



Operating and Capital Budget

Fiscal Year July 1, 2020 – June 30, 2021

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

8/17/2020

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EXECUTIVE SUMMARY

August 17, 2020

Board of Directors

Rio Linda Elverta Community Water District

I hereby submit the Rio Linda/Elverta Community Water District's Fiscal Year 2020-2021 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, compliance mandates and means to accomplish such goals and mandates. These relationships 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 both anticipated and unanticipated events is a continuous process. The District maintains a proactive response in regularly performing budget reviews 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) and other mandates continue to influence our operating and capital budgets. Although the District's current rate structure (adopted in 2016) partially provides funding for capital improvements to comply with anticipated re-adoption of the Cr+6 MCL, the 2016 rate structure does not provide any additional funding for operating costs associated with treating drinking water to remove Cr+6. Additionally, the rates analysis for the 2016 rates presumed the District would receive 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 because the median household income for the service area is above the income defined to be disadvantaged. Consequently, the District narrowed its Cr+6 mitigation efforts to two projects, Well #16 Pumping Station and a future 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 construction of the Well #16 Pumping Station has been underway since March of 2020. 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. 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 Board of Directors has also engaged a rate study / cost of service consultant to analyze the foreseeable cost of Cr+6 compliance, as well as other

regulatory mandates (e.g. SB-555, SB-606 and AB 1668) already adopted by the California legislature. The study will quantify any foreseeable shortfalls in funding for compliance with state and federal drinking water requirements, mandates, and enforcement provisions.

Last fiscal year, the District adopted the Capital Improvements Projects List. Such action by the District enables capital budget adoption based on actual projected capital improvement needs instead of the former basis, which was essentially an arbitrary basis formerly associated with an enforcement provision (compliance order). The improved basis for capital budget presents focus, clarity, and transparency. Since the ultimate sources of funding for the capital budget is the operating budget, the two are inextricably linked; benefits to one transcend to the other. Lastly, the cumulative capital budget funding from prior years has been applied to the current capital budget. This provides a realistic gauge of the timing (e.g. when each project will achieve full funding) and annual contribution needed to bring each capital improvement project to fruition.

The District amended its finance policies to reflect statutory requirements and staffing realities. The previous finance policies were adopted subsequent to significant findings in annual independent audits performed 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 District's investment options, which are now the right tool for the job. The previous funding for retiree medical was transitioned to the California Employers Retiree Benefit Trust (CERBT), which is generating higher dividends than the prior investment tool. The District's capacity fees were transferred to our Local Agency Investment Fund (LAIF). Capacity fees are by statute "restricted" and should not have been comingled with District capital improvement funds. This will enable required statutory reporting of capacity fee account status. Only the Board, at properly noticed public meetings, can make changes to the District's investments.

Looking ahead; several laws already signed by the Governor have current and future increases in operating 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-998, SB-555, SB-606 and AB-1668. The District has partially mitigated the costs and personnel burdens from SB-998, the new requirements for discontinuation of residential water service for non-payment. The District hopes to similarly offset the cost burdens associated with SB-555, the water loss audit and audit validation mandates, by collaborating with neighboring water agencies to share the costs for compliance. Collaboration is being discussed at the organizations the District already participates, e.g. Sacramento Groundwater Authority. Other more focused and dedicated discussions on collaboration are through a Sacramento Regional Water Utilities, who have partnered to engage a collaboration study.

Even though some of the cost for compliance with new mandates, limits and requirements may be softened via partnerships and creative staffing adjustments, the District's current (2016) rate structure is substantively incompatible with the mandates for water loss (SB-555) and water efficiency (SB-606, AB-1668). Failure to address these incompatibilities will result in the state assessing fines for non-compliance, e.g. \$10,000 per day for not achieving efficient water usage during drought conditions.

The District withdrew its membership in the Regional Water Authority (RWA) in May 2020. The roughly \$17,000 withdrawal liability will be offset by no longer paying membership operating costs in RWA. After approximately two fiscal years of not paying RWA annual membership costs, the District will recover the withdrawal liability.

The District is required to contribute approximately \$27,000 in annual 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 American River North Basin and facilitate the implementation of an appropriate conjunctive use program by water purveyors. SGA 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 Association of California Water Agencies (ACWA), California Special Districts Association (CSDA), and California Rural Water Association (CRWA). We can expect an increase in annual dues from these associations due to inflation. We can also expect beyond inflation increases in property and workers compensation insurance due to the impact of COVID-19 and wildfires on the insurance industry. The increases in funding for SGA also goes beyond inflation. SGA operating cost increases also reflect generous funding (relative to the District's approach) of employee compensation and benefits, as well as additional operating costs associated with Groundwater Sustainability Act mandates and an adopted SGA policy for steadily eliminating unfunded pension liabilities.

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 and more thoroughly conveyed in the Board's adoption of the Strategic Plan. The budgeting process continues to improve, and the staff has embraced cost avoidance strategies to improve the District's fiscal status wherever feasible. We are taking advantage of joint powers purchasing agreements available only to government agencies. The District is purchasing fuel without the charge for excise taxes. and purchasing equipment to reduce long-term costs. The District is outsourcing where the total cost supports such. We have implemented contract improvements to exercise greater control and focus on our engineering needs. The District has embraced a completed staff work approach to assure elements are not overlooked and future obligation have a greater amount of lead time for planning and funding.

Teamwork and cohesiveness are often used as buzz words. However, the dramatic improvements in District finances and financial position would literally not be possible without cohesive teamwork. From the staff to the Board Members, we are all pulling in the same direction, and our collective efforts are reflected in the improvements our team continues to achieve for the benefit of our ratepayers.

Sincerely,

Timothy R. Shaw, General Manager

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

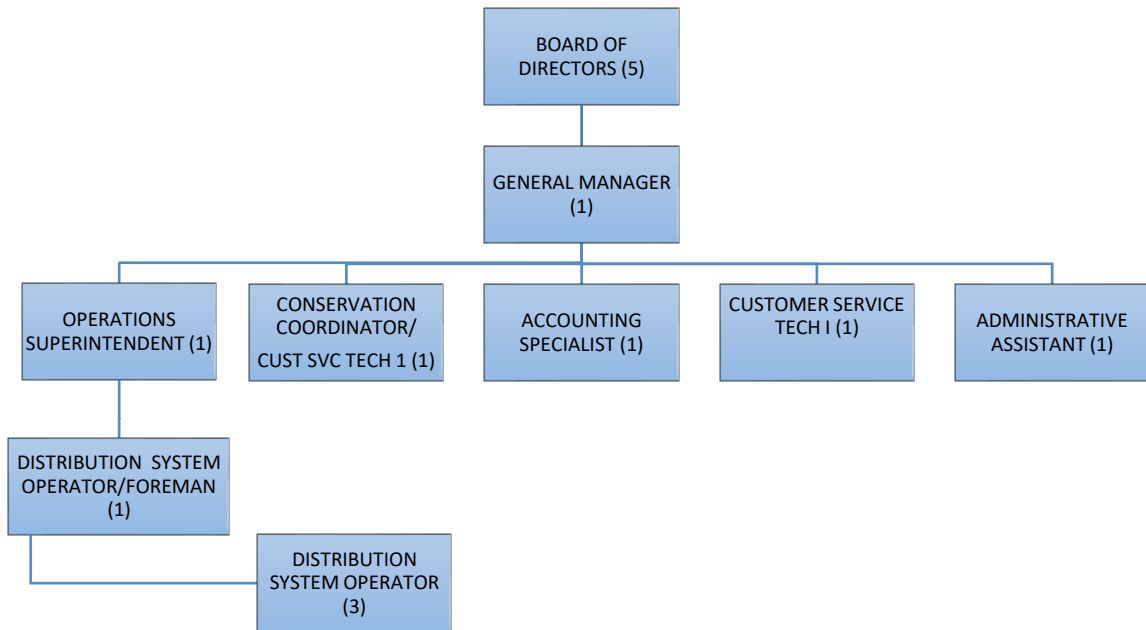
Board of Directors

Jason A. Green, President/Director
Chris Gifford, Vice President/Director
Mary Harris, Director
Robert Reisig, Director
John Ridilla, Director

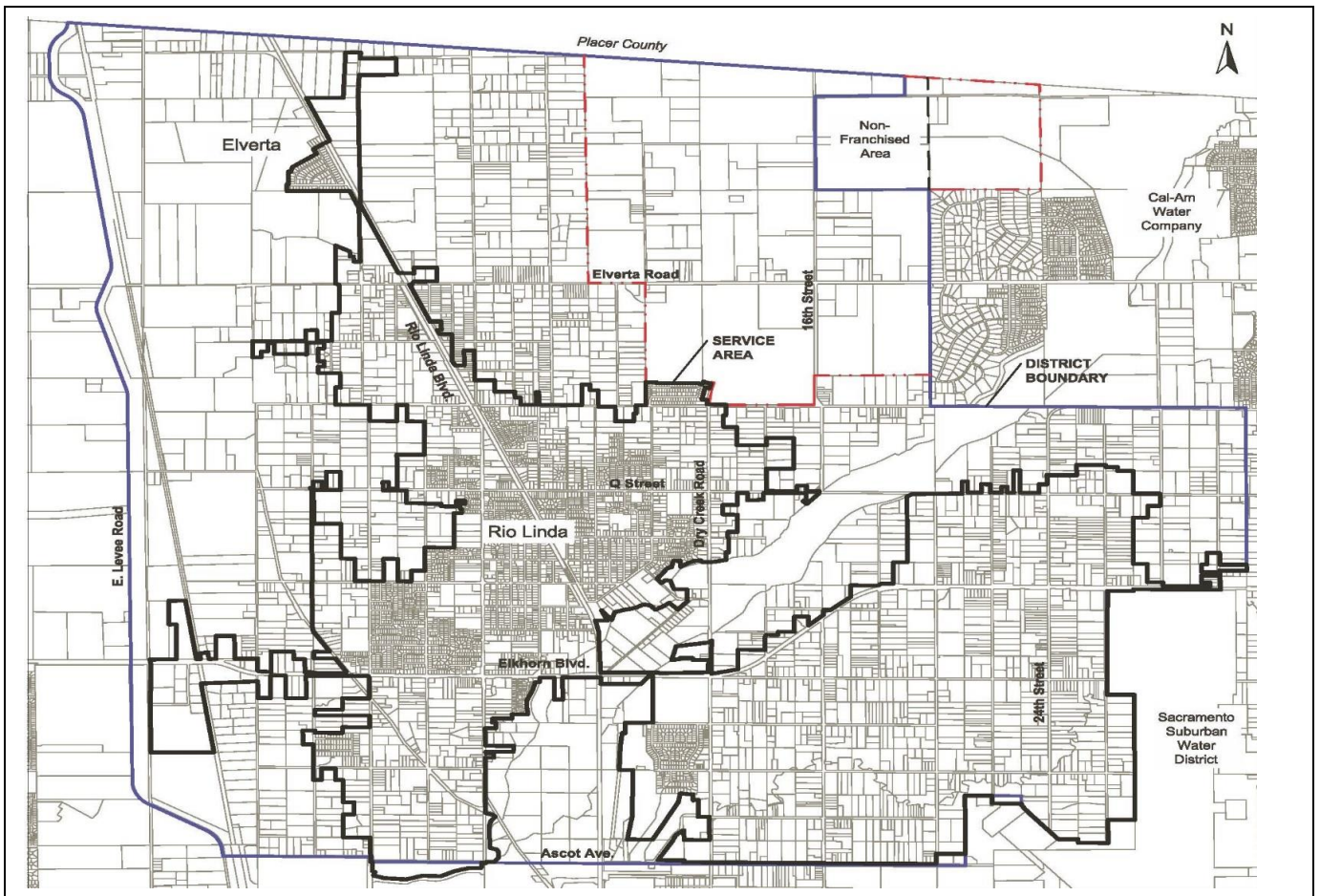
Appointed Official

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 - 2019-2020 BUDGET – The prior fiscal year budget.

COLUMN 3 - 2020-2021 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

		2019-2020 ACTUAL UNAUDITED	2019-2020 BUDGET	2020-2021 BUDGET	DIFFERENCE	EXPLANATION
OPERATING REVENUE						
40100 Water Service Rates						
40101	Basic Service Charge	\$1,942,033.00	\$1,901,272.00	\$1,901,272.00	\$0.00	No change until new Water Rate Study completed
40102	Usage Charge	680,999.00	656,303.00	656,303.00	0.00	No change until new Water Rate Study completed
40105	Backflow Charge	26,358.00	25,000.00	25,000.00	0.00	
40106	Fire Prevention	13,085.00	13,500.00	13,500.00	0.00	
Total Water Service Rates		2,662,475.00	2,596,075.00	2,596,075.00	0.00	
40200 Water Services						
40201	Application Fee	6,550.00	6,500.00	6,500.00	0.00	
40202	Delinquency	92,830.00	80,000.00	90,000.00	10,000.00	Increased based on prior year actual
40209	Misc. Charges	6,046.00	12,000.00	7,000.00	-5,000.00	Decreased based on prior year actual
Total Water Services		105,426.00	98,500.00	103,500.00	5,000.00	
40300 Other Water Service Fees						
40301	New Construction QC	6,864.00	4,000.00	4,000.00	0.00	
40302	Service Connection Fees	12,456.00	10,000.00	10,000.00	0.00	
40304	Other Operating Revenue	9,392.00	6,000.00	6,000.00	0.00	
40305	Grant Revenue-Operating	900.00	900.00	0.00	-900.00	Decrease to eliminate RWA grant reimbursements
Total Other Water Service Fees		29,612.00	20,900.00	20,000.00	- 900.00	
TOTAL OPERATING REVENUE		\$2,797,513.00	\$2,715,475.00	\$2,719,575.00	\$4,100.00	

		2019-2020 ACTUAL UNAUDITED	2019-2020 BUDGET	2020-2021 BUDGET	DIFFERENCE	EXPLANATION
NON-OPERATING REVENUE						
41110	Interest Revenue	1,942.00	400.00	400.00	0.00	
41120	Property Taxes & Assessments	95,164.00	81,856.00	88,500.00	6,644.00	Increased based on prior 3 year average
TOTAL NON-OPERATING REVENUE		\$97,106.00	\$82,256.00	\$88,900.00	\$6,644.00	
TOTAL OPERATING & NON-OPERATING REVENUE		\$2,894,619.00	\$2,797,731.00	\$2,808,475.00	\$10,744.00	

Operating Expense

		2019-2020 ACTUAL UNAUDITED	2019-2020 BUDGET	2020-2021 BUDGET	DIFFERENCE	EXPLANATION
60010 PROFESSIONAL FEES						
60011	General Counsel-Legal	11,890.00	30,000.00	15,000.00	-15,000.00	Decreased based on prior year actual
60012	Auditor Fees	14,212.00	11,212.00	11,500.00	288.00	Increased to adjust for projected increase annual financial audit
60013	Engineering Services	60,000.00	70,000.00	70,000.00	0.00	
60015	Other Professional Fees	633.00	31,000.00	38,500.00	7,500.00	Increased \$34K for Prop 218 rate study contract. Prior FY budget was not spent and is carried over into the 20-21 FY budget. \$4500 for Sac Suburban Collaboration Study.
TOTAL PROFESSIONAL FEES		\$86,735.00	\$142,212.00	\$135,000.00	\$-7,212.00	
60100 PERSONNEL SERVICES						
60110 Salaries & Wages						
60111	Salary - General Manager	109,746.00	114,113.00	118,087.00	3,974.00	Increased to adjust for projected cost
60112	Staff Regular Wages	565,092.00	579,479.00	583,330.00	3,851.00	Increased to adjust for projected cost
60113	Contract Extra Help	0.00	0.00	0.00	0.00	
60114	Staff Standby Pay	17,450.00	18,250.00	18,250.00	0.00	
60115	Staff Overtime Pay	9,962.00	10,200.00	10,200.00	0.00	
	Total Salaries & Wages	702,250.00	722,042.00	729,867.00	7,825.00	
60150 Employee Benefits & Expense						
60151	PERS Retirement	119,688.00	124,770.00	132,665.00	7,895.00	Increased to adjust for projected costs
60152	Workers Compensation	14,643.00	16,054.00	18,115.00	2,061.00	Actual Annual Contribution Change
60153	Group Insurance	166,810.00	200,289.00	217,740.00	17,451.00	Increased using employee allowance and GM per MOU/Contract amounts
60154	Retirees Insurance	36,563.00	36,763.00	36,200.00	-563.00	Decreased to adjust for projected costs
60155	Staff Training	222.00	5,000.00	5,000.00	0.00	
60157	Uniforms	4,661.00	4,650.00	6,550.00	1,900.00	Increased to adjust for projected costs
60158	Payroll Taxes	57,813.00	56,916.00	57,825.00	909.00	Increased to adjust for projected costs
60159	Payroll Services	1,196.00	1,200.00	1,200.00	0.00	
60160	457 Employer Contribution	10,427.00	9,568.00	13,850.00	4,282.00	Increased to adjust for projected costs
	Total Employee Benefits & Expense	412,023.00	455,210.00	489,145.00	33,935.00	
TOTAL PERSONNEL SERVICES		\$1,114,573.00	\$1,177,252.00	\$1,219,012.00	\$41,760.00	

			2019-2020 ACTUAL UNAUDITED	2019-2020 BUDGET	2020-2021 BUDGET	DIFFERENCE	EXPLANATION
60200 ADMINISTRATION							
60205	Bank and Merchant Fees		4,035.00	4,500.00	4,500.00	0.00	
60207	Board Meeting Expense		10,975.00	10,770.00	11,370.00	600.00	Increased based on prior year actual
60210 Building Expenses							
60211	Office Utilities		5,655.00	6,000.00	6,000.00	0.00	
60212	Janitorial		2,340.00	2,340.00	2,340.00	0.00	
60213	Maintenance		2,999.00	5,700.00	4,200.00	-1,500.00	Reduced based on prior 3 year average
60214	Security		336.00	400.00	400.00	0.00	
	Total Building Expenses		11,330.00	14,440.00	12,940.00	-1,500.00	
60220 Computer & Equipment Maint.							
60221	Computer Systems		21,784.00	25,000.00	25,000.00	0.00	
60222	Office Equipment		2,864.00	3,650.00	660.00	-2,990.00	Reduced to adjust contract printer usage fees (see GL 60250 outsourced billing) and expired Neopost Maintenance Contract
	Total Computer & Equipment Maint.		24,648.00	28,650.00	25,660.00	-2,990.00	
60230	Office Expense		2,995.00	6,000.00	6,000.00	0.00	
60240	Postage and Delivery		16,285.00	20,000.00	20,000.00	0.00	
60250	Printing		4,005.00	3,400.00	6,000.00	-2,600.00	Increased to adjust for outsourced printing costs; refer to GL 60222
60255	Meetings & Conferences		73.00	4,000.00	3,000.00	-1,000.00	Reduced based on prior 3 year average
60260	Publishing		88.00	800.00	200.00	-600.00	Decreased to adjust for prior year actual
60270	Telephone & Internet		3,651.00	5,500.00	3,700.00	-1,800.00	Decreased to adjust for prior year actual
60430 Insurance							
60431	General Liability		22,387.00	21,221.00	22,775.00	1,554.00	Increased to reflect actual premium
60432	Property		5,611.00	5,611.00	5,611.00	0.00	
	Total Insurance		27,998.00	26,832.00	28,386.00	1,554.00	

		2019-2020 ACTUAL UNAUDITED	2019-2020 BUDGET	2020-2021 BUDGET	DIFFERENCE	EXPLANATION
60500 Water Memberships						
60501	SAWWA	0.00	110.00	110.00	0.00	
60502	Regional Water Authority	26,806.00	26,806.00	0.00	-26,806.00	Decreased to adjust for cancellation in membership
60503	SGA	24,210.00	24,210.00	26,179.00	1,969.00	Increase includes 8.133% annual increase
60504	ACWA	9,640.00	9,640.00	10,122.00	482.00	Increase includes 5% annual increase
60505	CSDA	7,077.00	7,077.00	7,431.00	354.00	Increase includes 5% annual increase
60507	CRWA	0.00	1,326.00	1,392.00	66.00	Increase includes 5% annual increase
	Total Water Memberships	67,733.00	69,169.00	45,234.00	-23,935.00	
60550	Permits & Fees	30,954.00	30,000.00	31,000.00	1,000.00	Increased to adjust for prior year actual
60555	Subscriptions & Licensing	1,787.00	2,120.00	2,120.00	0.00	
60560	Elections	0.00	0.00	2,400.00	2,400.00	Increased for Election Year
60565	Uncollectable Accounts	0.00	2,000.00	2,000.00	0.00	
60570	Other Operating Expenditures	800.00	500.00	500.00	0.00	
TOTAL ADMINISTRATION		\$207,357.00	\$228,681.00	\$205,010.00	\$-23,671.00	

		2019-2020 ACTUAL UNAUDITED	2019-2020 BUDGET	2020-2021 BUDGET	DIFFERENCE	EXPLANATION
64000 CONSERVATION						
64001	Community Outreach	0.00	300.00	300.00	0.00	
64005	Other Conservation Programs	0.00	0.00	0.00	0.00	
TOTAL CONSERVATION		\$ 0.00	\$ 300.00	\$ 300.00	\$ 0.00	
65000 FIELD OPERATIONS						
65100 Other Field Operations						
65110	Backflow Testing	2,363.00	3,000.00	3,000.00	0.00	
65120	Construction Equipment Maint.	6,868.00	7,500.00	7,500.00	0.00	
65130	Field Communication	2,574.00	2,600.00	2,600.00	0.00	
65140	Field IT	14,136.00	17,500.00	19,800.00	2,300.00	Increased for SCADA backup service; AMI Meter Cloud Service
65150	Laboratory Services	26,607.00	23,500.00	23,500.00	0.00	
65160	Safety Equipment	5,554.00	5,000.00	5,000.00	0.00	
65170	Shop Supplies	6,494.00	7,000.00	7,000.00	0.00	
Total Other Field Operations		64,596.00	66,100.00	68,400.00	2,300.00	
65200 Treatment		22,269.00	18,000.00	18,000.00	0.00	
65300 Pumping						
65310	Maintenance	27,384.00	25,000.00	25,000.00	0.00	
65320	Electricity and Fuel	200,515.00	180,000.00	205,000.00	25,000.00	Increased to adjust for SMUD's rate increase
Total Pumping		227,899.00	205,000.00	230,000.00	25,000.00	

		2019-2020 ACTUAL UNAUDITED	2019-2020 BUDGET	2020-2021 BUDGET	DIFFERENCE	EXPLANATION
65400 Transmission & Distribution						
65410	Distribution Supplies	30,440.00	37,000.00	37,000.00	0.00	
65420	Meter Maintenance	116,106.00	120,100.00	0.00	-120,100.00	Decreased to move to Capital Budget; removed GL account from Operating Budget
65430	Tank Maintenance	768.00	3,000.00	3,000.00	0.00	
65440	Contract Repairs	3,933.00	21,000.00	21,000.00	0.00	
65450	Valve Replacements	0.00	15,000.00	15,000.00	0.00	
65460	Paving Repairs	10,909.00	25,000.00	25,000.00	0.00	
	Total Transmission & Distribution	162,156.00	221,100.00	101,000.00	-120,100.00	
67000 Transportation						
67001	Fuel	9,829.00	13,000.00	13,000.00	0.00	
67002	Maintenance	5,505.00	6,000.00	6,000.00	0.00	
	Total Transportation	15,334.00	19,000.00	19,000.00	0.00	
TOTAL FIELD OPERATIONS		\$492,254.00	\$529,000.00	\$436,400.00	\$-92,800.00	
TOTAL OPERATING EXPENSE		\$1,900,919.00	\$2,077,645.00	\$1,995,722.00	\$-81,923.00	

Non-Operating Expense

		2019-2020 ACTUAL UNAUDITED	2019-2020 BUDGET	2020-2021 BUDGET	DIFFERENCE	EXPLANATION
69010 Debt Service						
69100	Revenue Bond 2015					
69105	Revenue Bond 2015-Principle	139,015.00	139,015.00	145,736.00	6,721.00	Per Loan Payment Schedule
69120	Interest	61,024.00	61,717.00	57,490.00	-4,227.00	Per Loan Payment Schedule
	Total Revenue Bond 2015	200,039.00	200,732.00	203,226.00	2,494.00	
69125 AMI Meter Loan						
69130	Principle	48,281.00	48,281.00	49,789.00	1,508.00	Per Loan Payment Schedule
69135	Interest	10,233.00	10,233.00	8,725.00	-1,508.00	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	0.00	2,000.00	2,000.00	Increased to normal budget amount
TOTAL NON-OPERATING EXPENSE		\$258,553.00	\$259,246.00	\$263,740.00	\$4,494.00	
TOTAL OPERATING & NON-OPERATING EXPENSE		\$2,159,472.00	\$2,336,891.00	\$2,259,462.00	\$-77,429.00	
NET REVENUE (Revenue-Expense)		\$735,147.00	\$460,840.00	\$549,013.00	\$88,173.00	

Summary Net Revenue

TOTAL OPERATING & NON-OPERATING REVENUE	\$2,894,619.00	\$2,797,731.00	\$2,808,475.00	\$10,744.00
TOTAL OPERATING & NON-OPERATING EXPENSE	\$2,159,472.00	\$2,336,891.00	\$2,259,462.00	\$-77,429.00
NET REVENUE (Revenue-Expense)	\$735,147.00	\$460,840.00	\$549,013.00	\$88,173.00

Fund Balances

OPERATING FUND BALANCE		2019-2020 BUDGET	2020-2021 BUDGET	DIFFERENCE	EXPLANATION
Operating Account Balance June 30		\$764,769.00	\$764,769.00		
Net Revenue		460,840.00	549,013.00		
Transfer to Operating Reserve		-50,000.00	0.00	-50,000.00	Decreased to adjust for no transfer
Transfer to Capital Improvement Funds		-410,840.00	-549,013.00	-140,060.00	Increased to adjust for available funds
Estimated Operating Fund Balance June 30		\$764,769.00	\$764,769.00		
SURCHARGE 1 FUND BALANCE					
Surcharge 1 Fund Balance June 30		\$556,621.00	\$627,540.00		
43010	Surcharge Revenue	523,374.00	523,374.00	0.00	
41110	Investment Revenue	11,000.00	11,000.00	0.00	
69155	SRF Principle	-351,403.00	-360,494.00	9,091.00	Per Loan Payment Schedule
69160	SRF Interest	-109,952.00	-100,860.00	-9,092.00	Per Loan Payment Schedule
69220	SRF Administration	-2,100.00	-2,100.00	0.00	
Estimated Surcharge 1 Fund Balance June 30		\$627,540.00	\$698,460.00		
SURCHARGE 2 FUND BALANCE					
Surcharge 2 Fund Balance June 30		\$166,927.00	\$167,727.00		
43050	Surcharge 2 Revenue	439,019.00	439,019.00	0.00	
41110	Investment Revenue	800.00	800.00	0.00	
	Surcharge 2 Surplus Repayment	-110,201.00	-107,171.00	-3,030.00	Per District Repayment Schedule
69180	Principle	-210,000.00	-220,000.00	10,000.00	Per Loan Payment Schedule
69185	Interest	-118,818.00	-96,597.00	-22,221.00	Per Loan Payment Schedule
Estimated Surcharge 2 Fund Balance June 30		\$167,727.00	\$183,778.00		
LAIF FUND (CAPACITY FEES) BALANCE					
CERBT Fund Balance June 30		\$205,000.00	\$308,500.00		
44100	Capacity Fee Revenue	100,000.00	60,000.00	-40,000.00	Decreased for projected revenue
41110	Investment Revenue	3,500.00	2,000.00	-1,500.00	Decreased for projected revenue
Estimated CERBT Fund Balance June 30		\$308,500.00	\$370,500.00		

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 and Large Equipment Replacements. Funding sources may include Operating Fund Transfers and Investment Revenue.

FUTURE CAPITAL IMPROVEMENT PROJECTS – Capital expenditures defined as future projects on the Capital Improvement project list approved by the board. Each budget year, each project is allocated a defined amount to be used for future use.

VEHICLE & LARGE EQUIPMENT REPLACEMENT – Capital expenditures identified as General Plant Assets: Transportation and Large 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	FUTURE CAPITAL IMPROVEMENT PROJECTS	VEHICLE & LARGE EQUIPMENT REPLACEMENT	TOTAL
ESTIMATED BEGINNING BALANCE	1,903,391.00	0.00	10,000.00	1,883,799.00
FUNDING SOURCES				
Fund Transfers				
<i>Operating Fund Transfers In</i>	549,013.00	0.00	0.00	549,013.00
<i>CIP Fund Intrafund Transfers</i>	-420,592.00	345,592.00	75,000.00	0.00
<i>Beginning Balance Redistribution**</i>	-2,211,200.00	2,11,200.00	0.00	0.00
Surcharge 2 Surplus Repayment	107,171.00	0.00	0.00	107,171.00
Investment Revenue	0.00	3,500.00	0.00	3,500.00
TOTAL FUNDS AVAILABLE FOR CIP PROJECTS	312,188.00	2,560,292.00	90,000.00	2,962,480.00
A-1 · Miscellaneous Pump Replacements	40,000.00	0.00	0.00	40,000.00
Total A · WATER SUPPLY	40,000.00	0.00	0.00	2,590,000.00
B-1 · Service Replacements	30,000.00	0.00	0.00	30,000.00
B-2 · Small Meter Replacements	120,000.00	0.00		120,000.00
B-3 · Large Meter Replacements	5,000.00	0.00	0.00	5,000.00
Total B · WATER DISTRIBUTION	155,000.00	0.00	0.00	155,000.00
TOTAL BUDGETED PROJECT EXPENDITURES	195,000.00	0.00	0.00	195,000.00
ESTIMATED ENDING BALANCE	117,188.00	2,560,292.00	90,000.00	2,767,480.00

**NOTE:

The Beginning Balance Redistribution is a one-time reallocation from the General beginning fund balance to Future Capital Improvement Projects.

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 · 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 · Small Meter Replacements – 120,000

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

B-3 · Large Meter Replacements – 5,000

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

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 of 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