

TWENTYNINE PALMS WATER DEPARTMENT

ANNUAL BUDGET

For The Fiscal Year

July 2019 - June 2020

Twentynine Palms Water Department
Proposed Summary Water Budget
FY 2019-20

Schedule A

	A	B	C
	Adopted Budget 18/19	Projected 18/19	Proposed Budget 19/20
1 Operating Revenues	\$ 4,212,800	\$ 4,290,900	\$ 4,511,800
2 Non-Operating Revenues	704,700	809,200	780,300
Total Revenue Available to			
3 Fund Operations & Capital/R&R	4,917,500	5,100,100	5,292,100
4 Operating Expenses	3,962,500	3,804,166	4,406,800
5 Non-Operating Expenses	298,700	298,900	346,700
6 Total Debt Service	-	60,000	249,200
7 Total Expenses	4,261,200	4,163,066	5,002,700
Net Revenues Available to Fund Capital			
8 Related Expenditures	656,300	937,034	289,400
9 Debt Proceeds	-	-	2,000,000
10 District Projects	(495,000)	(85,000)	(205,000)
11 CIP Projects	(1,700,000)	(270,000)	(3,000,000)
12 Repairs & Replacement	(380,000)	(257,500)	(795,000)
13 Capital Outlay	(488,500)	(448,500)	(295,000)
14 Election Expense	-	-	(20,000)
Sub-Total	(3,063,500)	(1,061,000)	(2,315,000)
15 Transfers in from Special Revenue Fund (SRF)	91,100	91,100	95,100
16 Increase (Decrease) in Fund Balance	\$ (2,316,100)	\$ (32,866)	\$ (1,930,500)
17 Projected Cash & Investments Beg. Balance			<u>\$ 7,000,000</u>
18 Projected Cash & Investments End Balance			<u>\$ 5,069,500</u>

Twentynine Palms Water District
Proposed Detail Budget
FY 2019-20

Schedule B

	A	B	C	D	E
	Adopted Budget 18/19	Projected 18/19	Proposed Budget 19/20	\$ Difference (C - B)	% Difference (D / B)
1 Operating Revenues					
2 Water Sales	\$ 2,861,200	\$ 2,882,500	\$ 3,055,500	\$ 173,000	6%
3 Readiness-To-Serve	1,242,500	1,266,300	1,342,300	76,000	6%
4 Other Operating Revenue	109,100	142,100	114,000	(28,100)	-20%
5 Total Operating Revenues	4,212,800	4,290,900	4,511,800	220,900	5%
6 Non-Operating Revenues					
7 Capital Impact Fees	-	22,400	-	(22,400)	-100%
8 Water Availability Assessment	591,100	591,100	591,100	-	0%
9 Interest Revenue	73,700	124,300	124,300	-	0%
10 Other Penalties	34,900	34,900	34,900	-	0%
11 Reimbursed Expenses	5,000	5,600	5,000	(600)	-11%
12 Misc. Non-Operating Revenue	-	30,900	25,000	(5,900)	-19%
13 Total Non-Operating Revenues	704,700	809,200	780,300	(28,900)	-4%
14 Total Revenues	4,917,500	5,100,100	5,292,100	192,000	4%
15 Operating Expenditures					
16 Source of Supply					
17 Labor & Benefits	8,600	18,300	19,400	1,100	6%
18 Direct Expenses	325,200	303,400	362,200	58,800	19%
19 Total Source of Supply	333,800	321,700	381,600	59,900	19%
20 Pumping					
21 Labor & Benefits	4,900	5,600	5,800	200	4%
22 Direct Expenses	117,900	137,300	125,000	(12,300)	-9%
23 Total Pumping	122,800	142,900	130,800	(12,100)	-8%
24 Transmission & Distribution					
25 Labor & Benefits	1,121,100	907,200	993,900	86,700	10%
26 Direct Expenses	265,400	337,800	353,500	15,700	5%
27 Total Transmission & Distribution	1,386,500	1,245,000	1,347,400	102,400	8%
28 Treatment Wells					
29 Labor & Benefits	48,400	63,100	67,200	4,100	6%
30 Direct Expenses	31,900	40,300	41,400	1,100	3%
31 Total Treatment Wells	80,300	103,400	108,600	5,200	5%
32 Treatment Facility					
33 Labor & Benefits	224,800	246,500	261,400	14,900	6%
34 Direct Expenses	382,600	341,200	514,700	173,500	51%
35 Total Treatment Facility	607,400	587,700	776,100	188,400	32%
36 Customer Accounts					
37 Labor & Benefits	197,700	242,100	256,500	14,400	6%
38 AMI Temporary Labor	-	-	55,000	55,000	
39 Direct Expenses	55,400	50,766	58,300	7,534	15%
40 Total Customer Accounts	253,100	292,866	369,800	76,934	26%
41 General & Administration					
42 Outside Services	293,700	311,200	412,400	101,200	33%
43 Direct Expenses	313,900	251,100	306,500	55,400	22%
44 Total General & Administration	607,600	562,300	718,900	156,600	28%

Twentynine Palms Water District
Proposed Detail Budget
FY 2019-20

Schedule B

	A	B	C	D	E
	Adopted Budget 18/19	Projected 18/19	Proposed Budget 19/20	\$ Difference (C - B)	% Difference (D / B)
45 Employee Salaries / G&A Salaries					
46 Total District Direct Labor	1,357,200	1,338,800	1,451,900	113,100	8%
47 Less: Transfer to Operations	(1,057,400)	(1,032,900)	(1,142,900)	(110,000)	11%
48 Total General & Admin. Salaries	299,800	305,900	309,000	3,100	1%
49 District Benefits / G&A Benefits					
50 District Benefits - (H/D/V)	443,300	341,600	380,600	39,000	11%
51 District Benefits - Taxes	108,300	111,400	117,500	6,100	5%
52 District Benefits - Workers Comp	51,300	49,900	52,700	2,800	6%
53 District Benefits - CalPERS	151,300	138,400	164,500	26,100	19%
54 Subtotal District Benefits	754,200	641,300	715,300	74,000	12%
55 Less: Transfer to Operations	(587,600)	(495,600)	(563,100)	52,800	-11%
56 Total G&A Benefits Allocated	166,600	145,600	152,100	6,500	4%
57 Payouts & Retiree Medical					
58 Vacation / Sick Payouts	45,700	45,700	58,000	12,300	27%
59 Retiree Medical	28,900	20,300	22,500	2,200	11%
60 Total Payouts & Retiree Medical	74,600	66,000	80,500	14,500	22%
61 Board of Directors					
62 Directors' Fees	15,000	15,000	17,000	2,000	13%
63 Direct Expenses	15,000	15,800	15,000	(800)	-5%
64 Total Board of Directors	30,000	30,800	32,000	1,200	4%
65 Total Operating Expenditures	3,962,500	3,804,166	4,406,800	602,634	16%
66 Non-Operating Expenditures					
67 Debt Service					
68 Principal	-	-	189,700	189,700	
69 Interest / Issuance Costs	-	60,000	59,500	(500)	
70 Total Debt Service	-	60,000	249,200	189,200	0%
71 Unfunded PERS Annual Payment	118,700	118,900	146,700	27,800	23%
72 Unfunded Pension & OPEB Trust Payments	180,000	180,000	200,000	20,000	11%
73 Total Non-Operating Expenditures	298,700	358,900	595,900	237,000	66%
74 Total Expenditures	4,261,200	4,163,066	5,002,700	839,634	20%
Net Revenues Available to Fund Capital					
75 Related Expenditures	656,300	937,034	289,400	(647,634)	-69%
76 Debt Proceeds		-	2,000,000	2,000,000	
77 District Projects	(495,000)	(85,000)	(205,000)	(120,000)	
78 Capital Improvement Projects	(1,700,000)	(270,000)	(3,000,000)	(2,730,000)	
79 Repair, Rehabilitation, & Maintenance	(380,000)	(257,500)	(795,000)	(537,500)	
80 Capital Outlay	(488,500)	(448,500)	(295,000)	153,500	
81 Election Expense	-	-	(20,000)	(20,000)	
82 Transfers From Special Revenue	91,100	91,100	95,100	4,000	
83 Increase/(Decrease) In Fund Balance	\$ (2,316,100)	\$ (32,866)	\$ (1,930,500)		

Twentynine Palms Water Department
Personnel Costs
FY 2019-20

Schedule C

	A	B	C
	Adopted Budget 18/19	Projected 18/19	Proposed Budget 19/20
1 Salary and Wages			
2 Total Regular Salary and Overtime	\$ 1,357,200	\$ 1,338,800	\$ 1,396,900
3 Temporary AMI Labor	-	-	55,000
4 Vacation and Sick Leave	45,700	45,700	58,000
5 Total Salary and Wages	1,402,900	1,384,500	1,509,900
6 Benefits/Taxes			
7 CalPERS Pension Payments	151,300	138,400	164,500
8 Social Security & Payroll Taxes	108,300	111,400	117,500
9 Group Medical Insurance	411,400	312,800	348,800
10 Group Dental and Vision Insurance	27,000	23,900	26,100
11 Group Life Insurance	4,900	4,900	5,700
12 Worker's Compensation Insurance	51,300	49,900	52,700
13 Total Employee Benefits	754,200	641,300	715,300
14 Total Salary and Benefits	\$ 2,157,100	\$ 2,025,800	\$ 2,225,200

Twentynine Palms Water District
Carryover CIP/Current CIP and R&M/Capital Outlay
FY 2019-20

Schedule D

	A	B	C	D	E=C+D	F	G
	Adopted Budget 18/19	Projected 18/19	Carryover 18/19	Add. or New 19/20 Budget	Proposed Budget 19/20	Projected 20/21	Projected 21/22
1 District Projects							
2 GW Mgmt. Plan & Urban Water Mgmt. Plan	\$ 45,000	\$ -	45,000	\$ -	\$ 45,000	\$ -	\$ -
3 Treatment Feasibility & Exploration Costs	150,000	25,000	35,000	-	35,000	-	-
4 Vulnerability Assessment	-	-	-	-	-	50,000	-
5 Standard Drawings Update	-	-	-	25,000	25,000	-	-
6 Salt Nutrient Monitoring Wells/Sampling	100,000	10,000	50,000	-	50,000	50,000	-
7 Asset Management Plan	100,000	50,000	50,000	-	50,000	-	-
8 USGS Study	100,000	-	-	-	-	-	-
9 Total District	495,000	85,000	180,000	25,000	205,000	100,000	-
10 Capital Improvement Plan							
11 Chromium VI and Flouride for Well 11B	500,000	100,000	400,000	250,000	650,000	125,000	-
12 Fluoride Variance (Expiring)-TP2, W12, W16	1,200,000	100,000	1,100,000	250,000	1,350,000	50,000	500,000
13 AMI / AMR Meters	-	-	-	1,000,000	1,000,000	1,000,000	-
14 Well 11B	-	70,000	-	-	-	-	-
15 Hansen Booster Station	-	-	-	-	-	75,000	-
16 Stockwell Booster Station	-	-	-	-	-	25,000	-
17 Cactus Booster Station	-	-	-	-	-	-	50,000
18 Capital Improvement Plan	1,700,000	270,000	1,500,000	1,500,000	3,000,000	1,275,000	550,000
19 Repairs, Rehabilitation, & Maintenance							
20 Plant 6 Electrical and Well Upgrade	75,000	10,000	25,000	-	25,000	-	-
21 Emergency Repairs, Unspecified	50,000	50,000	-	50,000	50,000	60,000	70,000
22 Repiping/Distribution System Upgrades	50,000	50,000	-	50,000	50,000	50,000	60,000
23 Reservoir Recoating / Cathodic Protection	20,000	-	20,000	10,000	30,000	-	-
24 Large Meter Replacement Program	50,000	50,000	-	20,000	20,000	10,000	15,000
25 Well Rehabilitation / Booster Rehab	75,000	65,000	10,000	-	10,000	80,000	80,000
26 Fluoride Plant Instrumentation\Coating	10,000	7,500	2,500	7,500	10,000	10,000	25,000
27 Treated Water Reservoir Coating	50,000	25,000	25,000	475,000	500,000	-	-
28 Campbell Reservoir Road Paving	-	-	-	100,000	100,000	-	-
29 Total Repairs & Maintenance	380,000	257,500	82,500	712,500	795,000	210,000	250,000
30 Capital Outlay							
31 Vehicle/Equipment Replacements	175,000	325,000	-	125,000	125,000	100,000	65,000
32 Computer/Technology Replacements	30,000	30,000	-	30,000	30,000	10,000	10,000
33 GIS	25,000	25,000	-	30,000	30,000	10,000	10,000
34 Administrative Building / Office Remodel	75,000	35,000	-	25,000	25,000	10,000	10,000
35 Fencing Upgrade	20,000	20,000	-	-	-	-	-
36 Energy Efficiency Projects\Office Solar	150,000	-	50,000	-	50,000	-	-
37 One-Time Existing Conditions Sampling Event	13,500	13,500	-	-	-	-	-
38 Parking Lot Sealing	-	-	-	35,000	35,000	-	-
39 Total Capital Outlay	488,500	448,500	50,000	245,000	295,000	130,000	95,000
40 TOTAL	\$ 3,063,500	\$ 1,061,000	\$ 1,812,500	\$ 2,482,500	\$ 4,295,000	\$ 1,715,000	\$ 895,000

Twentynine Palms Water Department
Special Revenue Fund
FY 2019-20

Schedule E

	A	B	C
	Adopted Budget 18/19	Projected 18/19	Proposed Budget 19/20
1 Tower Revenues	\$ 120,900	120,900	135,100
2 Less Transfers Out to Fire	-	-	-
3 Less Transfers Out To Water	(80,900)	(80,900)	(95,100)
4 Less Transfers Out to PARS Trust	(40,000)	(40,000)	(40,000)
5 Ending Balance	<u>\$ -</u>	<u>-</u>	<u>-</u>

Twentynine Palms Water Budget Schedules & Line Items: Proposed Budget

SCHEDULE A: SUMMARY BUDGET

This schedule summarizes the operating and non-operating revenues, operating and non-operating expenses, capital related expenditures, debt proceeds, debt service and transfers in and out of the Water Department. Lines 1 & 2 are the total of Operating and Non-Operating Revenues. Lines 4 & 5 are the total Operating and Non-Operating Expenses. Line 8 is the difference between the revenues and expenses; essentially the net revenues remaining to fund the District's Capital Improvement Program.

Line 9 shows the debt proceeds received to fund the AMI / AMR Capital Improvement project. Lines 10-13 outline the District's Capital Improvement Program (CIP) expenses by category. Line 14 adds in the transfer of the cell tower revenues from the Special Revenue Fund. This amount represents the total cell tower lease revenue expected to be received, less the \$40,000 transfer to the pension trust fund to contribute towards the funding of the CalPERS unfunded accrued actuarial liability for past Fire Department employees (FY 19-20 is the last year of the annual obligation).

Line 15 depicts the increase or decrease in fund balance planned for the year. The amount will fluctuate each year, with some years positive and some negative, primarily as the District's CIP fluctuates. This drawdown of fund balance was anticipated in the District's 2015 rate study.

SCHEDULE B: DETAIL BUDGET

This Schedule shows the detailed budget for the District and will be used in FY 19/20 to report monthly operating results to the Board.

The first column (A) is the Adopted Budget for Fiscal Year 18/19. The second column (B) is the Projected Balances for the Fiscal Year Ending 18/19. These amounts are estimates of how we will end the year; actual results will vary. The third column (C) is the Proposed Budget for FY 19/20. The fourth (D) and fifth (E) columns are the \$ and % changes from the Projected 18/19 results to the Proposed FY 19/20 Budget.

REVENUES

Line 2: Water Sales

- This category consists of all volumetric water sales including residential, commercial, construction water, and the Aqua Loader sales. FY 18/19 revenues are projected to end the year over budget in all categories due to slightly higher consumption than anticipated. Rate revenue is projected to increase 6% in FY 19/20 due to a 6% rate increase adopted for consumption after January 1, 2019, and an expected increase of 6% effective January 1, 2020. The FY 19/20 budget assumes the same water consumption as FY 18/19.

Line 3: RTS Revenues:

- The Readiness-To-Serve (RTS) revenues are the flat charges on the customers' bills and are based on water meter size. Overall RTS charges are budgeted to be \$1.34 million. The budget contemplates billing only active meters (currently) and anticipates the 6% rate increase effective January 1, 2020. Billing inactive

meters is common in other agencies and is a Board policy decision that can be contemplated in the future. Additionally, many water agencies bill the landlord for the RTS charge when a renter moves out. The argument for this is that the fixed costs of the District remain the same whether the property is rented or not. This is another area of revenue that the Board could consider in the future.

Line 4: Other Operating Revenues:

- This includes fees such as Late Penalties, Meter Installation Fees, New Account fees, Application Fees and Reconnection related fees. These revenues were budgeted overall to be consistent with the prior year with conservative tactics for unpredictable revenues. Meter Installation fees are budgeted at zero for FY 19/20 because activity is unknown (received \$19,000 during FY 18/19) and Late Penalties are budgeted at 90% of projected FY 18/19 results.

Line 7: Capital Impact Fees:

- Capital Impact Fees are fees imposed on developers or homeowners for new development. FY 19/20 is budgeted at zero since the receipt of the fees are not guaranteed or predictable.

Line 8: Water Availability Assessment Fees.

- These fees are the annual property tax fees assessed on homeowners for making water available to property owners. Budgeted the same as prior year since no increase is proposed. As a point of reference, these fees have not increased for over the past 20 years.

Line 9: Interest Revenues

- Interest is primarily earned on the District's Checking account and investments in the State of California's Local Agency Investment Fund (LAIF). Interest revenues are budgeted conservatively with no increase in FY 19/20.

Line 10: Other Penalties

- Other Penalties includes property tax penalty collections by the County of San Bernardino. These revenues are hard to predict and can vary greatly from year to year. FY 19/20 is budgeted at the same amount as the FY 18/19 projections to be conservative.

Line 11: Reimbursed Expenses

- Includes billing customers or persons for reimbursements regarding damage to a fire hydrant or meter but are not limited to these types of incidents. Reimbursed Expenses are difficult to predict and are budgeted conservatively due to the unknown timing and frequency of these revenues. FY 18/19 includes reimbursements from UPS for a lost handheld (\$2.8K) and ACWA JPIA for the Underground Storage Tank Program (\$4K). Generally, these revenues are a minimum of \$5,000 per year.

Line 12: Misc. Non-Operating Revenue

- Includes money received from grants, scrap sales of inventory, proceeds from the sale of assets as well as Non-Sufficient Fund (NSF) charges. Generally, these revenues are hard to predict and must be budgeted conservatively since receipt of funds is uncertain. FY 19/20 is budgeted at \$25,000 in anticipation of a minimum of \$10,000 in recycling revenue and \$15,000 in proceeds from the sale of assets (two trucks).

EXPENDITURES

Line 16-19: Total Source of Supply: Includes costs associated with pumping the water from the aquifers into the water system.

- This category includes the allocation of labor and benefits as well as other direct expenditures such as electricity (budgeted for a 3% increase), field supplies, radio equipment, state and local permits and fees, and outside services. Direct Expenses are anticipated to increase with the new State Water Resource Control Board (SWRCB) fees set to take effect in FY 19/20.

Line 20-23: Pumping: Includes costs associated with pumping water through the system to the various reservoirs and then to the customer.

- This category includes the allocation of labor and benefits as well as other direct expenditures such as electricity (budgeted for a 3% increase), field supplies, and outside services. Direct expenses are expected to decrease in FY 19/20 due to lower planned repairs than 18/19.

Line 24-27: Transmission and Distribution: Includes costs to maintain assets in the District's transmission and distribution system as well as general operations expenses.

- This category includes the allocation of labor and benefits as well as other direct expenses such as minor replacements to the distribution system (pipeline, meters, valves, meters, etc...), vehicle costs, uniforms and licensing costs, engineering fees, small tools, and other expenses to operate the distribution system. Most expenses in this category are budgeted for 2-4% increases with inflation.

Line 28-31: Treatment Wells: Includes costs to treat water at the well sites.

- This category includes the allocation of labor and benefits as well as other direct expenses such as chemicals and lab testing. Labor and Benefits is budgeted to increase in FY 19/20 due to increased allocations in FY 18/19. Chemicals are assumed to increase by 3% and lab testing is set to increase 3% with inflation.

Line 32-35: Treatment Facility: Includes costs to treat water at the fluoride removal plant and the arsenic treatment.

- Primary costs in this category include chemicals and supplies to treat water, costs to operate the treatment plant, permit fees, and repairs and maintenance. Labor and Benefits is budgeted to increase in FY 19/20 due to increased Treatment Facility labor experienced during FY 18/19. Direct expenses are budgeted to increase primarily due to an expected extra media purchase (\$100K), Filterpress repair (\$15K), contaminated water hauling (\$12K), and arsenic parts (\$7.5K).

Line 36-40: Customer Accounts: Includes costs to read customer meters, labor and benefits, postage and supplies to maintain customer accounts, and uncollectible accounts expense.

- Line 38: The District anticipates hiring (2) temporary employees (estimated for 6 months) to fulfill additional duties associated with the AMI project during FY 19/20.
- Line 39: Uncollectible accounts is the highest expense in this category, budgeted at \$25,000 for FY 19/20. The District is exploring the more cost-effective options to collect on outstanding balances.

Line 41-44: Total General Administration: This category includes costs to operate the water district that cannot be attributed to the other functions already identified above, excluding labor and benefits.

- Line 41: The main Outside Services in this category are accounting fees, audit fees, legal fees, other professional fees, and banking fees. The increase in FY 19/20 is primarily due to additional costs associated with the rate study (\$40K study, \$10K accounting), salary survey (\$30K), and legal costs for MOU negotiations (\$15K).
- Line 42: Direct Expenses included are costs to operate the District headquarters, property and liability insurance, office supplies, postage, and LAFCO annual fees.
 - The increase in Direct Expenses is attributed to consistent year to year budget allocations for Conservation / Legislative Affairs, Landscaping, and Printing but the District is projected to end FY 18/19 below budget in these categories.
 - Also included in Direct Expenses is a Grant Writer for \$25,000. External grant writers are crucial in securing grant funding for District capital projects and help relieve pressure on the budget.
- Most other expenses are budgeted to remain the same as the prior year or may have modest increases due to expected inflation.

Line 45-48: Employee Salaries / G&A Salaries: Includes a total salaries analysis for all employees, salaries attributable to temporary labor, the amount of salaries transferred out to operations and the salaries attributable directly to General & Administrative activities. Please refer to **Schedule C** for additional detail and assumptions regarding salaries and benefits.

- Line 45: Total District Direct Labor outlines the total cost of salaries for all District employees and is anticipated to increase with a COLA adjustment (2.5%) and merit increases (3%).
- Line 46: AMI Temporary Labor is the additional hired labor to facilitate the AMI project.
- Line 47: Less Transfer to Operations shows the amount of labor allocated to other departments. Please note that the transfers out to the different operations categories is merely an estimate and results may vary in each department based on operational activity during the year.
- Line 48: Total General & Administrative Salaries outlines labor costs for District office staff and 50% of the General Manager's salary.

Line 49-56: District Benefits / G&A Benefits: Includes an analysis of the total health benefits, payroll taxes, workers compensation, and CalPERS costs to the District as well as the associated amount that has been transferred out to various departments. The remaining amount is benefits allocated to the General & Administrative department.

- Line 50: Medical insurance is budgeted to increase 12% due to a full staffing for the year and 6% increases from ACWA JPIA, which occur on January 1, 2020 and are estimated at this time.
- Line 51-52: Payroll taxes and Workers Compensation are budgeted to increase in coordination with the merit and COLA pay increases.
- Line 53: CalPERS costs are budgeted to increase in coordination with the merit and COLA pay increases, full staffing and increased plan contribution rates. Please refer to **line 6 in the Schedule C section** of this narrative for detail regarding specific rates.
- Line 54: Provides a total of all District benefits combined.
- Line 55: Less Transfer to Operations shows the benefits that have been allocated out to all other departments (excluding General & Administrative).

- Line 56: Total G&A Benefits Allocated shows the amount of District Benefits allocated to G&A.

Line 57-60: Payouts & Retiree Medical: Includes sick and vacation payouts for current District employees and medical benefits for retired fire department employees.

Line 61-64: Total Board of Directors: Includes costs related to the Board of Directors meetings, training, and travel. Directors Fees are anticipated to increase due to additional visits to Sacramento anticipated, and full conference participation.

Line 67-70: Debt Service: The category accounts for all principal and interest payments for District debt. The District recently issued \$2 million in debt in order to fund the AMI / AMR capital project. This debt was issued for 10 years at 3.05% interest.

Line 71: Unfunded PERS Annual Payment: This is the amount the District is required to send CalPERS each year to pay down the District's Unfunded Accrued Actuarial Liability (UAAL). As of June 30, 2017 (the last valuation date provided by CalPERS), the District's plan was 77.5% funded.

Line 72: Unfunded Pension and Other Post-Employment Benefits (OPEB) Trust Payments: There is \$100,000 budgeted to transfer to the CERBT (California Employment Retirement Benefit Trust) irrevocable trust to fund a reserve to pay the Other Post-Employment Benefits liability for payment of future retiree health benefits. The other \$100,000 is to fund a proposed Pension trust with PARS, that can be used in the future to pay down the unfunded pension obligations.

Line 76: Debt Proceeds: \$2 million in debt proceeds borrowed to fund the AMI / AMR Capital Improvement project.

Line 77-80: Capital Related: See Schedule D for explanations.

Line 81: Election Expense: The \$20,000 budget here is the estimated Election Expense from Management for FY19/20.

Line 82: Transfers from Special Revenue: Cell Tower Revenues are accounted for in the Special Revenue Fund. The funds are transferred to the Water Fund, less the \$40,000 per year transfer to the pension trust fund (ending after FY 19/20) that contributes towards the funding of the CalPERS unfunded accrued actuarial liability for past Fire Department employees.

Line 83: Increase (Decrease) in Fund Balance: This is the amount the District projects to increase or decrease fund balance during the fiscal year. Some years will be positive and some years will be negative, mainly based on Capital Improvement Projects spending for the year. The decrease in Fund Balance is primarily caused by the District's Capital Improvement Plan, totaling near \$4.3 million for FY 19/20, offset by debt proceeds.

SCHEDULE C: PERSONNEL COSTS

This schedule lists the detail of salaries and wages, paid leave, employee benefits, payroll taxes and worker's compensation. Major assumptions include:

Line 2: Regular Salary and Overtime is increasing due to:

- Merit increases averaging 3%
- A Cost of Living Adjustment (COLA) of 2.5%

Line 3: Vacation and Sick Leave is budgeted for an estimate of paid time off employees will to be able to cash out during FY 19/20.

Line 6: CalPERS rates are 13.692% of base salary for Classic members, and 6.985% for Public Employee Pension Reform Act (PEPRA) employees, which are generally employees hired after January 1, 2013. District employees contribute their full 8% Employee Contribution.

Line 7: Social Security and Payroll Taxes includes costs for FICA, Medicare, Employee Training Tax (ETT), and State Unemployment Insurance (SUI).

Line 8: Group Medical Insurance expenses are estimated to increase 6% per preliminary estimates from ACWA.

Line 9: Group Dental and Vision Insurance is estimated to increase by 2% or less.

Line 10: Group Life Insurance is estimated to increase by 2% or less.

Line 11: Worker's Compensation Insurance: FY 19/20 is projected to increase slightly with increased salaries.

SCHEDULE D: CAPITAL/REPAIRS & MAINTENANCE

The schedule represents the following four categories of capital related spending (capital, and repairs & maintenance):

Line 1-9 District Projects are overall general projects that do not involve capital construction or repairs and replacement.

Line 10-18: Capital Improvement Plan is the plan for new capital improvements. These assets may be constructed or procured by the District.

Line 19-29: Repairs, Rehabilitation & Maintenance are expenses to maintain and repair the District's assets, and costs to replace existing assets.

Line 30-39: Capital Outlay are costs to purchase fixed assets for the Water Department (such as vehicles, furniture, radios, etc...) that are over the District's minimum capitalization policy of \$5,000.

SCHEDULE E: SPECIAL REVENUE FUND

This schedule is the Special Revenue Fund, which will be used to account for telecommunication lease revenues. The District is in the middle of an agreement to transfer \$40,000 per year, beginning on 7/1/16 and ending on 7/1/20, to the Pars Pension Retirement Irrevocable Trust, which will be used to the fund the CalPERS Unfunded Accrued Actuarial Liabilities for the past Fire employees' retirement.