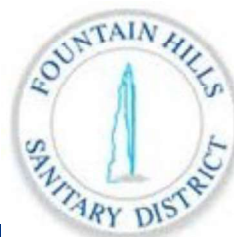


Adopted Budget

FISCAL YEAR 2022-2023



Fountain Hills Sanitary District
16941 E Pepperwood Circle
Fountain Hills, AZ 85268



**FOUNTAIN HILLS
SANITARY DISTRICT**
Recycles Every Drop



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Budget Message

The Fountain Hills Sanitary District Board of Directors and District staff are dedicated to the health and well-being of our local community. The District has been fortunate as a result of diligence and prudence to have found the way through a very challenging period of economic and social uncertainties stemming from the COVID-19 pandemic. Despite experiencing the highest rate of staff turnover in recent history, the District has continued to operate with little to no adverse impact on District services and essential functions. The District continues to be mindful of potential struggles that may lie ahead as the community, both locally and globally, faces a whole new set of conceivable challenges: the aftermath of the pandemic, onset of the endemic, and the country's highest inflation rate in decades. The District is committed to doing its part to care for the community while navigating this uncharted territory.

The Board of Directors of the Fountain Hills Sanitary District adopts the following budget for the fiscal year beginning July 1, 2022 and ending June 30, 2023 (FY '22-'23). In a cooperative effort, the District CPA, District Manager, Department Managers, and the Board has assessed the District's needs and priorities presented for this and future budget years, carefully considering revenue strategies and the budget's overall impact on District customers, constituents, partners, and employees.

The District's financial accounts are organized into funds. Each fund represents a separate set of self-balancing accounts designated for a particular District purpose. The Board of Directors adopts Fiscal Year 2022-2023 budget outlay, for all District funds, of \$13,276,780 (Total Before Contingencies shown on page 10).

Robert Thomson

Robert Thomson

Chairman

Fountain Hills Sanitary District Board of Directors

District Profile

HISTORY

Established in 1969 under Title 36 (now Title 48) of the Arizona Revised Statutes, the Fountain Hills Sanitary District (FHSD) collects, treats, and disposes of wastewater and its byproducts. The District serves 11,691 acres within its boundaries including most of the Town of Fountain Hills and a small portion of the City of Scottsdale. An elected five-member Board of Directors governs the District.

BONDS

In the early 1970's, the District requested and was authorized via elections to issue bonds to finance the construction and expansion of its pumping and treatment facilities. A total of \$20,910,000 in bonds were sold by 1995 and the resulting debt was repaid in full by 2005. Since 2005, the District remains debt-free.

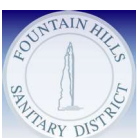
COLLECTION SYSTEM

More than 200 miles of sewer piping, over 5,000 manholes and 19 pump stations are the backbone of the District's infrastructure and convey raw sewage to the treatment plant at an average of 2.0 million gallons per day (MGD). The oldest of these components has been in service for nearly 50 years. Accordingly, careful monitoring, proactive maintenance and significant resources must be dedicated to this critical infrastructure to maintain uninterrupted service under safe and sanitary conditions for the protection of public health.

TREATMENT PLANT

The original wastewater treatment plant (WWTP) was located on seven acres west of the confluence of the Ashbrook and Balboa washes. The first phase of the WWTP was completed in 1974 providing an initial capacity to treat just 0.3 MGD of sewage. At that time, homes were served by individual or community septic tank and leach field systems until wastewater collection lines and pump stations were constructed to transport sewage from home and business sites to the WWTP.

The WWTP site did not originally extend all the way to Saguaro Boulevard as it does today. In 1980, the District acquired land adjacent to the existing site, extending the WWTP footprint to Saguaro Boulevard and providing the space required to expand facilities to serve Fountain Hills' growing population. The WWTP has been expanded and improved by various projects over the years. The WWTP is rated to treat up to 2.9 MGD of raw wastewater to Class A+ recycled water. Achieving and maintaining the State of Arizona's highest water quality rating for reuse water is a core value of the District.



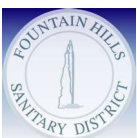
District Profile

WATER RECYCLING

The District has no permitted means to discharge water produced from the treatment of sewer inflows. This water is generally referred to as effluent or reclaimed water. Discharge restrictions necessitate that all reclaimed water produced by the District be beneficially reused, making “recycled water” a more appropriate classification for District effluent. Water produced by the District’s WWTP was originally used to fill Fountain Lake. By the 1980’s production exceeded the lake’s capacity and so, developing a plan for the appropriate distribution of recycled water became paramount.

A storage system was needed to manage seasonal fluctuations in supply and demand and facilitate timely distribution of recycled water to end-users including local parks and golf courses. In February 2001, the District began operating its Advanced Water Treatment Facility (AWTF) to further treat water before its recharge into the District’s Aquifer Storage and Recovery (ASR) wells. This additional treatment allows the District to safely store water below ground without negatively impacting the local groundwater aquifer. The District’s recycled water from the AWTF still keeps Fountain Lake full, but most of this water is now distributed to end-users year-around. It is stored in the ground during the winter when supply is high and demand is low and recovered for distribution in the summer when demand exceeds supply.

The District currently operates a sophisticated system of ultrafiltration membranes, ultraviolet light (UV) disinfection and five ASR wells. The District strives to successfully manage production of recycled water so that all wastewater can be beneficially reused for internal processes, irrigation purposes, or to maintain levels in Fountain Lake. Priding itself on doing its part to protect the desert’s limited water resources, the District has been successfully ***Recycling Every Drop*** since 1974.



Definitions of Terms and Abbreviations

ADEQ: Arizona Department of Environmental Quality

AWTF: Advanced Water Treatment Facility, the primary component of recycled water processing where product water from the wastewater treatment plant is further treated before recharge or direct reuse.

ARV: Air Release Valve

ASB: Administrative Services & Billing

ASR: Aquifer Storage and Recovery, referring to the process of storing and recovering treated water via underground wells.

ASRS: Arizona State Retirement System

Capital Fund: One of the District's self-balancing funds, Capital Fund resources are designated for the completion of construction projects and the purchase of assets which are necessitated by District growth (expansion or improvement of systems and facilities necessary to operate at build-out capacity and/or to comply with new regulations).

Contingencies & Unforeseen Events: An expenditure line within the budget necessary to allow the District access to utilize designated reserves on an "as-needed" basis during the fiscal year. By their nature, contingencies and other unforeseen events are unplanned. Monies reserved for this purpose are not intended to be spent unless absolutely necessary. The expenditures must be identified and approved as part of a balanced General Fund budget for the year to allow the District access to those resources.

CR: Contingency Reserve, is a designation of monies to an account within the General Fund that protects against revenue shortfalls, address temporary cash flow shortages, and can be appropriated to cover extraordinary expenditures occurring in the event of an emergency.

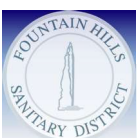
CPA: Certified Public Accountant

CPI: Consumer Price Index, the instrument used to measure inflation is a composite measurement of trends in the prices of products, at constant quality.

CS: Collection System, referring to District infrastructure constructed and maintained for the collection and transport of wastewater to the Wastewater Treatment Plant.

Debt Service Fund: A self-balancing fund used to account for financing improvement projects that cannot be financed from current or accumulated resources. The District has no debt financing currently. The Debt Service Fund has been inactive since 2005.

FY: Fiscal Year, the District's fiscal year runs from July 1 to June 30 annually.



Definitions of Terms and Abbreviations

FERR: Facilities and Equipment Replacement Reserve, is a designation of monies to an account within the General Fund which reserves resources needed for both planned and unanticipated expenditures necessary to replace, restore, repair, or refurbish existing facilities and equipment.

General Fund: A self-balancing fund dedicated to District operations. This fund is used to account for resources and expenditures occurring in the course of the District's day-to-day operational activities.

Interfund Transfer: The transfer of monies between accounting funds or designations, such as from General Fund Operations to the Contingency Reserve account, reducing the cash balance of one and increasing that of another.

LPV: Limited Property Value, a valuation method used by Maricopa County to restrict property taxes. Arizona law establishes that LPV increases cannot exceed 5% annually.

MCAO: Maricopa County Assessor's Office

NAV: Net Assessed Values, are property values set by Maricopa County Assessor's Office for the purpose of assessing property taxes.

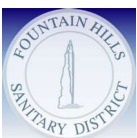
RW: Recycled Water, incorporating the processes, facilities and infrastructure needed to treat and distribute recyclable water produced by the District's wastewater treatment processes.

Self-Balancing Accounts: A method of accounting causing one transaction to trigger the creation of an appropriate transaction that offsets the first transaction.

Self-Balancing Fund: A separate set of self-balancing accounts used to report financial transactions designated for specific or general use.

SFI: System and Facility Improvements, are expenditures of \$5,000 or more that provide the District with long-term benefit such as major equipment purchases, vehicles, construction projects, and other fixed assets. These expenditures may be funded with General Fund, Capital Fund or FERR account resources as appropriate.

WWTP: Wastewater Treatment Plant.



Strategies and Considerations

The District Manager and the District CPA work together to provide relevant financial data and guidance on financial matters to the Board of Directors. Financial matters of the District include but are not limited to the District's overall financial health, reporting of actual revenues and expenditures compared to budget, and projections necessary for successful future planning.

The District's financial goals are:

- To comply with Board approved District financial policies and to recommend appropriate policy updates to the Board periodically;
- To ensure financial stability and sufficient cash reserves to mitigate financial risks and to withstand economic fluctuations, adjust to changes in the service needs of the community, and to respond successfully to unforeseen events;
- To stay within the spending constraints of the Board's adopted annual budget;
- To secure adequate resources to provide safe operations for the protection of staff and public health;
- To provide continuous, quality service to District customers, efficiently and affordably;
- To keep the District debt-free, while maintaining the highest possible bond rating in the event that bond issuance might be considered in the future;
- To promote good stewardship in the community and toward the environment and to contribute to protecting the desert's limited water resources;
- To consider all of the above while consistently operating with fiscal responsibility, integrity, and prudent financial planning.

The budget adopted for fiscal year (FY) '22-'23 is prepared with heightened awareness of economic instabilities that may remain due to the COVID-19 pandemic and other national and global factors. Managing change, mitigating risk, and planning for the future are the primary focus of this budget. Risk factors identified by staff include:

- The highest inflation rates in decades impacting costs in nearly every aspect of District spending, especially human resource costs;
- The potential impact of global economies and politics on District revenue in the event of economic declines directly effecting local residents and businesses;
- Unpredictable supply chain issues can cause significant cost fluctuations to essential District needs such as energy, fuel, and chemicals;
- Likely future reductions to Net Assessed Values (NAV) which would impact the District's ability to generate future property tax revenues.

District staff seeks to mitigate these risks with reserve accounts maintained in accordance with District policy. Reserve accounts can be used to conduct proactive maintenance on District assets and infrastructure and to complete projects designed for the safety and well-being of District employees and the public. Reserve accounts also allow the District to plan for future needs specifically pertaining to recycled water storage, emergency discharge, and regulatory upgrades triggered by increasing sewage flows.





Financial and Budget Overview

Budget Approach

The District Manager and District CPA develop a proposed budget, in cooperation with Department Managers. Careful analysis of historical data, operational priorities, trends and/or anomalies in current fiscal year-to-date spending, and a thorough assessment of staffing needs and availability are the core components of budget development.

As the largest aggregate operating expense of the District, labor costs are a focal point of the operations budget. A mid-year increase to the District's wage schedule in FY '21-'22 and 3% Cost of Living Adjustment (COLA) adopted for FY '22-'23 significantly increase wage expenses in FY '22-'23. Also contributing to increased labor costs is the District's commitment to offer competitive benefit packages including health insurance plans and participation in the Arizona State Retirement System (ASRS).

The District Manager and staff place emphasis on fiscal responsibility by annually conducting a detailed review of District operating expenditures and District needs related to systems, facilities, and equipment, both ongoing and upcoming.

System and Facility Improvements (SFI), often referred to in governmental finance as "Capital Outlay" or a "capital improvement plan", contribute to the District's more than \$128 million-dollar investment in assets and infrastructure. As part of the budget process, staff prepares a Proposed SFI Five-Year Plan. The result is a budget, proposed by staff and adopted by the Board, that presents a prudent plan to provide for uninterrupted daily operations and the District's overall goals to maintain the highest possible level of safety, efficiency, and sustainability.

For FY '22-'23, the adopted budget includes designated reserve funds as an allowance for contingencies and other unforeseen events. By nature, expenditures of this type are unplanned, unpredictable, and not expected to be necessary during the budget year. However, in the event that a contingency or unforeseen event does occur, the monies must be identified in the budget to be utilized for their intended purpose. Overall, the adopted budget is 11.7% greater than the FY '21-'22 Adopted Budget, notably influenced by the 7% increase in CPI during the 2021 calendar year. The adopted budget provides for Operations and Maintenance, SFI, and FERR as illustrated on page 10.

Budget Approach

Budget Outlay [Expenditures]	FY 2022-2023 Adopted	FY 2021-2022 Adopted	% Change
<u>Administrative Services & Billing</u>			
Operations & Maintenance	\$ 1,854,420	\$ 1,775,410	4.5%
Facilities & Equipment Replacement	\$ 28,500	\$ -	-
Administrative Services & Billing Subtotal	\$ 1,882,920	\$ 1,775,410	6.1%
<u>Collections System</u>			
Operations & Maintenance	\$ 1,812,140	\$ 1,653,240	9.6%
Facilities & Equipment Replacement	\$ 150,000	\$ 180,000	-16.7%
System and Facilities Improvements	\$ 950,000	\$ 225,000	322.2%
Collections System Subtotal	\$ 2,912,140	\$ 2,058,240	41.5%
<u>Maintenance</u>			
Operations & Maintenance	\$ 1,103,040	\$ 1,028,840	7.2%
Facilities & Equipment Replacement	\$ 180,000	\$ 115,000	56.5%
System and Facilities Improvements	\$ -	\$ -	-
Maintenance Subtotal	\$ 1,283,040	\$ 1,143,840	12.2%
<u>Recycled Water Distribution & Disposal</u>			
Operations & Maintenance	\$ 1,447,900	\$ 1,400,700	3.4%
Facilities & Equipment Replacement	\$ 225,000	\$ 195,000	15.4%
System and Facilities Improvements	\$ 2,650,000	\$ 1,100,000	140.9%
Recycled Water Distribution & Disposal Subtotal	\$ 4,322,900	\$ 2,695,700	60.4%
<u>Wastewater Treatment Plant</u>			
Operations & Maintenance	\$ 2,075,780	\$ 1,929,570	7.6%
Facilities & Equipment Replacement	\$ 50,000	\$ 60,000	-16.7%
System and Facilities Improvements	\$ 750,000	\$ 1,530,000	-51.0%
Wastewater Treatment Plant Subtotal	\$ 2,875,780	\$ 3,519,570	-18.3%
Total Before Contingencies	\$ 13,276,780	\$ 11,192,760	18.6%
Contingencies & Unforeseen Events			
FERR & CR Accounts*	\$ 3,285,310	\$ 3,800,000	-13.5%
Grand Total	\$ 16,562,090	\$ 14,992,760	10.5%

*This item is legally required to be presented in the budget so that reserve account balances can be available during the fiscal year on an as needed basis. Please refer to "General Fund" section of page 13 for additional information.

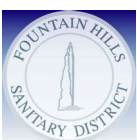


Budget Approach

When formulating the budget, staff considers several factors in the assessment of District needs, economic conditions, and available resources. Following are some of the pertinent data points, plans and assumptions considered for the FY '22-'23 adopted budget.

Revenues

- Increased Net Assessed Value (NAV) allows the District to request a property tax assessment adequate to fund increased Operating Activities (see page 28) and reserve accounts while maintaining the 2021 tax rate, 0.9511 per \$100 of NAV, for the 2022 tax year .
- Consistent construction activity and ongoing development in the District has prompted a conservative increase in the FY '22-'23 adopted budget for Connection Fees revenue which assumes 75 new residential connections, up from 60 budgeted in FY '21-'22.
- An increase in Sewer User Fee revenue will result from an increase of \$1 per month to Residential User fees, with corresponding increases to commercial rates. Periodic sewer user fee increases are necessary to keep user fee revenue in-step with increasing operating expenditures.
- The base rate charged to end-users for recycled water remains \$380/acre-foot (\$1,167/million gallons). However, a tiered rate schedule is adopted for FY '22-'23. This new schedule is intended to encourage end-users to be mindful of recycled water supply which can be depleted by unpredictable factors, such as temperatures and rainfall. The total dollar value of recycled water sales under this new schedule is currently estimated at the average of actual recycled water revenue for the three previous fiscal years. The impact of a tiered rate schedule on overall revenue will be updated in future years once it can be reasonably identified and measured over time.
- Interest earnings on cash balances are estimated to increase conservatively as federal interest rates are trending up at the beginning of the 2022 calendar year.
- The Board is designating \$2,011,980 of General Fund resources, \$1,750,000 and \$261,980 to the FERR and CR accounts, respectively. These resources are designated to cover anticipated needs in FY '22-'23 and a contribution to the steady accumulation of the \$3,000,000 desired minimum FERR balance and \$3,000,000 maximum CR balance established by District policy.
- One project, ASR Well 1 Vault Replacement Construction, has been deferred to FY '22-'23. This project was originally planned and budgeted for completion in FY '21-'22 at an estimated cost of \$1,000,000. The unspent monies associated with this project are carried forward as revenue in Table I on page 16 and included in Budgetary Fund Balance: Beginning of FY in Table II on page 18.



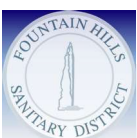
Budget Approach

EXPENDITURES

- Total Operating Expenses (page 30) increase 6.5% over the FY '21-'22 Adopted Budget.
- Personnel costs, the largest component of District Operating Expenses, are increased 7.8% over FY '21-'22.
- A 3% COLA, the largest cost of living adjustment in recent history, is in response to the 7% increase to Consumer Price Index (CPI) in the 2021 calendar year. This is the highest CPI increase over a twelve-month period in 40 years.
- Included in the adopted budget for SFI and FERR expenditures is \$1,000,000 for one project deferred from the FY '21-'22 Adopted Budget. Combined with other planned activities for FY '22-'23, the overall increase in SFI and FERR expenditures is 46.4% over the FY '21-'22 Adopted Budget.

BEGINNING FUND BALANCE & PROJECTIONS

- Beginning Fund Balance in this budget is estimated including FY '21-'22 year-end transfers to be determined and executed in the following order:
 - Amounts encumbered but not spent as of June 30, 2022,
 - Cash Carried Forward for Deferred Projects as presented in the FY '22-'23 Adopted Budget
 - Funds Transfer budgeted in FY '21-'22, and
 - Anticipated General Fund surpluses at year-end, if any.
- The Five-Year Budget Projection on page 20 assumes the following:
 - Revenue from Property Taxes are held at the FY '22-'23 amount for projection purposes but may be reduced in future years depending on District need.
 - A \$1/month increase to residential user fees is tentatively projected, subject to annual review. This increase is included in the projection, in January, for fiscal years ending 2024 through 2027.
 - Increased interest rates and higher reserve balances, at times, will generate a small amount of additional interest income. Projections reflect a 1% increase to interest income per year.
 - A 5% annual increase to Operating Expenses is included for each of the five years projected.
 - The Adopted SFI Five-Year Plan (page 45) calls for estimated spending of \$19,538,500 over the next five fiscal years.



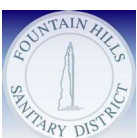
Fund Perspectives

The financial accounts of the District are organized into three accounting funds: General, Capital, and Debt Service. Each of these three funds is accounted for with a separate set of self-balancing accounts. The Budgetary Fund Balance for each fund (shown on Table II, page 18) is increased by revenues and decreased by expenditures during the fiscal year.

General Fund: The General Fund is the District's operational fund. This fund accounts for revenues and expenditures used for the day-to-day operations of the District. The primary General Fund revenue sources are user fees, property taxes, and recycled water sales. Disbursements from this fund include labor and other costs to operate and maintain the District's collection system, wastewater treatment plant, advanced water treatment facility, and recycled water distribution system. Administrative expenses are also disbursed from this fund.

CR and FERR are reserve accounts designated within the General Fund. The FERR account is intended to provide the financial stability required to promptly address planned and unplanned needs for the replacement and/or restorative repair of aged District facilities and equipment. The CR protects against a reduction or interruption of services due to cash flow shortages, temporary revenue shortfalls, or a substantial yet unforeseen one-time event. Each fiscal year, the Board of Directors determines the amount of reserves to be set aside according to District policy and designates a line item for unanticipated expenditures which allows the District to access reserve funds if and only if needed to maintain the safe and continuous operation of District services. The Board approves planned repair and replacement activities during the budget process and must authorize or ratify any unplanned expenditures made from reserve funds due to unanticipated events during the fiscal year.

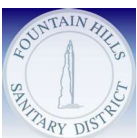
When preparing the General Fund budget, District staff must consider the expenditures needed to operate and maintain District processes for the year and ensure that the District has enough operating cash reserves. Based on these considerations, staff requests only the amount of revenue needed to meet appropriations.



Fund Perspectives

Capital Fund: Unlike the General Fund, the Capital Fund does not present revenues limited to budgeted expenditures and therefore does not balance to zero each year. Capital Fund revenues are confined to Connection Fees and interest on cash accumulated within the fund. Connection Fees have been set based on staff assessment of the District's future needs for construction projects or purchases necessitated by District growth. The anticipated cost of those needs was allocated to future connections to be made within the District in order to set fees. Because Connection Fees are determined by and dependent on District growth, the revenues from these fees are restricted, assigned to addressing projects and purchases needed to accommodate that growth. Revenues often exceed expenditures in this fund and are accumulated to address growth driven projects and purchases when they arise, sometimes well into the future. When such a need does arise, this type of project is often very costly resulting in the occasional budget year where Capital Fund expenditures dramatically exceed that year's Capital Fund revenue. Fund balance in the Capital Fund accumulates in preparation for this purpose and is typically classified as either Committed (for growth driven projects actively under contract) or Assigned (for future growth driven projects) as appropriate at fiscal year-end.

Debt Service Fund: The District does not carry bonded indebtedness. As a result, the Debt Service Fund has zero activity, zero fund balance, and is not included in budget reporting.



Budget Overview

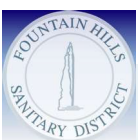
The District reports, plans, and operates on a fiscal year basis, July 1st to June 30th each year. In March, District staff prepares a "Proposed" Budget and presents it to the Board of Directors for consideration. Once adopted by the Board, the "Adopted" Budget establishes monetary boundaries for managing the District's day-to-day operations in the upcoming fiscal year and addresses the District's revenue requirements for future spending.

Planned user fee increases necessary to keep pace with rising operational costs and inflation are included in the FY '22-'23 Adopted Budget and projected for the beginning of each calendar year starting in January of 2024. Adjustments are made annually to revenue assumptions for known variables and observed trends.

Safety and continuity are of the utmost importance when preparing the budget for Operating Activities beginning on page 28. For the sake of public health, uninterrupted sewer service is vital and requires careful planning and consideration of a broad spectrum of potential operational challenges and outcomes. The District strives to establish a budget sufficient to overcome any such challenges and ensure continuous service to District customers within the parameters of the financial goals set forth on page 8.

Year-end financial statements are prepared on a "modified accrual basis" in accordance with U.S. Generally Accepted Accounting Principles. Alternatively, for budget purposes, amounts presented in the budget are shown on a "budgetary basis" and therefore may not illustrate direct correlation to year-end financial statements for the same period. On a budgetary basis, sometimes referred to as a "cash plus encumbrances method", revenues and expenditures are presented when expected to be assessed or incurred, respectively. When goods and services are incurred but not received at fiscal year-end, budgeted funds are encumbered and carried forward in Beginning Fund Balance to the new budget year.

Also, of note, Governmental Accounting Standards applied to the District's annual financial statements required that the fund balance should be identified as either Spendable or Nonspendable according, as applicable, to internal, external, or legislative constraints placed on how District monies can be spent. Although these designations are made in the District's *Governmental Funds Balance Sheet and Statement of Net Position* found in the annual financial statements, they are not presented in this budget. For informational purposes, the designations are described in more detail in Supporting Schedules on page 52.



Budget Overview

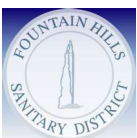
This budget does not include revenues or expenditures related to providing service to the State Trust Land located adjacent to the District. Although the future development of this land will have a significant impact on the District, it is not currently within defined District boundaries. For this budget, "growth" refers to expenditures driven by increased sewage flows resulting from increased population density and new sewer connections within the District's current boundaries. Growth expenditures are intended to expand or improve District facilities and unit processes to increase flow capacity, create necessary process redundancy, maintain compliance with new or more stringent government regulations as applicable, or to implement new safety and technology standards.

The following two tables present the adopted budget for revenues and expenditures for FY '22-'23 and the anticipated impact of these activities on Budgetary Fund balances.

Table I:
Revenues & Expenditures - All Funds

	General Fund			Capital Fund	2022-2023 Adopted Budget	2021-2022 Adopted Budget	% Change
	Operations	FERR	CR		All Funds	All Funds	
Revenues							
<i>Current Year</i>							
Property Taxes	5,578,000				5,578,000	5,326,000	4.7%
Sewer User Fees	5,566,840				5,566,840	5,272,590	5.6%
Connection Fees	30,000			807,600	837,600	667,560	25.5%
Recycled Water	600,000				600,000	570,000	5.3%
Other Income	167,920		24,150	69,000	261,070	247,920	5.3%
Reserves*	-	293,200	2,151,980	-	2,445,180	2,854,750	-14.3%
Fund Transfers	(2,011,980)	1,750,000	261,980	-	-	-	
<i>Total Current Year Revenues</i>	9,930,780	2,043,200	2,438,110	876,600	15,288,690	14,938,820	2.3%
<i>From Prior Fiscal Year</i>							
Cash Carried Forward for Deferred Projects	1,000,000				1,000,000	705,000	
Total Revenues	\$ 10,930,780	\$ 2,043,200	\$ 2,438,110	\$ 876,600	\$ 16,288,690	\$ 15,643,820	4.1%

* "Reserves" consist of monies reserved for contingencies and unforeseen events. This is an existing District resource, listed in the revenue section for purposes of this table. Reserves are included in Beginning Fund Balances shown in the table on page 18.



Budget Overview

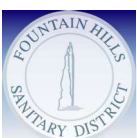
**Table I (continued):
Revenues & Expenditures - All Funds**

	General Fund			Capital Fund	2022-2023 Adopted Budget	2021-2022 Adopted Budget	% Change
	Operations	FERR	CR		All Funds	All Funds	
Expenditures							
Operating							
Admin & Billing	1,854,420				1,854,420	1,775,410	4.5%
CS	1,812,140				1,812,140	1,653,240	9.6%
Maintenance	1,103,040				1,103,040	1,028,840	7.2%
RW	1,447,900				1,447,900	1,400,700	3.4%
WWTP	2,075,780				2,075,780	1,929,570	7.6%
Subtotal Operating	8,293,280	-	-	-	8,293,280	7,787,760	6.5%
System & Facility Improvements (SFI)							
Current Year**	1,637,500	1,196,000		1,150,000	3,983,500	2,700,000	47.5%
Deferred Projects (from Prior Year)							
ASR Well Vault #1	1,000,000				1,000,000	705,000	
Subtotal SFI	2,637,500	1,196,000	-	1,150,000	4,983,500	3,405,000	46.4%
Contingencies & Unforeseen Events***	-	847,200	2,438,110		3,285,310	3,800,000	-13.5%
Total Expenditures	\$ 10,930,780	\$ 2,043,200	\$ 2,438,110	\$ 1,150,000	\$ 16,562,090	\$ 14,992,760	10.5%
Excess of revenues over expenditures****	\$ -	\$ -	\$ -	\$ (273,400)	\$ (273,400)	\$ 651,060	

**List of current year projects and detail of planned FERR spending can be found on pages 46 and 47.

***For a description of "Contingencies & Unforeseen Events" please see Definition of Terms & Abbreviations on page 6.

****Capital Fund revenues generally do not equal budgeted expenditures, and therefore, the Capital Fund does not balance to zero each year. (Refer to Capital Fund definition on page 6 and description on page 14).



Budget Overview

Table II: Changes in Budgetary Fund Balance - Projected

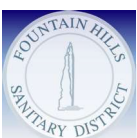
	General Fund				Capital Fund
	Operations		Reserve Accounts		
	Operating Activities	System & Facility Improvements	FERR	CR	2022-2023 Adopted Budget General Fund
					2022-2023 Proposed Budget Capital Fund
Revenues					
Property Taxes	1,928,520	3,649,480			5,578,000
Sewer User Fees	5,566,840				5,566,840
Connection Fees	30,000				30,000
Recycled Water	600,000				600,000
Other Income	167,920			24,150	192,070
Reserves	-		293,200	2,151,980	2,445,180
Fund Transfers		(2,011,980)	1,750,000	261,980	-
Total Revenues	\$ 8,293,280	\$ 1,637,500	\$ 2,043,200	\$ 2,438,110	\$ 14,412,090
Expenditures					
Operating					
Current Budget Year	8,293,280				8,293,280
Prior Budget Year*	50,000				50,000
Subtotal Operating	8,343,280				8,343,280
System & Facility Improvements (SFI)					
Current Budget Year		1,637,500	1,196,000		2,833,500
Prior Budget Year*		1,250,000	50,000		1,300,000
Subtotal SFI		2,887,500	1,246,000		4,133,500
Contingencies & Unforeseen Events**			797,200	2,151,980	2,949,180
Total Expenditures	\$ 8,343,280	\$ 2,887,500	\$ 2,043,200	\$ 2,151,980	\$ 15,425,960
Excess of revenues over expenditures***	\$ (50,000)	\$ (1,250,000)	\$ -	\$ 286,130	\$ (1,013,870)
Budgetary Fund Balances					
Beginning of FY	\$ 50,000	\$ 1,250,000	\$ 2,040,000	\$ 2,151,980	\$ 5,491,980
End of FY****	-	-	\$ 2,837,200	\$ 2,438,110	\$ 5,275,310

*Estimated portion of FY '21-'22 budget expected to be encumbered or deferred, at fiscal year-end (as of June 30, 2022)

**For a description of "Contingencies & Unforeseen Events" please see Definition of Terms & Abbreviations on page 6.

***Capital Fund revenues generally do not equal budgeted expenditures, and therefore, the Capital Fund does not balance to zero each year. (Refer to Capital Fund definition on page 6 and description on page 14).

****End of FY in FERR and CR reflect revenue in excess of current budget year expenditures excluding contingencies and unforeseen events which provide budget availability but are not anticipated to be spent within the fiscal year. Ending balances for both accounts remain less than the \$3,000,000 desired balances referenced on page 11.

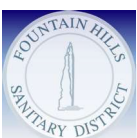
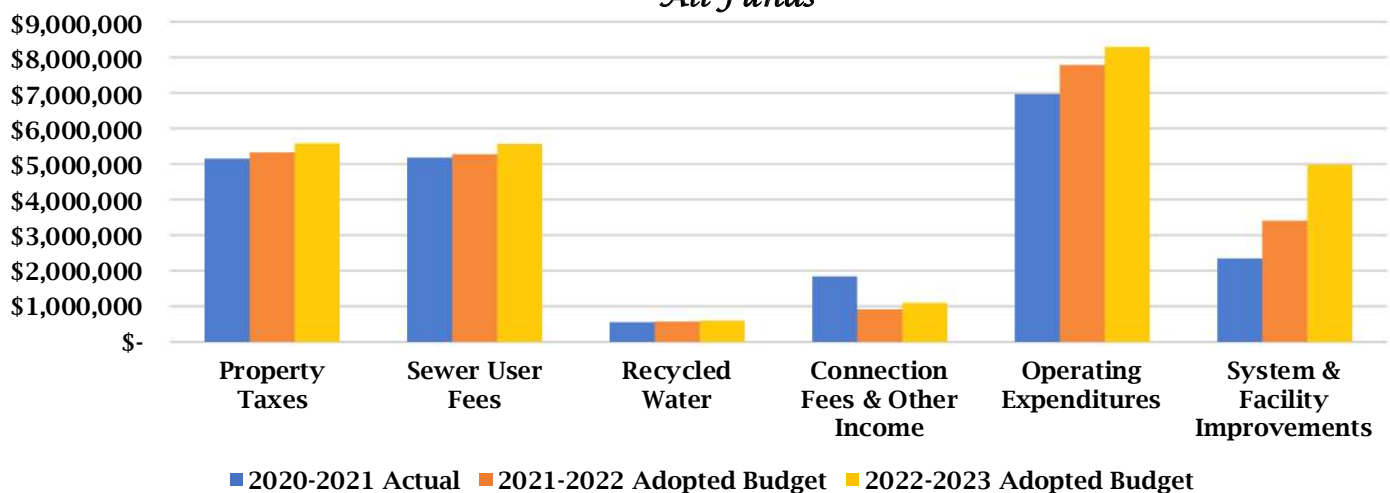


Historical Comparison

Historical Revenues & Expenditures - All Funds

	2022-2023 Adopted Budget	2021-2022 Adopted Budget	2020-2021 Actual	2019-2020 Actual
Revenues				
Property Taxes	5,578,000	5,326,000	5,151,240	4,975,250
Sewer User Fees	5,566,840	5,272,590	5,180,610	5,078,290
Recycled Water	600,000	570,000	555,620	446,580
Connection Fees & Other Income	1,098,670	915,480	1,840,640	998,610
Total Revenues	\$ 12,843,510	\$ 12,084,070	\$ 12,728,110	\$ 11,498,730
Expenditures				
Operating Expenditures	8,293,280	7,787,760	6,968,010	6,978,050
Capital outlay (SFI)	4,983,500	3,405,000	2,344,960	4,370,120
Total Expenditures	\$ 13,276,780	\$ 11,192,760	\$ 9,312,970	\$ 11,348,170

Three-Year Comparison Revenues & Expenditures All Funds

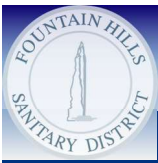


Five-Year Budget Projection***Five-Year Budget Projection
All Funds***

	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027
Revenues					
Property Taxes	5,578,000	5,578,000	5,578,000	5,578,000	5,578,000
Sewer User Fees	5,566,840	5,658,040	5,840,440	6,022,840	6,205,240
Connection Fees	837,600	837,600	753,840	678,460	610,610
Recycled Water	600,000	600,000	600,000	600,000	600,000
Interest & Other	261,070	262,290	263,520	264,750	265,980
Total Revenues	12,843,510	12,935,930	13,035,800	13,144,050	13,259,830
Expenditures*					
Operating Expenses	8,343,280	8,760,440	9,198,460	9,658,380	10,141,300
System & Facility Improvements	4,140,000	2,382,190	3,255,000	3,005,630	2,388,750
FERR	1,246,000	715,310	1,312,500	958,130	1,076,250
Total Expenditures	13,729,280	11,857,940	13,765,960	13,622,140	13,606,300
Budgetary Fund Balances					
Beginning	\$ 12,609,470	\$ 11,723,700	\$ 12,801,690	\$ 12,071,530	\$ 11,593,440
Ending	\$ 11,723,700	\$ 12,801,690	\$ 12,071,530	\$ 11,593,440	\$ 11,246,970
Allocation of Ending Budgetary Fund Balances					
FERR & CR Accounts	\$ 5,275,310	\$ 6,472,810	\$ 5,695,230	\$ 5,242,010	\$ 5,235,170
Capital Fund (Assigned to Growth)	\$ 6,741,590	\$ 6,328,880	\$ 6,376,300	\$ 6,351,430	\$ 6,011,800

*Includes Prior Year Budget encumbered amounts from Page 18





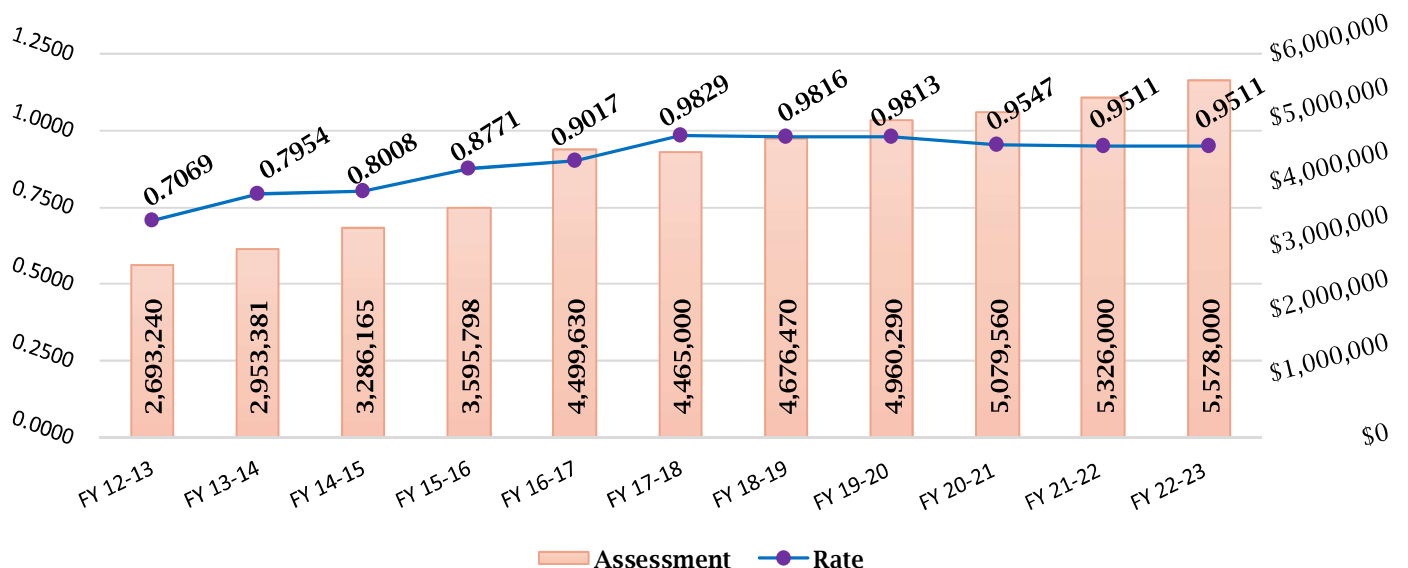
Taxes & Fees Overview

PROPERTY TAX

Title 48 of the Arizona Revised Statutes authorizes the Fountain Hills Sanitary District to certify to the Board of Supervisors "the amount required for payment of principal and interest on bonds...the amount necessary to maintain, operate, extend and repair the sewerage system...and the treatment plants of the district during the ensuing year". Upon certification, the Board of Supervisors levies and causes to be collected a tax on real property within the District. Taxes are levied on the assessed valuation of property as determined by the Maricopa County Assessor's Office (MCAO).

There are two types of assessed valuation, primary and secondary. By statute, primary valuation can only be increased by a specified amount each year, while secondary valuation can be raised according to market conditions. Although the District's property tax rate is considered a secondary tax, the "full-cash value" or secondary value does not have a direct correlation to the calculation of District property tax assessments. The District's assessment is calculated on the limited primary NAV, a derivative of the Limited Property Value (LPV) established by the MCAO. Although increases to LPV cannot exceed 5% per year, NAV may increase more or less than this amount based on parcel additions, reclassifications, or MCAO adjustments. NAV may also decline based on MCAO adjustments arising from market corrections reducing overall property values within the District. For the 2022 tax year, total limited primary NAV of property within the District is expected to increase 4.72% over the 2021 tax year.

*Property Tax Rates (per \$100 of NAV) &
Property Tax Assessments 2012-2022*

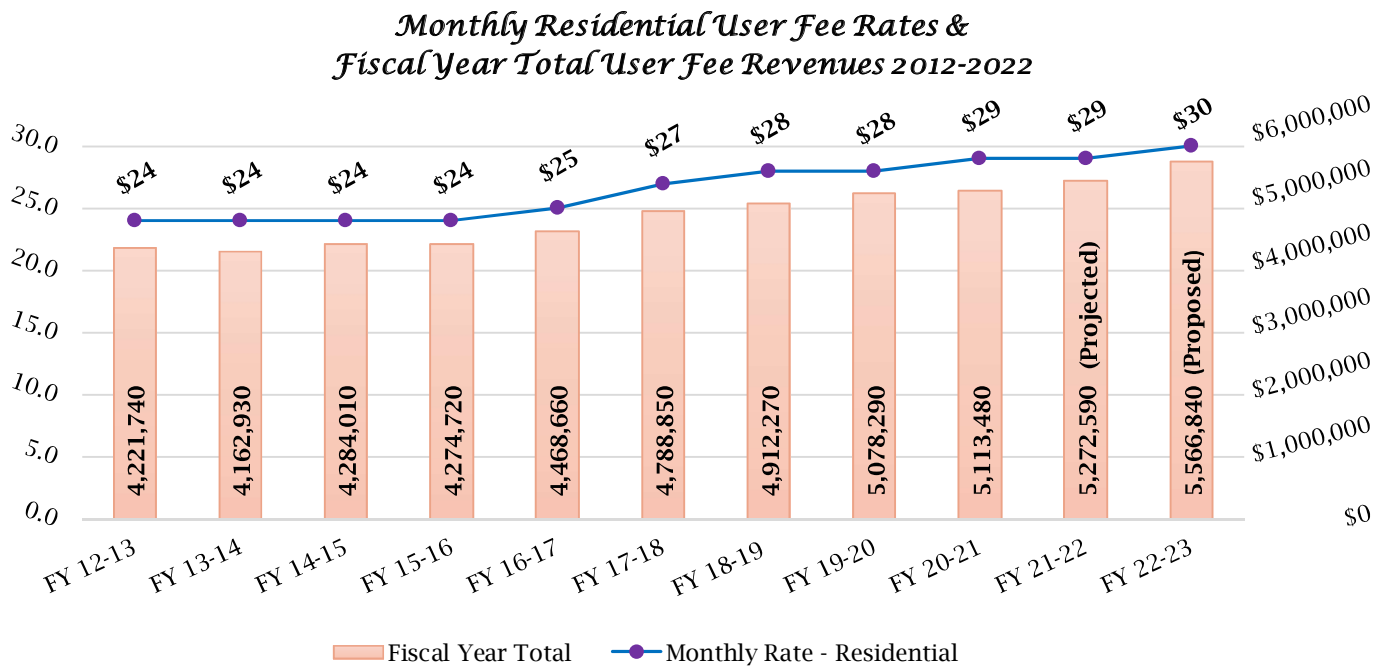


Taxes & Fees Overview

SEWER USER FEES

The FY '22-'23 adopted budget includes an increase to residential and commercial user fees. Sewer User Fees are the primary source for funding the District's day-to-day operations and must keep pace with rising costs of operations over time. To that end, this budget includes a user fee increase of \$1/month with additional increases tentatively projected to occur in January of each calendar year 2024 through 2027 as presented on page 20.

The District offers a low-income assistance program designed to assist qualified customers with a reduced sewer user fee. Information and instructions for participating in this program can be found on the District's website at az-fhsd.gov.



CONNECTION FEES

The District charges Connection Fees to new users upon connection to the existing sewer infrastructure. A small portion of these fees is designated to cover the administrative costs of adding a user. The remainder of Connections Fees is the primary revenue source in the District's Capital Fund and contributes to fund balance intended to provide for the following:

- Development of additional infrastructure and systems,
- Expansion of existing facilities and treatment processes,
- Other necessary improvements arising when needed to accommodate increased flow capacity due to growth or new development and/or to comply with increased regulatory, safety and technological standards.



Taxes & Fees Overview

RECYCLED WATER

Sales of recycled water at a rate of \$380/acre foot are used to offset a portion of the cost associated with the treatment and distribution of recycled water. In an effort to conscientiously apply the District's core values of sustainability and sound water management, the District's Board voted to discontinue the annual leasing of groundwater rights that has been in effect for the last ten years. This action puts appropriate pressure on the District to consider its recycled water management practices without the benefit of supplemental water rights and the long term impact of the groundwater lease on the local water aquifer.

As a consequence of this action and in order to stay in compliance with permitting requirements, the District must proactively manage the real possibility that stored water may be depleted in a future year if demand from local end-users continues to exceed supply. In an effort to encourage end-users to be mindful of their usage in the context of projected supply, the District is implementing a tiered rate schedule for the sale of recycled water. According to this schedule, the first 506.5 acre feet of recycled water delivered to each end-user will be charged at the current rate of \$380/acre foot. Additional acre feet delivered over 506.5 per end-user within the fiscal year will be charged at a rate of \$1,505/acre foot (the rate equivalent to irrigation water rate charged by EPCOR). The tier break point water volume and second tier rate will be established annually with Board consideration of available recycled water supplies and financial impact on end-users.

OTHER INCOME

Other sources of revenue presented collectively on page 16 as "Other Income" include:

- Interest income, generated by the amount of District cash on deposit with Maricopa County each fiscal quarter;
- Availability fees, fees paid at a rate of \$7 per month by real property parcel owners whose property is situated in the District, lying adjacent to sewer lines, and benefitting from sewer lines and available capacity with the District's treatment and recycled water facilities to accommodate the development of that parcel;
- Utility company payments in lieu of property taxes;
- Other Income such as fees for project review and inspection, encroachment and abandonment permits, public records reproduction, and disposal (use of the District's on-site RV dump station), and other miscellaneous items collected in accordance with the District fee schedule.

In total, Other Income, contributes just 1.6% of the District's total revenue budget.



Taxes & Fees Overview

THE REVENUE PROCESS

Each year, District staff must determine the amount of revenues that will be required to operate the District and serve District customers in keeping with the financial goals presented in the Introduction on page 8. To prepare and balance the budget for the upcoming fiscal year, staff must calculate anticipated expenditures to set a total budget for the fiscal year. Then, revenue sources are evaluated and assessed as needed to provide for those expenditures. Revenues are adopted based on the following process:

Step 1: Establish Sewer User Fees that:

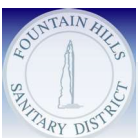
- Provide sufficient resources to fund the majority of day-to-day Operating Expenses;
- Keep pace with anticipated future increases to Operating Expenses;
- Acknowledge inflation rates to determine and anticipate how often increases may be needed;
- Achieve the minimum amount needed for the above considerations while keeping the economic impact on users in mind and maintaining increases at a reasonably steady pace over time.

Step 2: Determine the contribution expected from other revenue sources:

- Assign accumulated Connection Fees to growth projects to be completed in the fiscal year, leaving excess revenues in the Capital Fund for future expenditures necessitated by growth;
- Adjust the expected amount to be collected from other revenue sources (Recycled Water sales, Availability Fees, Hook Up Fees, Interest, etc.) according to the current economic climate and known variables as applicable;
- Include estimated reserve account balances as a current-year revenue source to provide for expenditures for Contingencies and Unforeseen Events, if needed;
- Identify and include in total revenue specific items of budget surplus expected to result from activities in the fiscal year prior to the budget year. Deferred SFI projects or extended openings in District employment positions are examples of specific activities that may result in a budget surplus to be carried forward.

Step 3: Request tax levy sufficient to balance General Fund budget:

- Ensure that available property tax revenue as determined by LPV set by MCAO will be enough to provide for budgeted expenditures not covered by the other revenue sources.
- Establish the tax rate needed to balance the budget.
- Maintain or reduce total amount of levy if appropriate to balance the current year while aiming to maintain appropriate reserves and consistency in property tax revenue assessments long-term.



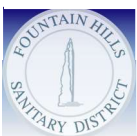
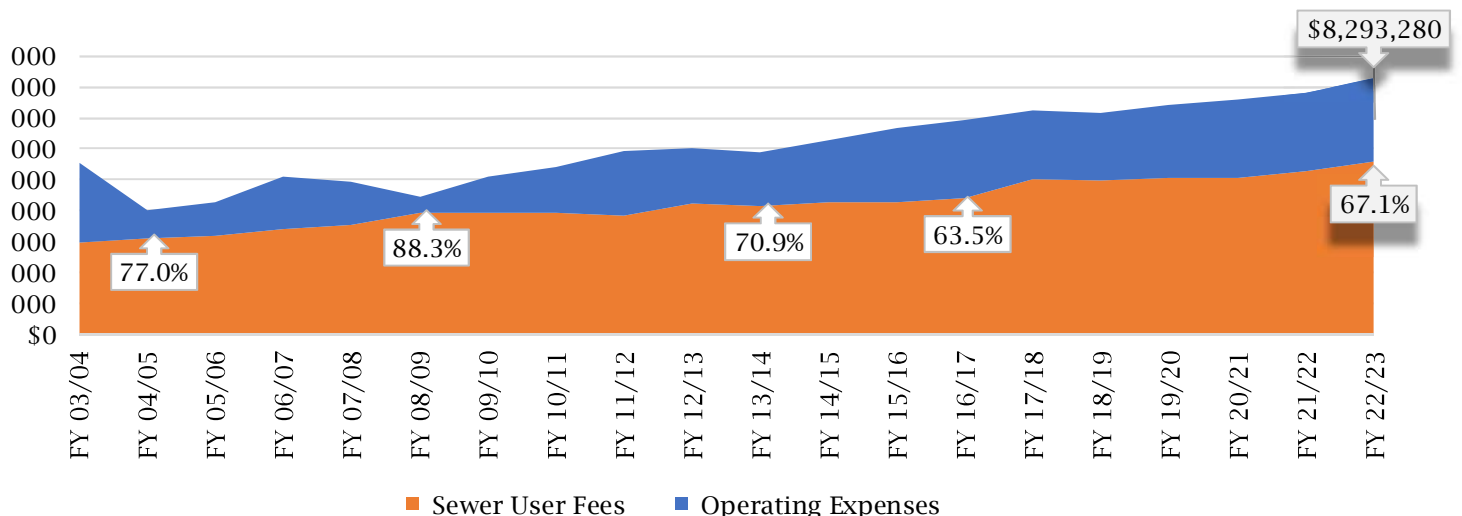
Taxes & Fees

ADOPTED FOR FY '22-'23

Sewer User Fees: District Staff is proposing a \$1 per month increase to residential user fees. This proposal is consistent with planning strategies approved by the Board. Regular increases over the next few years will be needed to keep user fees on pace with increasing costs of operations. The average rate of inflation from 2011 to 2020 was a mere 1.8% CPI. District Operating Expenses increased an average of 3.2% per year in that same 2011 to 2020 timeframe. Regional and industrial economic factors, increasing personnel costs, heightened safety requirements, and the age of equipment and facilities contribute significantly to the District's Operating Expenses outpacing the rate of inflation. However, the 2021 CPI is at 7%, the highest rate of inflation seen in 40 years. The District must consider this significant increase in estimating its budget for Operating Expenses for this and future fiscal years.

The District has historically relied on user fees to cover a majority (65-90%) of Operating Expenses. A noticeable increase in Operating Expenses from FY '12-'13 to FY '15-'16, while user fees remained flat, dropped the Sewer User Fees portion of Operating Activities to 63.5% in FY '16-'17. When Sewer User Fees as a percentage of Operating Expenses declines, the District becomes more reliant on property taxes to cover day-to-day operations, thereby exposing the District to greater risk in the event of an economic downturn and restricting the District's ability to address operational SFI and FERR needs in an organized and timely manner. Incremental increases in user fees for the past five years (a total of \$12/month in that span) have brought Sewer User Fees back to providing for a larger percentage share of Operating Expenses, allowing property taxes to provide the primary source for SFI and FERR expenditures and for property tax rates to remain stable in recent years. Regular increases to user fees will likely be necessary to keep pace with the District's consistently increasing costs of doing business including personnel, utilities, chemicals, and construction materials.

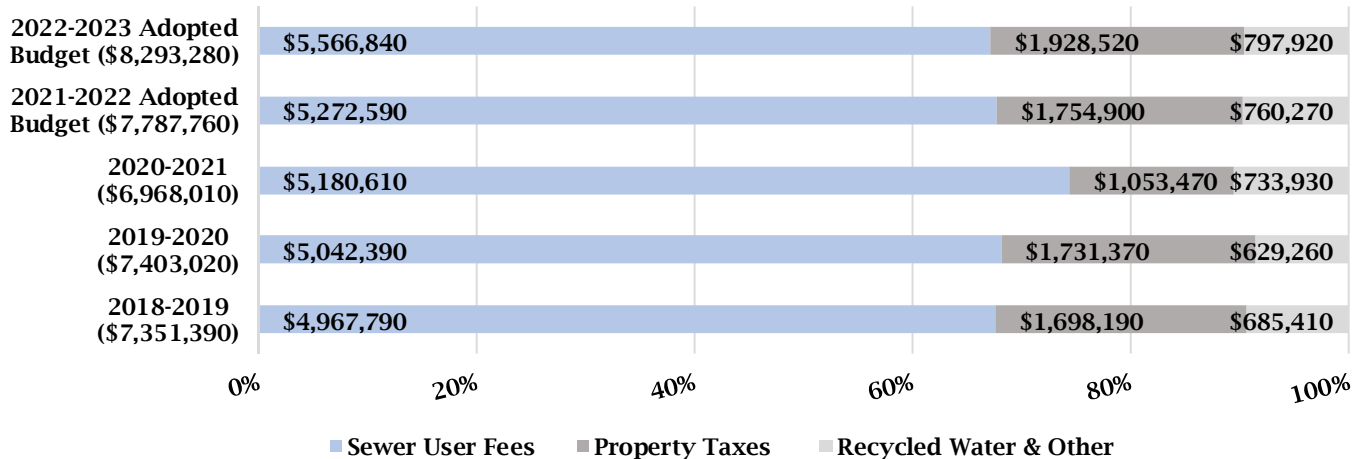
Sewer User Fees as a % of Operating Activities



Proposed Taxes & Fees

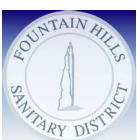
The illustration below displays the District's three major revenue sources available for Operating Activities over five years. The size of each section shows the relative contribution of each revenue source to Operating Expenses each year.

Operating Activities by Revenue Source



Property Taxes: For FY '22-'23 the District proposes a tax levy generating \$5,578,000. Per state statute, property tax revenue can be used to "maintain, operate, extend and repair the sewerage system... and treatment plants". The tax rate is determined by dividing the requested tax levy of \$5,578,000 by 1% of the District's NAV provided by the MCAO. The NAV for the 2022 tax year is \$586,458,766. This amount is subject to change prior to the Assessor's completion of the 2022 tax levy. The District's requested levy maintains the FY '21-'22 tax rate of 0.9511 per \$100 of assessed value resulting in \$252,000 more than the total levy for FY '21-'22.

Connections Fees: Connection Fees are somewhat challenging to predict from year-to-year but can be estimated based on current economic conditions and knowledge of current development within the District. This revenue source is typically budgeted conservatively. Increased construction activities in the District and multiple requests for zoning to accommodate higher density occupancies led the District to increase its forecast of Connections Fees in FY '19-'20. Actual totals for that year fell short of budget projections, prompting a return to the conservative approach taken in prior years. FY '21-'22 Connection Fee revenues will exceed budget as development within District boundaries rebounds and some previously stalled development actively proceeds. As a result, projections in conjunction with a review of in-progress developments have led District staff to propose an increased budget for Connections Fees for FY '22-'23. The proposed amount is a 25.5% increase over the FY '21-'22 budget.



Proposed Taxes & Fees

Recycled Water: This revenue source is estimated based on three-year averages. Fluctuations in weather and unknown variables in end-user operations can cause actual revenues to vary considerably from budget amounts. Income from Recycled Water distribution is estimated conservatively. Recent Board actions are designed to impact awareness by end-users of their recycled water utilization as it compares to District supply. The impact of these actions on future recycled revenues are yet to be determined.





Operating Activities

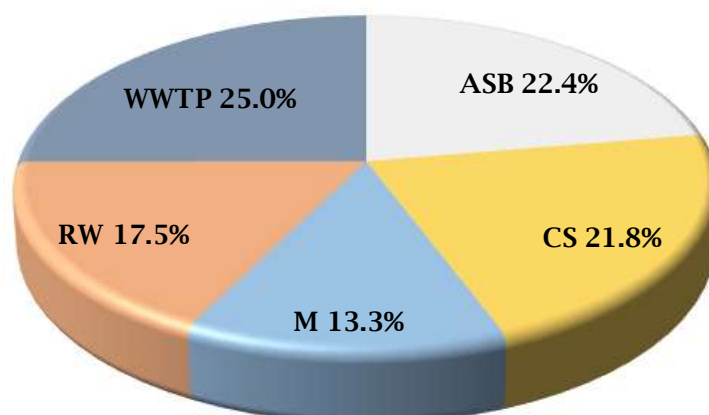
Summary of Operating Activities

Expenses incurred by the District as necessary to carry out everyday operations are considered Operating Expenses. Operating Expenses are a component of the District's Total Expenditures (See page 17). These expenses are differentiated from System and Facility Improvements (SFI) and FERR expenditures by their short-term and consumable nature. From a financial standpoint, this type of day-to-day spending is considered an *expense* as opposed to an *expenditure* for the purchase of a fixed asset or investment in infrastructure. District Operations incorporates both Operating Activities and operational (not growth driven) SFI. Operational revenues and expenditures are accounted for in the General Fund and presented as a "balanced" budget in which operating revenues equal operating expenditures and the bottom line, "Excess of revenues over expenditures", comes to zero each year. The table on page 30 shows the Operating Activities portion of the District's total General Fund budget with details and additional illustrations of Operating Expenses presented in the remainder of this section.

Operating Expenses are organized into five departments or categories as follows:

- Administrative Services and Billing (ASB)
- Collection System (CS)
- Maintenance (M)
- Recycled Water (RW)
- Wastewater Treatment Plant (WWTP)

*FY 2022-2023
Operating Activities
by Department*

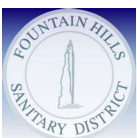


Summary of Operating Activities

Operations attributable to the treatment, distribution and disposal of recycled water are managed by both the Collection System (CS) and Wastewater Treatment Plant (WWTP) departments. As one of the District's core functions, the expenses of recycled water processes are shown separately.

Certain trends, economic conditions, and operational shifts have an impact on the District's budget for Operating Expenses. Following are some notable factors that are considered in the development of this proposed budget for Operating Expenses:

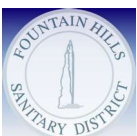
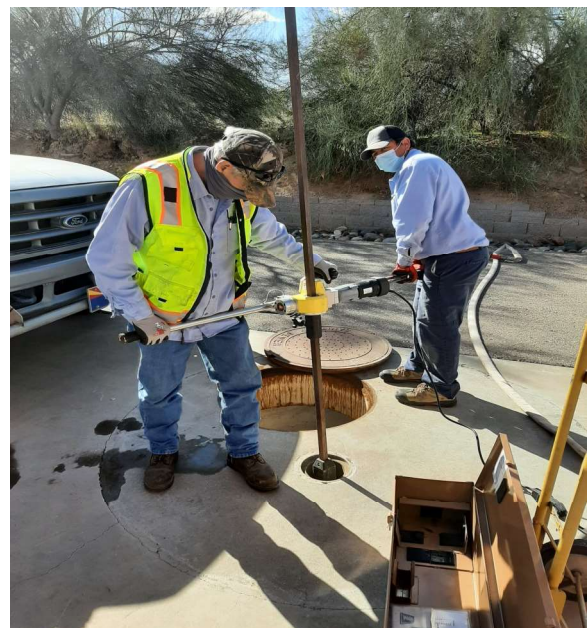
- A dramatic rate of inflation indicated by the highest CPI in 40 years, a 7% increase from December 2020 to December 2021.
- Supply chain delays in the current economy create a high demand, low supply environment in which prices become over inflated and lead time on delivery of essential items can increase dramatically, threatening the efficiency and effectiveness of core functions.
- Construction and mechanical supplies, the necessities of the CSO and Maintenance departments, respectively, are high on the list of products impacted by the current economic climate. Prices for these products are adversely affected by both supply chain challenges and rising fuel costs.
- The average price of chemicals essential to District processes has increased nearly **two-fold** over the past nine months. Chemical costs make up over 7% of all District Operating Expenses.
- A single year rate increase by EPCOR is estimated to increase District-wide water costs by 66.7%.
- As a non-election year, election costs typically exceeding \$40,000 are not budgeted for FY '22-'23.
- The District renewed its commitment to the safety, well-being, and satisfaction of personnel. Increased investment in retaining existing employees and attracting potential candidates is evidenced by:
 - ♦ A mid-year adjustment to the base wage schedule implemented last fiscal year;
 - ♦ A proposed 3% Cost of Living Adjustment (COLA), the highest in recent history;
 - ♦ Increased budgeting for the safety training and professional development of staff as the District continues to encourage professional advancement and require various certifications;
 - ♦ Participation in ASRS.



Summary of Operating Activities

Revenues & Expenditures General Fund - Operating Activities

	2022-2023 Adopted Budget	2021-2022 Adopted Budget	% Change	Increase (Decrease) from 2021-2022 Adopted Budget
Revenues				
Property Taxes	1,928,520	1,754,900	9.9%	173,620
Sewer User Fees	5,566,840	5,272,590	5.6%	294,250
Connection Fees	30,000	24,000	25.0%	6,000
Recycled Water	600,000	570,000	5.3%	30,000
Other Income	167,920	166,270	1.0%	1,650
Total Revenues	\$ 8,293,280	7,787,760	6.5%	505,520
Operating Expenses				
Administrative & Billing	1,854,420	1,775,410	4.5%	79,010
CS	1,812,140	1,653,240	9.6%	158,900
Maintenance	1,103,040	1,028,840	7.2%	74,200
RW	1,447,900	1,400,700	3.4%	47,200
WWTP	2,075,780	1,929,570	7.6%	146,210
Total Expenses	\$ 8,293,280	\$ 7,787,760	6.5%	505,520
Excess of revenues over expenses	-	-	-	-



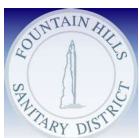
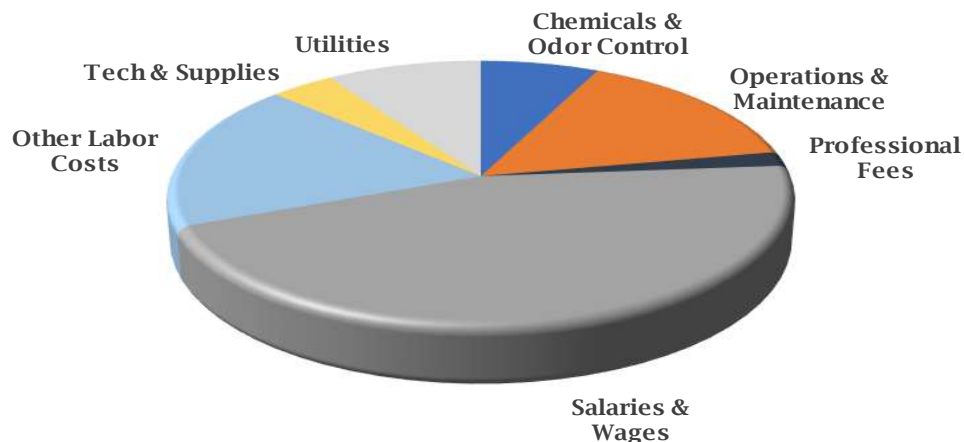
Summary of Operating Activities

The following pages present the adopted Operating Expenses of each of the five departments mentioned on page 28. Individual operating expense transactions are classified into one of 161 accounts indicating the department, type and/or specific purpose of the expense. These 161 accounts are summarized into categories for comparative and illustrative purposes. Generally, these summary categories consist of:

- Chemicals & Odor Control
- Operations and Maintenance
- Professional Fees
- Personnel Costs separated between:
 - ♦ Salaries and Wages
 - ♦ Taxes, Benefits, and Other Labor Costs (paid by the District)
- Technology & Supplies
- Utilities

“Operations and Maintenance” is a broad grouping, commonly used to refer to general, every-day type, expenses including but not limited to operational supplies and services utilized by each department as well as bank fees, postage, building supplies and maintenance costs, incidental utilities, communications, subscriptions, general liability insurance, and permit fees. “Professional Fees” primarily include outside services such as legal, accounting, outside engineering and other consulting services. “Technology & Supplies” consists of software, Information Technology tools and services, and supplies in general such as office supplies, safety supplies and small tools.

*FY 2022-2023
Operating Activities
by Category*



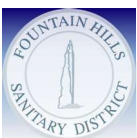
Administrative Services & Billing

The District's Administrative Services Department, which includes billing activities essential to the District's revenue collection efforts, provides administrative support to the Board of Directors and other District departments. In addition, other essential functions include:

- general administration
- billing
- accounts receivable
- accounts payable
- financial reporting
- budgeting
- benefits administration
- payroll
- human resources
- drug and alcohol programs
- information technology
- public information
- development and permit reviews
- project management
- safety training administration
- customer relations

Noteworthy observations when considering the FY '22-'23 adopted budget for Administrative Services & Billing (ASB) include:

- The District's recent transition to the Arizona State Retirement System (ASRS) resulted in some inequities for a handful of employees approaching retirement age. These employees face the likelihood that they will not be fully vested in ASRS at the time of their retirement. In appreciation of these long-term and loyal employees, the District has approved an appropriate amount of additional benefits designed to transition these employees to retirement in a fair and equitable manner. The cost of these additional benefits is included in ASB Taxes, Benefits and Other Employee Costs. The bulk of the costs associated with these transitions were incurred in FY '21-'22 but an allowance for additional expenses is included in the budget in diminishing amounts for this and next fiscal year.
- \$40,000 in election costs included in the FY '21-'22 adopted budget for administrative expenses are not included in the FY '22-'23 adopted budget. Elections are scheduled every other year for the District and must only be included in the corresponding fiscal year budget.
- Overall, ASB expenses increase 4.5% over FY '21-'22 Adopted Budget.
- Billing Operations & Maintenance and Professional Fees account for the highest percentage increases year-to-year.



Administrative Services & Billing*Administrative Services & Billing*

	2022-2023 Adopted Budget	2021-2022 Adopted Budget	% Change	Increase (Decrease) from 2021-2022 Adopted Budget
Administrative Services				
Professional Fees	144,500	110,800	30.4%	33,700
Operations & Maintenance Personnel	216,690	253,900	-14.7%	(37,210)
Salaries & Wages	600,590	556,630	7.9%	43,960
Board of Directors	9,000	9,000	0.0%	-
Taxes, Benefits, Other				
Labor Costs	270,980	326,490	-17.0%	(55,510)
Technology & Supplies	144,000	129,200	11.5%	14,800
Sub-Total Administrative	\$ 1,385,760	\$ 1,386,020	0.0%	(260)
Billing				
Operations & Maintenance Personnel	129,630	92,300	40.4%	37,330
Salaries & Wages	252,690	198,480	27.3%	54,210
Taxes, Benefits, Other				
Labor Costs	79,540	65,210	22.0%	14,330
Technology & Supplies	6,800	33,400	-79.6%	(26,600)
Sub-Total Billing	\$ 468,660	\$ 389,390	20.4%	\$ 79,270
Combined: Administrative & Billing				
Professional Fees	144,500	110,800	30.4%	33,700
Operations & Maintenance Personnel	346,320	346,200	0.0%	120
Salaries & Wages	853,280	755,110	13.0%	98,170
Board of Directors	9,000	9,000	0.0%	
Taxes, Benefits, Other				
Labor Costs	350,520	391,700	-10.5%	(41,180)
Technology & Supplies	150,800	162,600	-7.3%	(11,800)
Combined Total	\$ 1,854,420	\$ 1,775,410	4.5%	\$ 79,010



Collection System

The sewer collection system consists of over 200 miles of gravity sewer pipes and more than 5,000 manholes. The mountainous terrain of Fountain Hills necessitates the use of 19 wastewater pump stations. Sewage is collected and pumped up and over hills, sometimes multiple times, before ultimately ending up at the wastewater treatment plant.

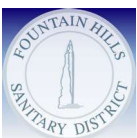
To maintain the integrity of the District's collection system, inspections are performed regularly on system components. Inspections include periodic TV inspection of all the District's gravity sewer lines. From inspection results, measurements and appropriate actions can be taken by the District to prevent main sewer line blockages or failures. Pump stations must also be carefully monitored and maintained to ensure their uninterrupted safe and efficient operation.

The District's collection system also includes construction services for service lateral repairs when aged connections to the main infrastructure are identified as inadequate or out of compliance with District standards. Expenses of the Collection System shown below include the cost of new service lateral construction, odor control throughout the collection system, and manhole maintenance.

As part of a recent Master Plan project, the District built and utilizes Geographical Information Systems (GIS) data and sewer capacity modeling software. This software allows the District to plan and track maintenance efforts in the extensive collection system and to analyze the impact of proposed development on localized sewers as well as the entire system.

Consistent with expectations resulting from economic factors previously mentioned, the FY '22-'23 adopted budget for the District's Collections System is up 9.6% overall compared to the FY '21-'22 Adopted Budget. Chemical, water, supplies, and personnel costs all contribute to this increase. The 66.7% increase in water utility prices which took effect in February 2022, gives Utilities the highest proportional increase of the CSO categories.

<i>Collection System</i>				
	2022-2023 Adopted Budget	2021-2022 Adopted Budget	% Change	Increase (Decrease) from 2021-2022 Adopted Budget
Operations & Maintenance	276,000	263,800	4.6%	12,200
Chemicals & Odor Control	264,000	240,000	10.0%	24,000
Personnel				
Salaries & Wages	786,790	725,220	8.5%	61,570
Taxes, Benefits, Other				
Labor Costs	328,770	296,970	10.7%	31,800
Technology & Supplies	36,250	24,750	46.5%	11,500
Utilities	120,330	102,500	17.4%	17,830
Total Expenses	\$ 1,812,140	\$ 1,653,240	9.6%	\$ 158,900



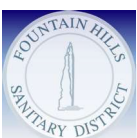
Maintenance

In FY '19-'20, the District added a separate Maintenance department to manage this vital function of District operations. The Maintenance department is responsible for both routine and unscheduled maintenance and repair of District vehicles, equipment, buildings, and unit process components. Using a Computerized Maintenance Management System (CMMS) software and their collective expertise, Maintenance employees are tasked with keeping the District running. CMMS is used to track maintenance efforts on over 2,000 pieces of equipment, facilitating the District's ability to perform preventive maintenance, often extending the life of District assets. CMMS is key to operating the District efficiently and effectively. By tracking and executing maintenance plans District assets are more likely to reach their full expected life cycle, thus enabling timely replacement of equipment to avoid costly emergencies. This function is vital to the overall health of the District assets.

Maintenance staff assists other District departments with the repair and replacement of pumps, motors, valves, vehicles, structural and other facilities, and basically all-things mechanical. Maintenance is also tasked with the continuing implementation of the District's CMMS providing invaluable data and planning tools for the District's collective operations and maintenance and the protection of its more than \$128 million-dollar investment in assets and infrastructure.

Managing the expenses of the increased repair frequency and the rising costs of these repairs is a truly labor-intensive undertaking. By far, the largest expense of the Maintenance department is personnel expenses at 78.5% of the total expenses. After just three years in existence the Maintenance Department has been a "work in progress" from a budgeting perspective as the allocations of the adopted budget totals between departments for the Operations & Maintenance and Technology & Supplies categories continue to be adjusted to ensure the department has suitable resources to carry-out crucial responsibilities. Additionally, personnel costs have increased in this department at a higher than average rate with the turnover of the management position and the fulfillment of all budgeted positions expected for the entire fiscal year.

<i>Maintenance</i>				
	2022-2023 Adopted Budget	2021-2022 Adopted Budget	% Change	Increase (Decrease) from 2021-2022 Adopted Budget
Operations & Maintenance Personnel	169,200	188,200	-10.1%	(19,000)
Salaries & Wages	648,440	576,200	12.5%	72,240
Taxes, Benefits, Other Labor Costs	252,400	231,610	9.0%	20,790
Technology & Supplies	33,000	32,830	0.5%	170
Total Expenses	\$ 1,103,040	\$ 1,028,840	7.2%	74,200



Recycled Water

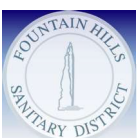
Every drop of wastewater generated in the District's service area is recycled and beneficially reused for internal processes and irrigation purposes. Recycled water is distributed for irrigation at three local golf courses, as well as three Town parks (Fountain Park including Fountain Lake, Golden Eagle Park, and Desert Vista Park). The recycled water supplied can come from any one of the following sources: wastewater treatment plant, advanced water treatment facility, or aquifer storage and recovery wells. All recycled water exceeds water quality standards set by the Arizona Department of Environmental Quality (ADEQ).

Recycled water management is historically one of the District's most demanding and challenging operations. For efficiency purposes, the treatment and distribution of recycled water is incorporated in the responsibilities of the Collection System and WWTP departments, but as a core function of the District, the costs associated with this function are presented separately in the budget as Recycled Water (RW).

The Advanced Water Treatment Facility (AWTF) is a central component of the District's recycled water processes. The AWTF began operation in February of 2001 housing ultra-filtration membranes and ultraviolet (UV) light disinfection processes. The AWTF and five aquifer storage and recovery (ASR) wells allow the District to successfully manage seasonal fluctuations in the supply and demand of recycled water.

Operational trends occurring in RW operations will typically translate to and from WWTP operations since the two processes are managed collectively and are extremely integrated. Continued analysis of actual spending versus budget projections in these areas has revealed opportunities to make notable shifts and reductions in operating activity costs. In RW, the FY '22-'23 adopted budget for Operations and Maintenance is decreased 15.1% from the FY '21-'22 Adopted Budget and RW Total Expenses increase only 3.4% overall despite increases in personnel, technology, and utility costs.

Some savings in Operations and Maintenance budgets also continue to be realized by District-wide efforts to provide for contingencies and potentially costly unknown or unscheduled events via reserve accounts defined on pages 6 and 7.



Recycled Water

	<i>Recycled Water</i>			
	2022-2023 Adopted Budget	2021-2022 Adopted Budget	% Change	Increase (Decrease) from 2021-2022 Adopted Budget
Operations & Maintenance	157,840	185,890	-15.1%	(28,050)
Chemicals & Odor Control	85,000	80,000	6.3%	5,000
Personnel				
Salaries & Wages	635,020	596,050	6.5%	38,970
Taxes, Benefits, Other				
Labor Costs	245,890	227,330	8.2%	18,560
Technology & Supplies	34,650	31,430	10.2%	3,220
Utilities	289,500	280,000	3.4%	9,500
Total Expenses	\$ 1,447,900	\$ 1,400,700	3.4%	\$ 47,200



Wastewater Treatment Plant

First constructed in 1974, the Wastewater Treatment Plant has undergone multiple expansions and improvements to its treatment processes over the years. Today, the facility provides tertiary treatment (three levels of treatment) of incoming wastewater.

Chemical costs are rising dramatically with global supply chain difficulties and increased fuel costs being key factors in the pricing and delivery charges of chemicals vital to District processes. In the past year, chlorine prices are up more than 2.5 times, while simultaneously bleach and glycerin prices have increased over 40% and 60%, respectively.

WWTP has the highest payroll and the most employees of all the District departments. Consequently, increased employer retirement costs, workers' compensation premiums and the recently adjusted wage schedules have the most direct effect on WWTP Total Expenses.

Combining a 6.7% increase in WWTP personnel costs with the significant increase in water rates (page 29) and the highly volatile pricing of essential chemicals results in the WWTP having a total increase in year-to-year budget for operating expenses of 7.6%.

	WWTP			
	2022-2023 Adopted Budget	2021-2022 Adopted Budget	% Change	Increase (Decrease) from 2021-2022 Adopted Budget
Operations & Maintenance	292,300	294,330	-0.7%	(2,030)
Chemicals & Odor Control	230,000	178,000	29.2%	52,000
Personnel				
Salaries & Wages	821,390	773,210	6.2%	48,180
Taxes, Benefits, Other				
Labor Costs	319,390	295,750	8.0%	23,640
Technology & Supplies	60,100	51,280	17.2%	8,820
Utilities	352,600	337,000	4.6%	15,600
Total Expenses	\$ 2,075,780	\$ 1,929,570	7.6%	146,210



District Personnel Summary

The District considers its overall employee benefit package to be an important part of total compensation offered to attract and retain talent in a competitive job market.

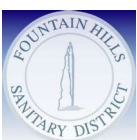
Like many employers, the District has experienced some staffing shortages over the past 12 to 18 months. Although the average tenure of District staff is much longer than most local employers, vacancies in certain management positions, replacement of retiring employees and some entry level positions were particularly challenging to fill during the past two fiscal years. Detailed analysis revealed that the District's total benefit package including the wage schedule and long-time retirement plan needed a significant upgrade.

After a serious consideration of the lagging retirement benefit and its impact to employee retirement security, the Board of Directors resolved to participate in ASRS beginning October 1, 2021. With over 667 of Arizona public sector entities participating in the state's proven retirement system, District employees are now more secure in their retirement with a benefit, or pension plan, in place and have access to retiree medical benefits for the first time. ASRS requires employee and employer contributions of at least 12% of compensation each. Participation in the plan also significantly increases the District's pool of applicants as certified operators currently working for other government entities could now consider employment with the District without losing accumulated time and investment in the state retirement system. Increases to the overall wage schedule will also allow the District to better attract applicants in a very competitive labor market.

A 3% cost of living increase to the District wage schedule is adopted and with the aforementioned increases to District retirement contributions and base wages, these factors bring the total FY '22-'23 personnel expenses to \$5,250,230, an increase of 7.8% over the prior year's budget, while current staffing levels remain the same. Other Personnel Costs shown in the illustrations include Uniforms, Training & Travel, Physicals & Tests, and other employee related expenses such as safety training and supplies, professional development, and certifications.

Long-term, the District expects that steps currently being taken to stay competitive in the labor market will pay dividends in the form of reduced turnover, shorter duration of vacancies, ability to fill highly skilled and certified positions with better quality candidates, timely exit strategies for employees approaching retirement, and a healthier general working environment.

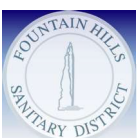
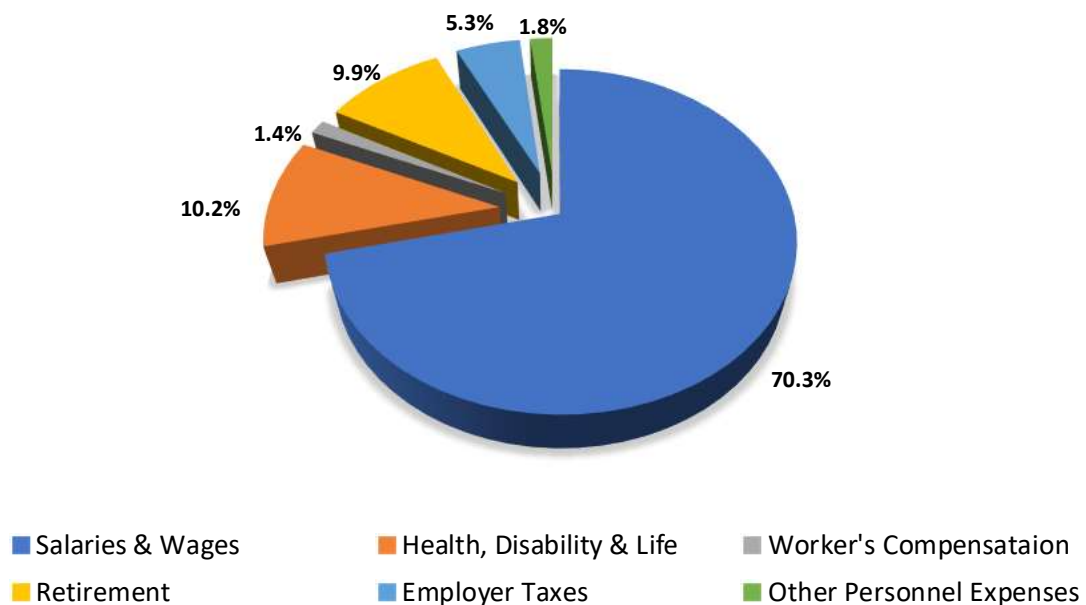
The FY '22-'23 wage schedule and schedule of positions are provided in the "Supplemental Schedules" section on pages 58 and 59.



District Personnel Summary

	<i>All District Personnel</i>			
	2022-2023 Adopted Budget	2021-2022 Adopted Budget	% Change	Increase (Decrease) from 2021-2022 Adopted Budget
Salaries & Wages	3,744,910	3,425,800	9.3%	319,110
Benefits				
Health, Disability & Life Insurance	537,670	519,700	3.5%	17,970
Worker's Compensation				
Insurance	72,070	67,030	7.5%	5,040
Retirement	520,170	516,280	0.8%	3,890
Employer Taxes	279,250	262,070	6.6%	17,180
Other Personnel Expenses				
Physicals & Tests	6,550	6,800	-3.7%	(250)
Training & Professional Development	43,400	26,150	66.0%	17,250
Uniforms	29,960	27,700	8.2%	2,260
Other Payroll Expenses	16,250	17,920	-9.3%	2,260
Total Personnel Expenses	\$ 5,250,230	\$ 4,869,450	7.8%	384,710

All District Personnel





System and Facility Improvements

SFI Perspective

System & Facility Improvements (SFI) are the District's capital outlay activities and are essential to the continued operation of District systems year-to-year. Expenditures that provide the District with long-term benefit such as major equipment purchases, vehicles, construction projects, and other fixed assets are designated as SFI. Most improvements to buildings, sewer infrastructure, and other core components of the sewer system designed to last more than one year are considered SFI. Construction projects, for new facilities or rehabilitation of existing facilities typically generate expenditures over many months and often over multiple fiscal years. These projects are costly and require substantial planning well in advance of their execution.

District staff carefully considers the long-term implications and the probability of significant variables when constructing an SFI plan. Each SFI expenditure is evaluated to determine what, if any, portion of the project is designed to accommodate District growth. The growth component can serve to expand or improve District unit processes for increasing District flows, create critical redundancies within District systems, meet updated compliance standards with government regulations, or to take advantage of advancements in safety and technology. Many of these expenditures are multi-purpose in nature and the expenditures are prorated as such. The purpose of each project is important to determine the proper revenue source or sources used to fund the expenditure.

Property Taxes, a General Fund revenue source, are the primary resource for funding SFI required to repair, replace, or extend unit processes for ongoing operations. Revenue from Connection Fees, which are primarily a Capital Fund revenue source, are utilized to finance growth driven SFI. District staff evaluates the purpose of each project and allocates expenditures to the General or Capital Fund in accordance with applicable Board designations and assignments.

Multimillion-dollar projects may require large cash reserves accumulated over many fiscal years. In addition, certain revenue sources, Connection Fees especially, may fluctuate significantly from one year to the next. Consequently, the Capital Fund budget is not required to match revenues and expenditures so that the bottom line "Excess of revenues over expenditures" is equal to zero each year. Instead, the fund is designed to either accumulate or expend cash based on growth-driven revenues versus expenditures year-to-year. Variations in project timing, completion periods extended over multiple fiscal years and revenue fluctuations are often reflected in large variances when making year-to-year comparisons of Capital Fund activity.

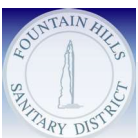
As mentioned above, equipment, vehicles, and other fixed asset purchases are also considered a part of SFI planning and are generally funded by the FERR account. The FERR Account is an essential tool facilitating the District's ability to provide uninterrupted service to its customers. The FERR designation allows General Fund monies to accumulate in reserve, for the specific purpose of funding both planned and unplanned expenditures for the current and future replacement or refurbishment of existing facilities and equipment.

SFI Highlights

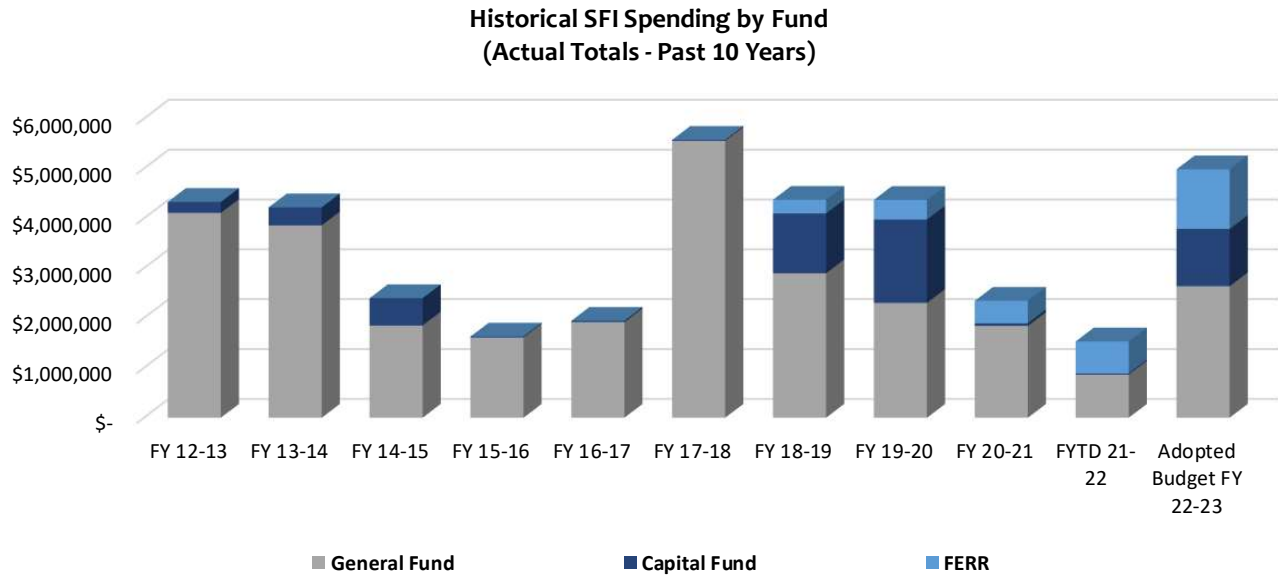
The District's Adopted SFI Five-Year Plan including spending designated to the FERR account is revised annually as part of the budget process. Staff considers multiple factors, including but not limited to need, cost, timing, staff availability and scheduling in developing this plan. Careful consideration of the age and working condition of District facilities, equipment and infrastructure is imperative to prioritizing needed SFI and FERR expenditures. Staff continually strives to plan and implement efficient cost-effective solutions to update aging unit processes.

District staff exercises its best judgement and collective experience in assessing the District's SFI needs. A conservative approach is taken to requesting funds for these typically "big-ticket" items with thoughtful deliberation in establishing priorities of the larger projects. The most significant of needed improvements for FY '22-'23 are described below.

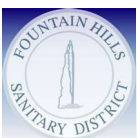
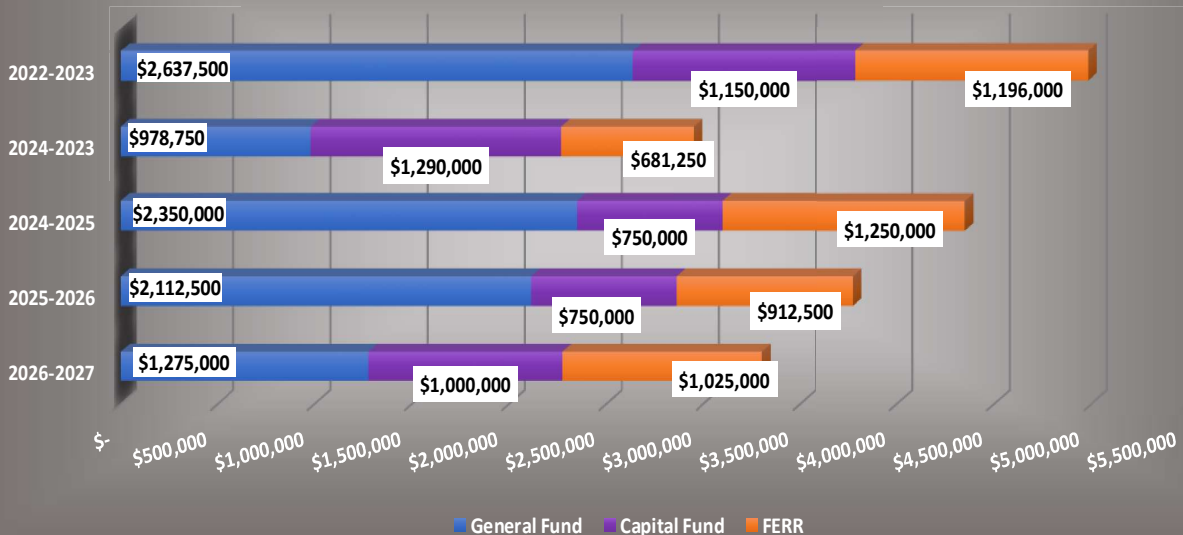
- Similar to ASR Wells 2 and 4, **ASR Well No. 1 Vault Replacement** is needed in order to replace the existing vault which, over time, has corroded beyond repair. The small, below ground vault is a safety hazard for staff who must enter the buried vault for operation and maintenance duties. The well control equipment will be moved into a free-standing structure, at grade, for easier and safer access. The location of ASR Well No. 1 in Fountain Park makes the project particularly interesting and relatively more time consuming as both design and construction are being coordinated with the Town of Fountain Hills in order to reach the most mutually beneficial project.
- The major rehabilitation of the nearly 50-year-old **Plant Control Building** is long overdue. This building houses the WWTP's control center in addition to staff locker rooms, breakroom, and the safety equipment storage room. The building is outdated and not appropriately sized for the number of staff using it and the functions it serves today. In addition, there are no restroom or locker room facilities for women. Also included in the project will be modifications to the laboratory spaces to add needed office space and additional lab working counters.
- The **UV System Replacement** project is the scheduled replacement of the ultraviolet (UV) disinfection system located at the AWTF. The UV system and the associated electrical components and control system are all over 15 years old and have reached the end of their useful service life.
- A long-needed Collection System project will finally be constructed with significant improvements to **Pump Station (PS) 10**. A standby-power generator, enclosed control room, and surrounding block wall will provide the needed security and redundancy the facility is lacking.
- An effort to maintain or Replace **Air Release Valves (ARVs)** on the recycled water distribution mains continues in its third year. This next phase will address the several ARVs on the sole 16"-main delivering RW to the FireRock Pump Station, which are buried very deep and over 20 years old.



Historical & Projected SFI



Projected SFI Spending by Fiscal Year (General Fund, Capital Fund, FERR)



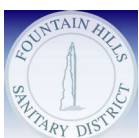
Adopted SFI Budget

SFI Revenues & Expenditures All Funds

	General Fund		Capital Fund	2022-2023 Adopted Budget	2021-2022 Adopted Budget	% Change
	Operations	FERR		All Funds	All Funds	
Revenues						
Current Year						
Property Taxes	3,649,480			3,649,480	3,571,100	2.2%
Connection Fees			807,600	807,600	643,560	25.5%
Other Income			69,000	69,000	57,500	20.0%
Reserves*		293,200		293,200	758,900	-61.4%
Funds Transfer	(2,011,980)	1,750,000		(261,980)	(440,000)	-40.5%
Total Current Year Revenues	1,637,500	2,043,200	876,600	4,557,300	4,591,060	-0.7%
From Prior Fiscal Year						
Cash Carried Forward for projects deferred in prior year	1,000,000		-	1,000,000	705,000	41.8%
Total Revenues	\$ 2,637,500	\$ 2,043,200	\$ 876,600	\$ 5,557,300	\$ 5,296,060	4.9%
Expenditures						
System & Facility Improvements						
WWTP	375,000	50,000	375,000	800,000	1,590,000	-49.7%
RW	1,587,500	787,500	500,000	2,875,000	1,295,000	122.0%
CS	675,000	150,000	275,000	1,100,000	365,000	201.4%
Maintenance				-	115,000	-
Admin & Billing		208,500		208,500	-	-
Subtotal SFI	2,637,500	1,196,000	1,150,000	4,983,500	3,365,000	48.1%
Contingencies & Unforeseen Events*		847,200		847,200	1,240,000	-31.7%
Total Expenditures	\$ 2,637,500	\$ 2,043,200	\$ 1,150,000	\$ 5,830,700	\$ 4,605,000	26.6%
Excess of revenues over expenditures**	\$ -	\$ -	\$ (273,400)	\$ (273,400)	\$ 691,060	

*For a description of "Contingencies & Unforeseen Events" please see Definition of Terms & Abbreviations on page 6.

**Capital Fund revenues generally do not equal budgeted expenditures, and therefore, the Capital Fund does not balance to zero each year. (Refer to Capital Fund definition on page 6 and description on page 14).

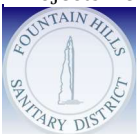


Adopted SFI Five-Year Plan

Five-Year Plan by Category All Funds - SFI (Includes Planned FERR)

PROJECT DESCRIPTION	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027
WWTP					
Plant Control Bldg & Lab Modifications	\$ 750,000				
Digester Aeration System Replacement (Design & Construction)		\$ 125,000	\$ 600,000	\$ 400,000	
Clarifier Rehabilitation (Design & Construction)			\$ 300,000		
WWTP Refurbish Effluent Pump Station			\$ 500,000		
Grit Removal System Improvements (Design and Construction)				\$ 100,000	\$ 900,000
Planned Equipment Replacements	\$ 50,000	\$ 150,000	\$ 150,000	\$ 100,000	\$ 150,000
RW					
RW - ARV Replacement Project - Phase 2	\$ 600,000			\$ 200,000	\$ 200,000
ASR Well 1 Vault Replacement (Construction)*	\$ 1,000,000	\$ 200,000			
Study & USF Permit Modeling	\$ 200,000				
Scottsdale Interconnect (Design & Construction)	\$ 100,000	\$ 1,200,000			
UV System Replacement	\$ 750,000				
ASR Well #6 (Study, Design & Construction)			\$ 500,000	\$ 500,000	\$ 1,000,000
ASR Wells 3 & 5 Vault Replacement (Design & Construction)		\$ 250,000	\$ 1,250,000	\$ 1,250,000	
Planned Equipment Replacements	\$ 225,000	\$ 150,000	\$ 150,000	\$ 100,000	\$ 150,000
CS					
PS 10 Improvements (Construction)	\$ 550,000				
Manhole & Wetwell Rehabilitation	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Sewer Assessment (Study)	\$ 250,000				
PS Improvements		\$ 100,000		\$ 100,000	
PS 3 Improvement Project (Design & Construction)		\$ 75,000	\$ 500,000		
Sewer Slip Lining		\$ 300,000		\$ 300,000	
PS Refurbishment				\$ 75,000	\$ 500,000
Planned Equipment Replacements	\$ 150,000	\$ 100,000	\$ 100,000	\$ 300,000	\$ 100,000
OTHER					
District-wide Arch Flash Renewal (5 Yr)				\$ 150,000	
Planned Equipment Replacements	\$ 208,500	\$ 150,000	\$ 150,000	\$ 50,000	\$ 150,000
Total System & Facilities Improvements	\$4,983,500	\$2,950,000	\$4,350,000	\$3,775,000	\$3,300,000
General Fund Portion of above	\$2,637,500	\$ 978,750	\$2,350,000	\$2,112,500	\$1,275,000
FERR Portion of above	\$1,196,000	\$ 681,250	\$1,250,000	\$ 912,500	\$1,025,000
Capital Fund (Growth) Portion of above	\$1,150,000	\$1,290,000	\$ 750,000	\$ 750,000	\$1,000,000

*Projects Deferred from FY '21-'22





Facilities and Equipment

The Facilities and Equipment Replacement Reserve (FERR) Account was established in FY '18-'19 as a designation of General Fund monies to provide for the planned or unplanned expenditures for the replacement, restorative repair, or refurbishment of existing facilities and equipment.

The District has more than \$128 million of assets, (\$57 million net of depreciation) each with a finite life of 5 to 50 years. Most of the necessary equipment required for the safe, effective, and continuous collection and treatment of wastewater has a useful service life of 5 to 20 years. The eventual replacement of such assets is best done when appropriately planned and funded by stable revenue sources. Likewise, aged tools and machinery should be promptly replaced if their operation compromises employee safety.

The objectives of FERR are as follows:

- To provide adequate resources for the planned and systematic replacement of District equipment and facilities.
- To have sufficient reserves to cover the unplanned replacement of District equipment and facilities necessitated by early equipment failure or safety concerns.
- To accumulate reserves for large and expensive facility replacement projects that require more funds than can be generated in one or two fiscal years.

By planning for a slow and steady accumulation of reserves needed for large and expensive facility replacement projects, the District can avoid significant changes in the tax levy from year to year, thereby stabilizing tax rates for its constituents.

Facilities and Equipment

<i>PLANNED EQUIPMENT REPLACEMENTS</i>	
PROJECT DESCRIPTION	2022-2023
WWTP	
Replace One Plant Service Vehicle	\$ 30,000
Replace Air Conditioning Unit in Blower Building	\$ 20,000
RW	
Replace Final 54 Membrane Modules	\$ 175,000
Unscheduled Equipment Repair or Replacement	\$ 50,000
CS	
Pump Station Pumps - Replacements	\$ 50,000
Field Service Truck - Heavy Duty Utility Truck	\$ 100,000
MAINTENANCE	
Utility Truck and Crane	\$ 130,000
Unscheduled Large Equipment Refurbishment/Parts Replacement	\$ 50,000
ADMINISTRATION & BILLING	
Computer Replacements	\$ 28,500
Total FERR	\$ 633,500



Vehicle Replacement Program

The purpose of the Vehicle Replacement Program is to provide a reasonable decision-making process for the evaluation, selection, and multi-year scheduling of vehicle replacements based on the vehicle's age, mileage, engine hours, repair costs, and criticality to the continuous maintenance and operation of the sewer collection and treatment systems. The objectives of the program are to:

- Ensure the timely purchase and replacement of the District's vehicles;
- Plan for and minimize expensive long-term repair costs;
- Plan for and stabilize long-term cash flow expenditures for replacement of costly vehicles and specialty equipment; and
- Exercise efficient and effective vehicle acquisition and replacement.

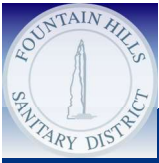
A vehicle is defined as a piece of rolling stock with a final cost of at least \$10,000 and a useful life of 7 years. Following are the general guidelines for classification and replacement of District vehicles.

Classification	Descriptions	Cost Effective Useful Life
Light Duty Trucks	General Work Trucks (1-ton work trucks), 0 - 7,000 GVWR	10 years/100,000 miles
Medium Duty Trucks	Field and Maintenance Work Trucks (2 and 3-ton work trucks), 7,001 - 11,000 GVWR	12 years/100,000 miles
Heavy Duty Trucks	11,001 and higher GVWR	15 years/100,000 miles
Passenger Vehicles		10 years/100,000 miles
Specialty Sewer Inspection Vehicles (Camera)	Truck and Camera Operation Station	15 years/100,000 miles
Specialty Sewer Equipment and Construction Vehicles	Dump Trucks, Water Trucks, Sewer Vacuum and Cleaner Trucks, Cranes	20 years/100,000 miles
Backhoes		20 years/15,000 engine hours
Trailers		10 years
Gator or Golf Cart		10 years/15,000 engine hours

When making recommendations for the replacement of a vehicle, Department Managers and/or District Manager shall review the utilization, maintenance records, overall condition of the vehicle, age, availability and expense of replacement parts, and the criticality of its function in the continuous maintenance and operation of the sewer collection and treatment systems.

SOURCE OF FUNDS: Vehicle replacement shall be scheduled and funded within the Facilities & Equipment Replacement Reserve (FERR) Account. The Vehicle Replacement Schedule is included in the "Supplemental Schedules" section of this document.





Debt Service

The Debt Service Fund is a fund designed to account strictly for financing secured by a District bond issue and the ensuring repayment of those bonds. When in use, the Debt Service Fund provides the accounting for any public financing secured by the District. Funds generated by public financing such as a bond issue are typically used to fund improvement projects that are too large to be financed from current or accumulated fund balances.

Revenue sources available through District Debt Service include a line of credit, a Water Infrastructure Finance Authority (WIFA) loan or the sale of voter approved bonds. Expenditures accounted for in the Debt Service Fund are debt repayments, interest, and fees on debt and potentially expenditures by the bond or loan purpose.

The District originally utilized the Debt Service Fund to account for the bonds requested and authorized by voter election to finance the construction and expansion of its pumping and treatment facilities in the early 1970's. By 1995 a total of \$20,910,000 in bonds were sold and the resulting debt was repaid in full by 2005.

Since 2005 the District has been, and remains, debt-free and therefore, does not currently utilize the Debt Service Fund.



Supplemental Schedules

Schedule of Budget Activities

<u>Date</u>	<u>Day</u>	<u>Event</u>
02/16/22	Wednesday, 4:30pm	Regular Board Meeting: State of the budget presentation with preliminary information and estimates.
03/11/22	Friday	Preliminary budget and Fee Schedule delivered to Directors.
03/16/22	Wednesday, 4:30pm	Budget & Fee Schedule Workshop; Regular Meeting.
04/20/22	Wednesday, 4:30pm	Regular Meeting: Present 2 nd DRAFT of budget with Accounting report on substantive changes since workshop along with items for publication. Board to finalize proposed Fee Schedule and tax rate for Public Hearing.
04/21/22	Thursday	Proposed Budget, Fee Schedule, and Public Meeting Notice to Times for publication.
04/27/22 & 05/04/22	Wednesday	Proposed Budget, Fee Schedule, and Public Meeting Notice published in Times; Send .pdf copy of Budget to Times staff upon request.
05/18/22	Wednesday, 4:30pm	Regular Meeting; Public Hearing for Fee Schedule; Public Hearing for Budget.
06/15/22	Wednesday, 4:30pm	Regular Meeting; Approve Budget and Fee Schedule.
06/24/22	Friday	Budget Submitted to County.

Board of Directors**FOUNTAIN HILLS SANITARY DISTRICT
BOARD OF DIRECTORS**

Bob Hendrix	January 1, 1969-December 31, 1973
Carol Hendrix	January 1, 1969-December 31, 1973
Mary Louise Price	January 1, 1969-December 31, 1975
Bob Williams	January 1, 1974-December 31, 1981
Raymond Reed	January 1, 1974-December 31, 1977
Doyle Bauserman	January 1, 1976-December 31, 1979
Sy Seidner	January 1, 1978-December 31, 1981
Don Martin	January 1, 1980-October 31, 1980
Margaret Jeffrey	November 1, 1980-December 31, 1983
Leo Cunningham	January 1, 1982-March 31, 1984
Clint Foreman	April 1, 1984-December 31, 1985
Cy Blasing	January 1, 1982-December 31, 1985
Dr. Robinson	January 1, 1984-December 31, 1987
Cliff Auble	January 1, 1986-May 31, 1987
Harry Thrasher	June 1, 1987-December 31, 1989
Greg Phillips	January 1, 1986-December 31, 1989
Jim Tognacci	January 1, 1988-December 31, 1991
M. Shawn Fleming	January 1, 1990-December 31, 1997
Bruce Hansen	January 1, 1990-December 31, 1993
Dennis Regeski	January 1, 1992-December 31, 1995
Bert Putterman	January 1, 1994-December 31, 2006
Walter Franklin	January 1, 1996-December 31, 1999
Dennis Regeski	January 1, 1998-December 31, 2001
Bruce Hansen	January 1, 1998-December 31, 2001
Wallace Nichols	January 1, 2000-December 31, 2003
Jim Garvin	March 9, 2002-December 31, 2006
Bruce Hansen	January 1, 2004-August 11, 2016
Michael Howard	January 1, 2007-December 31, 2011
Glenn Panaro	January 1, 2007-September 30, 2014
Thomas Besett	January 1, 2012-April 18, 2017
Tom Reski	March 9, 2002- December 31, 2020
Robert Thomson	August 9, 1999-PRESENT
Gregg Dudash	March 1, 2015-PRESENT
Jerry Butler	October 18, 2016-PRESENT
Michael Maroon	July 18, 2017-PRESENT
Tammy Bell	January 1, 2021-PRESENT

Current Terms of Office

January 1, 2020-December 31, 2023

Robert Thomson

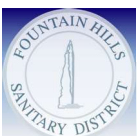
Jerry Butler

Michael Maroon

January 1, 2022-December 31, 2025

Gregg Dudash

Tammy Bell



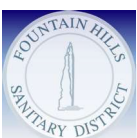
Fund Balance Designations

As discussed in the Financial & Budget Overview section on page 15, annual financial statements prepared by the District are presented on a modified accrual basis in accordance with U.S. Generally Accepted Accounting Principles. Amounts presented in the budget are shown on a budgetary basis and may not present a direct correlation to year-end financial statements for the same period. Governmental Accounting Standards applied to the District's annual financial statements also indicate that fund balance should be identified as either Spendable or Nonspendable, with Spendable funds further classified as Restricted, Committed, Assigned, or Unassigned. These classifications are made according, to internal, external, or legislative constraints placed on how District monies can be spent. These designations made in the District's annual Financial Statements, *Governmental Funds Balance Sheet and Statement of Net Position* are not presented in this budget, but are described in more detail below for informational purposes.

Nonspendable: Nonspendable refers to the portion of fund balance which is not in spendable form or is legally or contractually required to remain intact (i.e., Inventory or other nonliquid assets).

Spendable: Spendable refers to the portion of fund balance which is in spendable form and is further categorized as follows:

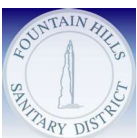
- **Restricted** indicates those funds with restrictions imposed externally by creditors or by legislation.
- **Committed** funds can only be used for a specific purpose imposed by action of the District's Board of Directors (i.e., amounts committed under executed contracts). These funds cannot be used for any other purpose unless a formal action of the Board removes or changes the specified use.
- **Assigned** refers to the amount of fund balance constrained only by the District's intent that it be used for a specific purpose, not by form or legislative, legal, or Board action.
- **Unassigned** the spendable amount remaining after the previous classifications have been applied.



Taxes & Fees: Five-Year History

		2018-2019	2019-2020	2020-2021	2021-2022	2022-2023 Adopted	% Change
Sewer User Fees	Quarterly Fees:						
	Residential	\$81/\$84	\$84.00	\$84/\$87	\$87.00	\$90.00	3.4%
	Hotel/Motel per unit	\$33.75	\$33.75	\$33.75	\$33.75	\$35.25	4.4%
	Assisted Living per occupant	\$33.75	\$33.75	\$33.75	\$33.75	\$35.25	4.4%
	Commercial Minimum	\$105.00	\$105.00	\$105.00	\$105.00	\$108.00	2.9%
	Commercial (by water usage)	varies	varies	varies	varies	varies	
Connection Fees	Schools	\$270	\$270	\$270	\$270	\$270	0.0%
	One-Time Fees:						
	Hook-up Fee	\$400	\$400	\$400	\$400	\$400	0.0%
	Lateral Fee	\$4,500	\$4,500	\$4,500	\$4,500	\$4,500	0.0%
	Residential Capacity Fee (Single Family)	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	0.0%
	Residential Capacity Fee (Multi-Family, per unit)	\$5,200	\$5,200	\$5,200	\$5,200	\$5,200	0.0%
	Hotel/Motel Capacity Fee (per unit)	\$4,145	\$4,145	\$4,145	\$4,145	\$4,145	0.0%
	Assisted Living Capacity Fee (per occupant)	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	0.0%
	Commercial Capacity Fee (per unit)	varies	varies	varies	varies	varies	
	Shea Corridor Surcharge (Non-residential varies)	\$1,260	\$1,260	\$1,260	\$1,260	\$1,260	0.0%
	Shea Corridor Surcharge Hotel/Motel (per unit)	\$450	\$450	\$450	\$450	\$450	0.0%
Other Charges	Annual Fees:						
	Availability Fee	\$84	\$84	\$84	\$84	\$84	0.0%
	Property Taxes (per \$100 in AV)	\$0.982	\$0.981	\$0.955	\$0.951	\$0.951	0.0%
	Fees Per Occurrence:						
	Project Review/Inspection Fee (Per Lineal Foot)	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	0.0%
	plus (per pump station)	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	0.0%
	RV Dump Fee - Nonresident	\$5.00	\$5.00	\$5.00	\$5.00	\$5.00	0.0%
	RV Dump Fee - Commercial	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	0.0%
	Recycled Water (per acre foot)	\$380	\$380	\$380	\$380	\$380	0.0%
	Encroach/Abandonments	\$25/\$75	\$25/\$75	\$25/\$75	\$25/\$75	\$25/\$75	
	Sewer User Establishment Fee	\$30	\$30	\$30	\$30	\$30	0.0%
Penalties and Interest	Public Records (Copies/Postage)	varies	varies	varies	varies	varies	
	Interest on late payments	10%	10%	10%	10%	10%	0.0%
	Sewer User Fee Late charge	\$25	\$25	\$25	\$25	\$25	0.0%
	Non-sufficient funds fee	\$30	\$30	\$30	\$30	\$30	0.0%
	Failure to obtain Service Agr.	\$750	\$750	\$750	\$750	\$750	0.0%
	Lien Fee	\$150	\$150	\$150	\$150	\$150	0.0%
	User Service Discontinue Fee	actual costs	actual costs	actual costs	actual costs	actual costs	
	User Fee Deposit	\$162	\$162	\$174	\$174	\$180	3.4%
	Consumer Price Index Change**	2.10%	1.90%	2.30%	1.40%	7.00%	

**From U.S. Department of Labor, Bureau of Labor Statistics (<http://www.bls.gov>, "12-month % change, CPI, U.S. all items)

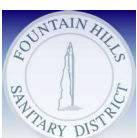


Taxes & Fees: Summary Schedule**FOUNTAIN HILLS SANITARY DISTRICT**

Fee schedule for the period July 1, 2022 to June 30, 2023

Residential	Monthly User Fees
Residential (single family homes, duplexes, condominiums, townhouses, apartment buildings, or other multi-family housing units).	\$30.00 per month for each living unit of housing – billed quarterly.
Hotel, motel units, and bed and breakfast units.	\$11.75 per unit per month – billed quarterly.
Assisted living units, independent living units, or other similar multi-unit facilities.	\$11.75 per occupant per month – billed quarterly.

Non-Residential *	
Schools	\$90.00 per month – billed quarterly
Restaurants, Bars, Bakeries or Supermarkets	\$ 3.35 (Rate per 1,000 gallons)
Food Preparation (Non-Restaurant), Dry Cleaners, Laundries or Mortuaries	\$ 2.43 (Rate per 1,000 gallons)
Nursing Facilities, Hospitals, Clinics, Laboratories, Salons, Daycare Facilities or Automobile/Equipment Repair Facilities	\$ 2.10 (Rate per 1,000 gallons)
Carwashes, Offices, Retail Stores or Other	\$ 1.97 (Rate per 1,000 gallons)

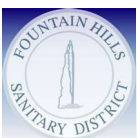


Taxes & Fees: Summary Schedule

*The average monthly water usage is determined by meter readings provided by EPCOR-Chaparral District for the prior calendar year. In no event shall the fees for non-residential users be less than **\$36.00** per month or **\$108.00** per quarter. If a building with multiple businesses is serviced by only one water meter, the owner will be billed at the rate for the business with the highest user classification.

Other Fees and Charges	
Availability Fee	\$84.00 billed annually (\$7.00 per month)
Establishment Fee	\$30.00 charged to set up an account
Late Fee	\$25.00 for accounts delinquent for more than 15 days
Interest Charges	10% (.0833% per month) applied to delinquent balances on the 20 th of each month
Lien Fee	\$150.00 lien fee filed against the property after the account is 90 days delinquent
Deposit	An amount equal to two quarters of User Fees charged after the account has been late two consecutive quarters
Returned Payment Fee	\$30.00 for all payments returned unpaid by any financial institution in addition to the amount of the check
Project Review Fee	\$2.00 per lineal foot plus the sum of \$2,000.00 for each pump station to be constructed. Additional fees may be charged on a time and material basis.
Encroachment or Abandonment Permit Fee	\$75.00 if a physical site visit is required, or \$25.00 if no site visit is required.
Fees for Reproduction and Delivery of Requested Public Records	Copy Fee - \$0.18 per 8.5"x11" standard, \$0.20 per 8.5"x14" legal, \$0.23 per 11"x17" page
Disposal Fees (Use of RV Dump Station)	RV disposal by District resident – No Charge RV disposal by non-resident - \$5.00 Commercial waterborne waste disposal - \$25.00
Recycled Water Fee	Tier I: \$380.00 per acre-foot up to 506.5 acre-feet delivered; Tier II: \$1,505.00 per acre-foot for delivery in excess of 506.5 acre-feet per fiscal year.

New Sewer Connection Fees	
Hook-up Fee	\$400.00 per connection
Lateral Fee, if required	\$4,500.00 per connection
Capacity Fees - Residential	
Capacity Fees – Residential (single family homes)	\$10,000.00 per unit
Capacity Fees – Residential (Duplexes, condominiums, townhouses, apartment buildings, or other multi-family housing units)	\$5,200.00 per unit
Shea Corridor Capacity Fee Surcharge – Residential (single family homes, duplexes, condominiums, townhouses, apartment buildings, or other multi-family housing units), if required	\$1,260.00 per unit



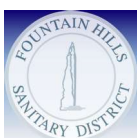
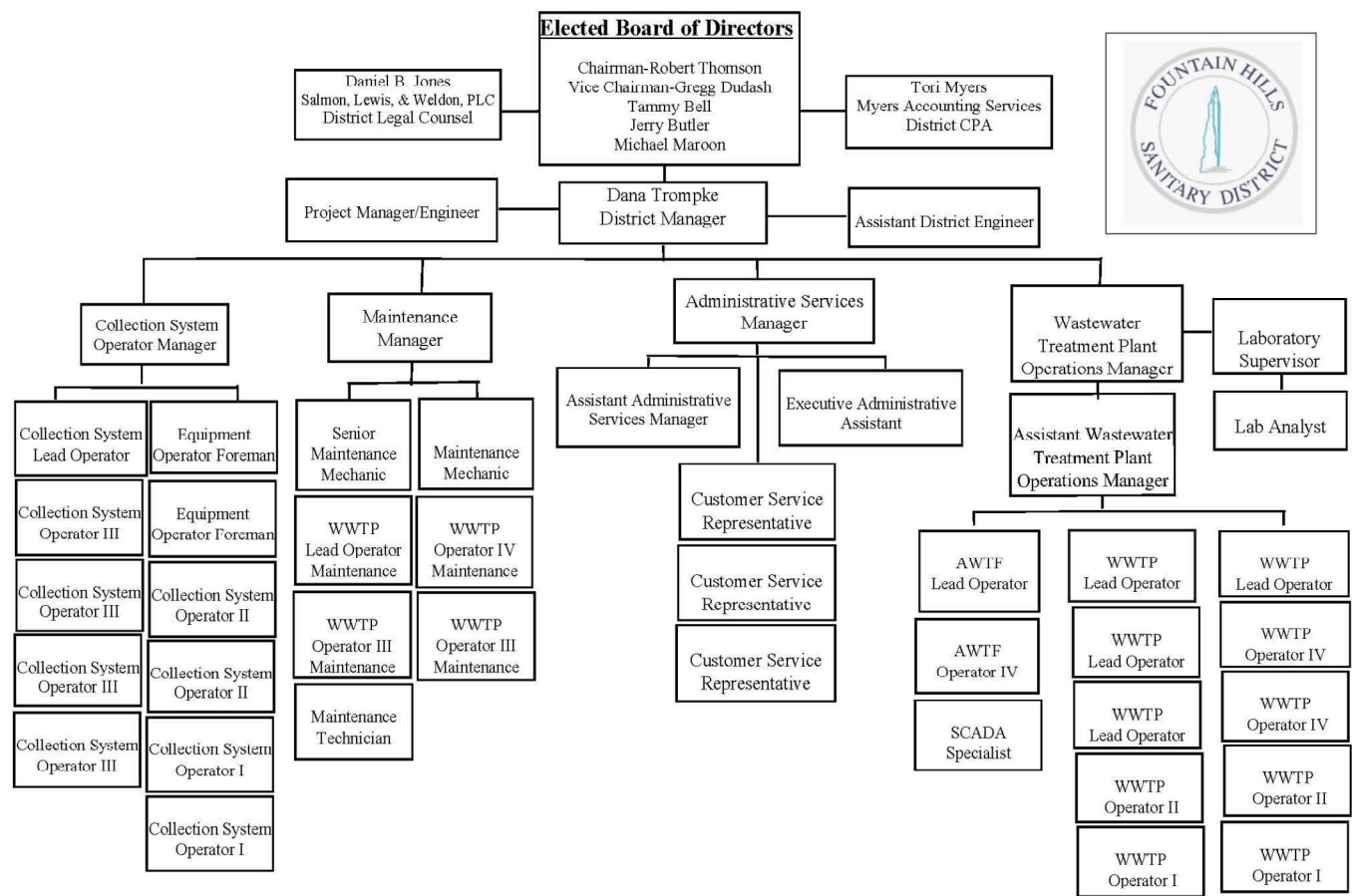
Taxes & Fees: Summary Schedule

Capacity Fees – Non-residential	
Water Meter Size – 1" or less	\$ 10,000.00
Water Meter Size – 1-1/2"	\$ 14,883.00
Water Meter Size – 2"	\$ 29,757.00
Water Meter Size – 2-1/2"	\$ 47,634.00
Water Meter Size – 3"	\$ 68,500.00
Water Meter Size – 4"	\$ 89,372.00
Water Meter Size – 6"	\$148,884.00
Capacity Fees – Hotel and motel units and bed and breakfast units	\$4,145.00 per unit
Capacity Fees – Assisted living units, independent living units, or other similar multi-unit facilities	\$3,500 per occupant
Shea Corridor Capacity Fee Surcharge - Water Meter Size – 1" or less	\$ 1,260.00 per meter
Shea Corridor Capacity Fee Surcharge - Water Meter Size – 1-1/2"	\$ 1,875.00 per meter
Shea Corridor Capacity Fee Surcharge - Water Meter Size – 2"	\$ 3,750.00 per meter
Shea Corridor Capacity Fee Surcharge - Water Meter Size – 2-1/2"	\$ 6,002.00 per meter
Shea Corridor Capacity Fee Surcharge - Water Meter Size – 3"	\$ 8,631.00 per meter
Shea Corridor Capacity Fee Surcharge - Water Meter Size – 4"	\$11,261.00 per meter
Shea Corridor Capacity Fee Surcharge - Water Meter Size – 6"	\$18,760.00 per meter
Shea Corridor Capacity Fee Surcharge – Hotel and motel units, bed and breakfast units, assisted living units, independent living units, or other similar multi-unit facilities, if required	\$ 450.00 per unit or per occupant



Organization Chart

FOUNTAIN HILLS SANTARY DISTRICT ORGANIZATIONAL CHART



Wage Schedule

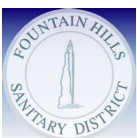
WAGE SCHEDULE - EFFECTIVE JULY 1, 2022 *

<u>Exempt Positions (Salaried)</u>	<u>Minimum</u>	<u>Maximum</u>
District Manager	\$ 126,500.00	\$ 189,000.00
Administrative Services Manager	\$ 90,500.00	\$ 127,300.00
Collection System Manager	\$ 90,500.00	\$ 127,300.00
WW Treatment Plant Manager	\$ 90,500.00	\$ 127,300.00
Maintenance Manager	\$ 90,500.00	\$ 127,300.00
Asst. District Engineer	\$ 79,200.00	\$ 114,600.00
Capital Project Manager Engineer	\$ 79,200.00	\$ 114,600.00
Asst. Administrative Services Manager	\$ 73,500.00	\$ 105,100.00
Asst. Collection System Manager	\$ 73,500.00	\$ 105,100.00
Asst. WW Treatment Plant Manager	\$ 73,500.00	\$ 105,100.00
Laboratory Supervisor	\$ 73,500.00	\$ 105,100.00
SCADA Specialist, Lead	\$ 69,900.00	\$ 100,700.00
Laboratory Analyst	\$ 60,900.00	\$ 84,900.00
Customer Service Supervisor	\$ 60,900.00	\$ 84,900.00
Construction Superintendent	\$ 60,900.00	\$ 84,900.00
Safety Coordinator	\$ 60,900.00	\$ 84,900.00

<u>Non-Exempt Positions (Hourly)</u>	<u>Minimum</u>	<u>Maximum</u>
Executive Administrative Assistant & Purchasing	\$ 28.31	\$ 39.95
Administrative Assistant	\$ 25.30	\$ 35.60
Customer Service Representative II	\$ 25.30	\$ 35.60
Customer Service Representative I	\$ 21.63	\$ 30.31
Collection System Lead Operator	\$ 31.72	\$ 44.92
Collection System Operator IV	\$ 30.31	\$ 42.85
Collection System Operator III	\$ 28.31	\$ 39.95
Collection System Operator II	\$ 25.30	\$ 35.60
Collection System Operator I	\$ 21.63	\$ 30.31
Equipment Operator/Foreman	\$ 28.31	\$ 39.95
Maintenance Mechanic IV	\$ 30.31	\$ 42.85
Maintenance Mechanic III	\$ 28.31	\$ 39.95
Maintenance Mechanic III	\$ 25.30	\$ 35.60
Maintenance Technician I	\$ 21.63	\$ 30.31
WWTP Lead Operator	\$ 31.72	\$ 44.92
WWTP Operator IV	\$ 30.31	\$ 42.85
WWTP Operator III	\$ 28.31	\$ 39.95
WWTP Operator II	\$ 25.30	\$ 35.60
WWTP Operator I	\$ 21.63	\$ 30.31

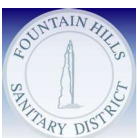
* Cost of Living Adjustment of 3.0% above FY 2021-2022 mid-year adjustment

* Note, not all positions are filled each year



Schedule of Positions

Dept.	Position	FY 20-21	FY 21-22	FY 22-23
	FTE = Full Time Equivalents	FTE	FTE	FTE
<u>MANAGEMENT/ENGINEERING</u>				
	District Manager	1	1	1
	Asst. District Engineer	1	1	1
	Safety Coordinator			
	CIP/PM Engineer	1	1	1
	Total Dept. Positions	3	3	3
<u>ADMINISTRATION</u>				
	Administration Services Manager	1	1	1
	Asst. Administration Services Manager	1	1	1
	Executive Admin. Assistant & Purchasing	1	1	1
	Customer Service Representatives (CSR)	3	3	3
	CSR Supervisor	1	-	-
	Total Dept. Positions	7	6	6
<u>COLLECTIONS SYSTEMS</u>				
	Manager	1	1	1
	Asst. Manager	-	-	-
	Operators (I - IV)	10	11	11
	Fleet Mechanics	-	-	-
	Construction Superintendent	1	-	-
	Total Dept. Positions	12	12	12
<u>PLANT OPERATIONS</u>				
	Manager	1	1	1
	Asst. Manager	1	1	1
	SCADA Technician	1	1	1
	Operators (I - IV)	12	12	12
	Lab Staff	2	2	2
	Total Dept. Positions	17	17	17
<u>MAINTENANCE</u>				
	Manager	1	1	1
	Fleet Mechanics	2	2	2
	Equipment & Facilities Mechanics	4	4	4
	Maint. Technician (In-Training)	1	1	1
	Total Dept. Positions	8	8	8
TOTAL STAFF		47	46	46



Vehicle Replacement Schedule

FY	DEPARTMENT	VEHICLE	YEAR	MAKE	DESCRIPTION	FUNCTION	REPLACEMENT BUDGET*
FY 22-23							
2022	Treatment	S-2	2003	Ford	Econoline E-150 Van	SCADA & Instrumentation	\$ 30,000
2023	Collections	S-16	2003	Ford	F-250 Pickup (Upgrade to Heavy Duty)	Field Crew	\$ 100,000
2023	Maintenance	S-12	2014	RAM	5500 Utility Truck w/ Crane (failed early)	Maint. Work Crew/ PS Pumps	\$ 130,000
Future Years							
2023	Shared	S-11	2003	Ford	F-350 Stakebed Truck	Hauling Equipment	\$ 45,000
2024	Treatment	S-18	2008	Ford	F-250 Pickup	Plant/Wells	\$ 40,000
2024	Treatment	S-3	2009	Ford	F-150 Pickup	Plant/Sampling	\$ 35,000
2029	Collections	S-5	2014	Ford	F-150 Pickup	Blue Stakes/Inspections	\$ 35,000
2029	Collections	S-25	2014	Ford	F-150 Pickup	FOG/Permits	\$ 35,000
2029	Maintenance	S-12	2014	RAM	5500 Utility Truck	Maint. Work Crew	\$ 60,000
2030	Shared	S-15	2015	Ford	F150 Supercrew Pickup	Managers	\$ 37,000
2031	Administration	A-1	2021	Ford	Hybrid Escape	Admin	\$ 33,000
2031	Treatment	S-23	2021	Ford	F-150 Pickup	Plant/Sampling	\$ 36,000
2032	Collections	S-20	2017	Ford	F-350 Utility Truck	Pump Stations	\$ 75,000
2032	Maintenance	S-21	2017	Ford	F-350 Utility Truck	Maint. Work Crew	\$ 75,000
2034	Collections	S-14	2019	Ford	F-250 Utility Truck	Field Crew	\$ 65,000
2034	Collections	S-19	2019	Ford	F-450 Water Truck	Construction	\$ 90,000
2037	Maintenance	S-6	2022	Ford	F-350 Utility Truck	Maint. Work Crew	\$ 79,000
2036	Collections	S-17	2021	Ford	F-350 Utility Truck	Sewer Tap Crew	\$ 79,000
SPECIALTY TRUCKS							
2023	Collections	34	2012	John Deere	310KP Backhoe	Excavations	\$ 230,000
2024	Collections	S-4	2006	International	7400 Pumper Truck	Sewer Pumper	\$ 150,000
2025	Collections	S-27	2010	International	7300 SFA Rodder Truck	Sewer Rodder	\$ 175,000
2025	Shared	S-28	2005	Freightliner	w/BT3470 Crane	Shared	\$ 350,000
2029	Collections	S-9	2014	Freightliner	Vac-Con Combo Sewer Cleaner	Sewer Combo Pump/Clean	\$ 550,000
2029	Collections	S-24	2014	Isuzu	NPR HD Camera Truck	Sewer Camera	\$ 375,000
2031	Collections	S-7	2006	Ford	F-750 Dump Truck	Construction/Dump Truck	\$ 100,000
2031	Shared	1	2006	John Deere	710G Backhoe	Excavations	\$ 320,000
2044	Treatment	E553	2019	Case	586D Forklift	Plant Operations	\$ 80,000
* Budget Costs escalated over time to account for inflation							

