	91310	VOLT WORKFORCE SOLUTIONS	12/26/2018	778.32
79853	02960	VWR INTERNATIONAL INC	12/26/2018	604.93
79854	06231	WESTERN WATER WORKS SUPPLY CC	12/26/2018	5,711.61
Total for 12/26/2018:				91,904.86
ACH	00152	FPUD EMPL ASSOCIATION	12/31/2018	540.50
ACH	06758	US TREASURY - PAYROLL TAXES	12/31/2018	54,797.12
ACH	06759	STATE OF CA - PR TAXES	12/31/2018	9,750.00
ACH	06760	STATE OF CA - SDI	12/31/2018	1,634.17
ACH	06761	LINCOLN FINANCIAL GROUP	12/31/2018	5,407.41
ACH	06763	PERS - PAYROLL	12/31/2018	34,710.99
Total for 12/31/2018:				106,840.19
Report Total (249 checks):				2,472,423.87



Jack Bebee

General Manager



FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Jennifer DeMeo

Name & Location of Function: Fallbrook Village Toastmasters, Fallbrook Historical Society,
Hill St. Fallbrook CA

Date(s) of Attendance: Monday 12/3/2018

Purpose of Function: Public Speaking Education

Sponsoring Organization: Fallbrook Village Toastmasters

Summary of Conference or Meeting:

Attended weekly meeting of Fallbrook Village Toastmasters Club.

Director Signature:

Date: 12/4/2018

The Administrative Code requires reports of conferences or meetings for which a director requests per diem or expense reimbursement. Reports must be submitted to the secretary no later than one (1) week prior to the board meeting.

Reports must be submitted before the District will pay per diem or reimbursement for the conference or meeting. Reports are not required for board or committee meetings or meetings with board or committee officers, the general manager, or the general counsel.

FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS



DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Jennifer DeMeo

Name & Location of Function: CSDA Workshop: "How to be an Effective Board Member";

Held in the FPUD Boardroom; Training for Board Members and AB 1234 Training

Date(s) of Attendance: December 4, 2018

Purpose of Function: Orientation and Training for Board Members

Sponsoring Organization: California Special Districts Association

Summary of Conference or Meeting:

The first two hours of the workshop was devoted to AB 1234 ethics training. The remaining
time was spent in a "Board Member & Trustee Training" presented by Brent Ives. The
training provided an overview of the role and responsibilities of board members and staff,
productive communication, conduct at board meetings, and the Brown Act.

Director Signature: 

Date: December 13, 2018

The Administrative Code requires reports of conferences or meetings for which a director requests per diem or expense reimbursement. Reports must be submitted to the secretary no later than one (1) week prior to the board meeting.

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS



DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Jennifer DeMeo

Name & Location of Function: SDCWA Legislative Roundtable
with Jim Madoff + Marie Waldron
4677 Overland Ave, San Diego, CA

Date(s) of Attendance: 12/17/2018

Purpose of Function: Education

Sponsoring Organization: San Diego County Water Authority

Summary of Conference or Meeting:

Attended a meet and greet prior to
Roundtable discussion with new
chairman of SDCWA Jim Madoff
with 60 other graduates of the Citizens
Water Academy. We heard updates on
the annual report + a presentation by
Marie Waldron. I was encouraged
to hear she has a good working relationship
on both sides of the aisle in Sacramento.

Director Signature: [Signature] Date: 12/18/2018

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS



DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Jennifer DeMeo

Name & Location of Function: Fallbrook Village Toastmasters, Fallbrook Historical Society,
Hill St, Fallbrook CA

Date(s) of Attendance: 12/17/2018

Purpose of Function: Public Speaking Education

Sponsoring Organization: Fallbrook Village Toastmasters

Summary of Conference or Meeting:

Attended weekly meeting of Fallbrook Village Toastmasters Club.

*paid dues and got voted
in as member of club.*

Director Signature: _____

Date: _____

12/18/2018

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS



DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Jennifer DeMeo

Name & Location of Function: Fallbrook Village Toastmasters, Fallbrook Historical Society,
Hill St, Fallbrook CA

Date(s) of Attendance: 1/7/2019

Purpose of Function: Public Speaking Education

Sponsoring Organization: Fallbrook Village Toastmasters

Summary of Conference or Meeting:

Attended weekly meeting of Fallbrook Village Toastmasters Club.

Director Signature: 

Date: 1/7/2019

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS



DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Jennifer DeMeo

Name & Location of Function: Fallbrook Village Toastmasters, Fallbrook Historical Society, Hill St, Fallbrook, CA

Date(s) of Attendance: Monday, January 14, 2019

Purpose of Function: Education

Sponsoring Organization: Fallbrook Village Toastmasters Club

Summary of Conference or Meeting:

Attended toastmasters meeting. Performed role of speaker delivering initial IceBreaker entitled "A Life Interrupted".

Director Signature: 

Date: 1/14/2019

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS



DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Jennifer DeMeo

Name & Location of Function: Council of Water Utilities (COWU), Hotel Karlan San Diego

Date(s) of Attendance: Tues, January 15, 2019

Purpose of Function: Education

Sponsoring Organization: Sweetwater Authority, Chula Vista CA

Summary of Conference or Meeting:

Jeff Armstrong, General Manager of Rancho California Water District gave a presentation on the impact and importance of Data Analytics for water utilities. It was impressive how much detail they are able to access through smart metering and unique analysis of available data. Both the customer and the district benefit from their efforts.

Director Signature: 

Date: 1/15/2019

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FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Kenneth Endter

Name & Location of Function: How to be an effective Board member and
(Ethics ABI234) FPUD Board Room, Fallbrook, CA

Date(s) of Attendance: Dec. 4th 2018

Purpose of Function: Training on proper procedures and ethics

Sponsoring Organization: SDRMA and CSDA

Summary of Conference or Meeting:

Training received in the definition and function of
local offices of government officials.

Ethical responsibilities of elected and/or
managerial officials. The definitions and scope
of "conflict of interest" and ways to prevent
violations. The "Brown Act" was explained and
history given on its purpose to ensure open
and full disclosure of public interests.

Director Signature:

Date: 12-18-18

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Certificate of Completion



CSDA

How to Be an Effective Board Member

Fallbrook, CA - December 04, 2018

Kenneth Endter

Fallbrook Public Utility District


Neil C. McCormick, CSDA Chief Executive Officer


Greg Orsini, CSDA Board President

California Special Districts Association



FALLBROOK PUBLIC UTILITY DISTRICT
BOARD OF DIRECTORS

DIRECTOR'S REPORT OF CONFERENCE / MEETING ATTENDANCE

Director Name: Kenneth Endter

Name & Location of Function: SDCWA sponsored this event
at The San Diego Offices Board Room,
Legislative Roundtable with Assemblywoman Waldron

Date(s) of Attendance: Dec. 17th, 2018

Purpose of Function: Update on local and government Issues

Sponsoring Organization: SDCWA

Summary of Conference or Meeting:

Water availability is improving while consumption
of local resources has declined with more water
available from the Colorado river.

An in depth report on local salination
and proposed plants in the area. Future plant
being considered in Huntington Beach.

Assemblywoman Waldron gave a report on proposals
and past water bills and her increased bi-partisan
work on Southern California concerns.

Director Signature:  Date: 12-18-18

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