



Operating and Capital Budget

Fiscal Year July 1, 2019 – June 30, 2020

Budget prepared by Timothy Shaw, General Manager, District Staff, and District Engineer

8/19/2019

TABLE OF CONTENTS

Executive Summary.....	2
Understanding the Budget Document.....	5
Budgetary Control and Process.....	5
District Profile	7
District History and Service Description	7
District Mission Statement.....	7
District Officials	7
Organizational Structure.....	8
Service Area	8
Operating Budget.....	9
Operating and Non-Operating Revenue	10
Operating Expense	12
Non-Operating Expense	17
Summary Net Revenue	17
Fund Balances	18
Capital Budget.....	20
Capital Budget by Funds	20
Capital Budget Technical Memorandum	21
Glossary.....	22

EXECUTIVE SUMMARY

August 19, 2019

Board of Directors

Rio Linda Elverta Community Water District

I hereby submit the Rio Linda/Elverta Community Water District's Fiscal Year 2019-2020 Operating and Capital Budget. The budget document provides detailed information about the District's revenue and expenditure forecast for the next fiscal year and addresses the main points and major decisions made in compiling the budget.

The District's overall operation is achieved, in part, by annually reviewing its goals and means to accomplish such goals. The goals and objectives are considered during the budget development process to provide the basis for prioritizing efforts, activities, needs, human resources, and financial resources.

Monitoring the budget and responding to unanticipated events is a continuous process. The District maintains a proactive response in performing mid-year budget review(s) if adjustments are required. The District amended its budget adoption policy in 2019 to:

Associate the public hearing / public notice requirement with the final budget adoption (in August) instead of the preliminary budget adoption (in May).

Allow for minor budget revisions by the General Manager where the overall spending is not increased. Examples include moving funding from a relatively over-funded line item to an under-funded line item.

The pending hexavalent chromium (Cr+6) Maximum Contaminant Level (MCL) continues to influence our operating and capital budgets. Fortunately, the District's current rate structure provides for infrastructure improvements to comply with anticipated Cr+6 MCL. However, the rates analysis for the current rates presumed the District would receive a minimum level of Cr+6 mitigation funding through grants and low interest loans, which assumed that the District would qualify as a Disadvantaged Community (DAC). The District is not eligible for DAC funding. Consequently, the District narrowed its Cr+6 mitigation efforts to two projects, Well #16 groundwater pumping station and a wellhead treatment project using ion exchange treatment of existing groundwater facilities. The District secured a loan from Opus Bank using Surcharge #2 as debt service. The design of the Well #16 groundwater pumping facility is approximately 90% complete. Construction of the Well #16 facility, which produces drinking water with hexavalent chromium substantially below the anticipated re-adopted MCL, is scheduled for completion in September 2020. At the August 19, 2019 Board meeting, the Board will consider how much of the Opus bank loan to draw. Factors to be considered include the currently published state schedule for re-adopting the hexavalent chromium MCL and anticipate concurrence from the Department of Water Resource on reallocating a \$500,000 grant awarded to the wellhead, ion-exchange treatment project to the Well #16 project. To supplement the current rate structure for Cr+6 mitigation infrastructure, staff continues to stay abreast of additional funding opportunities as may materialize by legislative or other action.

The District will continue to fund the Capital Improvement Fund with the operating budget and Opus Bank loan proceeds. Previous District objectives, which were influenced by the state compliance order

and other regulatory enforcement actions included a \$600,000 targeted annual funding level for capital improvements. The targeted amount was not necessarily based on the need for specific capital improvements. To address this, the District has been conducting a thorough and deliberate capital improvement projects list update, which is now nearly complete. Once the capital improvement projects list and schedule for the list are adopted by the Board, the District will use this to drive the annual capital budget adoption process. The current balance of the capital improvement fund is approximately \$1.7 million. Note that the Opus Bank loan is not included in the accumulated balance for the capital improvement fund.

Budget items tangible to the deviation from blindly targeting an annual funding amount (previously \$600,000) include increase spending on employee compensation subsequent to the collective bargaining agreement renewal. In general terms, the District increased pay by an average of 5% and increased the maximum budgeted Districts contribution for medical, dental and vision insurance to \$1,705 per employee per month. Tempering this increase is the continued practice from the previous year of budgeting for the maximum contractual (MOU) amount knowing that all employees are not likely to require the maximum. This effectively yields a year-end under budget condition for medical, dental and vision insurance. Also tempering the increased employee compensation is the decreased spending on operational needs. On average, the District is saving \$0.38 per gallon on fuel for District vehicles compared to past practices of paying credit per gallon rates and federal excise tax. The District is saving \$150 per month on the new voice over internet protocol (VOIP) office phone system compared to Comcast service. The District is saving over \$200 per month on cell phone service charges by switching to a program only available to government agencies. The District is saving approximately \$21,000 per year.

The District amended its finance policies to reflect statutory requirements and staffing realities. The previous finance policies were adopted subsequent to substantive findings in annual independent audits in 2011 and 2012. The previously adopted finance policies assumed the District staff and/or consultants included the services of a properly credentialed finance officer. The new policies simplify the Districts investment options, which are now the right tool for the job. The previous funding for retiree medical was transition to the California Employers Retiree Benefit Trust (CERBT), which is generating about 7% interest. The balance of capacity fees was then transferred to our Local Agency Investment Fund (LAIF), Capacity fees are restricted and are no longer comingled with District capital improvement funds. This will enable required reporting of capacity fee account status. Only the Board, at properly noticed meetings, can make changes to the District's investments.

Looking ahead, several laws already signed by the Governor have current and future increased cost to the District. Some new laws have direct financial burdens and others have burdens via increased demands for staff time by requiring additional reporting and more complex compliance elements. Among these new laws are SB-555, SB-998 and SB-606. The District is hopeful it can partially mitigate the costs and personnel burdens from SB-998 and SB-555 by collaborating with neighboring water agencies to share the costs (but unfortunately not eliminate) for compliance. Some of the collaboration is being discussed at the organizations the District already participates, e.g. Regional Water Authority. Other discussions on collaboration are through a relatively recent but substantially informal group of Sacramento Regional Water Utilities. Additionally, the District is exploring the feasibility and timing for out-sourcing the printing, folding, stuffing and mailing of the bimonthly bills to free up some person-hours to use on the onerous new requirements for termination of service under SB-998. SB-606

compliance will undoubtedly require the District to perform a rate adjustment process. The current structure of the District rates is fundamentally incompatible with the requirements of SB-606.

The District is required to contribute approximately \$24,210 in administrative membership dues this fiscal year to the Sacramento Ground Water Authority (SGA) to remain in good standing. The SGA is a Joint Powers Authority (JPA) created to manage and maintain the long-term sustainable yield of the North Basin and facilitate the implementation of an appropriate conjunctive use program by water purveyors. It has been granted extensive powers and functions to accomplish its sustainable groundwater management mission. Along with SGA, other water association memberships for the District include Regional Water Authority (RWA), Association of California Water Agencies (ACWA), California Special Districts Association (CSDA), and California Rural Water Association (CRWA). The District discontinued membership in the American Water Works Association (AWWA). We can expect an increase in annual dues from these associations due to inflation. We can also expect and already experienced beyond inflation increase in property and workers comp insurance due to the impact of wildfires on the insurance industry as a whole. The increases in funding for SGA and RWA also go beyond inflation. RWA and SGA operating cost increases also reflect generous funding (relative to the District's approach) of employee compensation and benefits.

Continuing the streamlining improvements made in last year's budget, the District has made minor revisions to the chart of accounts to match those used by the Auditor. These changes include transitioning some operations and maintenance cost out of the capital improvement budget.

In summary, the budget reflects the Board of Directors' priorities and goals which are conveyed to staff. The budgeting process continues to improve, and the staff has embraced cost avoidance strategies to improve the District's fiscal status wherever feasible. We're taking advantage of joint powers purchasing agreements only available to government agencies, purchasing fuel without the charge for excise taxes. and purchasing equipment to reduce long-term costs. We've implemented contract improvements to exercise greater control and focus on our engineering needs, embraced a completed staff work approach to ensuring elements are not overlooked and future obligation have a greater amount of lead time for planning and funding.

I formally recognize and thank the staff and Board Members for their continued dedication and commitment. There can be no doubt that the cooperation and collective efforts have productively lead to improvements in the efficiency and cost curtailments reflected not only in this budget, but also in the fundamental services this community owned public water system provides.

Sincerely,

Timothy R. Shaw
General Manager
Rio Linda/Elverta Community Water District

UNDERSTANDING THE BUDGET DOCUMENT

On an annual basis, the District's Board of Directors adopts a budget for the subsequent fiscal year. The budget is an instrument used by management to present the proposed plan of financial operations of the District to the Board of Directors. The budget incorporates Operating, Capital, and includes all supporting statements, details, summaries and other information deemed appropriate by the General Manager.

The budget is divided into several sections as follows:

INTRODUCTION This section contains a description of the District and its organizational structure and budget process.

OPERATING BUDGET This section describes the philosophy and process used to develop the operating budget.

CAPITAL BUDGET This section describes the philosophy and process used to develop the capital budget.

GLOSSARY This section contains a description of the District and its organizational structure and budget process.

Budgetary Control and Process

Budgetary Control

The District prepares budgets as a matter of policy and financial control. The budget is a financial plan detailing operating expenses, capital infrastructure investments, debt obligations, and designation of reserves. The following items are reviewed as part of preparing the budget:

- Assess current conditions and needs, including system quality and safety;
- Develop goals, objectives, policies, and plans based upon the assessment;
- Prioritize projects and develop work programs, based upon short-term and long-term cost effectiveness, and
- Implement plans, policies, and assess shortcomings.

Budget Process

The District follows an incremental budgetary process (see glossary), which is prepared on a cash basis and is used as a management tool for projecting and measuring revenues and expenses. To commence the process, the Finance committee provides an extensive review of the proposed budget. After review, the District invites customers to a public hearing so that the District can provide budget information and receive feedback. Public hearings are designed to educate and inform customers about the District's financial operations and requirements. It is during this forum that the budget is adopted by Board of Directors.

To summarize, the District's guideline for its policy, procedures, and timeline involved in creating and approving the annual budget is outlined below.

PRESENTATION AND REVIEW

In June of each year, the General Manager shall present the draft budget documents to the Board of Directors, including the "Preliminary Budget, for the following fiscal year. The Board may adopt the Preliminary Budget and schedule a Public Hearing for consideration of the Final Budget (typically August regular Board of Directors meeting).

PUBLIC HEARING

On or before the regular Board meeting in August, the Board of Directors shall hold a public hearing to adopt the Final Budget. Copies of the Budget document shall be available to the public.

ADOPTION

During or before the regular Board meeting in August, the Board of Directors shall make any changes it deems desirable to the Preliminary Budget and shall adopt by resolution the Budget as finally determined. The resolution shall include all adopted revenue and expenditure figures.

REVISIONS

Occasionally, it is necessary and appropriate for Board of Directors to revise the budget. Examples of necessary budget revisions include but are not limited to; unforeseen regulatory requirements and expenses, operational costs beyond those originally budgeted, and catastrophic equipment/facilities failures. As required, the General Manager will present budget revisions to the Board and the Board will consider these revisions at regular meetings of the Board of Directors.

MINOR ALLOCATIONS AND REVISIONS BETWEEN LINE ITEMS

When the budget revisions are minor in scope and/or consist merely of reallocating a surplus from one line item to cover reasonably anticipated shortfalls in another line item, the General Manager is authorized to make such minor budget revisions and report the revision, including submitting the revised budget to the Board review at the subsequent Board of Directors meeting. General Manager authorized minor budget revisions are limited in that the total budgeted expenses must remain unchanged.

DISTRICT PROFILE

District History and Service Description

The Rio Linda/Elverta Community Water District (RLECWD) was formed in 1948 after a public vote under County Water District Law (Water Code section 30000 et seq.). The District is governed by a Board of Directors that consists of five (5) members elected at large. The District includes the communities of Rio Linda and Elverta and encompasses approximately 17.8 square miles. The District has 10 full-time employees, a contracted engineer and an attorney.

The District water system consists of 11 wells and 61.72 miles of distribution mains. The overall system capacity is currently 14.4 MGD. The District pumps approximately 2110 acre-feet of water annually to its 4,618 customers with a daily average of approximately 1.9 million gallons.

To improve the water system and ensure the delivery of high quality drinking water to customers, the District constructed Well # 15 in 2012 and a 1.2 million gallon reservoir tank in 2014.

District Mission Statement

The mission of the Rio Linda/Elverta Community Water District is to provide, in a manner responsive to District customers, a water supply that is adequate, safe and potable (according to state and federal standards) and that meets both current and future needs.

District Officials

Board of Directors

John Ridilla, President/Director

Mary Harris, Vice President/Director

Chris Gifford, Director

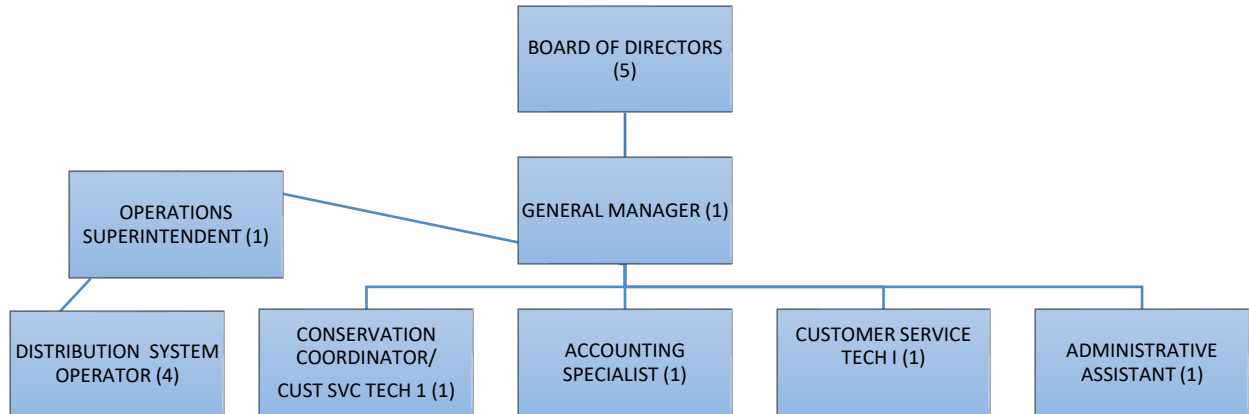
Jason A. Green, Director

Robert Reisig, Director

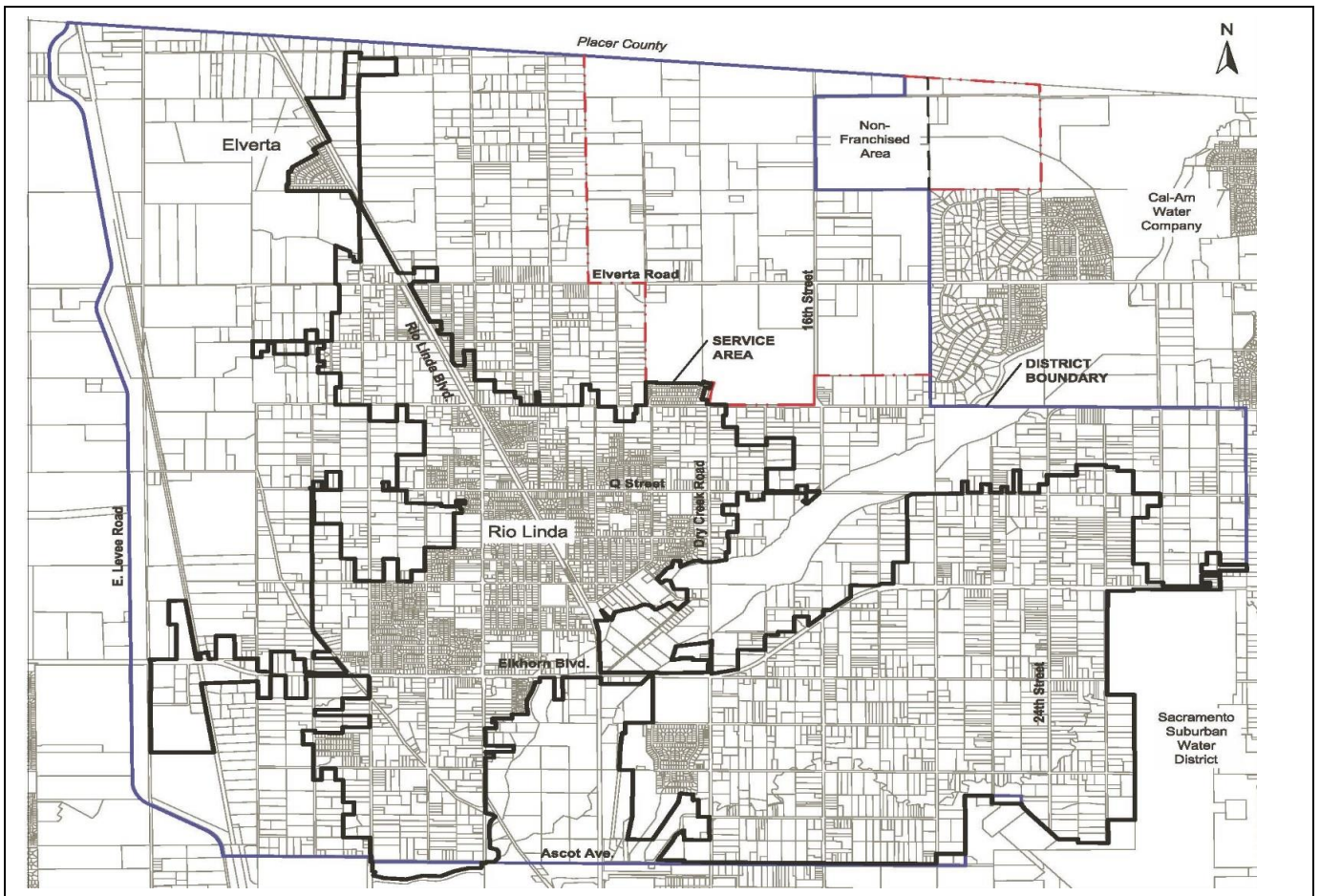
Appointed Official

Timothy Shaw, General Manager

Organizational Structure



Service Area



OPERATING BUDGET

The Incremental Budgeting Method is used to prepare the Operating Budget. See Glossary for definitions. The District uses the same structure and format for the chart of accounts as the Annual Financial Audit Report to establish symmetry. The Operating Budget is described below outlining the categories, and columns.

The budget is divided into the following categories:

REVENUE – Includes both operating and non-operating revenue.

OPERATING EXPENSE – Includes all expenses considered operating and includes the following categories: Professional Fees, Personnel Services, Administration, Conservation, and Field Operations.

- **PROFESSIONAL FEES** – A category of expenditures are fees charged by service providers in occupations requiring special training in the arts or sciences including legal services, auditors, engineers, and other specialized consultants.
- **PERSONNEL SERVICES** – A category of expenditures, which primarily covers salaries and wages, benefits, and other costs related to District personnel.
- **ADMINISTRATION** – A category of expenditures directly related to the cost of providing services including building maintenance, computer systems, office, insurance, and water memberships.
- **CONSERVATION** – A category of expenditures directly relating to providing services related to water conservation including community outreach and rebate programs.
- **FIELD OPERATIONS** – A category of expenditures directly relating to providing services related to field operations including pumping, transmission and distribution, and transportation.

NON-OPERATING EXPENSES – Includes all expenses considered non-operating such as Debt Service expenses. The total Net Revenue follows.

OPERATING AND SURCHARGE FUND BALANCES – Reflects total estimated beginning and ending fund balances.

The budget is divided into the following columns:

COLUMN 1 - ACTUAL YTD – Actual revenue and expenses beginning July 1st and ending June 30th. An incremental budget is prepared using a previous period's budget or actual performance as a basis with incremental amounts added for the new budget period.

COLUMN 2 - 2018-2019 BUDGET – The prior fiscal year budget.

COLUMN 3 - 2019-2020 BUDGET – The new fiscal year budget.

COLUMN 4 - DIFFERENCE – The calculated total taking Column 3 less Column 2.

COLUMN 5 - EXPLANATION – An explanation or description of the differences between the two fiscal year budgets Column 2 and Column 3.

Operating and Non-Operating Revenue

		2018-2019 ACTUAL UNAUDITED	2018-2019 BUDGET	2019-2020 BUDGET	DIFFERENCE	EXPLANATION
OPERATING REVENUE						
40100 Water Service Rates						
40101	Basic Service Charge	\$1,705,369.00	\$1,863,992.00	\$1,901,272.00	\$37,280.00	Ordinance 2016-02 Increase; Water Rate Study Table 2.1
40102	Usage Charge	626,938.00	637,187.00	656,303.00	19,116.00	Ordinance 2016-02 Increase; Water Rate Study Table 2.1
40105	Backflow Charge	25,872.00	25,000.00	25,000.00	0.00	
40106	Fire Prevention	13,795.00	10,600.00	13,500.00	2,900.00	Increased to adjust for projected revenues
Total Water Service Rates		2,371,974.00	2,536,779.00	2,596,075.00	59,296.00	
40200 Water Services						
40201	Application Fee	12,075.00	15,000.00	6,500.00	-8,500.00	Decreased to adjust for a lower fee based on actual cost to process applications
40202	Delinquency	28,275.00	26,000.00	80,000.00	54,000.00	Increased to include Late, Notice Tag & Shutoff Charges; Previously Late Penalty Fee; includes prior year budget 40202 & 40203
40203	Disconnect Tag/NSF Fees	54,225.00	54,000.00	0.00	-54,000.00	Account no longer used; see 40202
40204	Termination/Reconnection	5,080.00	7,000.00	0.00	-7,000.00	Account no longer used; see 40209
40209	Misc. Charges	839.00	2,000.00	12,000.00	10,000.00	Account previously Other Account Service Fees; Budget includes prior year budgeted GL 40209, 40204, and 40303.
Total Water Services		100,494.00	104,000.00	98,500.00	-5,500.00	
40300 Other Water Service Fees						
40301	New Construction QC	4,609.00	4,000.00	4,000.00	0.00	
40302	Service Connection Fees	9,300.00	10,000.00	10,000.00	0.00	
40303	Other Field Service Fees	1,710.00	3,000.00	0.00	-3,000.00	Account no longer used; see 40209
40304	Other Operating Revenue	14,123.00	6,000.00	6,000.00	0.00	
40305	Grant Revenue-Operating	200.00	650.00	0.00	-650.00	Decrease to eliminate Rebate Program
Total Other Water Service Fees		29,942.00	23,650.00	20,000.00	-3,650.00	
TOTAL OPERATING REVENUE		\$2,502,410.00	\$2,664,429.00	\$2,714,575.00	\$50,146.00	

		2018-2019 ACTUAL UNAUDITED	2018-2019 BUDGET	2019-2020 BUDGET	DIFFERENCE	EXPLANATION
NON-OPERATING REVENUE						
41110	Interest Revenue	412.00	400.00	400.00	0.00	
41120	Property Taxes & Assessments	87,964.00	70,000.00	81,856.00	11,856.00	
TOTAL NON-OPERATING REVENUE		\$88,376.00	\$70,400.00	\$82,256.00	\$11,856.00	
TOTAL OPERATING & NON-OPERATING REVENUE		\$2,590,786.00	\$2,734,829.00	\$2,796,831.00	\$62,002.00	

Operating Expense

		2018-2019 ACTUAL UNAUDITED	2018-2019 BUDGET	2019-2020 BUDGET	DIFFERENCE	EXPLANATION
60010 PROFESSIONAL FEES						
60011	General Counsel fees-Legal	54,375.00	65,000.00	65,000.00	0.00	
60012	Auditor Fees	13,379.00	13,379.00	10,731.00	-2,648.00	Decreased to adjust for GASB 75 (replaced GASB 45) non full actuarial year; includes 2.5% increase annual financial audit
60013	Engineering Services	71,240.00	70,000.00	70,000.00	0.00	
60015	Other Professional Fees	10,785.00	17,600.00	25,000.00	7,400.00	Increased to project for Prop 218 rate study contract
TOTAL PROFESSIONAL FEES		\$149,779.00	\$165,979.00	\$170,731.00	\$4,752.00	
60100 PERSONNEL SERVICES						
60110 Salaries & Wages						
60111	Salary - General Manager	105,401.00	109,664.00	113,344.00	3,680.00	Increased to adjust for projected cost
60112	Staff Regular Wages	494,341.00	525,000.00	569,444.00	44,444.00	Increased to adjust for projected cost
60113	Contract Extra Help	0.00	0.00	0.00	0.00	
60114	Staff Standby Pay	17,500.00	18,250.00	18,250.00	0.00	
60115	Staff Overtime Pay	8,727.00	10,200.00	10,200.00	0.00	
	Total Salaries & Wages	625,969.00	663,114.00	711,238.00	48,124.00	
60150 Employee Benefits & Expense						
60151	PERS Retirement	137,446.00	138,987.00	124,190.00	-14,797.00	Decreased to adjust for projected costs
60152	Workers Compensation	14,863.00	14,937.00	16,054.00	1,117.00	Actual Annual Contribution Change
60153	Group Insurance	160,595.00	160,000.00	217,740.00	57,740.00	Increased using employee allowance and GM per MOU/Contract amounts
60154	Retirees Insurance	22,178.00	22,110.00	22,110.00	0.00	
60155	Staff Training	2,080.00	3,500.00	5,000.00	1,500.00	Increased to combine with GL 60156 prior year budget
60156	Management Training	0.00	1,500.00	0.00	-1,500.00	Decreased to eliminate account & combine with GL 60155
60157	Uniforms	3,844.00	4,350.00	4,650.00	300.00	
60158	Payroll Taxes	52,248.00	53,400.00	56,494.00	3,094.00	Increased to adjust for projected costs
60159	Payroll Services	877.00	550.00	1,200.00	650.00	Increased to adjust for projected costs related to FSA Plan

			2018-2019 ACTUAL UNAUDITED	2018-2019 BUDGET	2019-2020 BUDGET	DIFFERENCE	EXPLANATION
	60160	457 Employer Contribution	8,327.00	8,765.00	9,425.00	660.00	Increased to adjust for projected costs
		Total Employee Benefits & Expense	402,458.00	408,099.00	456,863.00	48,764.00	
		TOTAL PERSONNEL SERVICES	\$1,028,427.00	\$1,071,213.00	\$1,168,101.00	\$96,888.00	
		60200 ADMINISTRATION					
	60205	Bank and Merchant Fees	27,082.00	26,000.00	4,500.00	-21,500.00	Decrease to adjust for Merchant Fees result of Convenience Fee policy
	60207	Board of Director-Meeting Fees	13,725.00	16,770.00	10,770.00	-6,000.00	Decreased due to less ad hoc and special meeting compared to previous FY
		60210 Building Expenses					
	60211	Office Utilities	5,840.00	6,000.00	6,000.00	0.00	
	60212	Janitorial	2,340.00	2,340.00	2,340.00	0.00	
	60213	Maintenance	4,264.00	7,500.00	7,500.00	0.00	
	60214	Security	336.00	400.00	400.00	0.00	
		Total Building Expenses	12,780.00	16,240.00	16,240.00	0.00	
		60220 Computer & Equipment Maint.					
	60221	Computer Systems	29,905.00	23,000.00	25,000.00	2,000.00	Increased based on prior year actual expense
	60222	Office Equipment	3,465.00	2,200.00	3,650.00	1,450.00	Increased to adjust for Neopost Maintenance Contract
		Total Computer & Equipment Maint.	33,370.00	25,200.00	28,650.00	3,450.00	
	60230	Office Expense	5,842.00	7,000.00	7,000.00	0.00	
	60240	Postage and Delivery	17,465.00	17,500.00	20,000.00	2,500.00	Increased to project for Prop 218 mailing
	60250	Printing	6,093.00	4,500.00	3,400.00	-1,100.00	Decreased to omit cost of billing return envelope
	60255	Meetings & Conferences	5,062.00	10,000.00	4,000.00	-6,000.00	Decreased to omit cost of ACWA conference
	60260	Publishing	682.00	1,300.00	800.00	-500.00	Decreased using prior year actual
	60270	Telephone & Internet	4,766.00	5,500.00	5,500.00	0.00	
		60430 Insurance					
	60431	General Liability	21,665.00	22,997.00	21,221.00	-1,776.00	Decreased to reflect actual premium
	60432	Property	3,997.00	5,329.00	5,611.00	282.00	Increased to reflect actual premium
		Total Insurance	25,662.00	28,326.00	26,832.00	-1,494.00	

		2018-2019 ACTUAL UNAUDITED	2018-2019 BUDGET	2019-2020 BUDGET	DIFFERENCE	EXPLANATION
60500 Water Memberships						
60501	SAWWA	103.00	225.00	110.00	-115.00	Decreased to include only 1 staff membership
60502	Regional Water Authority	9,667.00	9,667.00	9,355.00	-312.00	Decreased to adjust for actual
60503	SGA	24,866.00	24,866.00	24,210.00	-656.00	Decreased to adjust for actual
60504	ACWA	9,450.00	9,450.00	9,923.00	473.00	Increase includes 5% annual increase
60505	CSDA	6,740.00	6,740.00	7,077.00	337.00	Increase includes 5% annual increase
60506	AWWA	0.00	420.00	0.00	-420.00	Decreased to cancel membership
60507	CRWA	1,302.00	1,263.00	1,326.00	63.00	Increase includes 5% annual increase
	Total Water Memberships	52,128.00	52,631.00	52,001.00	- 630.00	
60550	Permits & Fees	27,185.00	40,000.00	40,000.00	0.00	
60555	Subscriptions & Licensing	1,857.00	2,120.00	2,120.00	0.00	
60560	Elections	2008.00	2008.00	0.00	-2,008.00	Decreased for Non-Election Year
60565	Uncollectable Accounts	235.00	2,000.00	2,000.00	0.00	
60570	Other Operating Expenditures	174.00	500.00	500.00	0.00	
TOTAL ADMINISTRATION		\$236,116.00	\$257,595.00	\$224,313.00	\$-33,282.00	

		2018-2019 ACTUAL UNAUDITED	2018-2019 BUDGET	2019-2020 BUDGET	DIFFERENCE	EXPLANATION
64000 CONSERVATION						
64001	Community Outreach	121.00	1,000.00	300.00	-700.00	Decreased to adjust for lack of prior two-year spending of \$233
64002	Rebate Program	675.00	700.00	0.00	-700.00	Decreased to eliminate program
64003	Regional Conservation Program	5,048.00	5,048.00	0.00	-5,048.00	Decreased to adjust for termination of program
64005	Other Conservation Programs	0.00	0.00	0.00	0.00	
TOTAL CONSERVATION		\$5,844.00	\$6,748.00	\$ 300.00	\$ -6,448.00	
65000 FIELD OPERATIONS						
65100 Other Field Operations						
65110	Backflow Testing	1,536.00	3,000.00	3,000.00	0.00	
65120	Construction Equipment Maint.	4,372.00	5,500.00	5,500.00	0.00	
65130	Field Communication	3,839.00	4,500.00	2,600.00	-1,900.00	Decreased to adjust for new Verizon service contract
65140	Field IT	17,503.00	20,775.00	28,000.00	7,225.00	Increased for SCADA backup service; AMI Meter Cloud Service
65150	Laboratory Services	25,044.00	23,500.00	23,500.00	0.00	
65160	Safety Equipment	5,077.00	5,000.00	5,000.00	0.00	
65170	Shop Supplies	4,525.00	5,000.00	5,000.00	0.00	
Total Other Field Operations		61,896.00	67,275.00	72,600.00	5,325.00	
65200 Treatment		16,779.00	15,000.00	18,000.00	3,000.00	Increased based on prior year actual expense
65300 Pumping						
65310	Maintenance	23,506.00	25,000.00	25,000.00	0.00	
65320	Electricity and Fuel	174,217.00	180,000.00	180,000.00	0.00	
Total Pumping		197,723.00	205,000.00	205,000.00	0.00	

		2018-2019 ACTUAL UNAUDITED	2018-2019 BUDGET	2019-2020 BUDGET	DIFFERENCE	EXPLANATION
65400 Transmission & Distribution						
65410	Distribution Supplies	30,937.00	37,000.00	37,000.00	0.00	
65420	Meter Maintenance	56,515.00	56,534.00	56,600.00	66.00	Increased for rounding
65430	Tank Maintenance	0.00	3,000.00	3,000.00	0.00	
65440	Contract Repairs	2,400.00	21,000.00	21,000.00	0.00	
65450	Valve Replacements	0.00	0.00	35,000.00	35,000.00	Increased to add new account; budgeted line item moved from Capital Budget to reflect as an operating expense
65460	Paving Repairs	0.00	0.00	25,000.00	25,000.00	Increased to add new account; budgeted line item moved from Capital Budget to reflect as an operating expense
Total Transmission & Distribution		89,852.00	117,534.00	177,600.00	60,066.00	
67000 Transportation						
67001	Fuel	12,526.00	13,000.00	13,000.00	0.00	
67002	Maintenance	4,618.00	6,000.00	6,000.00	0.00	
Total Transportation		17,144.00	19,000.00	19,000.00	0.00	
TOTAL FIELD OPERATIONS		\$383,394.00	\$423,809.00	\$492,200.00	\$68,391.00	
TOTAL OPERATING EXPENSE		\$1,803,560.00	\$1,925,344.00	\$2,055,645.00	\$130,301.00	

Non-Operating Expense

		2018-2019 ACTUAL UNAUDITED	2018-2019 BUDGET	2019-2020 BUDGET	DIFFERENCE	EXPLANATION
69010 Debt Service						
69100	Revenue Bond 2015					
69105	Revenue Bond 2015-Principle	133,163.00	133,163.00	139,015.00	5,852.00	Per Loan Payment Schedule
69120	Interest	65,726.00	65,726.00	61,717.00	-4,009.00	Per Loan Payment Schedule
	Total Revenue Bond 2015	198,889.00	198,889.00	200,732.00	1,843.00	
69125 AMI Meter Loan						
69130	Principle	46,818.00	46,818.00	48,281.00	1,463.00	Per Loan Payment Schedule
69135	Interest	11,696.00	11,696.00	10,233.00	-1,463.00	Per Loan Payment Schedule
	Total AMI Meter Loan	58,514.00	58,514.00	58,514.00	0.00	
69400	Other Non-Operating Expense	0.00	2,000.00	2,000.00	0.00	
TOTAL NON-OPERATING EXPENSE		\$257,403.00	\$259,403.00	\$261,246.00	\$1,843.00	
TOTAL OPERATING & NON-OPERATING EXPENSE		\$2,060,963.00	\$2,184,747.00	\$2,316,891.00	\$132,144.00	
NET REVENUE (Revenue-Expense)		\$529,823.00	\$550,082.00	\$479,940.00	\$-70,142.00	

Summary Net Revenue

TOTAL OPERATING & NON-OPERATING REVENUE	\$2,590,786.00	\$2,734,829.00	\$2,796,831.00	\$62,002.00
TOTAL OPERATING & NON-OPERATING EXPENSE	\$2,060,963.00	\$2,184,747.00	\$2,316,891.00	\$132,144.00
NET REVENUE (Revenue-Expense)	\$529,823.00	\$550,082.00	\$479,940.00	\$-70,142.00**

****Note:** The net revenue decrease of \$70,142.00 is the direct result of \$60,000.00 budgeted GL 65450 Valve Replacements and GL 65460 Paving Repairs previously classified as a Capital Improvement expense. The remaining net revenue decrease \$10,142.00 is a culmination of revenue and expense adjustments.

Fund Balances

OPERATING FUND BALANCE		2018-2019 BUDGET	2019-2020 BUDGET	DIFFERENCE	EXPLANATION
Operating Account Balance June 30		\$634,454.00	\$634,536.00		
Net Revenue		550,082.00	479,940.00		
Transfer to CEBRT Funds		0.00	-20,000.00	20,000.00	Increased to budget for new CEBRT account
Transfer to Operating Reserve		0.00	-50,000.00	50,000.00	One-time adjustment to equal 1 months operating expenditures
Transfer to Capital Improvement Funds		-550,000.00	-409,940.00	-140,060.00	Decreased to adjust for available funds
Estimated Operating Fund Balance June 30		\$634,536.00	\$634,536.00		
SURCHARGE 1 FUND BALANCE					
Surcharge 1 Fund Balance June 30		\$497,603.00	\$565,413.00		
43010	Surcharge Revenue	523,374.00	523,374.00		
41110	Investment Revenue	8,000.00	8,000.00		
69155	SRF Principle	-342,540.00	-351,403.00	8,863.00	Per Loan Payment Schedule
69160	SRF Interest	-118,814.00	-109,952.00	-8,862.00	Per Loan Payment Schedule
69220	SRF Administration	-2,210.00	-2,100.00	110.00	Zions Investment Advisor Fees per prior FY actual
Estimated Surcharge 1 Fund Balance June 30		\$565,413.00	\$633,332.00		
SURCHARGE 2 FUND BALANCE					
Surcharge 2 Fund Balance June 30		\$399,687.00	\$71,936.00		
43050	Surcharge 2 Revenue	439,019.00	439,019.00	0.00	
41110	Investment Revenue	20.00	20.00	0.00	
	Surcharge 2 Surplus Repayment	-435,752.00	-110,201.00	-325,551.00	Per District Repayment Schedule
69180	Principle	-195,000.00	-210,000.00	15,000.00	Per Loan Payment Schedule
69185	Interest	-136,038.00	-118,818.00	-17,220.00	Per Loan Payment Schedule
Estimated Surcharge 2 Fund Balance June 30		\$71,936.00	\$71,956.00		

CERBT FUND BALANCE					
	CERBT Fund Balance June 30	\$0.00	\$16,355.75		
10625	Annual Deposit from Operating Revenues	0.00	20,000.00	20,000.00	Increased for new budgeted amount
41110	Investment Revenue	0.00	500.00	500.00	Estimated Only
	Deposit Transfer from LAIF	16,355.75	0.00	-16,355.75	Carryover from prior year only
Estimated CERBT Fund Balance June 30		\$16,355.75	\$36,855.75		
LAIF FUND (CAPACITY FEES) BALANCE					
	CERBT Fund Balance June 30	\$0.00	\$205,000.00		
44100	Capacity Fee Revenue	0.00	40,000.00	40,000.00	Used prior year budget amount
41110	Investment Revenue	0.00	500.00	500.00	Estimated Only
	Deposit Transfer Prior Year Connection Balance	205,000.00	0.00	-205,000.00	Carryover from prior year only
Estimated CERBT Fund Balance June 30		\$205,000.00	\$245,500.00		

CAPITAL BUDGET

The Capital Budget is formatted to reflect the beginning and ending balance of each Capital Improvement Fund. Each fund will include the funding source and project expenditures. The funds are divided into the following groups:

GENERAL – Capital expenditures include those that are not grouped in the remaining following categories. All General Plant Assets expenditures will be included in this category with the exception of Vehicle Replacements. Funding sources may include Operating Fund Transfers and Investment Revenue.

CHROMIUM (Cr6) MITIGATION & NEW WELLS – Capital projects that include all Cr6 mitigation and construction of new wells. The projects are funded by the new Surcharge 2 Rate and other sources such as loans and grants.

VEHICLE REPLACEMENT – Capital expenditures identified as General Plant Assets: Transportation Equipment. Funding sources may include Operating Fund Transfers and sale proceeds on disposals of transportation equipment.

TOTAL – The last column is the sum of all funding sources.

Capital Budget by Funds

	GENERAL	CHROMIUM MITIGATION & NEW WELLS	VEHICLE REPLACEMENT	TOTAL
ESTIMATED BEGINNING BALANCE	1,903,391.00	-29,592.00	10,000.00	1,883,799.00
FUNDING SOURCES				
Fund Transfers				
<i>Operating Fund Transfers In</i>	409,940.00	0.00	0.00	409,940.00
<i>CIP Fund Intrafund Transfers</i>	-5,000.00	0.00	5,000.00	0.00
Surcharge 2 Surplus Repayment	0.00	110,201.00	0.00	110,201.00
Contributed Funding				
<i>Contributed Facilities (Developers)</i>	0.00	0.00	0.00	0.00
<i>Grant Revenue</i>	0.00	516,500.00	0.00	516,500.00
Loan Proceeds	0.00	2,033,500.00	0.00	2,033,500.00
Investment Revenue	350.00	0.00	0.00	350.00
Sale of Fixed Assets	0.00	0.00	0.00	0.00
TOTAL FUNDS AVAILABLE FOR CIP PROJECTS	2,308,681.00	2,630,609.00	15,000.00	4,954,290.00
		CHROMIUM MITIGATION & NEW WELLS	VEHICLE REPLACEMENT	TOTAL
A-1 · Wellhead Ion-Exchange Cr6 Treatment/Design	0.00	50,000.00	0.00	50,000.00
A-2 · Well 16	0.00	2,500,000.00	0.00	2,500,000.00
A-4 · Miscellaneous Pump Replacements	40,000.00	0.00	0.00	40,000.00
Total A · WATER SUPPLY	65,000.00	2,550,000.00	0.00	2,590,000.00
B-1 · Service Replacements	30,000.00	0.00	0.00	30,000.00
B-2 · Large Meter Replacements	5,000.00	0.00	0.00	5,000.00
Total B · WATER DISTRIBUTION	35,000.00	0.00	0.00	35,000.00
C-1 · Contingency (10% of Est A & B)	7,500.00	255,000.00	0.00	262,500.00
TOTAL BUDGETED PROJECT EXPENDITURES	82,500.00	2,805,000.00	0.00	2,887,500.00
ESTIMATED ENDING BALANCE	2,226,181.00	-174,391.00	15,000.00	2,066,790.00

Capital Budget Technical Memorandum

The Technical Memorandum (TM) provides the revised budget descriptions for the proposed 2018/19 Rio Linda/Elverta Water District's (District) Capital Budget. The following are a list of the budget items along with their descriptions:

A · Water Supply

A-1 · Wellhead Hexavalent Chromium (Cr6) Treatment of an existing well – 50,000

This budget item is associated with ion-exchange treatment of an existing production well. The budgeted amount reflects the anticipated costs for revising the existing design to reflect feasible treatment techniques.

A-2 · Well 16 – Ground Water Pumping Station – 2,500,000

The budget item is for the cost for the new pumps, piping motor control equipment, SCADA etc. for the groundwater pumping station for Well #16.

The funding source are Opus Bank loan (debt service via Surcharge #2) and a Proposition 84 Grant (reallocated from the A-1 project above pending approval of DWR) that is being administered by the Regional Water Authority. This project is planned to be completed by September 2020.

A-3 · Miscellaneous Pump Replacements – 40,000

The budget item is for the replacement or repair of any well pump and/or motor that fails in the budgeted year.

B · Water Distribution

B-1 · Service Replacements – 30,000

The budget item is to replace leaking services that require replacement throughout the budgetary year.

B-2 · Large Meter Replacements – 5,000

The budget item is to replace large water meters that are underreporting their water usage due to age.

C · Contingency

C-1 · Contingency

This budget item accounts for the cost of unbudgeted projects that are not planned for in the capital budget. The budgeted cost is based on 10% of the total Capital Budget.

GLOSSARY

ACCRUAL BASIS The method of accounting whereby income and expense items are recognized as they are earned or incurred, even though they may not have been received or actually paid in cash.

ACWA Association of California Water Agencies

AMI Advanced Metering Infrastructure (AMI) is the new term coined to represent the networking technology of fixed network meter systems that go beyond Automated Meter Readers (AMR) into remote utility management. The meters in an AMI system are often referred to as smart meters, since they often can use collected data based on programmed logic.

ASSET A probable future economic benefit obtained or controlled by a particular entity as a result of past transactions or events (i.e., cash receivables, equipment, etc.)

AWWA American Water Works Association

BEGINNING BALANCE The beginning balance is comprised of residual funds brought forward from the previous fiscal year.

BUDGET A financial plan showing authorized planned expenditures and their funding sources.

BUDGET PROCESS The schedule of key dates or milestones, which the District follows in the development, preparation, adoption, and administration of the budget.

CAPITAL ASSETS Long-lived tangible and intangible assets obtained or controlled as a result of past transactions, events or circumstances. Current District policy is to capitalize any asset cost of \$1,500 with a useful life or 2 years or more.

CAPITAL IMPROVEMENT PROGRAM (CIP) Authorized expenditures for tangible and long-term physical improvements or additions of a fixed or permanent nature.

CRWA California Rural Water Association

CSDA California Special Districts Association

FISCAL YEAR (FY) A 12 month period to which the annual budget applies and at the end of which a government determines its financial position and the results of its operations. For RLECWD the fiscal year is July through June 30.

FUND Fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

HEXAVALENT CHROMIUM (Cr6) Refers to chemical compounds that contain the element chromium in the +6 oxidation state.

INCREMENTAL BUDGETING METHOD An incremental budget is a budget prepared using a previous period's budget or actual performance as a basis with incremental amounts added for the new budget period. The allocation of resources is based upon allocations from the previous period. Moreover it encourages "spending up to the budget" to ensure a reasonable allocation in the next period.

MOU Memorandum of Understanding agreement

OPERATING BUDGET An operating budget is a combination of known expenses, expected future costs, and forecasted income over the course of a year. Operating budgets are completed in advance of the accounting period, which is why they require estimated expenses and revenues.

OPERATING REVENUES AND EXPENSES Cost of goods sold and services provided to customers and the revenue thus generated.

PCWA Placer County Water Agency

PERS Public Employees Retirement System

PROPOSITION 218 Prop 218 amended the California Constitution to protect taxpayers by limiting the methods by which local governments can create or increase taxes, fees, and charges without taxpayer consent. Prop 218 requires voter approval prior to imposition or increase of general taxes, assessments, and certain user fees.

RWA Regional Water Authority

SAWWA Sacramento Area Water Works Association

SCADA Supervisory Control and Data Acquisition uses computer technology to monitor and control remote facilities such as pumps and reservoirs.

SGA Sacramento Ground Water Authority