



2023-24 Operating and Capital Budget

Fiscal Year July 1, 2023 – June 30, 2024

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

8/28/2023 · Original Adoption

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EXECUTIVE SUMMARY

August 28, 2023

Board of Directors

Rio Linda Elverta Community Water District

I hereby submit the Rio Linda/Elverta Community Water District's Fiscal Year 2023-2024 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 regularly reviewing its goals, compliance mandates and means to accomplish such goals and mandates. These relationships are considered during the budget development process to provide the basis for prioritizing efforts, activities, needs, human resources, and financial resources.

Monitoring the budget and responding to both anticipated and unanticipated events is a continuous process. The District maintains a proactive response in regularly performing budget reviews if adjustments are required. The District amended its budget adoption policy in 2019 to:

- Associate the public hearing / public notice requirement with the final budget adoption (in August) instead of the preliminary budget adoption (in May or June).
- Allow for minor budget revisions by the General Manager where the overall spending is not increased. Examples include moving funding from a relatively over-funded (where actual costs have been lower than projected costs) line item to an under-funded line item.

The most impactful, recent aspects affecting the District's financial condition have been record inflation and mandated water conservation. The District's current rate structure assumes no more than 3% annual inflation. Over the past two years, inflation has been as high as 9% annually. Compounding this is the state mandated conservation, whereby the Governor's executive order mandated implementation of the District's Water Shortfall Contingency Plan targeting 20% conservation. The Board of Directors declined to implement emergency drought rates, which compounded the impacts of record inflation.

The State Waterboard published its Notice of Proposed Rulemaking for hexavalent chromium (Cr+6) Maximum Contaminant Level (MCL) on June 16, 2023. This and other mandates continue to influence our operating and capital budgets. The District's current rate structure, adopted August 2021, partially provides funding for operating costs to comply with the now published re-adoption of the Hexavalent Chromium Maximum Contaminant Level or MCL whereas the 2016 rate structure did not provide any additional funding for operating costs associated with treating drinking water to remove Hexavalent Chromium. Additionally, the rates analysis for the 2016 rates presumed the District would receive Cr+6 mitigation funding through grants and low interest loans, which assumed that the District would qualify as a Disadvantaged Community (DAC). The District is **not currently** eligible by the definitions and requisites established by the California legislature for DAC funding because the median household income for the service area is above the income defined to be disadvantaged. Consequently, the District

narrowed its Cr+6 mitigation efforts to two projects, Well #16 Pumping Station, recently completed, and a future wellhead treatment project using ion exchange treatment of existing groundwater facilities.

The District secured a municipal financing loan from Pacific Premier Bank (previously OPUS Bank) using Surcharge #2 as debt service. The construction of the Well #16 Pumping Station was completed in the summer of 2021. Construction of the Well #16 facility, which produces drinking water with hexavalent chromium substantially below the published Hexavalent Chromium MCL. To supplement the current rate structure for Cr+6 mitigation infrastructure, staff continues to stay abreast of additional funding opportunities that may materialize by legislative or other action.

Some of the anticipated increased operational costs for complying with the Hexavalent Chromium MCL have already materialized. The Well 16 Groundwater Pumping Station completion, which is a Cr+6 mitigation project, was added to the list of District facilities (assets). Consequently, the District's property and loss annual insurance premium increased more than 65%.

In April 2020, the District adopted the Capital Improvements Projects List. Such action by the District enables a capital budget adoption based on actual projected capital improvement needs instead of the former basis, which was essentially an arbitrary basis formerly associated with an enforcement provision (compliance order). The improved basis for capital budget presents focus, clarity, and transparency. Since the ultimate source of funding for the capital budget is the operating budget, the two are inextricably linked; benefits to one transcend to the other. Lastly, the cumulative capital budget funding from prior years has been applied to the current capital budget. This provides a realistic gauge of the timing (e.g., when each project will achieve full funding) and the annual contribution needed to bring each capital improvement project to fruition. Looking ahead, the District needs to extend this project specific capital budgeting process to include replacing essential, assets, e.g., network servers, vehicles, and mandated planning document (UWMP and Master Plan) updates/renewals.

The District amended its finance policies to reflect statutory requirements and staffing realities. The previous finance policies were adopted after significant findings in annual independent audits performed in 2011 and 2012. The previously adopted finance policies assumed the District staff and/or consultants included the services of a properly credentialed finance officer. The new policies simplify the District's investment options, which are now the right tool for the job. The previous funding for retiree medical was transitioned to the California Employers Retiree Benefit Trust (CERBT), which is generating higher dividends than the prior investment tool. The District's capacity fees were transferred to our Local Agency Investment Fund (LAIF). Capacity fees are by statute "restricted" and should not have been co-mingled with District capital improvement funds, enabling the required statutory reporting of capacity fee account status. Only the Board, at properly noticed public meetings, can make changes to the District's investments.

Several laws adopted between 2015 and 2018 have current and future increases in operating costs to the District. New laws have direct financial burdens and others have burdens via increased demands for staff time by requiring additional reporting and more complex compliance elements. Among these new laws are SB-998, SB-555, SB-606 and AB-1668. For example, the District is mandated to prepare and submit its Water Use Efficiency Objectives and a plan for complying with the same by the end of the

current calendar year. In another example, the District has partially mitigated the costs and personnel burdens from SB-998, the new requirements for discontinuation of residential water service for non-payment. The District hopes to similarly offset the cost burdens associated with new mandates by collaborating with neighboring water agencies to share the costs for compliance. The concepts and scope of collaboration have been detailed in a report published via an organization, the Sacramento Regional Water Utilities. The District formally participated in this regional collaboration study.

The rate structure adopted by the Board in August 2021 is designed for compatibility with new mandates, limits, and requirements including the mandates for water loss (SB-555), water efficiency (SB-606, AB-1668), and mandatory conservation (SB X 7,7). The adopted rate structure on August 2021 shifts revenue basis from fixed charges to volumetric charges, which is designed to encourage indoor and outdoor water use efficiency. As such, the District's revenues will be less linear due to seasonal variations in water consumption. Historically, the District's water users have used over three times as much water in warmer months than they use in cooler winter months. More recently, in June of 2023 ratepayers used less water than any June since 2015, which was the last time RLECWD had tiered rates (so-called conservation rates).

The District is required to contribute approximately \$31,000 in annual administrative membership dues this fiscal year to the Sacramento Ground Water Authority (SGA) to remain in good standing. The SGA is a Joint Powers Authority (JPA) created to manage and maintain the long-term sustainable yield of the American River North Basin and facilitate the implementation of an appropriate conjunctive use program by water purveyors. SGA has been granted extensive powers and functions to accomplish its sustainable groundwater management mission.

Along with SGA, other water association memberships for the District include Association of California Water Agencies (ACWA) and California Rural Water Association (CRWA). We can expect an increase in annual membership dues from these associations. We can also expect increases in property and workers compensation insurance due to the impact of cybercrimes, COVID-19, and wildfires on the insurance industry.

The District also took actions in the spring of 2021 to decrease its pension unfunded accrued liability via an internal loan, which provides savings in the form of much more favorable funding terms compared to CalPERS. Although this finance strategy significantly lowered the annual CalPERS pension obligation, it will not prevent increased charges associated with CalPERS investments underperforming the presumed investment return (7%). In July 2022, CalPERS announced that its investment return is negative 6% or 13% below the assumed rate of return. This under-performance impacts all public agencies in the CalPERS system and will result in future increases in the annual payments to CalPERS.

In summary, the budget reflects the Board of Directors' priorities and goals conveyed to staff and through the Board's adoption of the Strategic Plan. The budgeting process continues to improve, and the staff has embraced cost avoidance strategies to improve the District's fiscal status wherever feasible. These include taking advantage of joint powers purchasing agreements available only to government agencies, purchasing fuel less excise taxes, purchasing equipment to reduce long-term costs, and outsourcing where the total cost supports such. We have implemented contract

improvements to exercise greater control and focus on our engineering needs. The District has embraced an approach to assure elements are not overlooked, and future obligations have a greater amount of lead time for planning and funding.

The District engaged a new independent auditing firm whereas fiscal year 2022/2023 will be the second audit performed for the District by this services provider. The previous auditing firm is no longer able to perform auditing services for the District due to the unexpected passing of the firm's principal accountant.

The momentum of improvements in the budget and financial policies is continuing at the District. Sustaining such improvements would not be possible without the cohesiveness of the District Board, District staff, and consultants working toward common goals.

Sincerely,

Timothy R. Shaw, General Manager

UNDERSTANDING THE BUDGET DOCUMENT

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

The budget is divided into several sections as follows:

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

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

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

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

Budgetary Control and Process

Budgetary Control

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

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

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

PRESENTATION AND REVIEW

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

PUBLIC HEARING

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

ADOPTION

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

REVISIONS

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

MINOR ALLOCATIONS AND REVISIONS BETWEEN LINE ITEMS

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

DISTRICT PROFILE

District History and Service Description

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

The District water system consists of 12 wells and 61.72 miles of distribution mains. The overall system capacity is currently 14.4 MGD. The District pumps approximately 2,600 acre-feet of water annually to its 4,670 customers with a daily average of approximately 2.6 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. To deemphasize the District's reliance on wells with elevated hexavalent chromium concentrations, the District constructed the Well 16 pumping station in 2021.

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

Anthony Cline, Director

Jason A. Green Director

Chris Gifford, Director

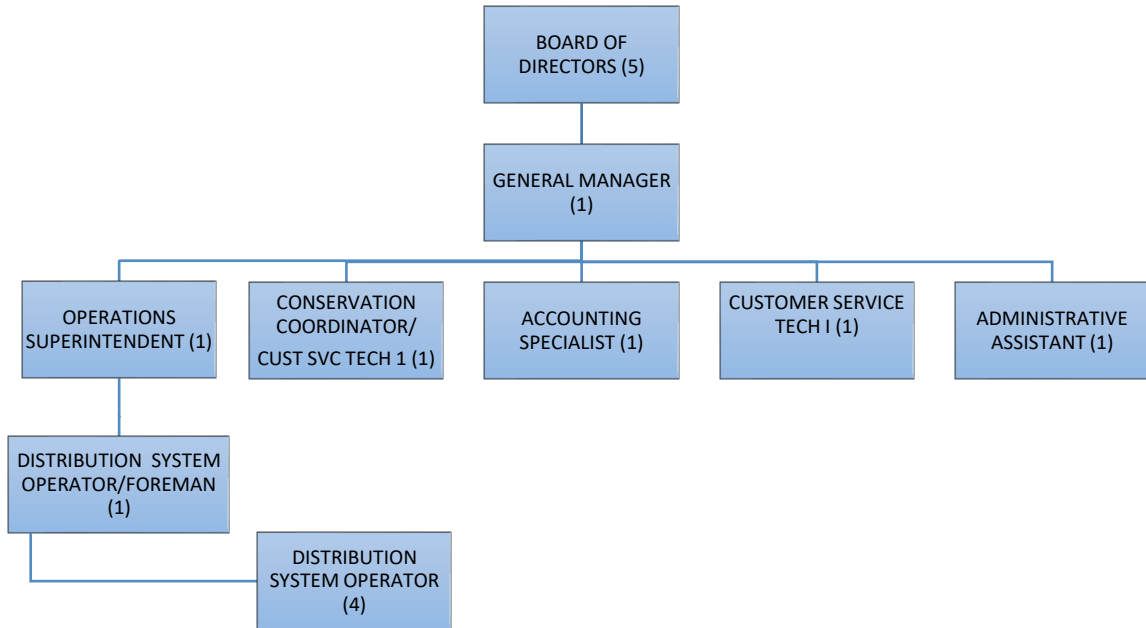
Mary Harris, Director

Vicky Young, Director

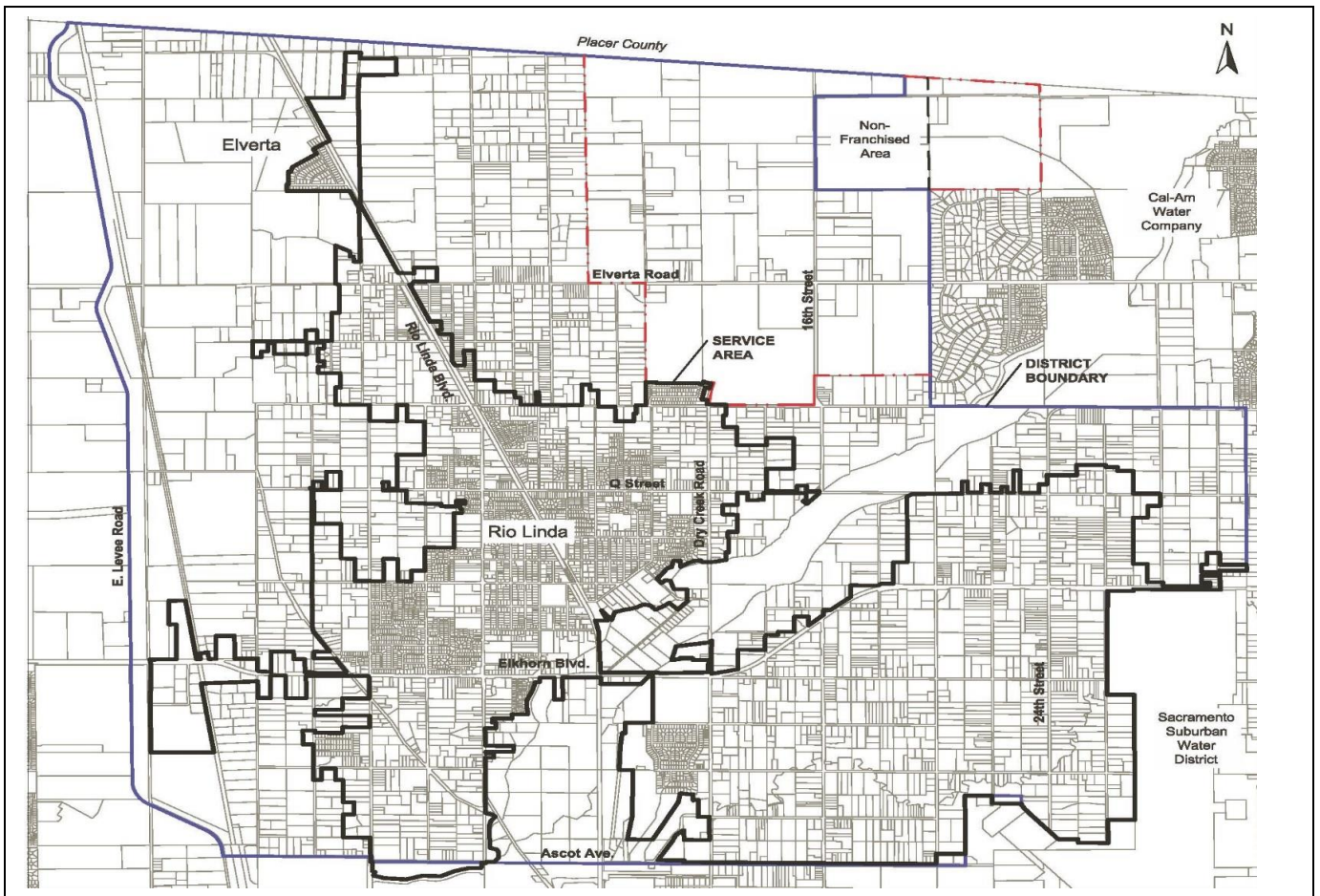
Appointed Official

Timothy Shaw, Secretary/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 - 2022-2023 BUDGET – The prior fiscal year budget.

COLUMN 3 - 2023-2024 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

		2022-2023 ACTUAL UNAUDITED	2022-2023 BUDGET	2023-2024 BUDGET	DIFFERENCE	EXPLANATION
OPERATING REVENUE						
40100 Water Service Rates						
40101	Basic Service Charge	1,172,604.00	1,110,746.00	1,160,731.00	49,985.00	Per Water Rate Study
40102	Usage Charge	1,702,770.00	1,753,654.00	1,832,569.00	78,915.00	Per Water Rate Study
40105	Backflow Charge	29,770.00	29,600.00	30,500.00	900.00	Per Water Rate Study
40106	Fire Prevention	26,296.00	23,300.00	24,300.00	1,000.00	Per Water Rate Study
Total Water Service Rates		2,931,440.00	2,917,300.00	3,048,100.00	130,800.00	
40200 Water Services						
40201	Application Fee	5,850.00	6,500.00	6,500.00	0.00	
40202	Delinquency	65,600.00	90,000.00	65,000.00	-25,000.00	Decreased to adjust for adopted Resolution 2022-08 on 11-2022
40209	Misc. Charges	7,846.00	7,000.00	7,000.00	0.00	
Total Water Services		79,296.00	103,500.00	78,500.00	-25,000.00	
40300 Other Water Service Fees						
40301	New Construction QC	3,000.00	4,000.00	4,000.00	0.00	
40302	Service Connection Fees	17,756.00	10,000.00	10,000.00	0.00	
40304	Other Operating Revenue	6,311.00	6,000.00	6,000.00	0.00	
40305	Grant Revenue-Operating	0.00	0.00	0.00	0.00	
Total Other Water Service Fees		27,067.00	20,000.00	20,000.00	0.00	
TOTAL OPERATING REVENUE		\$3,037,803.00	\$3,040,800.00	\$3,146,600.00	\$105,800.00	

		2022-2023 ACTUAL UNAUDITED	2022-2023 BUDGET	2023-2024 BUDGET	DIFFERENCE	EXPLANATION
NON-OPERATING REVENUE						
41110	Interest Revenue	40.00	35.00	35.00	0.00	
41120	Property Taxes & Assessments	118,217.00	109,100.00	118,000.00	8,900.00	Increased to adjust for prior FY revenues
TOTAL NON-OPERATING REVENUE		\$118,257.00	\$109,135.00	\$118,035.00	\$8,900.00	
TOTAL OPERATING & NON-OPERATING REVENUE		\$3,156,060.00	\$3,149,935.00	\$3,264,635.00	\$114,700.00	

Operating Expense

		2022-2023 ACTUAL UNAUDITED	2022-2023 BUDGET	2023-2024 BUDGET	DIFFERENCE	EXPLANATION
60010 PROFESSIONAL FEES						
60011	General Counsel-Legal	26,885.00	26,885.00	30,000.00	3,115.00	Increased to adjust per prior FY
60012	Auditor Fees	23,700.00	23,700.00	21,300.00	-2,400.00	Decreased to adjust for projected costs
60013	Engineering Services	60,000.00	67,915.00	115,000.00	47,085.00	Increased to include Water Use Efficiency Objectives and Water Loss Standards
60015	Other Professional Fees	0.00	0.00	0.00	0.00	
TOTAL PROFESSIONAL FEES		110,585.00	118,500.00	166,300.00	47,800.00	
60100 PERSONNEL SERVICES						
60110 Salaries & Wages						
60111	Salary - General Manager	124,284.00	124,285.00	125,278.00	993.00	Increased to adjust for projected costs per contract
60112	Staff Regular Wages	622,757.00	656,708.00	676,585.00	19,877.00	Increased to adjust per MOU 11-12-21; COLA 3.0%; New Treatment Operators
60113	Contract Extra Help	0.00	0.00	0.00	0.00	
60114	Staff Standby Pay	18,200.00	18,250.00	18,250.00	0.00	
60115	Staff Overtime Pay	10,073.00	11,000.00	11,000.00	0.00	
Total Salaries & Wages		775,314.00	810,243.00	831,113.00	20,870.00	
60150 Employee Benefits & Expense						
60151	PERS Retirement	123,604.00	127,292.00	126,177.00	-1,115.00	Decreased to adjust for projected costs
60152	Workers Compensation	15,838.00	15,839.00	10,864.00	-4,975.00	Decreased to adjust to change carrier to ACWA
60153	Medical & Benefit Insurance	177,568.00	216,750.00	227,568.00	10,818.00	Increased per MOU Settlement Agreement 3-2023
60154	Retirees Insurance	35,524.00	36,200.00	36,200.00	0.00	
60155	Staff Training	0.00	5,000.00	5,000.00	0.00	
60157	Uniforms	5,110.00	6,750.00	6,750.00	0.00	
60158	Payroll Taxes	61,385.00	63,854.00	66,230.00	2,376.00	Increased to adjust for projected costs

		2022-2023 ACTUAL UNAUDITED	2022-2023 BUDGET	2023-2024 BUDGET	DIFFERENCE	EXPLANATION
60159	Payroll Services	1,260.00	1,400.00	1,400.00	0.00	
60160	457 Employer Contribution	17,702.00	18,055.00	19,100.00	1,045.00	Increased to adjust for MOU 11-12-21 & GM Contract
	Total Employee Benefits & Expense	437,991.00	491,140.00	499,289.00	8,149.00	
TOTAL PERSONNEL SERVICES		\$1,213,305.00	\$1,301,383.00	\$1,330,402.00	\$29,019.00	

		2022-2023 ACTUAL UNAUDITED	2022-2023 BUDGET	2023-2024 BUDGET	DIFFERENCE	EXPLANATION
60200 ADMINISTRATION						
60205	Bank and Merchant Fees	1,382.00	1,850.00	1,850.00	0.00	
60207	Board Meeting Expense	10,075.00	13,700.00	13,900.00	200.00	Increased to adjust for projected costs
60210 Building Expenses						
60211	Office Utilities	7,260.00	7,261.00	7,261.00	0.00	
60212	Janitorial	2,340.00	2,340.00	2,340.00	0.00	
60213	Maintenance	2,154.00	3,089.00	2,500.00	-589.00	Decreased to adjust for projected costs
60214	Security	252.00	775.00	336.00	-439.00	Decreased to adjust for projected costs
	Total Building Expenses	12,006.00	13,465.00	12,437.00	-1,028.00	
60220 Computer & Equipment Maint.						
60221	Computer Systems	31,348.00	31,350.00	32,000.00	650.00	Increased to adjust for projected costs
60222	Office Equipment	668.00	875.00	875.00	0.00	
	Total Computer & Equipment Maint.	32,016.00	32,225.00	32,875.00	650.00	
60230	Office Expense	4,520.00	4,725.00	4,725.00	0.00	
60240	Postage and Delivery	20,492.00	20,500.00	21,000.00	500.00	Increased to adjust for projected costs
60250	Printing	7,959.00	8,000.00	8,500.00	500.00	Increased to adjust for projected costs
60255	Meetings & Conferences	40.00	100.00	100.00	0.00	
60260	Publishing	1,206.00	1,206.00	1,500.00	294.00	Increased to adjust for projected costs
60270	Telephone & Internet	4,202.00	4,250.00	4,250.00	0.00	
60430 Insurance						
60431	General Liability	33,290.00	33,290.00	28,832.00	-4,458.00	Decreased to reflect estimated premium
60432	Property	11,922.00	11,923.00	14,391.00	2,468.00	Increased to reflect estimated premium
	Total Insurance	45,212.00	45,213.00	43,223.00	-1,990.00	

		2022-2023 ACTUAL UNAUDITED	2022-2023 BUDGET	2023-2024 BUDGET	DIFFERENCE	EXPLANATION
60500 Water Memberships						
60503	SGA	30,777.00	30,777.00	30,926.00	149.00	Increase per published membership rate
60504	ACWA	11,140.00	11,140.00	11,697.00	557.00	Increase includes 5% annual increase
60505	CSDA	8,186.00	8,186.00	0.00	-8,186.00	Decreased – cancelled membership
60507	CRWA	1,435.00	1,435.00	1,507.00	72.00	Increase includes 5% annual increase
	Total Water Memberships	51,538.00	51,538.00	44,130.00	-7,408.00	
60550	Permits & Fees	47,632.00	49,000.00	55,000.00	6,000.00	Increased to adjust for projected costs
60555	Subscriptions & Licensing	1,100.00	1,100.00	2,120.00	1,020.00	Increased to adjust for projected costs
60560	Elections	1,887.00	1,887.00	0.00	-1,887.00	Decreased for Non-Election Year
60565	Uncollectable Accounts	2,660.00	2,936.00	3,000.00	64.00	Increased to adjust for projected costs
60570	Other Operating Expenditures	0.00	0.00	500.00	500.00	Increased to adjust for projected costs
TOTAL ADMINISTRATION		\$243,927.00	\$251,695.00	\$249,110.00	\$-2,585.00	

		2022-2023 ACTUAL UNAUDITED	2022-2023 BUDGET	2023-2024 BUDGET	DIFFERENCE	EXPLANATION
64000 CONSERVATION						
64001	Community Outreach	0.00	0.00	500.00	500.00	Increased to adjust for projected costs
64005	Other Conservation Programs	0.00	0.00	0.00	0.00	
TOTAL CONSERVATION		0.00	0.00	500.00	500.00	
65000 FIELD OPERATIONS						
65100 Other Field Operations						
65110	Backflow Testing	2,517.00	3,000.00	3,000.00	0.00	
65120	Construction Equipment Maint.	3,604.00	9,000.00	9,000.00	0.00	
65130	Field Communication	3,123.00	3,400.00	3,400.00	0.00	
65140	Field IT	26,307.00	35,000.00	35,000.00	0.00	
65150	Laboratory Services	11,934.00	24,000.00	24,000.00	0.00	
65160	Safety Equipment	1,933.00	6,000.00	6,000.00	0.00	
65170	Shop Supplies	3,065.00	7,000.00	7,000.00	0.00	
Total Other Field Operations		52,483.00	87,400.00	87,400.00	0.00	
65200 Treatment		31,244.00	31,300.00	35,000.00	3,700.00	Increased to adjust for projected costs
65300 Pumping						
65310	Maintenance	22,962.00	25,000.00	25,000.00	0.00	
65320	Electricity and Fuel	205,047.00	260,000.00	260,000.00	0.00	
Total Pumping		228,009.00	285,000.00	285,000.00	0.00	
65400 Transmission & Distribution						
65410	Distribution Supplies	43,417.00	59,950.00	50,000.00	-9,950.00	Decreased to adjust for projected costs
65430	Tank Maintenance	4,949.00	6,280.00	6,500.00	220.00	Increased to adjust for projected costs: Cathodic Protection Maintenance
65440	Contract Repairs	80,235.00	84,000.00	70,000.00	-14,000.00	Decreased to adjust for projected costs
65450	Valve Replacements	0.00	10,000.00	15,000.00	5,000.00	Increased to adjust for projected costs
65460	Paving Repairs	0.00	18,700.00	30,000.00	11,300.00	Increased to adjust for projected costs
Total Transmission & Distribution		128,601.00	178,930.00	171,500.00	-7,430.00	
67000 Transportation						
67001	Fuel	16,731.00	16,735.00	18,000.00	1,265.00	Increased to adjust for projected costs
67002	Maintenance	3,562.00	4,265.00	5,000.00	735.00	Increased to adjust for projected costs
Total Transportation		20,293.00	21,000.00	23,000.00	2,000.00	
TOTAL FIELD OPERATIONS		\$460,630.00	\$603,630.00	\$601,900.00	\$-1,730.00	
TOTAL OPERATING EXPENSE		\$2,028,447.00	\$2,275,208.00	\$2,348,212.00	\$ 73,004.00	

Non-Operating Expense

		2022-2023 ACTUAL UNAUDITED	2022-2023 BUDGET	2023-2024 BUDGET	DIFFERENCE	EXPLANATION
	69010 Debt Service					
	69100 Revenue Bond 2015: Term 11/1/2031					
	69105 Revenue Bond 2015-Principle	152,273.00	152,273.00	156,908.00	4,635.00	Per Loan Payment Schedule
	69120 Interest	47,891.00	48,650.00	44,087.00	-4,563.00	Per Loan Payment Schedule
	Total Revenue Bond 2015	200,164.00	200,923.00	200,995.00	72.00	
	69125 AMI Meter Loan: Term 7/23/2025					
	69130 Principle	53,307.00	53,307.00	54,602.00	1,295.00	Per Loan Payment Schedule
	69135 Interest	5,184.00	5,207.00	3,912.00	-1,295.00	Per Loan Payment Schedule
	Total AMI Meter Loan	58,491.00	58,514.00	58,514.00	0.00	
	69200 PERS ADP Loan: Term 6/1/2036					
	69205 Principle	30,000.00	30,000.00	30,000.00	00.00	Per Loan Payment Schedule
	69210 Interest	1,739.00	1,739.00	1,628.00	-111.00	Per Loan Payment Schedule
	Total PERS ADP Loan	31,739.00	31,739.00	31,628.00	- 111.00	
	69400 Other Non-Operating Expense	0.00	43.00	2,300.00	2,257.00	Increased per Rate Study Table 7
	TOTAL NON-OPERATING EXPENSE	\$290,394.00	\$291,219.00	\$293,437.00	\$2,218.00	
	TOTAL OPERATING & NON-OPERATING EXPENSE	\$2,318,841.00	\$2,566,427.00	\$2,641,649.00	\$75,222.00	
	NET REVENUE (Revenue-Expense)	\$837,219.00	\$583,508.00	\$622,986.00	\$39,478.000	

Summary Net Revenue

TOTAL OPERATING & NON-OPERATING REVENUE	\$3,156,060.00	\$3,149,935.00	\$3,264,635.00	\$114,700.00
TOTAL OPERATING & NON-OPERATING EXPENSE	\$2,318,841.00	\$2,566,427.00	\$2,641,649.00	\$75,222.00
NET REVENUE (Revenue-Expense)	\$837,219.00	\$583,508.00	\$622,986.00	\$39,478.00

Fund Balances

		2022-2023 BUDGET	2023-2024 BUDGET
OPERATING FUND BALANCE			
Operating Account Balance June 30		\$1,452,402.00	\$1,472,637.00
	Net Revenue	583,508.00	622,986.00
	Transfer to GL 10010 Operating Reserve	-28,273.00	0.00
	Transfer to Capital Improvement Funds	-594,000.00	-611,800.00
	Transfer from Capital Improvement Funds	59,000.00	0.00
Estimated Operating Fund Balance June 30		\$1,472,637.00	\$1,483,823.00
SURCHARGE 1 FUND BALANCE/Term: 06/30/2030			
Surcharge 1 Fund Balance June 30		\$705,307.00	\$766,026.00
43010	Surcharge Revenue	523,374.00	532,380.00
41110	Investment Revenue	1,000.00	1,000.00
69155	SRF Principle	-379,389.00	-389,231.00
69160	SRF Interest	-81,966.00	-72,124.00
69220	SRF Administration	-2,300.00	-2,300.00
Estimated Surcharge 1 Fund Balance June 30		\$766,026.00	\$835,751.00
SURCHARGE 2 FUND BALANCE/Term: 04/01/2033			
Surcharge 2 Fund Balance June 30		\$209,015.00	\$336,614.00
43050	Surcharge 2 Revenue	439,019.00	442,716.00
41110	Investment Revenue	500.00	100.00
69180	Principle	-230,000.00	-240,000.00
69185	Interest	-81,920.00	-74,293.00
Estimated Surcharge 2 Fund Balance June 30		\$336,614.00	\$465,137.00
LAIF FUND (CAPACITY FEES) BALANCE			
LAIF Fund Balance June 30		\$410,813.00	\$813,182.00
44100	Capacity Fee Revenue	391,000.00	200,000.00
41110	Investment Revenue	11,369.00	10,000.00
Estimated LAIF Fund Balance June 30		\$813,182.00	\$1,023,182.00

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

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

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

HEXAVALENT CHROMIUM MITIGATION – Capital expenditures identified as design and construction for Hexavalent Chromium mitigation/treatment projects as required by the State of California.

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

Capital Budget by Funds

	GENERAL	VEHICLE & LARGE EQUIPMENT REPLACEMENT	FUTURE CAPITAL IMPROVEMENT PROJECTS	HEXAVALENT CHROMIUM MITIGATION	TOTAL
FUNDING SOURCES					
Fund Transfers					
Operating Fund Transfers In	611,800.00	0.00	0.00	0.00	611,800.00
CIP Fund Intrafund Transfers	(362,645.00)	10,000.00	352,645.00	0.00	0.00
PERS ADP Loan Payment					
Principle	0.00	0.00	30,000.00	0.00	30,000.00
Interest	0.00	0.00	1,628.00	0.00	1,628.00
Investment Revenue	85.00	0.00	175.00	0.00	260.00
PROJECTS					
A · WATER SUPPLY					
A-1 · Miscellaneous Pump Replacements	40,000.00	0.00	0.00	0.00	40,000.00
Total A · WATER SUPPLY	40,000.00	0.00	0.00	0.00	40,000.00
B · WATER DISTRIBUTION					
B-1 · Service Replacements	30,000.00	0.00	0.00	0.00	30,000.00
B-2 · Small Meter Replacements	120,000.00	0.00	0.00	0.00	120,000.00
B-3 · Large Meter Replacements	5,000.00	0.00	0.00	0.00	5,000.00
B-4 · Pipeline Replacement	0.00	0.00	211,200.00	0.00	211,200.00
B-5 · Cathodic Protection Replacement - L Street Tower	45,000.00	0.00	0.00	0.00	45,000.00
B-6 · Raising/Lowering Valve Covers	40,000.00	0.00	0.00	0.00	40,000.00
B-7 · Well 15 Cr6 Treatment-Design	0.00	0.00	0.00	75,000.00	75,000.00
Total B · WATER DISTRIBUTION	240,000.00	0.00	211,200.00	75,000.00	526,200.00
TOTAL BUDGETED PROJECT EXPENDITURES	280,000.00	0.00	211,200.00	75,000.00	566,200.00

Capital Budget Technical Memorandum

The Technical Memorandum (TM) provides the revised budget descriptions for the proposed 2023/2024 Rio Linda/Elverta Water District's (District) Capital Budget. The following are a list of the budget items along with their descriptions:

A · Water Supply

A-1 · Miscellaneous Pump Replacements – 40,000

For the replacement or repair of any well pump and/or motor that fails in the budgeted year.

B · Water Distribution

B-1 · Service Replacements – 30,000

To replace leaking services that require replacement throughout the budgetary year.

B-2 · Small Meter Replacements – 120,000

To replace small water meters that are underreporting their water usage due to age.

B-3 · Large Meter Replacements – 5,000

To replace large water meters that are underreporting their water usage due to age.

B-4 · Pipeline Replacement – 211,200

For the annual pipeline replacement project for the current fiscal year.

B-5 · Cathodic Protection Replacement – L Street Tower – 45,000

The cathodic protection system, which is designed to prevent corrosion of the tower, has reached the end of its service life.

B-6 · Raising/Lowering Valve Covers – 40,000

Required following Sacramento County's road re-pavement projects inside the District's service area.

B-7 · Well 15 Cr6 Treatment-Design – 75,000

As described in the March 2018 municipal financing documents, wellhead treatment of an existing well is a specified hexavalent chromium mitigation project. Funding for this project is from the 2018 Opus Bank Municipal loan proceeds.

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 because 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 because 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