



# Operating and Capital Budget

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Fiscal Year July 1, 2021 – June 30, 2022

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

9/20/2021 · Original Adoption



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## EXECUTIVE SUMMARY

September 20, 2021

Board of Directors

Rio Linda Elverta Community Water District

I hereby submit the Rio Linda/Elverta Community Water District's Fiscal Year 2021-2022 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).
- Allow for minor budget revisions by the General Manager where the overall spending is not increased. Examples include moving funding from a relatively over-funded line item to an under-funded line item.

The pending hexavalent chromium (Cr+6) Maximum Contaminant Level (MCL) and other mandates continue to influence our operating and capital budgets. The District's current rate structure (adopted August 2021) partially provides funding for operating costs to comply with anticipated 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 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 anticipated re-adopted MCL. To supplement the current rate structure for Cr+6

mitigation infrastructure, staff continues to stay abreast of additional funding opportunities as may materialize by legislative or other action.

In 2019, the District adopted the Capital Improvements Projects List. Such action by the District enables capital budget adoption based on actual projected capital improvement needs instead of the former basis, which was essentially an arbitrary basis formerly associated with an enforcement provision (compliance order). The improved basis for capital budget presents focus, clarity, and transparency. Since the ultimate sources of funding for the capital budget is the operating budget, the two are inextricably linked; benefits to one transcend to the other. Lastly, the cumulative capital budget funding from prior years has been applied to the current capital budget. This provides a realistic gauge of the timing (e.g., when each project will achieve full funding) and annual contribution needed to bring each capital improvement project to fruition. 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 comingled with District capital improvement funds. This will enable required statutory reporting of capacity fee account status. Only the Board, at properly noticed public meetings, can make changes to the District's investments.

In the near future, several laws already signed by the Governor have current and future increases in operating cost to the District. Some new laws have direct financial burdens and others have burdens via increased demands for staff time by requiring additional reporting and more complex compliance elements. Among these new laws are SB-998, SB-555, SB-606 and AB-1668. The District has partially mitigated the costs and personnel burdens from SB-998, the new requirements for discontinuation of residential water service for non-payment. The District hopes to similarly offset the cost burdens associated with SB-555, the water loss audit and audit validation mandates, by collaborating with neighboring water agencies to share the costs for compliance. Collaboration studied and a corresponding report published via an organization, the Sacramento Regional Water Utilities, the District already participates with.

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) and water efficiency (SB-606, AB-1668). and mandatory conservation (SB X 7,7).

The District withdrew its membership in the Regional Water Authority (RWA) in May 2020. The roughly \$17,000 withdrawal liability will be offset by no longer paying membership operating costs in RWA. After

approximately two fiscal years of not paying RWA annual membership costs, the District will recover the withdrawal liability.

The District is required to contribute approximately \$30,000 in annual administrative membership dues this fiscal year to the Sacramento Ground Water Authority (SGA) to remain in good standing. The SGA is a Joint Powers Authority (JPA) created to manage and maintain the long-term sustainable yield of the American River North Basin and facilitate the implementation of an appropriate conjunctive use program by water purveyors. SGA has been granted extensive powers and functions to accomplish its sustainable groundwater management mission.

Along with SGA, other water association memberships for the District include Association of California Water Agencies (ACWA), California Special Districts Association (CSDA), and California Rural Water Association (CRWA). We can expect an increase in annual dues from these associations due to inflation. We can also expect beyond inflation increases in property and workers compensation insurance due to the impact of COVID-19 and wildfires on the insurance industry. The increases in funding for SGA also goes beyond inflation. SGA's operating cost increases also reflect SGA staff additions associated with Groundwater Sustainability Act mandates and an adopted SGA policy for steadily eliminating unfunded pension liabilities.

The District also took actions in the spring of 2021 to decrease its pension unfunded accrued liability by an internal loan, which provides savings in the form of much more favorable funding terms compared to CalPERS.

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

The momentum of improvements in the budget and financial polices is continuing at the District. Sustaining such improvements would not be possible without the cohesiveness of the District Board and staff 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 Board of Directors.

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

**PRESENTATION AND REVIEW**

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

**PUBLIC HEARING**

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

**ADOPTION**

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

**REVISIONS**

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

**MINOR ALLOCATIONS AND REVISIONS BETWEEN LINE ITEMS**

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



## DISTRICT PROFILE

### District History and Service Description

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

The District water system consists of 12 wells and 61.72 miles of distribution mains. The overall system capacity is currently 14.4 MGD. The District pumps approximately 3,000 acre-feet of water annually to its 4,646 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

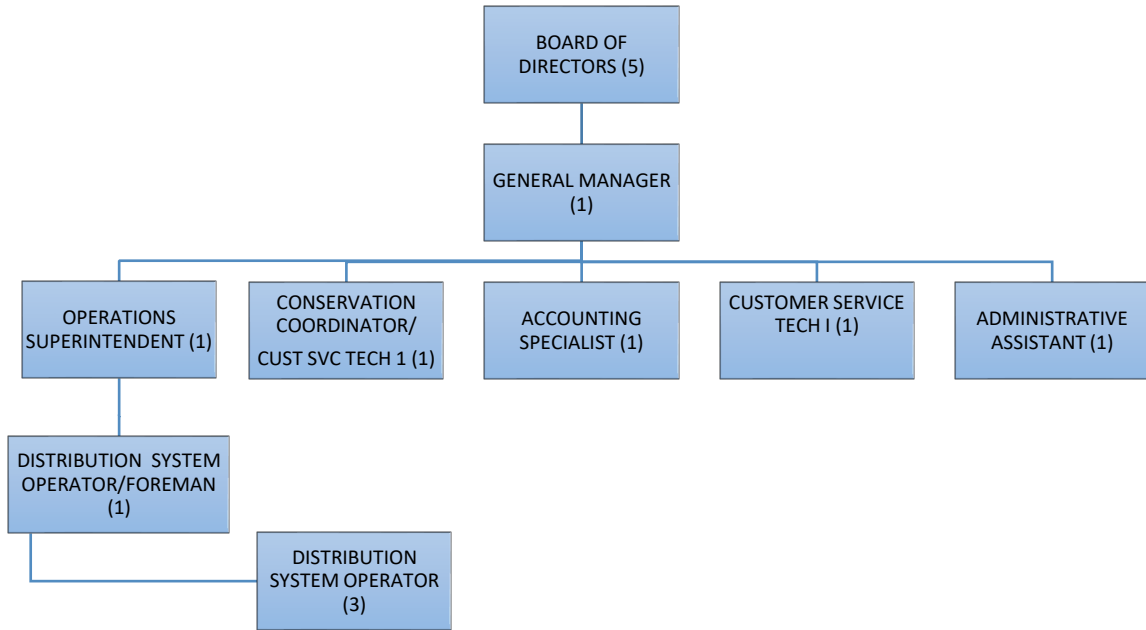
#### *Board of Directors*

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

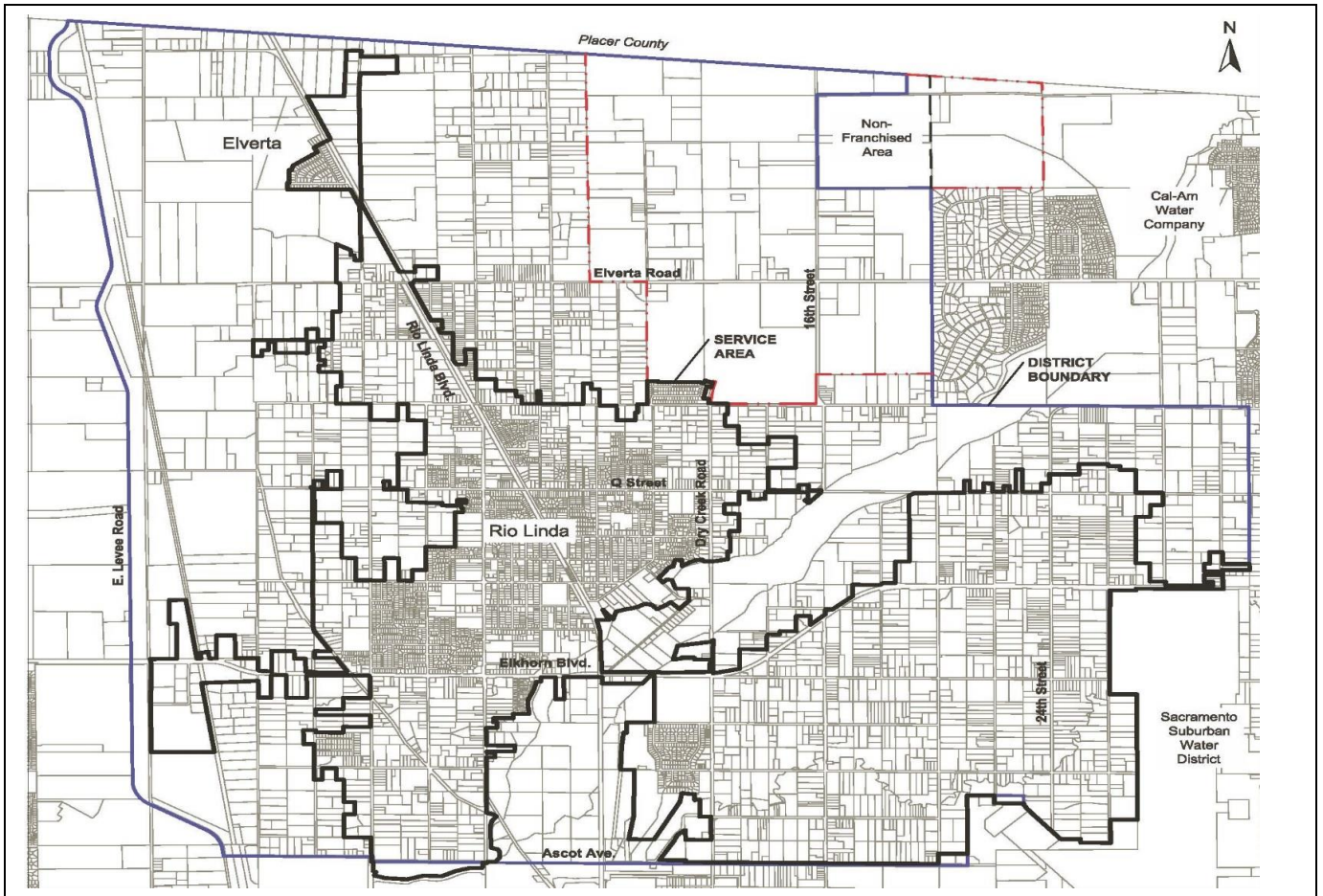
#### *Appointed Official*

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 1<sup>st</sup> and ending June 30<sup>th</sup>. 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 - 2020-2021 BUDGET** – The prior fiscal year budget.

**COLUMN 3 - 2021-2022 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

		2020-2021 ACTUAL UNAUDITED	2020-2021 BUDGET	2021-2022 BUDGET	DIFFERENCE	EXPLANATION
<b>OPERATING REVENUE</b>						
<b>40100 Water Service Rates</b>						
40101	Basic Service Charge	\$1,929,785.00	\$1,901,272.00	\$1,242,605.00	\$-658,667.00	Decreased based on new Water Rate Study
40102	Usage Charge	778,946.00	656,303.00	1,448,065.00	791,762.00	Increased based on new Water Rate Study
40105	Backflow Charge	26,458.00	25,000.00	28,300.00	3,300.00	Increased based on new Water Rate Study
40106	Fire Prevention	13,522.00	13,500.00	20,400.00	6,900.00	Increased based on new Water Rate Study
<b>Total Water Service Rates</b>		<b>2,748,711.00</b>	<b>2,596,075.00</b>	<b>2,739,370.00</b>	<b>143,295.00</b>	
<b>40200 Water Services</b>						
40201	Application Fee	7,790.00	6,500.00	6,500.00	0.00	
40202	Delinquency	84,570.00	90,000.00	90,000.00	0.00	
40209	Misc. Charges	3,302.00	7,000.00	7,000.00	0.00	
<b>Total Water Services</b>		<b>95,662.00</b>	<b>103,500.00</b>	<b>103,500.00</b>	<b>0.00</b>	
<b>40300 Other Water Service Fees</b>						
40301	New Construction QC	16,466.00	4,000.00	4,000.00	0.00	
40302	Service Connection Fees	10,400.00	10,000.00	10,000.00	0.00	
40304	Other Operating Revenue	995.00	6,000.00	6,000.00	0.00	
40305	Grant Revenue-Operating	0.00	0.00	0.00	0.00	
<b>Total Other Water Service Fees</b>		<b>27,861.00</b>	<b>20,000.00</b>	<b>20,000.00</b>	<b>0.00</b>	
<b>TOTAL OPERATING REVENUE</b>		<b>\$2,872,234.00</b>	<b>\$2,719,575.00</b>	<b>\$2,862,870.00</b>	<b>\$143,295.00</b>	

		<b>2020-2021 ACTUAL UNAUDITED</b>	<b>2020-2021 BUDGET</b>	<b>2021-2022 BUDGET</b>	<b>DIFFERENCE</b>	<b>EXPLANATION</b>
<b>NON-OPERATING REVENUE</b>						
41110	Interest Revenue	245.00	400.00	300.00	-100.00	Reduced to adjust for projected income
41120	Property Taxes & Assessments	103,904.00	88,500.00	95,700.00	7,200.00	Increased based on prior 3-year average
<b>TOTAL NON-OPERATING REVENUE</b>		<b>\$104,149.00</b>	<b>\$88,900.00</b>	<b>\$96,000.00</b>	<b>\$7,100.00</b>	
<b>TOTAL OPERATING &amp; NON-OPERATING REVENUE</b>		<b>\$2,976,383.00</b>	<b>\$2,808,475.00</b>	<b>\$2,958,870.00</b>	<b>\$150,395.00</b>	

## Operating Expense

		2020-2021 ACTUAL UNAUDITED	2020-2021 BUDGET	2021-2022 BUDGET	DIFFERENCE	EXPLANATION
<b>60010 PROFESSIONAL FEES</b>						
60011	General Counsel-Legal	11,121.00	15,000.00	15,000.00	0.00	
60012	Auditor Fees	11,541.00	11,550.00	12,050.00	500.00	Increased to adjust for projected increase annual financial audit cost
60013	Engineering Services	60,000.00	60,860.00	70,000.00	9,140.00	Increased to normal annual budget amount
60015	Other Professional Fees	30,052.00	38,450.00	3,000.00	-35,450.00	Reduced for Rate Study and Sac Suburban Collaboration Study in prior FY.
<b>TOTAL PROFESSIONAL FEES</b>		<b>\$112,714.00</b>	<b>\$125,860.00</b>	<b>\$100,050.00</b>	<b>-\$25,810.00</b>	
<b>60100 PERSONNEL SERVICES</b>						
<b>60110 Salaries &amp; Wages</b>						
60111	Salary - General Manager	123,526.00	123,526.00	119,846.00	-3,680.00	Decreased to adjust for projected costs per contract less YE accruals
60112	Staff Regular Wages	572,957.00	577,891.00	623,806.00	45,915.00	Increased to adjust for projected costs per MOU; \$10K for temporary staff for seasonal meter replacement
60113	Contract Extra Help	0.00	0.00	0.00	0.00	
60114	Staff Standby Pay	17,900.00	18,250.00	18,250.00	0.00	
60115	Staff Overtime Pay	5,664.00	10,200.00	8,500.00	-1,700.00	Decreased to adjust for prior 3-year average
<b>Total Salaries &amp; Wages</b>		<b>720,047.00</b>	<b>729,867.00</b>	<b>770,402.00</b>	<b>40,535.00</b>	
<b>60150 Employee Benefits &amp; Expense</b>						
60151	PERS Retirement	631,713.00	632,665.00	113,300.00	-519,365.00	Decreased to adjust for projected costs that includes a \$35,736 UAL prepayment savings; less \$500K ADP prepayment, \$16,371 Prior YE adjustments
60152	Workers Compensation	18,779.00	18,779.00	13,022.00	-5,757.00	Actual Annual Contribution Change
60153	Group Insurance	170,836.00	188,572.00	214,140.00	25,568.00	Increased using employee allowance and GM per MOU/Contract amounts
60154	Retirees Insurance	36,200.00	36,200.00	36,200.00	0.00	
60155	Staff Training	103.00	5,000.00	5,000.00	0.00	
60157	Uniforms	3,978.00	6,550.00	5,400.00	-1,150.00	Decreased to adjust for projected costs
60158	Payroll Taxes	57,166.00	57,825.00	60,107.00	2,282.00	Increased to adjust for projected costs

		<b>2020-2021 ACTUAL UNAUDITED</b>	<b>2020-2021 BUDGET</b>	<b>2021-2022 BUDGET</b>	<b>DIFFERENCE</b>	<b>EXPLANATION</b>
60159	Payroll Services	1,336.00	1,400.00	1,400.00	0.00	
60160	457 Employer Contribution	13,796.00	13,850.00	15,000.00	1,150.00	Increased to adjust for projected costs
	<b>Total Employee Benefits &amp; Expense</b>	<b>933,907.00</b>	<b>960,841.00</b>	<b>463,569.00</b>	<b>-497,272.00</b>	
<b>TOTAL PERSONNEL SERVICES</b>		<b>\$1,653,954.00</b>	<b>\$1,690,708.00</b>	<b>\$1,233,971.00</b>	<b>\$-456,737.00</b>	

		2020-2021 ACTUAL UNAUDITED	2020-2021 BUDGET	2021-2022 BUDGET	DIFFERENCE	EXPLANATION
<b>60200 ADMINISTRATION</b>						
60205	Bank and Merchant Fees	3,245.00	4,500.00	3,500.00	-1,000.00	Decreased based on prior year actual
60207	Board Meeting Expense	11,200.00	11,370.00	11,370.00	0.00	
<b>60210 Building Expenses</b>						
60211	Office Utilities	6,125.00	6,125.00	6,750.00	625.00	Increased based on projected costs
60212	Janitorial	2,340.00	2,340.00	2,340.00	0.00	
60213	Maintenance	2,434.00	4,200.00	3,200.00	-1,000.00	Decreased based on prior 3-year average
60214	Security	336.00	400.00	775.00	375.00	Increased based on projected costs
	<b>Total Building Expenses</b>	<b>11,235.00</b>	<b>13,065.00</b>	<b>13,065.00</b>	<b>0.00</b>	
<b>60220 Computer &amp; Equipment Maint.</b>						
60221	Computer Systems	27,519.00	27,519.00	30,000.00	2,481.00	Increased based on projected costs
60222	Office Equipment	640.00	660.00	2,160.00	1,500.00	Increased to adjust for new board meeting video recording system
	<b>Total Computer &amp; Equipment Maint.</b>	<b>28,159.00</b>	<b>28,179.00</b>	<b>32,160.00</b>	<b>3,981.00</b>	
60230	Office Expense	3,140.00	6,000.00	6,000.00	0.00	
60240	Postage and Delivery	18,525.00	18,781.00	20,000.00	1,219.00	Increased to normal annual budget amount
60250	Printing	9,493.00	9,500.00	7,000.00	-2,500.00	Decreased to adjust for projected costs; less Prop 218 costs
60255	Meetings & Conferences	0.00	1,325.00	500.00	-825.00	Decreased for no conferences scheduled
60260	Publishing	595.00	600.00	600.00	0.00	
60270	Telephone & Internet	4,120.00	4,200.00	4,200.00	0.00	
<b>60430 Insurance</b>						
60431	General Liability	23,969.00	23,970.00	25,000.00	1,030.00	Increased to reflect estimated premium
60432	Property	6,099.00	6,100.00	7,200.00	1,100.00	Increased to reflect estimated premium
	<b>Total Insurance</b>	<b>30,068.00</b>	<b>30,070.00</b>	<b>32,200.00</b>	<b>2,130.00</b>	



		2020-2021 ACTUAL UNAUDITED	2020-2021 BUDGET	2021-2022 BUDGET	DIFFERENCE	EXPLANATION
<b>60500 Water Memberships</b>						
60501	SAWWA	0.00	110.00	0.00	-110.00	Decreased to adjust for COVID 19 inactivity
60503	SGA	26,112.00	26,179.00	30,029.00	3,850.00	Increase includes 15% annual increase
60504	ACWA	9,735.00	10,122.00	10,222.00	100.00	Increase includes 5% annual increase
60505	CSDA	7,253.00	7,431.00	7,616.00	185.00	Increase includes 5% annual increase
60507	CRWA	1,367.00	1,392.00	1,435.00	43.00	Increase includes 5% annual increase
	<b>Total Water Memberships</b>	<b>44,467.00</b>	<b>45,234.00</b>	<b>49,302.00</b>	<b>4,068.00</b>	
60550	Permits & Fees	31,468.00	31,468.00	32,000.00	532.00	Increased to adjust for prior year actual
60555	Subscriptions & Licensing	1,987.00	2,120.00	2,120.00	0.00	
60560	Elections	1,887.00	1,932.00	0.00	-1,932.00	Decreased for Non-Election Year
60565	Uncollectable Accounts	2,231.00	2,250.00	2,250.00	0.00	
60570	Other Operating Expenditures	300.00	500.00	500.00	0.00	
<b>TOTAL ADMINISTRATION</b>		<b>\$202,120.00</b>	<b>\$211,094.00</b>	<b>\$216,767.00</b>	<b>\$5,673.00</b>	

		2020-2021 ACTUAL UNAUDITED	2020-2021 BUDGET	2021-2022 BUDGET	DIFFERENCE	EXPLANATION
<b>64000 CONSERVATION</b>						
64001	Community Outreach	0.00	300.00	300.00	0.00	
64005	Other Conservation Programs	0.00	0.00	0.00	0.00	
<b>TOTAL CONSERVATION</b>		<b>\$ 0.00</b>	<b>\$ 300.00</b>	<b>\$ 300.00</b>	<b>\$ 0.00</b>	
<b>65000 FIELD OPERATIONS</b>						
<b>65100 Other Field Operations</b>						
65110	Backflow Testing	1,750.00	1,750.00	3,000.00	1,250.00	Increased to normal budget amount
65120	Construction Equipment Maint.	8,711.00	8,711.00	9,000.00	289.00	Increased to adjust for projected costs
65130	Field Communication	3,323.00	3,323.00	3,400.00	77.00	Increased to adjust for projected costs
65140	Field IT	37,771.00	37,771.00	35,000.00	-2,771.00	Decreased to adjust for projected costs
65150	Laboratory Services	22,579.00	22,579.00	24,000.00	1,421.00	Increased to adjust for projected costs
65160	Safety Equipment	4,769.00	4,769.00	5,000.00	231.00	Increased to adjust for projected costs
65170	Shop Supplies	6,161.00	6,161.00	7,000.00	839.00	Increased to adjust for projected costs
<b>Total Other Field Operations</b>		<b>85,064.00</b>	<b>85,064.00</b>	<b>86,400.00</b>	<b>1,336.00</b>	
<b>65200 Treatment</b>		22,238.00	22,238.00	25,000.00	2,762.00	Increased to adjust for projected costs
<b>65300 Pumping</b>						
65310	Maintenance	21,887.00	21,887.00	25,000.00	3,113.00	Increased to adjust for projected costs
65320	Electricity and Fuel	237,153.00	237,153.00	260,000.00	22,847.00	Increased to adjust for projected costs
<b>Total Pumping</b>		<b>259,040.00</b>	<b>259,040.00</b>	<b>285,000.00</b>	<b>25,960.00</b>	
<b>65400 Transmission &amp; Distribution</b>						
65410	Distribution Supplies	58,777.00	58,777.00	60,000.00	1,223.00	Increased to adjust for projected costs
65430	Tank Maintenance	800.00	800.00	800.00	0.00	
65440	Contract Repairs	4,600.00	4,600.00	20,000.00	15,400.00	Increased to normal budget amount
65450	Valve Replacements	0.00	0.00	15,000.00	15,000.00	Increased to normal budget amount
65460	Paving Repairs	24,343.00	24,343.00	25,000.00	657.00	Increased to normal budget amount
<b>Total Transmission &amp; Distribution</b>		<b>88,520.00</b>	<b>88,520.00</b>	<b>120,800.00</b>	<b>32,280.00</b>	
<b>67000 Transportation</b>						
67001	Fuel	10,318.00	10,318.00	15,000.00	4,682.00	Increased to adjust for projected costs
67002	Maintenance	2,580.00	2,580.00	6,000.00	3,420.00	Increased to normal budget amount
<b>Total Transportation</b>		<b>12,898.00</b>	<b>12,898.00</b>	<b>21,000.00</b>	<b>8,102.00</b>	
<b>TOTAL FIELD OPERATIONS</b>		<b>\$467,760.00</b>	<b>\$467,760.00</b>	<b>\$538,200.00</b>	<b>\$70,440.00</b>	
<b>TOTAL OPERATING EXPENSE</b>		<b>\$2,436,548.00</b>	<b>\$2,495,722.00</b>	<b>\$2,089,288.00</b>	<b>\$-406,434.00</b>	

## Non-Operating Expense

		2020-2021 ACTUAL UNAUDITED	2020-2021 BUDGET	2021-2022 BUDGET	DIFFERENCE	EXPLANATION
	<b>69010 Debt Service</b>					
	<b>69100 Revenue Bond 2015</b>					
	69105 Revenue Bond 2015-Principle	145,736.00	145,736.00	148,158.00	2,422.00	Per Loan Payment Schedule
	69120 Interest	56,763.00	57,490.00	53,111.00	-4,379.00	Per Loan Payment Schedule
	<b>Total Revenue Bond 2015</b>	<b>202,499.00</b>	<b>203,226.00</b>	<b>201,269.00</b>	<b>-1,957.00</b>	
	<b>69125 AMI Meter Loan</b>					
	69130 Principle	49,789.00	49,789.00	51,344.00	1,555.00	Per Loan Payment Schedule
	69135 Interest	8,725.00	8,725.00	7,170.00	-1,555.00	Per Loan Payment Schedule
	<b>Total AMI Meter Loan</b>	<b>58,514.00</b>	<b>58,514.00</b>	<b>58,514.00</b>	<b>0.00</b>	
	<b>69200 PERS ADP Loan</b>					
	69205 Principle	0.00	0.00	30,000.00	30,000.00	Per Loan Payment Schedule
	69210 Interest	0.00	0.00	1,850.00	1,850.00	Per Loan Payment Schedule
	<b>Total PERS ADP Loan</b>	<b>0.00</b>	<b>0.00</b>	<b>31,850.00</b>	<b>31,850.00</b>	
	69400 Other Non-Operating Expense	0.00	2,000.00	3,000.00	1,000.00	Increased to adjust for settlement agreement
	<b>TOTAL NON-OPERATING EXPENSE</b>	<b>\$261,013.00</b>	<b>\$263,740.00</b>	<b>\$294,633.00</b>	<b>\$30,893.00</b>	
	<b>TOTAL OPERATING &amp; NON-OPERATING EXPENSE</b>	<b>\$2,697,561.00</b>	<b>\$2,759,462.00</b>	<b>\$2,383,921.00</b>	<b>\$-375,541.00</b>	
	<b>NET REVENUE (Revenue-Expense)</b>	<b>\$278,822.00</b>	<b>\$49,013.00</b>	<b>\$574,949.00</b>	<b>\$525,936.00</b>	

## Summary Net Revenue

TOTAL OPERATING & NON-OPERATING REVENUE	\$2,976,383.00	\$2,808,475.00	\$2,958,870.00	\$150,395.00
TOTAL OPERATING & NON-OPERATING EXPENSE	\$2,697,561.00	\$2,759,462.00	\$2,383,921.00	\$-375,541.00
<b>NET REVENUE (Revenue-Expense)</b>	<b>\$278,822.00</b>	<b>\$49,013.00</b>	<b>\$574,949.00</b>	<b>\$525,936.00</b>

## Fund Balances

OPERATING FUND BALANCE		2020-2021 BUDGET	2021-2022 BUDGET	DIFFERENCE	EXPLANATION
<b>Operating Account Balance June 30</b>		<b>\$773,295.00</b>	<b>\$773,295.00</b>		
	Net Revenue	49,013.00	574,949.00		
	Transfer from GL 10490 Future Imp Projects	500,000.00	0.00	500,000.00	Prior year Resolution 2021-01
	Transfer to GL 10010 Operating Reserve	0.00	-7,300.00	7,300.00	Increased to adjust per policy
	Transfer to GL 10490 Future Imp Projects	0.00	-28,000.00	28,000.00	Increased for additional funds needed for Annual Pipeline Replacement
	Transfer to Capital Improvement Funds	-549,013.00	-576,700.00	27,687.00	Increased to adjust per rate study
<b>Estimated Operating Fund Balance June 30</b>		<b>\$773,295.00</b>	<b>\$736,244.00</b>		
<b>SURCHARGE 1 FUND BALANCE</b>					
<b>Surcharge 1 Fund Balance June 30</b>		<b>\$663,940.00</b>	<b>\$734,860.00</b>		
	43010 Surcharge Revenue	523,374.00	523,374.00	0.00	
	41110 Investment Revenue	11,000.00	2,500.00	-8,500.00	Decreased to adjust for projected revenue
	69155 SRF Principle	-360,494.00	-369,821.00	9,327.00	Per Loan Payment Schedule
	69160 SRF Interest	-100,860.00	-91,534.00	-9,326.00	Per Loan Payment Schedule
	69220 SRF Administration	-2,100.00	-2,100.00	0.00	
<b>Estimated Surcharge 1 Fund Balance June 30</b>		<b>\$734,860.00</b>	<b>\$797,279.00</b>		
<b>SURCHARGE 2 FUND BALANCE</b>					
<b>Surcharge 2 Fund Balance June 30</b>		<b>\$224,645.00</b>	<b>\$240,696.00</b>		
	43050 Surcharge 2 Revenue	439,019.00	439,019.00	0.00	
	41110 Investment Revenue	800.00	800.00	0.00	
	Surcharge 2 Surplus Repayment	-107,171.00	-79,747.00	-27,424.00	Per District Repayment Schedule-Final
	69180 Principle	-220,000.00	-225,000.00	5,000.00	Per Loan Payment Schedule
	69185 Interest	-96,597.00	-104,632.00	8,035.00	Per Loan Payment Schedule
<b>Estimated Surcharge 2 Fund Balance June 30</b>		<b>\$240,696.00</b>	<b>\$271,136.00</b>		
<b>LAIF FUND (CAPACITY FEES) BALANCE</b>					
<b>CERBT Fund Balance June 30</b>		<b>\$304,201.00</b>	<b>\$366,201.00</b>		
	44100 Capacity Fee Revenue	60,000.00	500,000.00	440,000.00	Increased for projected revenue
	41110 Investment Revenue	2,000.00	1,400.00	-600.00	Decreased for projected revenue
<b>Estimated CERBT Fund Balance June 30</b>		<b>\$366,201.00</b>	<b>\$867,601.00</b>		

## 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.

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

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

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

### Capital Budget by Funds

	GENERAL	FUTURE CAPITAL IMPROVEMENT PROJECTS	VEHICLE & LARGE EQUIPMENT REPLACEMENT
<b>FUNDING SOURCES</b>			
Fund Transfers			
<i>Operating Fund Transfers In</i>	576,700.00	0.00	0.00
<i>CIP Fund Intrafund Transfers</i>	-381,468.00	371,468.00	10,000.00
<i>Fund Transfer from Operating</i>	0.00	28,000.00	0.00
Surcharge 2 Surplus Repayment	79,747.00	0.00	0.00
PERS ADP Loan Payment			
<i>Principle</i>	0.00	30,000.00	0.00
<i>Interest</i>	0.00	1,850.00	0.00
Investment Revenue	300.00	125.00	0.00
<b>PROJECT EXPENDITURES</b>			
A-1 · Miscellaneous Pump Replacements	40,000.00	0.00	0.00
<b>Total A · WATER SUPPLY</b>	<b>40,000.00</b>	<b>0.00</b>	<b>0.00</b>
B-1 · Service Replacements	30,000.00	0.00	0.00
B-2 · Small Meter Replacements	120,000.00	0.00	0.00
B-3 · Large Meter Replacements	5,000.00	0.00	0.00
B-4 · Pipeline Replacements	0.00	450,000.00	0.00
<b>Total B · WATER DISTRIBUTION</b>	<b>155,000.00</b>	<b>450,000.00</b>	<b>0.00</b>
M-1 · Urban Water Management Plan	50,000.00	0.00	0.00
M-2 · Office Air Conditioner Replacement	8,200.00	0.00	0.00
M-3 · Server Replacement	8,000.00	0.00	0.00
M-4 · Dump Truck	0.00	0.00	85,000.00
<b>Total M · GENERAL PLANT ASSETS</b>	<b>66,200.00</b>	<b>0.00</b>	<b>85,000.00</b>
<b>TOTAL BUDGETED PROJECT EXPENDITURES</b>	<b>261,200.00</b>	<b>450,000.00</b>	<b>85,000.00</b>

## Capital Budget Technical Memorandum

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

### **A · Water Supply**

#### **A-1 · Miscellaneous Pump Replacements – 40,000**

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 – 450,000**

For the annual pipeline replacement project for the prior and current fiscal year (includes carry over funding from FY 2020/2021).

### **M · General Plant Assets**

#### **M-1 · Urban Water Management Plan – 50,000**

To draft the 2020 UWMP, required by Department of Water Resources every 5-years.

#### **M-2 · Office Air Conditioner Replacement – 8,200**

To replace one of the District office's air conditioners currently dysfunctional due to being beyond the end of its service life, 35 years.

#### **M-3 · Server Replacement – 8,000**

To replace the District office's server at the 5-year point. The warranty must be extended, requires payment of a fee unless the server is replaced.

#### **M-4 · Dump Truck – 85,000**

To replace the District's Dump Truck due to age (ordered and waiting on microchip).

## 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