

Agenda
Rio Linda / Elverta Community Water District
Finance / Administrative Committee

Visitors/Depot Center
6730 Front Street
Rio Linda, CA 95673

August 13, 2018
6:30 p.m.

Public documents relating to any open session items listed on this agenda that are distributed to the Committee members less than 72 hours before the meeting are available for public inspection on the counter of the District Office at the address listed above.

The public may address the Committee concerning any item of interest. Persons who wish to comment on either agenda or non-agenda items should fill out the Comment Card and give it to the General Manager. The Committee Chair will call for comments at the appropriate time. Comments will be subject to reasonable time limits (3 minutes).

In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability related modification or accommodation to participate in this meeting, then please contact the District office at (916) 991-1000. Requests must be made as early as possible and at least one full business day before the start of the meeting.

Call to Order

Public Comment

This is an opportunity for the public to comment on non-agenda items within the subject matter jurisdiction of the Committee. Comments are limited to 3 minutes.

Items for Discussion:

1. Presentation by Karen Lookingbill of CalPERS, California Employers Retirement Benefit Trust.
 - a. Review and discuss GASB 75 (OPEB) Actuarial Report.
2. Review and discuss the expenditures of the District for the month of July 2018.
3. Review and discuss the Financial Reports of the District as of July 31, 2018.
4. Discuss the Draft Memo from the Finance / Admin Committee to all employees, hours of operation.
5. Review Draft Final Budget for Fiscal Year 2018/2019.

Directors' and General Manager Comments

Items Requested for Next Month's Committee Agenda

Adjournment

Next Finance / Administrative Committee meeting: Monday, September 10, 2018 at 6:30 p.m.

ADA COMPLIANCE STATEMENT

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Finance /Administrative Committee

Agenda Item: 1

Date: August 13, 2018

Subject: **CalPERS Retirement Benefit Trust**

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

I recommend the Finance/Admin Committee receive a presentation from Karen Lookingbill of CalPERS regarding funding options for RLECWD retiree medical insurance funding obligations.

Current Background and Justification:

The Districts funding of Other Post Employment Benefits “OPEB” has always been pay as you go, i.e. we only fund the actual cost each fiscal year. If there are no retirees, no funding is budgeted. Conversely, in the future, we could have several retirees all receiving medical insurance partially funded by the District.

15-years ago, the District’s pay as you go method was common. Then, legislation began to proliferate which required greater transparency and disclosure of the true financial condition of public agencies. The recent adoption of GASB 75 is the latest in a series of greater disclosure requirement. Accordingly, there are now more than 500 agencies in the state that are pre-funding their OPEB obligations through CalPERS investments. RWA and SGA are two of those agencies.

The District’s pay as you go method remains a “legal” means of addressing OPEB. Nevertheless, the funded debt in our financial statements, when coupled with the mounting unfunded liabilities of pensions and OPEB, may eventually limit the District’s financial options. Additionally, the

trend of legislation seems to be narrowing the District's and similar agencies' ability to sustain status quo.

The recent RWA vote to “superfund” their OPEB liability, and the recent discovery that the OPEB actuarial report for RLECWD has used outdated data (2011 MOU), which under-reported our unfunded liability for the past several years, contributed to my decision and timing for scheduling this presentation. However, it's much easier to recommend a prudent practice and improve our financial position than it is to make that happen. Accordingly, this is a forward-thinking perspective. The District should keep this in mind for any rate adjustments it undertakes in the future.

Conclusion:

I recommend the Finance/Admin Committee receive the presentation from CalPERS, then direct staff on what, if any, items or presentations the Committee deems necessary for consideration by the full Board.



[Home](#) > [Employers](#) > [Benefit Programs](#) > [California Employers' Retiree Benefit Trust \(CERBT\) Fund](#)

California Employers' Retiree Benefit Trust (CERBT) Fund

The California Employers' Benefit Trust (CERBT) Fund is a Section 115 trust fund dedicated to prefunding Other Post Employment Benefits (OPEB) for all eligible California public agencies. Even those not contracted with CalPERS health benefits can prefund future retiree benefits such as health, vision, dental, and life insurance.

By joining this trust fund, California public agencies can help finance future costs in large part from investment earnings provided by CalPERS. Since its launch in 2007, more than 500 California public employers choose CERBT as their OPEB trust fund. View [CERBT Participating Agencies](#).

Register for a [CERBT Fund Workshop](#) to learn more.

Current Participating Employers

Benefit Programs

[CalPERS 457 Plan](#)

[California Employers' Retiree Benefit Trust \(CERBT\) Fund](#)

[Health Benefits](#)

[Retirement Benefits](#)

[Social Security & Medicare](#)

California Employers' Retiree Benefit Trust (CERBT) Fund

Reflects market value as of market close on 08/07/2018

California Employers' Retiree Benefit Trust Features and Benefits

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The impact of prefunding

Long term cost savings

- Supplements benefits paid from annual operating budget with additional investment earnings
- Earnings on assets reduce long-term contributions and unfunded liabilities

Demonstrates prudent financial management

- Prefunding OPEB generates better financial reporting outcomes
- OPEB trust assets reduce unfunded liabilities
- Can contribute to preserving positive credit ratings

Higher discount rates lower liabilities

- Higher discount rates reduce OPEB liabilities and contributions

RLECWD Prefunding vs Pay-as-you-Go

Actuarial Valuation Data 7/1/17	Pay-Go	Prefunding Scenario 1	Prefunding Scenario 2
Discount Rate	3.13%	4.00%	5.00%
Total OPEB Liability	\$324,677	\$300,315	\$263,705
Actuarially Determined Contribution	\$29,836	not available	not available
Retiree Premium (FY2018 Pay- Go)	\$22,144	\$22,144	\$22,144
Trust Fund Contribution	\$0	not available	not available

*Data from RLECWD 7/1/17 Valuation Report.

CERBT Customer A

Initial contribution: 3/10/2010

OPEB Funding Policy: Contribute 100% of ARC

Fiscal Year Ending	2009	2017
Discount Rate	4.00%	7.00%
Actuarial Accrued Liability	\$4,143,961	\$6,272,538
Cumulative CERBT Contributions	\$0	\$4,884,572
Net Investment Income Generated	\$0	\$1,897,129
CERBT Assets	\$0	\$6,781,701
Unfunded Actuarial Accrued Liability	\$4,143,961	(\$515,057)
Funded Ratio	0.00%	108.21%

CERBT Customer A - Cash flow summary

FY	CERBT contributions	Net Investment gains / (losses)
2009-10	\$837,937	(\$39,044)
2010-11	\$720,000	\$256,593
2011-12	\$1,119,709	\$41,713
2012-13	\$1,650,467	\$280,043
2013-14	\$274,360	\$759,159
2014-15	\$0	(\$25,108)
2015-16	\$0	\$168,833
2016-17	\$282,100	\$454,939
Cumulative	\$4,884,572	\$1,897,129

Employer controls the funding policy

- Decides if, when, and how much to contribute
 - Contributions are never required
- Decides if and when to seek reimbursement
 - Eligible to reimburse valid annual OPEB expenses
- Chooses CERBT asset allocation strategy option
- Determines independent consulting actuary
 - Maintains local control of actuarial assumptions

Advantages of the CERBT

- Investment management expertise
- GASB compliant financial reporting support
- Simple administrative procedures and processes
- Lowest total costs
- Excellent customer service

CERBT asset allocation strategies

Investment Policy	Strategy 1	Strategy 2	Strategy 3
Expected Long Term Annualized Rate of Investment Return <small>(General Inflation Rate Assumption of 2.75%)</small>	7.59%	7.01%	6.22%
Discount Rate	Determined by Employer and Actuary		
Standard Deviation of Expected Investment Returns	11.83%	9.24%	7.28%

CERBT asset class target allocations

Asset Classification	Investment Management	Strategy 1	Strategy 2	Strategy 3	Range
Global Equity	MSCI All Country World Index	59%	40%	22%	±5%
Fixed Income	Barclays Capital Long Liability Index	25%	43%	50%	±5%
Global Real Estate (REITs)	FTSE EPRA/NAREIT Developed Liquid Index	8%	8%	8%	±5%
Treasury Inflation Protected Securities (TIPS)	Barclays Capital Global Real: US TIPS Index	5%	5%	16%	±3%
Commodities	S&P GSCI Total Return Index	3%	4%	5%	±3%
Liquidity	3-Month Treasury Bill	0%	0%	0%	±2%

CERBT investment returns – time weighted

Periods Ended June 30, 2018

<u>Fund</u>	<u>Assets</u>	<u>1 Month</u>	<u>3 Months</u>	<u>FYTD</u>	<u>1 Year</u>	<u>3 Years</u>	<u>5 Years</u>	<u>ITD</u>
CERBT Strategy 1 (Inception June 1, 2007)	\$6,800,647,368	-0.18%	1.03%	8.00%	8.00%	6.47%	7.40%	4.81%
Benchmark		-0.19%	1.00%	7.67%	7.67%	6.01%	6.95%	4.35%
CERBT Strategy 2 (Inception October 1, 2011)	\$1,090,067,708	-0.07%	0.92%	6.22%	6.22%	5.46%	6.21%	7.51%
Benchmark		-0.08%	0.87%	5.84%	5.84%	5.03%	5.79%	7.18%
CERBT Strategy 3 (Inception January 1, 2012)	\$395,061,521	0.09%	0.93%	4.74%	4.74%	4.36%	5.10%	5.50%
Benchmark		0.08%	0.88%	4.40%	4.40%	3.98%	4.65%	5.13%

Time weighted return reports the performance of the investment vehicle, not of the employer assets. Returns are gross. Historical performance is not necessarily indicative of actual future investment performance or of future total program cost. Current and future performance may be lower or higher than the historical performance data reported here. Investment return and principal value may fluctuate so that your investment, when redeemed, may be worth more or less than the original cost. The value of an employer's CERBT fund shares will go up and down based on the performance of the underlying funds in which the assets are invested. The value of the underlying funds' assets will, in turn, fluctuate based on the performance and other factors generally affecting the securities market.

Financial reporting

CERBT Delivers

GASB 74 Compliant Reporting

GASB 75 Compliance Data and Support

Employer GASB Advocacy

CERBT fee rate history

Fiscal Year	Total Participation Cost
2007-2008	2.00 basis points
2008-2009	6.00 basis points
2009-2010	9.00 basis points
2010-2011	12.00 basis points
2011-2012	12.00 basis points
2012-2013	15.00 basis points
2013-2014	14.00 basis points
2014-2015	10.00 basis points
2015-2016	10.00 basis points
2016-2017	10.00 basis points
2017-2018	10.00 basis points
2018-2019	10.00 basis points

CERBT employers under contract

543 Total

- State of California
- 143 Cities or Towns
- 13 Counties
- 65 School Entities
- 24 Courts
- 297 Special Districts and other Public Agencies
 - (91 Water, 33 Sanitation, 30 Fire, 23 Transportation)

CERBT employers in Sacramento County (33)

- **Association of California Water Agencies**
- **Carmichael Water District**
- **Del Paso Manor Water District**
- **Florin Resource Conservation District Elk Grove Water Works**
- **Reclamation District #1000**
- **Regional Water Authority**
- **Sacramento Suburban Water District**
- California Authority of Racing Fairs
- California Fair Services Authority
- California Fairs Financing Authority
- Capitol Area Development Authority
- Center Unified School District
- City of Citrus Heights
- City of Rancho Cordova
- City of Sacramento
- Cooperative Personnel Services
- Cosumnes Community Services District
- County School Service - Sacramento Co. Schools
- CSAC Excess Insurance Authority
- Public Agency Risk Sharing Authority of California
- Sacramento Area Council of Governments
- Sacramento City Housing Authority
- Sacramento City Unified School District
- Sacramento County Public Law Library
- Sacramento County Superior Court
- Sacramento Metropolitan Air Quality Management District
- Sacramento Metropolitan Cable Television Commission
- Sacramento Metropolitan Fire District
- Sacramento Municipal Utility District
- Sacramento Regional Fire/EMS Communications Center
- Sacramento Regional Transit District
- Sacramento-Yolo Mosquito & Vector Control District
- Special District Risk Management Authority

Simple administration - contracting

Task	Responsibility	Time
Obtain OPEB cost report	Agency staff & OPEB actuary	TBD
Approve agency staff recommendation to join CERBT	Agency staff & governing body	TBD
Complete contracting documents	Agency staff	TBD
Review contracting documents and establish contract	CERBT staff	<10 business days
Make initial contribution	Agency staff	Eligible immediately

Questions? Where to get information?

Name	Title	E-mail	Desk	Mobile
Colleen Cain-Herrback	Program Manager	Colleen.Cain-Herrback@calpers.ca.gov	(916) 795-2474	(916) 505-2506
Matt Goss	Outreach & Support Manager	Matthew.Goss@calpers.ca.gov	(916) 795-9071	(916) 382-6487
Alisa Perry	Outreach & Support Analyst	Alisa.Perry@calpers.ca.gov	(916) 795-3360	(916) 705-9447
Karen Lookingbill	Outreach & Support Analyst	Karen.Lookingbill@calpers.ca.gov	(916) 795-1387	(916) 501-2219

Program e-mail addresses	CERBT Website
cerbt4U@calpers.ca.gov	www.calpers.ca.gov/cerbt
cerbtaccount@calpers.ca.gov	



Finance /Administrative Committee Agenda Item: 1 (a)

Date: August 13, 2018

Subject: GASB 75 (OPEB) Actuarial Report

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

I recommend the Finance/Admin Committee review the GASB 75, Other Post Employment Benefits (OPEB) Actuarial Report and forward the report to the August 20th Board agenda.

Current Background and Justification:

During my review of the draft version of the subject report, I discovered that the report erroneously used data from the 2011 MOU to convey the District's obligation for paying retiree medical insurance premiums, and compute the District's unfunded liability. The current MOU was executed in 2014. The amount the District pays per current MOU is higher than it was in 2011. The GASB 75 report had to be revised and was only submitted at the deadline for distribution of this packet. The GASB 75 consultant indicates (and we have since confirmed) he obtained the information from our annual audit report, i.e. the annual audit report in the past several years also used outdated data.

I have begun a preliminary exploration of how to:

1. Evaluate the extent of the outdated submittals to the auditor and other financial consultants.
2. Establish policies and practices to preclude recurrence.

Conclusion:

I recommend the Finance/Admin Committee forward the GASB 75 Actuarial report onto the August 20th agenda.



August 9, 2018

Mr. Timothy Shaw
General Manager
Rio Linda/Elverta Community Water District
730 L Street
Rio Linda, CA 95648

Re: Rio Linda/Elverta Community Water District ("District") GASB 75 Valuation

Dear Mr. Shaw:

This report sets forth the results of our GASB 75 actuarial valuation of the District's retiree health insurance program as of July 1, 2017.

In June 2004, the Governmental Accounting Standards Board (GASB) issued its accrual accounting standards for retiree healthcare benefits, GASB 43 and GASB 45. GASB 43/45 require public employers such as the District to perform periodic actuarial valuations to measure and disclose their retiree healthcare liabilities for the financial statements of both the employer and the trust, if any, set aside to pre-fund these liabilities. In June 2015, GASB released new accounting standards for postretirement benefit programs, GASB 74 and GASB 75, which replace GASB 43 and GASB 45, respectively.

The District selected DFA, LLC (DFA) to perform an actuarial valuation of the retiree health insurance program as of July 1, 2017. This report may be compared with the valuation performed by DFA as of July 1, 2015, to see how the liabilities have changed since the last valuation.

Financial Results

We have determined that the amount of actuarial liability for District-paid retiree benefits is \$316,197 as of July 1, 2017. This represents the present value of all benefits expected to be paid by the District for its current and future retirees. If the District were to place this amount in a fund earning interest at the rate of 4.00% per year, and all other actuarial assumptions were exactly met, the fund would have exactly enough to pay all expected benefits.

This valuation includes benefits for 3 retirees as well as 7 active employees who may become eligible to retire and receive benefits in the future. It excludes employees hired after the valuation date.

When we apportion the \$316,197 into past service and future service components under the Entry Age, Level Percent of Pay Cost Method, the Total OPEB Liability is \$300,315 as of July 1, 2017. This represents the present value of all benefits accrued through the valuation date if each employee's liability is expensed from hire date until retirement date as a level percentage of pay. The \$300,315 is comprised of liabilities of \$33,698 for active employees and \$266,617 for retirees.

The District has not adopted an irrevocable trust for the pre-funding of retiree healthcare benefits. As of June 30, 2017, the trust balance or Plan Fiduciary's Net Position (GASB 75) is \$0.

The Net OPEB Liability, Total OPEB Liability over the Plan Fiduciary's Net Position, is \$300,315.

Discount Rate under GASB 75

For financial reporting purposes, GASB 75 requires a discount rate that reflects the following:

- a. The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan's fiduciary net position is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b. A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

The amount of the plan's projected fiduciary net position and the amount of projected benefit payments should be compared in each period of projected benefit payments.

Based on these requirements and the following information, we have determined a discount rate of 3.13% for GASB 75 reporting purposes:

Expected Return on Assets	4.00%
S&P Municipal Bond 20-Year High Grade Rate Index at June 30, 2017	3.13%
GASB 75 Discount Rate	3.13%

Net OPEB Expense

We have determined the following components of the District's Net OPEB Expense for fiscal year 2017-18: Service Cost, Interest Cost, and Expected Return on Assets. The Service Cost represents the present value of benefits accruing in the current year. Interest Cost represents the interest on the Total OPEB Obligation. Expected Return on Assets is the expected return based on a 4.00% investment rate of return. Other components (Deferred Outflows and Inflows) will be determined based on the Net OPEB Obligation as of June 30, 2018.

We summarize the valuation results in the table on the next page. We provide results at three discount rates (the expected return on assets, the S&P Municipal Bond rate index, and the blended GASB 75 rate, discussed above). All amounts are net of expected future retiree contributions, if any.

When the District begins preparation of the June 30, 2018 government-wide financial statements, DFA will be available to assist the District and its auditors in preparing the footnotes and required supplemental information for compliance with GASB 75 (and GASB 74, if applicable).

In the meantime, we are available to answer any questions the District may have concerning the report.

Actuarially Determined Contribution and Pay-As-You-Go with Implied Subsidy

We have calculated an actuarially determined contribution representing the Service Cost and a 12-year amortization (as a level percent of pay) of the Net OPEB Liability. We include the results in the table on the next page. We provide results at three discount rates (the expected return on assets, the S&P Municipal Bond rate index, and the GASB 75 rate).

An actuarially determined contribution is a potential payment to the plan determined using a contribution allocation procedure. It is not a required contribution, but a measurement commonly used to prefund OPEB benefits. We provide the amounts for illustrative purposes.

The actuarially determined contribution may be compared to the pay-as-you-go payment. The table shows the pay-as-you-go payment along with the projected implied subsidy payment.

The Funding Schedules section provides additional prefunding alternatives.

Rio Linda Elverta Community Water District

**Net OPEB Liabilities and Expense Under
GASB 75 Accrual Accounting Standard**

	July 1, 2017 ¹		
	Actuarial Liability	S&P Municipal Bond Rate Index	GASB 75 Blended Rate
Discount Rate	4.00%	3.13%	3.13%
Present Value of Future Benefits			
Active	\$49,580	\$56,370	\$56,370
Retired	266,617	287,981	287,981
Total	\$316,197	\$344,351	\$344,351
Total OPEB Liability (Actuarial Liability)			
Active	\$33,698	\$36,696	\$36,696
Retired	266,617	287,981	287,981
Total	\$300,315	\$324,677	\$324,677
Plan Fiduciary Net Position (Plan Assets)	\$0	\$0	\$0
Net OPEB Liability (Unfunded Actuarial Liability)	\$300,315	\$324,677	\$324,677
Sensitivity Analysis			
1% Decrease in Discount Rate	3.00%	2.13%	2.13%
Net OPEB Liability	\$314,094	\$356,880	\$356,880
1% Increase in Discount Rate	5.00%	4.13%	4.13%
Net OPEB Liability	\$263,705	\$296,931	\$296,931
1% Decrease in Trend Rate	5.00% decreasing to 4.00%	5.00% decreasing to 4.00%	5.00% decreasing To 4.00%
Net OPEB Liability	\$274,722	\$310,858	\$310,858
1% Increase in Trend Rate	7.00% decreasing to 6.00%	7.00% decreasing to 6.00%	7.00% decreasing to 6.00%
Net OPEB Liability	\$300,894	\$340,220	\$340,220

1. For the District's fiscal 2018 financial statements, DFA will provide separate schedules with supplemental GASB 75 information.
 - a. If your auditors recommend that you report June 30, 2018 values, we will prepare the supplemental schedules in July, after June 30 asset values (if applicable) are known and updated municipal bond rates are published.
 - b. If your auditors recommend that you report June 30, 2017 values, we will provide (upon request) supplemental schedules based on this report.

Rio Linda Elverta Community Water District

**Net OPEB Liabilities and Expense Under
GASB 75 Accrual Accounting Standard**

	July 1, 2017		
	Actuarial Liability	S&P Municipal Bond Rate Index	GASB 75 Blended Rate
Discount Rate	4.00%	3.13%	3.13%
Components of Net OPEB Expense for fiscal year 2018			
Service Cost at Year-End	\$1,502	\$1,739	\$1,739
Interest Cost	11,574	9,819	9,819
Expected Return on Assets	0	0	0
Subtotal	\$13,076	\$11,558	\$11,558
Change in Deferred Outflows ²			
Change in Deferred Inflows ³			
Actuarially Determined Contribution (Fiscal 2018)			
Service Cost	\$1,502	\$1,739	\$1,739
Amortization of Net OPEB Liability ⁴	27,433	28,097	28,097
Total ⁵	\$28,935	\$29,836	\$29,836
Pay-As-You-Go Payment with Implied Subsidy (Fiscal 2018)			
Projected Pay-As-You-Go	\$22,144	\$22,144	\$22,144
Projected Implied Subsidy	0	0	0
Total	\$22,144	\$22,144	\$22,144

2. To be determined based on the Total OPEB Obligation and Plan Fiduciary Net Position as of June 30, 2018.
3. To be determined based on the Total OPEB Obligation and Plan Fiduciary Net Position as of June 30, 2018.
4. 12-year amortization (as a level percent of pay).
5. Estimated Actuarially Determined Contribution for Fiscal 2019:

	Actuarial Liability	S&P Municipal Bond Rate Index	GASB 75 Blended Rate
Total	\$29,803	\$30,731	\$30,731

Differences from Prior Valuation

The most recent prior valuation was completed as of July 1, 2015 by DFA. The AL (Accrued Liability) as of that date was \$231,245, compared to \$300,315 as of July 1, 2017. In this section, we provide a reconciliation between the two numbers so that it is possible to trace the AL from one actuarial report to the next.

Several factors have caused the AL to change since 2015. The AL increases as employees accrue more service and get closer to receiving benefits. There are actuarial gains/losses from one valuation to the next, and changes in actuarial assumptions and methodology for the current valuation. To summarize, the most important changes were as follows:

1. An increase in the AL of \$11,930 resulting from an update to our valuation software; the update allows us to track experience more precisely over time;
2. An increase of \$46,985 resulting from population experience (terminations, retirements, and mortality) different than expected;
3. An increase of \$6,813 resulting from changes in healthcare premiums different than expected;
4. An increase of \$4,525 resulting from a change in the actuarial cost method from Projected Unit Credit to Entry Age, Level Percent of Pay, as required by GASB 75.

The estimated changes to the AL from July 1, 2015 to July 1, 2017 are as follows:

Changes to AL	AL
AL as of July 1, 2015	\$231,245
Passage of time	(1,183)
Change in system	11,930
Change in census	46,985
Change in premium rates	6,813
Change in cost method	<u>4,525</u>
AL as of July 1, 2017 ¹	\$300,315

1. Based on a discount rate of 4.00%.

Funding Schedules

There are many ways to approach the pre-funding of retiree healthcare benefits. In the *Financial Results* section, we determined the annual expense for all District-paid benefits. The expense is an orderly methodology, developed by the GASB, to account for retiree healthcare benefits. However, the GASB 75 expense has no direct relation to amounts the District may set aside to pre-fund healthcare benefits.

The table on the next page provides the District with three alternative schedules for funding (as contrasted with expensing) retiree healthcare benefits. The schedules all assume that the retiree fund earns, or is otherwise credited with, 4.00% per annum on its investments, a starting trust value of \$0 as of July 1, 2017, and that contributions and benefits are paid mid-year.

The schedules are:

1. A level contribution amount for the next 12 years.
2. A level percent of the Unfunded Accrued Liability.
3. A constant percentage (3%) increase for the next 12 years.

We provide these funding schedules to give the District a sense of the various alternatives available to it to pre-fund its retiree healthcare obligation. The three funding schedules are simply three different examples of how the District may choose to spread its costs.

By comparing the schedules, you can see the effect that early pre-funding has on the total amount the District will eventually have to pay. Because of investment earnings on fund assets, the earlier contributions are made, the less the District will have to pay in the long run. Of course, the advantages of pre-funding will have to be weighed against other uses of the money.

The table on the following page shows the required annual outlay under the pay-as-you-go method and each of the above schedules. **The three funding schedules include the "pay-as-you-go" costs; therefore, the amount of pre-funding is the excess over the "pay-as-you-go" amount.**

Treatment of Implicit Subsidy

We exclude the implicit subsidy from these funding schedules because we do not recommend that the District pre-fund for the full age-adjusted costs reflected in the liabilities shown in the first section of this report. If the District's premium structure changes in the future to explicitly charge under-age 65 retirees for the full actuarial cost of their benefits, this change will be offset by a lowering of the active employee rates (all else remaining equal), resulting in a direct reduction in District operating expenses on behalf of active employees from that point forward. For this reason, among others, we believe that pre-funding of the full GASB liability would be redundant.

Rio Linda Elverta Community Water District

Sample Funding Schedules (Closed Group)

Starting Trust Value of \$0 as of July 1, 2017

Fiscal Year	Pay-as-you-go	Level Contribution for 12 years	Level % of Unfunded Liability	Constant Percentage Increase
2017	\$22,144	\$33,045	\$51,954	\$28,329
2018	22,019	33,045	45,460	29,179
2019	21,715	33,045	39,809	30,054
2020	21,430	33,045	34,883	30,955
2021	21,313	33,045	30,587	31,884
2022	21,269	33,045	26,834	32,841
2023	21,132	33,045	23,551	33,826
2024	20,973	33,045	20,586	34,841
2025	20,855	33,045	17,777	35,886
2026	20,847	33,045	15,352	36,962
2027	20,932	33,045	13,258	38,071
2028	21,020	33,045	11,450	39,213
2029	21,128	0	9,888	0
2030	21,203	0	8,539	0
2031	21,177	0	7,375	0
2032	21,056	0	6,369	0
2033	20,836	0	5,501	0
2034	20,493	0	4,751	0
2035	17,054	0	4,103	0
2036	11,248	0	3,544	0
2037	11,146	0	3,061	0
2038	10,908	0	2,643	0
2039	6,290	0	2,283	0
2040	5,628	0	1,972	0
2041	5,025	0	1,703	0
2042	4,484	0	1,470	0
2043	4,004	0	1,270	0
2044	3,601	0	1,097	0
2045	3,276	0	947	0
2046	3,010	0	818	0
2047	2,792	0	707	0
2048	2,608	0	610	0
2049	2,445	0	527	0
2050	2,439	0	455	0
2055	698	0	219	0
2060	206	0	206	0
2065	32	0	32	0
2070	2	0	2	0

Note to auditor: when calculating the employer OPEB contribution for the year ending on the statement date, we recommend multiplying the actual District-paid premiums on behalf of retirees by a factor of 1.0000 to adjust for the implicit subsidy.

Actuarial Assumptions

To perform the valuation, the actuary must make certain assumptions regarding such items as rates of employee turnover, retirement, and mortality, as well as economic assumptions regarding healthcare inflation and interest rates. Our assumptions are based on a standard set of assumptions we have used for similar valuations, modified as appropriate for the District. Retirement rates are based on recent District retirement patterns.

The discount rate of 4.00% is based on our best estimate of expected long-term plan experience for unfunded plans such as the District's. As discussed above, for financial reporting purposes under GASB 75, a discount rate of 3.13% reflects the required blend between discount and municipal bond rates. The healthcare trend rates are based on our analysis of recent District experience and our knowledge of the healthcare environment.

A complete description of the actuarial assumptions used in the valuation is set forth in the "Actuarial Assumptions" section.

Projected Annual Pay-as-you go Costs

As part of the valuation, we prepared a projection of the expected annual cost to the District to pay benefits on behalf of its retirees on a pay-as-you-go basis. These numbers are computed on a closed group basis, assuming no new entrants, and are net of retiree contributions. Projected pay-as-you-go costs for selected years are as follows:

FYB	Pay-as-you-go
2017	\$22,144
2018	22,019
2019	21,715
2020	21,430
2021	21,313
2022	21,269
2023	21,132
2024	20,973
2025	20,855
2026	20,847
2030	21,203
2035	17,054
2040	5,628
2045	3,276
2050	2,439
2055	698
2060	206
2065	32
2070	2

Implicit Subsidy and ASOP 6

When premiums charged for retiree healthcare are lower than expected claims, an implicit subsidy is realized. This occurs, for example, when pre-Medicare retirees are afforded medical coverage at the same rates as active employees.

Actuarial Standard of Practice No. 6 (ASOP 6), revised in May 2014, provides guidance in measuring OPEB obligations and determining periodic costs or actuarially determined contributions. The standard specifies that in (almost all instances), the actuary must include the value of this implicit subsidy in the GASB 45/75 liabilities.

This valuation reflects the value of the implicit subsidy equal to \$0. See the Benefit Plan Provisions section for additional information.

Certification

The actuarial certification, including a caveat regarding limitations of scope, if any, is contained in the "Actuarial Certification" section.

We have enjoyed working with the District on this project and are available to answer any questions you may have concerning any information contained herein.

Sincerely,
DFA, LLC



Carlos Diaz, ASA, EA, MAAA
Actuary

Benefit Plan Provisions

Retiree health benefits are secured through outside providers and premiums are reimbursed by the District according to the rules and to the extent described below. Because retirees do not remain on the District's group health plans, there is no implicit rate subsidy.

Retiree health benefits vary by tier, which is in turn based on date of hire, as follows:

Tier 1: Hired prior to January 1, 2003: Eligible for District-paid retiree health benefits after the later of age 50 and 5 years of service. Coverage will be for retiree and one eligible dependent, up to \$466/month for retiree and \$675/month for retiree plus one coverage.

Tier 2: Hired on or after January 1, 2003 but prior to May 1, 2004: The District contributes a percentage of the premium for retiree and one eligible dependent, up to a maximum of \$466/month for retiree and \$675/month for retiree plus one coverage, based on years of service at retirement, as follows:

Years of Service	District Percent
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20+	100%

Tier 3: Hired on or after May 1, 2004 and before January 1, 2013. Eligible for District-paid benefits after the later of age 50 and 5 years of service. Benefit of \$300/month for the retiree only.

Tier 4: Hired on or after January 1, 2013: Eligible for District-paid benefits after the later of age 62 and 20 years of service. Benefits limited to \$300/month for the retiree only.

General Manager (hired June 1, 2011): Eligible for District-paid benefits of \$300/month after completion of 5 years of full-time service and retirement under CalPERS.

Benefits for all tiers end at eligibility for Medicare (age 65). Benefits are reduced for employees working less than full-time for the 3-year period before retirement.

There are two retired management employees and one retired Board member with benefits being provided according to special arrangements not expected to be repeated in the future. Current Board members will not be entitled to District-paid retiree health benefits upon retirement.

Valuation Data

Active and Retiree Census

Age distribution of retirees included in the valuation

Age	Total
55-59	1
60-64	0
65-69	0
70-74	1
75-79	0
80-84	1
85+	<u>0</u>
All Ages	3
Average Age	71.2

Age/Years of service distribution of active employees included in the valuation

Years→	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35+	Total
<u>Age</u>									
<25	0	0	0	0	0	0	0	0	0
25-29	1	1	0	0	0	0	0	0	2
30-34	0	0	0	0	0	0	0	0	0
35-39	0	0	0	0	0	0	0	0	0
40-44	1	0	1	0	0	0	0	0	2
45-49	0	0	1	0	1	0	0	0	2
50-54	1	0	0	0	0	0	0	0	1
55-59	0	0	0	0	0	0	0	0	0
60-64	0	0	0	0	0	0	0	0	0
65+	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
All Ages	3	1	2	0	1	0	0	0	7

Average Age: 41.2
Average Service: 8.7

Actuarial Assumptions

The liabilities set forth in this report are based on the actuarial assumptions described in this section.

Valuation Date: July 1, 2017

Actuarial Cost Method: Entry Age, Level Percent of Pay

Discount Rate:

Accrued Liability 4.00% per annum

GASB 75 3.13% per annum

Salary Increases: 3.00% per annum

Pre-retirement Turnover: According to Crocker-Sarason Table T-5 less mortality, increased by 40% at all ages. Sample rates are as follows:

Age	Turnover (%)
25	7.7%
35	6.3
45	4.0
55	0.9

Pre-retirement Mortality: RP-2014 Employee Mortality, without projection. Sample deaths per 1,000 employees are as follows:

Age	Males	Females
25	0.48	0.17
35	0.52	0.29
45	0.97	0.66
55	2.79	1.67

Post-retirement Mortality: RP-2014 Healthy Annuitant Mortality, without projection. Sample deaths per 1,000 retirees are as follows:

Age	Males	Females
55	5.74	3.62
60	7.78	5.19
65	11.01	8.05
70	16.77	12.87
75	26.83	20.94
80	44.72	34.84
85	77.50	60.50
90	135.91	107.13

Actuarial Assumptions (Continued)
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Claim Cost per Retiree or Spouse:

Age	Medical/Rx
50	\$11,226
55	11,226
60	11,226
64	11,226
65	6,300
70	6,300
75	6,300

Retirement Rates:

Age	Percent Retiring
50	5.0%
51	5.0
52	5.0
53	5.0
54	5.0
55	10.0
56	12.0
57	15.0
58	18.0
59	20.0
60	22.0
61	25.0
62	30.0
63	35.0
64	40.0
65	100.0

* The percentage refers to the probability that an active employee who has reached the stated age will retire within the following year.

Trend Rate:

Healthcare costs were assumed to increase according to the following schedule:

FYB	Medical/Rx
2017	6.0%
2018+	5.0

District Dollar Caps:

Assumed frozen for all future years.

Actuarial Certification

The results set forth in this report are based on our actuarial valuation of the health and welfare benefit plans of the Rio Linda/Elverta Community Water District ("District") as of July 1, 2017.

The valuation was performed in accordance with generally accepted actuarial principles and practices. We relied on census data for active employees and retirees provided to us by the District. We also made use of claims, premium, expense, and enrollment data, and copies of relevant sections of healthcare documents provided to us by the District, and (when applicable) trust statements prepared by the trustee and provided to us by the District.

The assumptions used in performing the valuation, as summarized in this report, and the results based thereupon, represent our best estimate of the actuarial costs of the program under GASB 74 and GASB 75, and the existing and proposed Actuarial Standards of Practice for measuring post-retirement healthcare benefits.

Throughout the report, we have used unrounded numbers, because rounding and the reconciliation of the rounded results would add an additional, and in our opinion unnecessary, layer of complexity to the valuation process. By our publishing of unrounded results, no implication is made as to the degree of precision inherent in those results. Clients and their auditors should use their own judgment as to the desirability of rounding when transferring the results of this valuation report to the clients' financial statements.

The undersigned actuary meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained in this report.

Certified by:



Carlos Diaz, ASA, EA, MAAA
Actuary



Finance /Administrative Committee Agenda Item: 2

Date: August 13, 2018

Subject: Expenditure Summary

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

It is recommended that the Finance / Administrative Committee approve the Expenditure Summary for the month of July 2018 and forward to the August 20, 2018 meeting of the Board.

Current Background and Justification:

These expenditures were necessary and prudent for operation of the District and consistent with the policies and budget adopted by the Board of Directors. The Expenditure Summary provides the listing of expenditures which have occurred since the last regular meeting of the Board.

Conclusion:

Consistent with the District policies, the Expenditure Summary is to be reviewed by the Finance/Administrative Committee and approved by the Board of Directors.

Rio Linda Elverta Community Water District
Operating Account GL 1000 Expenditure Report
July 2018

Type	Date	Num	Name	Memo	Amount
Liability Check	07/03/2018	EFT	QuickBooks Payroll Service	For PP Ending 06/30/2018 Paydate 07/05/2018	15,865.71
Liability Check	07/05/2018	EFT	CalPERS	For PP Ending 06/30/2018 Paydate 07/05/2018	1,469.29
Liability Check	07/05/2018	EFT	CalPERS	For PP Ending 06/30/2018 Paydate 07/05/2018	1,670.15
Liability Check	07/05/2018	EFT	California State Disbursement Unit	Employee Garnishment	397.50
Liability Check	07/05/2018	EFT	Nationwide	Employee Benefits	1,078.40
Bill Pmt -Check	07/05/2018	EFT	Adept Solutions	Computer Maintenance	1,109.00
Bill Pmt -Check	07/05/2018	EFT	Comcast	Phone/Internet	413.45
Bill Pmt -Check	07/05/2018	EFT	Republic Services	Utilities	87.40
Bill Pmt -Check	07/05/2018	EFT	Sprint	Field Communication	143.23
Bill Pmt -Check	07/05/2018	EFT	Voyager Fleet Commander	Transportation Fuel	956.69
Liability Check	07/05/2018	EFT	Internal Revenue Service	Employment Taxes	5,409.06
Liability Check	07/05/2018	EFT	Employment Development	Employment Taxes	1,090.69
Paycheck	07/05/2018	5466	Employee	For PP Ending 06/30/2018 Paydate 07/05/2018	184.70
Check	07/05/2018	5467	RLECWD	Umpqua Bank Monthly Debt Service Transfer	16,500.00
Check	07/05/2018	5468	Community Business Bank	AMI Meter Loan Payment	29,256.96
Check	07/05/2018	5469	Sacramento County Clerk/Recorder	Lien Fees	69.00
Liability Check	07/05/2018	5470	Franchise Tax Board	Employee Garnishment	297.24
Check	07/05/2018	5471	Customer	Final Bill Refund	100.00
Check	07/05/2018	5472	Customer	Final Bill Refund	53.81
Bill Pmt -Check	07/05/2018	5473	ACWA/JPIA	Employee Benefits	21.15
Bill Pmt -Check	07/05/2018	5474	Affinity Engineering	Engineering Fees	5,185.00
Bill Pmt -Check	07/05/2018	5475	Affordable Heating & Air	Building Maintenance	240.00
Bill Pmt -Check	07/05/2018	5476	Bartle Wells Associates	Professional Fees: Rate Study	1,020.00
Bill Pmt -Check	07/05/2018	5477	Corix Water Products	Distribution Supplies	955.75
Bill Pmt -Check	07/05/2018	5478	CPS HR Consulting	Professional Fees: Salary & Benefit Survey	18,000.00
Bill Pmt -Check	07/05/2018	5479	Elk Grove Security Systems	Security Service	84.00
Bill Pmt -Check	07/05/2018	5480	GM Construction & Developers	Contract Services	1,200.00
Bill Pmt -Check	07/05/2018	5481	Government Finance Office Association	Office Expense	160.00
Bill Pmt -Check	07/05/2018	5482	Johnson Controls Fire Protection	Safety	507.92
Bill Pmt -Check	07/05/2018	5483	O'Reilly Automotive Inc	Transportation Maintenance	127.00
Bill Pmt -Check	07/05/2018	5484	Phelan, Michael	Retiree Insurance: Lifetime Benefit	3,150.00
Bill Pmt -Check	07/05/2018	5485	Rio Linda Hardware and Building Supply	Shop Supplies	102.78
Bill Pmt -Check	07/05/2018	5486	Sierra Chemical Company	Chemical Supplies	1,996.92
Bill Pmt -Check	07/05/2018	5487	SMUD	Utilities	17,719.28
Bill Pmt -Check	07/05/2018	5488	State Water Resource Control Board	License Renewal	60.00
Bill Pmt -Check	07/05/2018	5489	The News	Publication	100.00
Bill Pmt -Check	07/05/2018	5490	USA Bluebook	Safety	1,060.91
Bill Pmt -Check	07/05/2018	5491	USPS	Postage	225.00
Bill Pmt -Check	07/05/2018	5492	Vanguard Cleaning Systems	Janitorial	195.00
Bill Pmt -Check	07/05/2018	5493	Affinity Engineering	Capital Improvement: Well 10	4,090.00
Liability Check	07/16/2018	EFT	AFLAC	Employee Benefits	584.98
Liability Check	07/19/2018	EFT	QuickBooks Payroll Service	For PP Ending 07/15/18 Pay date 07/20/18	16,643.48
Liability Check	07/20/2018	EFT	CalPERS	For PP Ending 07/15/18 Pay date 07/20/18	1,601.71
Liability Check	07/20/2018	EFT	CalPERS	For PP Ending 07/15/18 Pay date 07/20/18	1,721.51
Bill Pmt -Check	07/20/2018	EFT	CalPERS	Unfunded Accrued Liability PEPRA	290.00
Bill Pmt -Check	07/20/2018	EFT	CalPERS	Unfunded Accrued Liability Classic	79,233.00

**Rio Linda Elverta Community Water District
Operating Account GL 10000 Expenditure Report
July 2018**

Type	Date	Num	Name	Memo	Amount
Liability Check	07/20/2018	EFT	Internal Revenue Service	Employment Taxes	5,746.98
Liability Check	07/20/2018	EFT	Employment Development	Employment Taxes	1,176.59
Liability Check	07/20/2018	EFT	Nationwide	Employee Benefits	1,119.63
Liability Check	07/20/2018	EFT	California State Disbursement Unit	Employee Garnishment	397.50
Liability Check	07/20/2018	EFT	Western Health Advantage	Employee Benefits	11,406.71
Check	07/20/2018	EFT	RLECWD - Capital Improvement	Current Monthly Transfer	40,000.00
Check	07/20/2018	EFT	RLECWD - SURCHARGE ACCOUNT 1	Current Monthly Transfer	42,500.00
Check	07/20/2018	EFT	RLECWD - Operating	Transfer funds for Security Deposits paid with Credit Card	1,100.00
Check	07/20/2018	EFT	RLECWD - Capital Improvement	Transfer Capacity Fees to Capital Improvement	14,062.01
Bill Pmt -Check	07/20/2018	EFT	Bankcard Center 2911	Computer, Postage	45.99
Bill Pmt -Check	07/20/2018	EFT	Bankcard Center 4506	Distribution Supplies	135.26
Bill Pmt -Check	07/20/2018	EFT	Bankcard Center 7806	Distribution Supplies, Meetings, Shop Supplies, Pump Maint	985.37
Bill Pmt -Check	07/20/2018	EFT	Verizon	Field IT	261.05
Paycheck	07/20/2018	5494	Employee	For PP Ending 07/15/18 Pay date 07/20/18	92.35
Liability Check	07/20/2018	5495	Teamsters Local #150	Union Dues	560.00
Check	07/20/2018	5496	Postmaster	Postage	2,297.79
Check	07/20/2018	5497	Customer	Customer Final Bill Refund	36.33
Check	07/20/2018	5498	Customer	Customer Toilet Rebate	75.00
Check	07/20/2018	5499	Customer	Customer Final Bill Refund	145.81
Bill Pmt -Check	07/20/2018	5500	American Mobile Shredding	Office Expense	25.00
Bill Pmt -Check	07/20/2018	5501	Aqua-Tech Company	Tank Maintenance	3,300.00
Bill Pmt -Check	07/20/2018	5502	BHI Management Consulting	Consulting Fees	1,160.00
Bill Pmt -Check	07/20/2018	5503	BSK Associates	Lab Fees	2,910.00
Bill Pmt -Check	07/20/2018	5504	Churchwell White	Legal Services	5,714.10
Bill Pmt -Check	07/20/2018	5505	City of Foster City	Publishing	250.00
Bill Pmt -Check	07/20/2018	5506	CoreLogic Solutions	Metro Scan	134.75
Bill Pmt -Check	07/20/2018	5507	Corix Water Products	Distribution Supplies	1,194.95
Bill Pmt -Check	07/20/2018	5508	Engergy Systems	Pump Maintenance	4,043.26
Bill Pmt -Check	07/20/2018	5509	PG&E	Utilities	47.06
Bill Pmt -Check	07/20/2018	5510	Quill Corporation	Office Expense	53.75
Bill Pmt -Check	07/20/2018	5511	Regional Water Authority	Water Membership; Regional Conservation Program	14,715.00
Bill Pmt -Check	07/20/2018	5512	Rio Linda/Elverta Recreation & Park	Meeting Fee	75.00
Bill Pmt -Check	07/20/2018	5513	Sacramento County Utilities	Utilities	112.59
Bill Pmt -Check	07/20/2018	5514	Sacramento Groundwater Authority	Water Membership	24,866.00
Bill Pmt -Check	07/20/2018	5515	Sierra Chemical Company	Chemical Supplies	1,990.42
Bill Pmt -Check	07/20/2018	5516	Spok, Inc.	Field Communication	15.17
Bill Pmt -Check	07/20/2018	5517	UniFirst Corporation	Uniforms	166.19
Bill Pmt -Check	07/20/2018	5518	USA BlueBook	Safety	608.25
Bill Pmt -Check	07/20/2018	5519	WellTec Inc.	Pump Maintenance	511.70
Bill Pmt -Check	07/20/2018	5520	Nor-Cal Pump & Well Drilling	Capital Improvement: Well 16	35,886.70
Bill Pmt -Check	07/20/2018	5521	Wood Rodgers	Capital Improvement: Well 16	1,032.50
Liability Check	07/25/2018	EFT	Dental and Vision Ins.com	Employee Benefits	1,961.10
Total 10000 - Bank - Operating Account					455,345.53

Accrual Basis

**Rio Linda Elverta Community Water District
Other Accounts Expenditure Report
July 2018**

Type	Date	Num	Payee	Memo	Amount
Check	07/20/2018	EFT	RLECWD - Operating Account	June 2018 Security Deposits Applied	400.00
10100 · Security Deposits					<u>400.00</u>

Type	Date	Num	Payee	Memo	Amount
Transfer	07/05/2018	EFT	RLECWD - Operating	CIP Expense Transfer: Refer to operating check numbers: 5493	4,090.00
Transfer	07/20/2018	EFT	RLECWD - Operating	CIP Expense Transfer: Refer to operating check numbers: 5520, 5521	36,919.20
10455 · Capital Improvement Reserve					<u>41,009.20</u>



Finance /Administrative Committee Agenda Item: 3

Date: August 13, 2018

Subject: Financial Report

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

It is recommended that the Finance / Administrative Committee review the Finance Reports of the District for the month of July 2018.

Current Background and Justification:

The financial reports are the District's balance sheet, profit and loss, and capital improvements year to date. This report provides the snapshot of the District's fiscal health for the period covered.

Conclusion:

Consistent with District policies, these financials are to be reviewed by this committee and presented to the Board of Directors to inform them of the District's current financial situation.

Rio Linda Elverta Community Water District
Balance Sheet
 As of July 31, 2018

ASSETS

Current Assets

Checking/Savings

100 · Cash & Cash Equivalents

10000 · Operating Account

10005 · Operating Fund 51,440.55

10010 · Operating Reserve Fund 250,000.00

Total 10000 · Operating Account 301,440.55

10100 · Trust/Security Deposit Account 44,752.00

10450 · Capital Improvement

10455 · Capital Improvement Fee Reserve 703,246.77

10460 · Vehicle Replacement Reserve 0.00

10465 · Cr6 Project 11,994.40

Total 10450 · Capital Improvement 715,241.17

10600 · LAIF GASB 45 15,992.96

Total 100 · Cash & Cash Equivalents 1,077,426.68

102 · Restricted Assets

102.1 · Restricted Capital Improvements

10700 · ZIONS Inv/Surcharge Reserve 491,624.20

Total 102.1 · Restricted Capital Improvements 491,624.20

102.2 · Restricted for Debt Service

10300 · Surcharge 1 Account 535,425.00

10325 · Community Business Bank 92,985.66

10350 · Umpqua Bank 57,267.98

10350 · Surcharge 2 Account 399,727.84

Total 102.2 · Restricted for Debt Service 1,085,406.48

Total 102 · Restricted Assets 1,577,030.68

Total Checking/Savings 2,654,457.36

Accounts Receivable 9,212.48

Other Current Assets

12000 · Water Utility Receivable 592,011.42

12200 · Accrued Revenue 0.00

12250 · Accrued Interest Receivable 1,632.50

15000 · Inventory Asset 96,793.78

16000 · Prepaid Expense 106,727.77

Total Other Current Assets 797,165.47

Total Current Assets 3,460,835.31

Fixed Assets

17000 · General Plant Assets 713,628.60

17100 · Water System Facilites 21,565,518.10

17300 · Intangible Assets 373,043.42

17500 · Accum Depreciation & Amort -8,241,347.85

18000 · Construction in Progress 595,995.98

18100 · Land 496,673.45

Total Fixed Assets 15,503,511.70

Other Assets

19000 · Deferred Outflows 297,772.00

19900 · Suspense Account 36.33

Total Other Assets 297,808.33

TOTAL ASSETS 19,262,155.34

Rio Linda Elverta Community Water District
Balance Sheet
As of July 31, 2018

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable	58,318.61
Credit Cards	5,389.45
Other Current Liabilities	700,664.42

Total Current Liabilities	764,372.48
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Long Term Liabilities

23000 · OPEB Liability	22,453.00
23500 · Lease Buy-Back	755,052.27
25000 · Surcharge 1 Loan	4,364,411.26
25050 · Surcharge 2 Loan	99,140.82
26000 · Water Rev Refunding	2,091,606.00
27000 · Community Business Bank	342,485.52
29000 · Net Pension Liability	902,961.00
29500 · Deferred Inflows-Pension	40,436.00

Total Long Term Liabilities	8,618,545.87
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Total Liabilities	9,382,918.35
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Equity

31500 · Invested in Capital Assets, Net	6,698,923.46
32000 · Restricted for Debt Service	699,786.24
38000 · Unrestricted Equity	2,442,785.19
Net Income	37,742.10

Total Equity	9,879,236.99
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TOTAL LIABILITIES & EQUITY	19,262,155.34
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Rio Linda Elverta Community Water District
Operating Profit & Loss Budget Performance
 July 2018

	<u>Annual Budget</u>	<u>Jul 18</u>	<u>Jul 18</u>	<u>% of Annual Budget</u>	<u>YTD Annual Budget Balance</u>
Ordinary Income/Expense					
Income					
Total 40000 · Operating Revenue	2,664,429.00	158,227.21	158,227.21	5.94%	2,506,201.79
41000 · Nonoperating Revenue					
41110 · Investment Revenue					
41112 · Interest Revenue	400.00	15.60	15.60	3.90%	384.40
Total 41110 · Investment Revenue	400.00	15.60	15.60	3.90%	384.40
41120 · Property Tax	70,000.00	0.00	0.00	0.00%	70,000.00
Total 41000 · Nonoperating Revenue	70,400.00	15.60	15.60	0.02%	70,384.40
Total Income	<u>2,734,829.00</u>	<u>158,242.81</u>	<u>158,242.81</u>	<u>5.79%</u>	<u>2,576,586.19</u>
Gross Income	2,734,829.00	158,242.81	158,242.81	5.79%	2,576,586.19
Expense					
60000 · Operating Expenses					
60010 · Professional Fees	163,331.00	5,760.38	5,760.38	3.53%	157,570.62
60100 · Personnel Services					
60110 · Salaries & Wages	665,414.00	24,404.90	24,404.90	3.67%	641,009.10
60150 · Employee Benefits & Expense	451,439.00	30,239.62	30,239.62	6.70%	421,199.38
Total 60100 · Personnel Services	1,116,853.00	54,644.52	54,644.52	4.89%	1,062,208.48
60200 · Administration	263,977.00	52,769.05	52,769.05	19.99%	211,207.95
64000 · Conservation	6,748.00	5,123.00	5,123.00	75.92%	1,625.00
65000 · Field Operations	419,175.00	23,821.09	23,821.09	5.68%	395,353.91
Total 60000 · Operating Expenses	1,970,084.00	142,118.04	142,118.04	7.21%	1,827,965.96
69000 · Non-Operating Expenses					
69010 · Debt Service					
69100 · Revenue Bond					
69105 · Principle	133,163.00	0.00	0.00	0.00%	133,163.00
69110 · Interest	65,726.00	0.00	0.00	0.00%	65,726.00
Total 69100 · Revenue Bond	198,889.00	0.00	0.00	0.00%	198,889.00
69125 · AMI Meter Loan					
69130 · Principle	46,818.00	23,228.99	23,228.99	49.62%	23,589.01
69135 · Interest	11,696.00	6,027.97	6,027.97	51.54%	5,668.03
Total 69125 · AMI Meter Loan	58,514.00	29,256.96	29,256.96	50.00%	29,257.04
Total 69010 · Debt Service	257,403.00	29,256.96	29,256.96	11.37%	228,146.04
69400 · Other Non-Operating Expense	2,000.00	0.00	0.00	0.00%	2,000.00
Total 69000 · Non-Operating Expenses	259,403.00	29,256.96	29,256.96	11.28%	230,146.04
Total Expense	<u>2,229,487.00</u>	<u>171,375.00</u>	<u>171,375.00</u>	<u>7.69%</u>	<u>2,058,112.00</u>
Net Ordinary Income	505,342.00	-13,132.19	-13,132.19		
Net Income	<u>505,342.00</u>	<u>-13,132.19</u>	<u>-13,132.19</u>		

CAPITAL BUDGET VS ACTUAL FISCAL YEAR 2018-2019
July 2018

	GENERAL		CONNECTIONS		CHROMIUM MITIGATION & NEW WELLS		VEHICLE REPLACEMENT	
BEGINNING FUND BALANCE	\$ 1,426,064.00	\$ 1,426,064.00	\$ 129,988.00	\$ 129,988.00	\$ (454,317.00)	\$ (454,317.00)	\$ -	\$ -
	Annual Budget	YTD Actual	Annual Budget	YTD Actual	Annual Budget	YTD Actual	Annual Budget	YTD Actual
FUNDING SOURCES								
Fund Transfers								
Operating Fund Transfers In	500,000.00	40,000.00	-	-	-	-	-	-
CIP Fund Intrafund Transfers	(10,000.00)	-	-	-	-	-	10,000.00	-
Surcharge 2 Surplus Repayment	-	-	-	-	435,752.00	-	-	-
Contributed Funding								
Capacity Fee Revenue	-	-	40,000.00	-	-	-	-	-
Contributed Facilities (Developers)	-	-	-	-	-	-	-	-
Grant Revenue	-	-	-	-	20,000.00	-	-	-
Loan Proceeds-OPUS Bank	-	-	-	-	2,468,239.00	-	-	-
Investment Revenue	350.00	-	-	-	-	-	-	-
Sale of Fixed Assets	-	-	-	-	-	-	-	-
TOTAL FUNDS AVAILABLE FOR CIP PROJECTS	1,916,414.00	1,466,064.00	169,988.00	129,988.00	2,469,674.00	(454,317.00)	10,000.00	-
PROJECTS								
A · WATER SUPPLY								
A-1 · Well 10 - Cr6 Treatment	-	-	-	-	40,000.00	-	-	-
A-2 · Well 16	-	-	-	-	2,448,239.00	-	-	-
A-3 · Well 17	25,000.00	-	-	-	-	-	-	-
A-4 · Miscellaneous Pump Replacements	40,000.00	-	-	-	-	-	-	-
Total A · WATER SUPPLY	65,000.00	-	-	-	2,488,239.00	-	-	-
B · WATER DISTRIBUTION								
B-1 · System Valve Replacements	35,000.00	-	-	-	-	-	-	-
B-2 · Paving Replacements	25,000.00	-	-	-	-	-	-	-
B-3 · Service Replacements	30,000.00	-	-	-	-	-	-	-
B-4 · Large Meter Replacements	5,000.00	-	-	-	-	-	-	-
Total B · WATER DISTRIBUTION	95,000.00	-	-	-	-	-	-	-
M · GENERAL PLANT ASSETS								
M-1 · Ice Machine	3,500.00	2,803.96	-	-	-	-	-	-
M-2 · Billing Software Upgrade	25,000.00	-	25,000.00	-	-	-	-	-
Total M · GENERAL PLANT ASSETS	28,500.00	2,803.96	25,000.00	-	-	-	-	-
FO · PROJECTS FUNDED BY OTHERS								
TOTAL FO · PROJECTS FUNDED BY OTHERS	-	-	-	-	-	-	-	-
C · CONTINGENCY								
C-1 · Contingency (10% of Est A,B,M, & FO)	18,850.00	-	2,500.00	-	248,823.90	-	-	-
TOTAL BUDGETED PROJECT EXPENDITURES	207,350.00	2,803.96	27,500.00	-	2,737,062.90	-	-	-
ENDING FUND BALANCE	\$ 1,709,064.00	\$ 1,463,260.04	\$ 142,488.00	\$ 129,988.00	\$ (267,388.90)	\$ (454,317.00)	\$ 10,000.00	\$ -



Finance /Administrative Committee

Agenda Item: 4

Date: August 13, 2018

Subject: Draft Memo from Finance/Admin Committee to Employees Requesting Change to District Hours of Operation

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

I recommend the Finance/Admin Committee provide feedback to staff regarding the draft memo in response to the employees' request for a change in hours of operation.

Current Background and Justification:

The Finance/Admin Committee discussed the written request from the employees at the July 9th Committee meeting. The Committee directed staff to draft a memo covering the important stipulations in response to the employees' written request. I sent the draft memo to the Finance Committee members on July 20th with a follow (repeat) distribution 10-days later.

As confirmed at the July 9th Committee meeting, it is important to preserve the lines of distinction which establish; 1) the District must retain its authority to unilaterally stipulate the hours of operation, reflected in the District's policy as the responsibility of the General Manager, and 2) this discussion/decision must not morph into or become part of the upcoming MOU renewal negotiations. Thus, the Committee agreed upon means of consideration was a memo from the Finance/Admin Committee with the Board ultimately considering the timing and methods for notifying our customers of a substantial change in the hours of operation.

Conclusion:

I recommend the Finance/Admin Committee provide feedback to staff regarding the draft memo. Then, authorize distribution to the employees, with any revisions deemed necessary, or direct some other response to the employees written request.

RLECWD INTEROFFICE MEMORANDUM

TO: RLECWD EMPLOYEES

FROM: RLECWD FINANCE/ADMIN COMMITTEE

SUBJECT: CONSIDERATION OF ALTERNATIVE WORK SCHEDULES

DATE: 7-20-2018

CC:

The Finance and Administration Committee (F/A Committee) reviewed your request to consider alternative work schedules. The F/A Committee has the following comments in response to your written request:

- The F/A Committee shares your embrace for practices and policies that can lead to greater productivity, lower operating costs, and better job satisfaction.
- The current District policy clearly establishes, and must continue to uphold, the principal that the District must be able to establish and, as necessary, modify the work schedule to meet the operational needs of the District.
- Any change in schedule, which is properly noticed and implemented by the General Manager is, as it should be, subject to revisions as may be deemed necessary for the operational needs of the District, now and in the future. In other words, if we change schedule, and District needs are not being sufficiently addressed, the work schedule may need to change for some employees.
- Even if the District goes to a 4-10 schedule, it is not necessary or justified to have the same start times for operations employees as customer service employees. For example; some field employees may start work earlier in warm weather months and later in cool weather, shorter daylight months.
- The District will need to provide sufficient lead time to make the change associated with being closed on Fridays. We will need time for notices, postings flyers etc. to minimize the impact on customers who would otherwise plan to pay bills on Fridays.
- Although changing work schedules is within the authority of the GM, and such changes when properly noticed are not subject to Union meet and confer requirements, there will need to be some reasonable clarifications on pay days, observed holidays that fall on a regular day off (potentially now including Fridays) and vacation/sick leave accrual equivalents. For example, the existing MOU stipulates vacation accrual is two weeks per year (up to five years of service). The intent of two weeks in a 5-days per week schedule is 80-hours of vacation. If you take 80-hours of vacation, you will be absent for two weeks in a 4-10 schedule. However, if you take one day off, that's 10-hours of vacation.

If these stipulations are acceptable to the employees, please respond accordingly and the F/A Committee will forward an item on to an upcoming Board agenda to consider the length of lead time needed to notify the customers about the planned changes in office hours.



Finance /Administrative Committee Agenda Item: 5

Date: August 13, 2018

Subject: Annual Budget Adoption for FY 2018/2019

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

I recommend the Finance/Admin Committee review the draft final budget and forward an item onto the August 20th Board agenda as a Public Hearing.

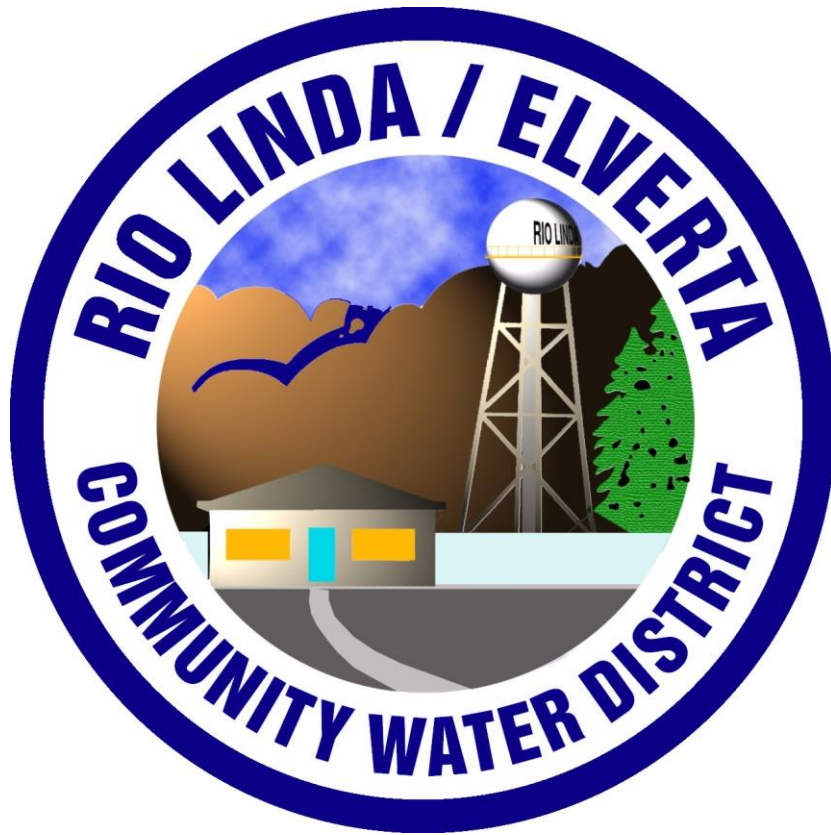
Current Background and Justification:

The annual requirements, written policies and extensive detail in the draft final budget and Executive Summary obviate the need for additional detail via staff report.

The Board has already scheduled an August 20th public hearing for final budget adoption. Staff has posted a notice of public hearing in a newspaper of general circulation. All prescribed steps have been performed.

Conclusion:

I recommend the Finance/Admin Committee review the draft final budget, direct any revisions deemed necessary and appropriate, then forward the item onto the Public Hearing scheduled at the August 20th meeting.



Operating and Capital Budget

Fiscal Year July 1, 2018 – June 30, 2019

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

8/20/2018

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EXECUTIVE SUMMARY

August 20, 2018

Board of Directors

Rio Linda Elverta Community Water District

I hereby submit the Rio Linda/Elverta Community Water District's Fiscal Year 2018-2019 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 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 Well #10 ion exchange treatment of existing groundwater facilities. A 3.28 % interest for a 15-year term loan from Opus Bank has been secured and we began an 18-month construction period in March 2018 (ends September 2019). To supplement the current rate structure for Cr6 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. The Opus loan is debt serviced by Surcharge #2. For the first time in the last several fiscal years, the District transferred less than \$600,000 from the previous year Operating budget into the subsequent year's Capital Improvement Budget. Although this is an alarming trend, and one which has understandably drawn concern by Board Members, the trend did not commence with this fiscal year. The previously adopted budgets included loan funding and expenses therefrom, which had not been secured. Had that overstated revenue not been included, the shortfall in previous year carry over should have materialized before now. Alternatively, the spending on capital improvement projects such as Well #16 and Well #10 could have been decreased to meet the \$600,000 carry over objective.

Another aspect contributing to the "trend" (less than \$600,000 carried over) is the change to a more conservative funding of employee medical, dental and vision insurance benefit. Previous budgeting practices have used the previous year's actual cost as the primary basis for setting the budgeted amounts for the subsequent year. However, conservatism warrants that we fund (budget) the full amount the District may incur by contract (MOU) given that the circumstances that can lead to higher

costs than current actual cost are beyond the District's control. For example, a current single employee can become an employee with dependents insured. The costs could rise at any point throughout the fiscal year, and the District would incur those costs. This more conservative funding approach can also result in additional unspent funds, which could be added to the budget carry over at the end of the fiscal year if the insurance cost funding is not needed to the contractual maximum amount.

The principle approach to targeting a minimum amount of carry over (previously \$600,000) includes two key elements; 1) funding an estimated 6-months of annual operating expenses (contingency or reserve funding), and 2) maintaining a 1.25 ratio of operating revenue to debt service. The minimum debt service ratio will be maintained. The decrease from \$600,000 to \$500,000 effectively lowers the degree of reserve funding available to pay operating expenses for unforeseen circumstances. Although the capital fund is also funded by new connection fees AKA capacity fees, such funding is restricted. Capacity fees can only be used for the hard and soft costs associated with new capacity, e.g. new wells and backbone infrastructure and the studies, plans and contracts appurtenant therein.

The District previously funded participation in RiverArc to further the objective for diversified water supply and conjunctive use within our region. However, the long-term funding for such activities was integrated into the capacity fee program, and building has not yet materialized. The large-scale residential developers have informed the District they are unwilling/unable to pre-fund the District's RiverArc costs, and the District has conveyed our discontinued participation to RiverArc. This change is reflected in the budget.

The District is required to contribute approximately \$24,866 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 SAWWA, RWA, ACWA, CSDA, AWWA, and CRWA. We can expect an increase in annual dues from these associations due to inflation. The increases in funding for SGA and Regional Water Authority (RWA) go beyond inflation. RWA and SGA operating cost increases also reflect generous funding (relative to the District's approach) of employee compensation and benefits.

The District will see an increase in Staff Wages and Benefits of approximately \$22,258 and \$79,272 respectively. The increase in benefits funding is addressed previously and is a function of conservatism in funding the contractual maximum costs. The increase in wages and benefits reflect the existing employment contracts, MOU and Employment Agreement.

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.

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. It's clear that we're all pulling in the same positive direction, and we can accomplish much more together.

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.

PRELIMINARY BUDGET

Between April & May, the General Manager may create a preliminary budget and presents it to the Finance Committee no later than June to review and recommend any changes prior to the public hearing.

PUBLIC HEARING

On or before the regular Board meeting in July, the Board of Directors shall hold a public hearing on the proposed Budget.

ADOPTION

During or before the regular Board meeting in August, the Board of Directors shall adopt the budget.

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

Mary Harris, President/Director

Mary Henrici, Vice President/Director

Brent Dills, Director

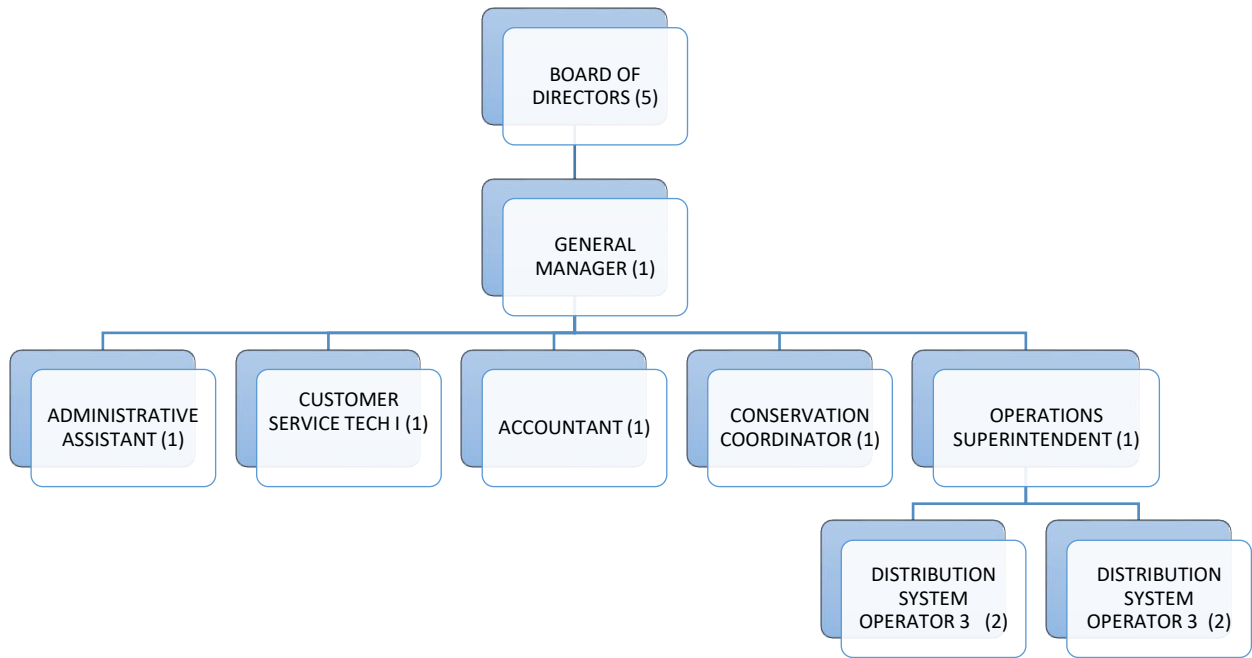
Paul R. Green Jr., Director

John Ridilla, Director

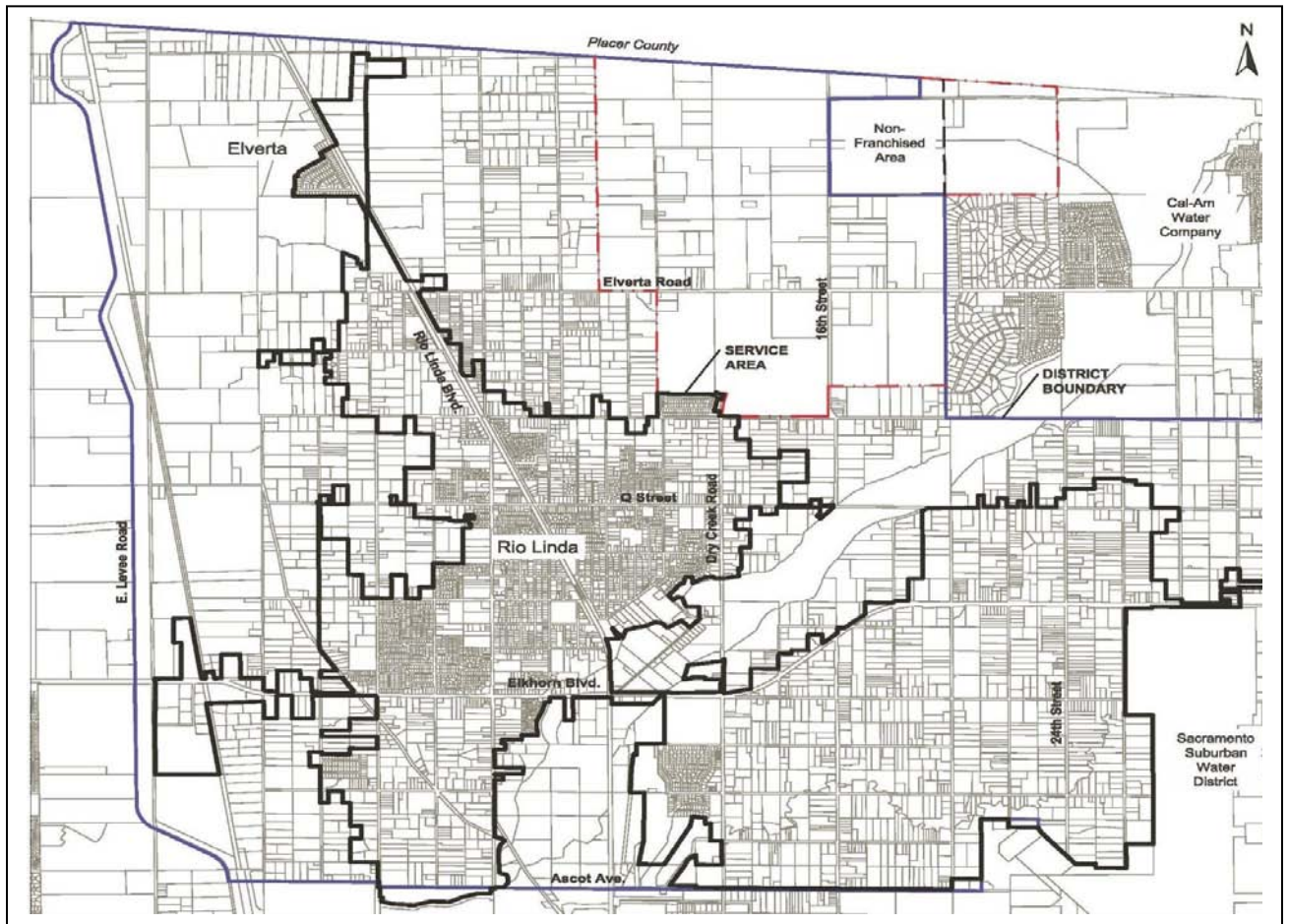
Appointed Official

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 - 2017-2018 BUDGET – The prior fiscal year budget.

COLUMN 3 - 2018-2019 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

		2017-2018 ACTUAL UNAUDITED	2017-2018 BUDGET	2018-2019 BUDGET	DIFFERENCE	EXPLANATION
OPERATING REVENUE						
40100 Water Service Rates						
40101	Basic Service Charge	\$1,899,526.00	\$1,827,443.00	\$1,863,992.00	\$36,549.00	Ordinance 2016-02 Increase; Water Rate Study Table 2.1
40102	Usage Charge	563,390.00	618,628.00	637,187.00	18,559.00	Ordinance 2016-02 Increase; Water Rate Study Table 2.1
40105	Backflow Charge	25,008.00	24,140.00	25,000.00	860.00	Increased to adjust for 2017-18 actual
40106	Fire Prevention	12,026.00	10,600.00	10,600.00	0.00	
Total Water Service Rates		2,499,950.00	2,480,811.00	2,536,779.00	55,968.00	
40200 Water Services						
40201	Application Fee	14,770.00	15,000.00	15,000.00	0.00	
40202	Late Payment Fee	27,035.00	26,000.00	26,000.00	0.00	
40203	Disconnect Tag/NSF Fees	50,795.00	54,000.00	54,000.00	0.00	
40204	Termination/Reconnection	8,650.00	7,000.00	7,000.00	0.00	
40209	Other Account Service Charges	760.00	2,000.00	2,000.00	0.00	
Total Water Services		102,010.00	104,000.00	104,000.00	0.00	
40300 Other Water Service Fees						
40301	New Construction QC	4,368.00	4,000.00	4,000.00	0.00	
40302	Service Connection Fees	22,391.00	10,000.00	10,000.00	0.00	
40303	Other Field Service Fees	570.00	3,000.00	3,000.00	0.00	
40304	Other Operating Revenue	7,801.00	4,000.00	6,000.00	2,000.00	Increase to adjust for removal of GL 41140 (redundant account)
40305	Grant Revenue-Operating	263.00	10,000.00	650.00	-9,350.00	Decrease to adjust expired RWA: Outdoor Water Efficiency Grant - \$10,000; 50% Reimb for Rebate Program
Total Other Water Service Fees		35,393.00	31,000.00	23,650.00	-7,350.00	
TOTAL OPERATING REVENUE		\$2,637,353.00	\$2,615,811.00	\$2,664,429.00	\$48,618.00	

		2017-2018 ACTUAL UNAUDITED	2017-2018 BUDGET	2018-2019 BUDGET	DIFFERENCE	EXPLANATION
NON-OPERATING REVENUE						
41110	Interest Revenue	427.00	400.00	400.00	0.00	
41120	Property Taxes & Assessments	81,653.00	70,000.00	70,000.00	0.00	
41140	Other Non-Operating Revenue	0.00	2,000.00	0.00	-2,000.00	Decreased to remove redundant account; Prior year budget moved to GL 40304
TOTAL NON-OPERATING REVENUE		\$82,080.00	\$72,400.00	\$70,400.00	\$-2,000.00	
TOTAL OPERATING & NON-OPERATING REVENUE		\$2,719,433.00	\$2,688,211.00	\$2,734,829.00	\$46,618.00	

Operating Expense

		2017-2018 ACTUAL UNAUDITED	2017-2018 BUDGET	2018-2019 BUDGET	DIFFERENCE	EXPLANATION
60010 PROFESSIONAL FEES						
60011	General Counsel fees-Legal	53,389.00	70,000.00	65,000.00	-5,000.00	Decreased based on previous two FY actuals
60012	Auditor Fees	10,113.00	13,613.00	10,731.00	-2,882.00	Decreased to adjust for GASB 75 (replaced GASB 45) non full actuarial year; includes 2.5% increase annual financial audit
60013	Engineering Services	84,220.00	70,000.00	70,000.00	0.00	
60015	Other Professional Fees	29,758.00	0.00	17,600.00	17,600.00	New account; Strategic Planning remainder contract of \$17,600
TOTAL PROFESSIONAL FEES		\$177,480.00	\$153,613.00	\$163,331.00	\$9,718.00	
60100 PERSONNEL SERVICES						
60110 Salaries & Wages						
60111	Salary - General Manager	97,713.00	97,126.00	109,664.00	12,538.00	See attached addendum for Account 60111
60112	Staff Regular Wages	481,925.00	494,912.00	525,000.00	30,088.00	Increased to project known costs
60113	Contract Extra Help	25,368.00	25,368.00	5,000.00	-20,368.00	Decreased to adjust for projected costs
60114	Staff Standby Pay	18,250.00	18,250.00	18,250.00	0.00	
60115	Staff Overtime Pay	5,691.00	7,500.00	7,500.00	0.00	
Total Salaries & Wages		628,947.00	643,156.00	665,414.00	22,258.00	
60150 Employee Benefits & Expense						
60151	PERS Retirement	127,496.00	130,172.00	138,987.00	8,815.00	Increased to adjust for projected costs; includes decreased cost adj for PEPRA Employees see GL 60160
60152	Workers Compensation	13,141.00	13,400.00	14,937.00	1,537.00	Actual Annual Contribution Change
60153	Group Insurance	147,043.00	142,849.00	203,340.00	60,491.00	Increased using employee allowance and GM per MOU/Contract amounts
60154	Retirees Insurance	22,017.00	22,110.00	22,110.00	0.00	
60155	Staff Training	3,228.00	3,500.00	3,500.00	0.00	
60156	Management Training	1,250.00	1,500.00	1,500.00	0.00	
60157	Uniforms	3,521.00	4,500.00	4,350.00	-150.00	Decreased to adjust for projected costs
60158	Payroll Taxes	49,517.00	51,254.00	53,400.00	2,146.00	Increase to adjust for projected costs

		2017-2018 ACTUAL UNAUDITED	2017-2018 BUDGET	2018-2019 BUDGET	DIFFERENCE	EXPLANATION
60159	Payroll Services	564.00	550.00	550.00	0.00	
60160	457 Employer Contribution	3,016.00	2,332.00	8,765.00	6,433.00	Increased to reflect GM Contract & PEPRA Employees
	Total Employee Benefits & Expense	370,793.00	372,167.00	451,439.00	79,272.00	
	TOTAL PERSONNEL SERVICES	\$999,740.00	\$1,015,323.00	\$1,116,853.00	\$101,530.00	
	60200 ADMINISTRATION					
60205	Bank and Merchant Fees	24,551.00	21,500.00	26,000.00	4,500.00	Increase to adjust for projected costs
60207	Board of Director-Meeting Fees	15,800.00	18,770.00	16,770.00	-2,000.00	Decreased due to less ad hoc and special meeting compared to previous FY
	60210 Building Expenses					
60211	Office Utilities	6,232.00	6,000.00	6,000.00	0.00	
60212	Janitorial	2,340.00	2,340.00	2,340.00	0.00	
60213	Maintenance	7,020.00	7,500.00	7,500.00	0.00	
60214	Security	336.00	400.00	400.00	0.00	
	Total Building Expenses	15,928.00	16,240.00	16,240.00	0.00	
	60220 Computer & Equipment Maint.					
60221	Computer Systems	20,850.00	22,500.00	23,000.00	500.00	Increased to support improvements
60222	Office Equipment	4,627.00	4,868.00	2,200.00	-2,668.00	Decreased to adjust for new copier/printer maintenance contract
	Total Computer & Equipment Maint.	25,477.00	27,368.00	25,200.00	-2,168.00	
60230	Office Expense	5,989.00	11,000.00	7,000.00	-4,000.00	Decreased using 2017-18 actual expenses
60240	Postage and Delivery	16,405.00	19,000.00	17,500.00	-1,500.00	Decreased using 2017-18 actual expenses
60250	Printing	2,503.00	5,500.00	5,500.00	-1,000.00	Decreased using 2017-18 actual & projected expenses
60255	Meetings & Conferences	4,070.00	10,000.00	10,000.00	0.00	
60260	Publishing	1,109.00	1,000.00	1,300.00	300.00	Increased using 2017-18 actual expenses
60270	Telephone & Internet	5,060.00	5,500.00	5,500.00	0.00	
	60430 Insurance					
60431	General Liability	22,449.00	20,885.00	22,997.00	2,112.00	Increase to reflect actual premium October 17/18
60432	Property	6,489.00	6,876.00	5,329.00	-1,547.00	Decrease to reflect actual premium April 18/19
	Total Insurance	28,938.00	27,761.00	28,326.00	565.00	

		2017-2018 ACTUAL UNAUDITED	2017-2018 BUDGET	2018-2019 BUDGET	DIFFERENCE	EXPLANATION
60500 Water Memberships						
60501	SAWWA	206.00	500.00	225.00	-275.00	Decreased to reflect membership type
60502	Regional Water Authority	9,319.00	9,319.00	9,667.00	348.00	Increase to reflect actual dues
60503	SGA	25,346.00	25,346.00	24,866.00	-480.00	Decrease to reflect actual dues
60504	ACWA	8,480.00	8,480.00	8,904.00	424.00	Increase includes 5% annual increase
60505	CSDA	6,358.00	6,358.00	6,676.00	318.00	Increase includes 5% annual increase
60506	AWWA	420.00	420.00	420.00	0.00	
60507	CRWA	1,240.00	1,203.00	1,263.00	60.00	Increase includes 5% annual increase
	Total Water Memberships	51,369.00	51,626.00	52,021.00	395.00	
60550	Permits & Fees	29,840.00	40,000.00	40,000.00	0.00	
60555	Subscriptions & Licensing	3,047.00	2,120.00	2,120.00	0.00	
60560	Elections	0.00	0.00	9,000.00	9,000.00	Increased for election year
60565	Uncollectable Accounts	0.00	2,000.00	2,000.00	0.00	
60570	Other Operating Expenditures	540.00	20,425.00	500.00	-19,925.00	Decrease to reclass other professional fees to 60015
TOTAL ADMINISTRATION		\$230,626.00	\$279,810.00	\$263,977.00	\$-15,833.00	

			2017-2018 ACTUAL UNAUDITED	2017-2018 BUDGET	2018-2019 BUDGET	DIFFERENCE	EXPLANATION
64000 CONSERVATION							
	64001	Community Outreach	223.00	3,500.00	1,000.00	-2,500.00	Decreased to adjust to prior two-year average
	64002	Rebate Program	675.00	1,300.00	700.00	-600.00	New account: Consolidated Toilet Replacement & Washing Machine Rebates; Decreased to adjust to prior two-year average
	64003	Regional Conservation Program	5,048.00	5,048.00	5,048.00	0.00	
		Contract Services (CUWCC)	0.00	2,688.00	0.00	-2,688.00	Decreased CUWCC MOU no longer exists
	64005	Other Conservation Programs	0.00	10,000.00	0.00	-10,000.00	Decreased to adjust expired Water Efficiency Grant
	TOTAL CONSERVATION		\$5,946.00	\$22,536.00	\$6,748.00	\$-15,788.00	
65000 FIELD OPERATIONS							
	65100 Other Field Operations						
	65110	Backflow Testing	1,720.00	3,000.00	3,000.00	0.00	
	65120	Construction Equipment Maint.	3,083.00	5,000.00	5,000.00	0.00	
	65130	Field Communication	4,130.00	4,500.00	4,500.00	0.00	
	65140	Field IT	20,321.00	19,000.00	22,175.00	3,175.00	Increased to adjust for projected costs
	65150	Laboratory Services	24,559.00	23,500.00	23,500.00	0.00	Consolidated account
	65160	Safety Equipment	3,523.00	3,000.00	5,000.00	2,000.00	Increased to project road sign replacements
	65170	Shop Supplies	4,479.00	5,000.00	5,000.00	0.00	
		Total Other Field Operations	61,815.00	63,000.00	68,175.00	5,175.00	
	65200 Treatment		17,487.00	15,000.00	15,000.00	0.00	Previously Chemicals and Supplies
	65300 Pumping						
	65310	Maintenance	8,094.00	21,500.00	25,000.00	3,500.00	Increased to adjust for projected costs
	65320	Electricity and Fuel	179,162.00	187,000.00	180,000.00	-7,000.00	Reduced to reflect estimated costs using 2017-18 actual
		Total Pumping	187,256.00	208,500.00	205,000.00	-3,500.00	

			2017-2018 ACTUAL UNAUDITED	2017-2018 BUDGET	2018-2019 BUDGET	DIFFERENCE	EXPLANATION
	65400 Transmission & Distribution						
	65410	Distribution Supplies	33,067.00	37,000.00	37,000.00	0.00	
	65420	Meter Maintenance	53,078.00	43,253.00	60,000.00	16,747.00	Increased to project estimated meter replacements
	65430	Tank Maintenance	4,050.00	3,000.00	3,000.00	0.00	
	65440	Contract Repairs	5,959.00	21,000.00	12,000.00	-9,000.00	Reduced to reflect estimated costs using prior 4 yr. actual
		Total Transmission & Distribution	96,154.00	104,253.00	112,000.00	7,747.00	
	67000 Transportation						
	67001	Fuel	12,188.00	12,000.00	13,000.00	1,000.00	Increase reflects higher fuel costs
	67002	Maintenance	4,472.00	6,000.00	6,000.00	0.00	
		Total Transportation	16,660.00	18,000.00	19,000.00	1,000.00	
	TOTAL FIELD OPERATIONS		\$379,372.00	\$408,753.00	\$419,175.00	\$10,422.00	
	TOTAL OPERATING EXPENSE		\$1,793,164.00	\$1,880,035.00	\$1,970,084.00	\$90,049.00	

Non-Operating Expense

		2017-2018 ACTUAL UNAUDITED	2017-2018 BUDGET	2018-2019 BUDGET	DIFFERENCE	EXPLANATION
69010 Debt Service						
69100	Revenue Bond 2015					
69105	Revenue Bond 2015-Principle	129,077.00	129,077.00	133,163.00	4,086.00	Per Loan Payment Schedule
69120	Interest	68,974.00	69,617.00	65,726.00	-3,891.00	Per Loan Payment Schedule
	Total Revenue Bond 2015	198,051.00	198,694.00	198,889.00	195.00	
69125	AMI Meter Loan					
69130	Principle	45,400.00	45,400.00	46,818.00	1,418.00	Per Loan Payment Schedule
69135	Interest	13,114.00	13,114.00	11,696.00	-1,418.00	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		\$256,565.00	\$259,208.00	\$259,403.00	\$195.00	
TOTAL OPERATING & NON-OPERATING EXPENSE		\$2,049,729.00	\$2,139,243.00	\$2,229,487.00	\$90,244.00	
NET REVENUE (Revenue-Expense)		\$669,704.00	\$548,968.00	\$505,342.00	\$-43,626.00	

Summary Net Revenue

TOTAL OPERATING & NON-OPERATING REVENUE	\$2,719,433.00	\$2,688,211.00	\$2,734,829.00	\$46,618.00
TOTAL OPERATING & NON-OPERATING EXPENSE	\$2,049,729.00	\$2,139,243.00	\$2,229,487.00	\$90,244.00
NET REVENUE (Revenue-Expense)	\$669,704.00	\$548,968.00	\$505,342.00	\$-43,626.00

Budget Item Addendum

Account 60111, Salary General Manager

This budget format entails comparing last year's budget to this year's budget amount for general manager salary. At face value, it appears the new GM salary is significantly higher than the prior year GM, i.e. the Board increased salary by over \$12,000. This is not true. The contract for the previous GM was at a higher salary than the current GM. Additionally, the compensation for the previous GM was in two separate line items, one as a full-time employee and another line item as a contract employee. In short, the side by side comparison of budget amounts is misleading.

Operating & Surcharge Fund Balances

		2017-2018 ACTUAL UNAUDITED	2018-2019 BUDGET	DIFFERENCE	EXPLANATION
OPERATING FUND BALANCE					
Operating Account Balance June 30		\$564,750.00	\$634,454.00		
Net Revenue		669,704.00	505,342.00		
Transfer to Capital Improvement Funds		-600,000.00	-500,000.00	-100,000.00	Decreased to adjust for available funds
Estimated Operating Fund Balance June 30		\$634,454.00	\$639,796.00		
SURCHARGE 1 FUND BALANCE					
Surcharge 1 Fund Balance June 30		\$429,526.00	\$497,603.00		
43010	Surcharge Revenue	523,374.00	523,374.00		
41110	Investment Revenue	8,000.00	8,000.00		
69155	SRF Principle	-333,902.00	-342,540.00	8,638.00	Per Loan Payment Schedule
69160	SRF Interest	-127,453.00	-118,814.00	-8,639.00	Per Loan Payment Schedule
69220	SRF Administration	-1,942.00	-2,210.00	268.00	Fidelity Investment Advisor Fees per prior FY actual
Estimated Surcharge 1 Fund Balance June 30		\$497,603.00	\$565,413.00		
SURCHARGE 2 FUND BALANCE					
Surcharge 2 Fund Balance June 30		\$181,437.00	\$399,687.00		
43050	Surcharge 2 Revenue	218,230.00	439,019.00	220,789.00	Increased per Rate Study Table 2.1
41110	Investment Revenue	20.00	20.00		
	Surplus Revenue Reimbursement	0.00	-435,752.00	435,752.00	Per Loan Payment Schedule
69180	Principle	0.00	-195,000.00	195,000.00	Per Loan Payment Schedule
69185	Interest	0.00	-136,038.00	136,038.00	Per Loan Payment Schedule
Estimated Surcharge 2 Fund Balance June 30		\$399,687.00	\$71,936.00		

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.

CONNECTIONS – Capital project funded entirely by connection fees. Funding sources include Capacity Fee Revenue received by residential owners and developers.

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

	CAPITAL IMPROVEMENT FUNDS				
	GENERAL	CONNECTIONS	CHROMIUM MITIGATION & NEW WELLS	VEHICLE REPLACEMENT	TOTAL
ESTIMATED BEGINNING BALANCE	1,426,064.00	129,988.00	-454,317.00	0.00	1,101,735.00
FUNDING SOURCES					
Fund Transfers					
Operating Fund Transfers In	500,000.00	0.00	0.00	0.00	500,000.00
CIP Fund Intrafund Transfers	-10,000.00	0.00	0.00	10,000.00	0.00
Surcharge 2 Surplus Repayment	0.00	0.00	435,752.00	0.00	435,752.00
Contributed Funding					
Capacity Fee Revenue	0.00	40,000.00	0.00	0.00	40,000.00
Contributed Facilities (Developers)	0.00	0.00	0.00	0.00	0.00
Grant Revenue	0.00	0.00	20,000.00	0.00	20,000.00
Loan Proceeds	0.00	0.00	2,468,239.00	0.00	2,488,239.00
Investment Revenue	350.00	0.00	0.00	0.00	350.00
Sale of Fixed Assets	0.00	0.00	0.00	0.00	0.00
TOTAL FUNDS AVAILABLE FOR CIP PROJECTS	1,916,414.00	169,988.00	2,469,674.00	10,000.00	4,586,076.00

	GENERAL	CONNECTIONS	CHROMIUM MITIGATION & NEW WELLS	VEHICLE REPLACEMENT	TOTAL
PROJECT EXPENSES					
A · WATER SUPPLY					
A-1 · Well 10 - Cr6 Treatment	0.00	0.00	40,000.00	0.00	40,000.00
A-2 · Well 16	0.00	0.00	2,448,239.00	0.00	2,448,239.00
A-3 · Well 17: Monitoring Well Destruction	25,000.00	0.00	0.00	0.00	25,000.00
A-4 · Miscellaneous Pump Replacements	40,000.00	0.00	0.00	0.00	40,000.00
Total A · WATER SUPPLY	65,000.00	0.00	2,488,239.00	0.00	2,553,239.00
B · WATER DISTRIBUTION					
B-1 · System Valve Replacements	35,000.00	0.00	0.00	0.00	35,000.00
B-2 · Paving Replacements	25,000.00	0.00	0.00	0.00	25,000.00
B-3 · Service Replacements	30,000.00	0.00	0.00	0.00	30,000.00
B-4 · Large Meter Replacements	5,000.00	0.00	0.00	0.00	5,000.00
Total B · WATER DISTRIBUTION	95,000.00	0.00	0.00	0.00	95,000.00
M · GENERAL PLANT ASSETS					
M-1 · Ice Machine	3,500.00	0.00	0.00	0.00	3,500.00
M-2 · Billing Software Upgrade	25,000.00	25,000.00	0.00	0.00	50,000.00
Total M · GENERAL PLANT ASSETS	28,500.00	25,000.00	0.00	0.00	53,500.00
C · CONTINGENCY					
C-1 · Contingency (10% of Est A,B,M, & FO Projects)	18,850.00	2,500.00	248,824.00	0.00	270,174.00
TOTAL BUDGETED PROJECT EXPENDITURES	207,350.00	27,500.00	2,737,063.00	0.00	2,971,913.00
ESTIMATED ENDING BALANCE	1,709,064.00	142,488.00	-267,389.00	10,000.00	1,614,163.00

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 · Well 10 Hexavalent Chromium (Cr6) Treatment –40,000

This budget item is associated with Well 10 with Cr6 treatment. The budgeted amount reflects the anticipated costs for revising the design to reflect feasible treatment techniques. The project is being partially funded through a Proposition 84 Grant that is being administered by the Regional Water Authority.

A-2 · Well 16 – Ground Water Pumping Station – 2,448,239

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.

Once the land is acquired, the above grade improvements will be designed as part of the 2018/19 Capital Budget. This project is planned to be completed by September 2019).

A-3 · Well 17 – Monitoring Well Destruction - 25,000

This budget item is for abandoning, pursuant to California Well Standard, the infeasible well and pilot wells that were drilled. We're waiting on a quote from the District Engineer for preparing a bid specification package.

A-8 · 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 · System Valve Replacements – 35,000

The budget item is to replace broken valves in the water system. These valves are being identified by the District's valve exercise program.

B-2 · Paving Replacements – 25,000

The budget item is to pave sections of streets where the existing street paving has been cut into due to water service repairs or replacements.

B-3 · Service Replacements – 30,000

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

B-4 · Large Meter Replacements – 5,000

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

M · General Plant Assets

M-1 · Ice Machine – 3,500

The budget item is for OSHA best practices to provide cool water to our employees working in the heat. The District saves money in the long-term by purchasing an ice machine verses buying ice retail.

M-2 · Billing Software Upgrade – 50,000

The budget item is to upgrade the billing software originally purchased in 1999.

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