



# 2024-25 Operating and Capital Budget

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Fiscal Year July 1, 2024 – June 30, 2025

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

**8/26/2024 · Original Adoption**



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## EXECUTIVE SUMMARY

August 26, 2024

Board of Directors

Rio Linda Elverta Community Water District

I hereby submit the Rio Linda/Elverta Community Water District's Fiscal Year 2024-2025 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 an initiative-taking 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 associating the public hearing with the preliminary budget adoption process (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 an over-funded (where actual costs have been lower than projected costs) line item to an under-funded line item.

The District has, as has the rest of the country, endured the record levels of inflation that dominated finances for the past several years. Water agencies endured a powerful combined threat of inflation mixed with 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 California legislature adopted water use efficiency laws that fine water districts for noncompliance with indoor, outdoor, and non-residential water use efficiency standards. In short, we've all experienced higher costs and lower revenues over the past several years. A key component to the District's navigation through the fiscal challenges has been cost-cutting efforts, primarily in operating costs.

An example of administrative costs cutting includes the early termination of the Water Meter Loan of 2015. The Board of Directors authorized early payoff of the Meter Loan, which resulted in savings to the ratepayers in the form of avoided interest. Additionally, the avoided loan payments going forward help the District pay higher operating costs without raising rates.

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%).

The State Waterboard recently published the final adoption of the Hexavalent Chromium Maximum Contaminant Level (MCL) at 10-parts per billion. 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 (Cr+6) MCL, whereas the 2016 rate structure (associated with the state's prior attempt to establish a Hexavalent Chromium MCL) 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 completed in the spring of 2021, and a wellhead treatment project using ion exchange treatment of existing groundwater facilities, currently in the design phase.

The District secured a municipal financing loan from Pacific Premier Bank (previously OPUS Bank) using Surcharge 2 as debt service. The loan funded construction of the Well 16 Pumping Station. Construction of the Well 16 facility 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%. The District anticipates similarly increased operating costs when the Hexavalent Chromium treatment facilities are operational.

In April 2020, the Board of Directors 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 an arbitrary basis associated with an enforcement provision (compliance order). The improved basis for capital budget injects 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 each calendar year. In another example, the District has partially mitigated the costs and personnel burdens from SB-998, the 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 ideas and reduce costs for compliance.

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 some of the revenue basis from fixed charges to volumetric charges, which is designed to encourage indoor and outdoor water use efficiency. Among the impacts of the rate structure change, 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. In recent years, with the 2021 rate structure in place, ratepayers used substantially less water each year. This is what the California legislature intended with the "Conservation is a permanent way of life in California" legislation.

The District is required to contribute approximately \$33,000 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 annual increases in 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 natural disasters.

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 without enduring 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 2023/2024 will be the third audit performed for the District by this services provider.

The momentum of improvements in the budget and financial policies is continuing in 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

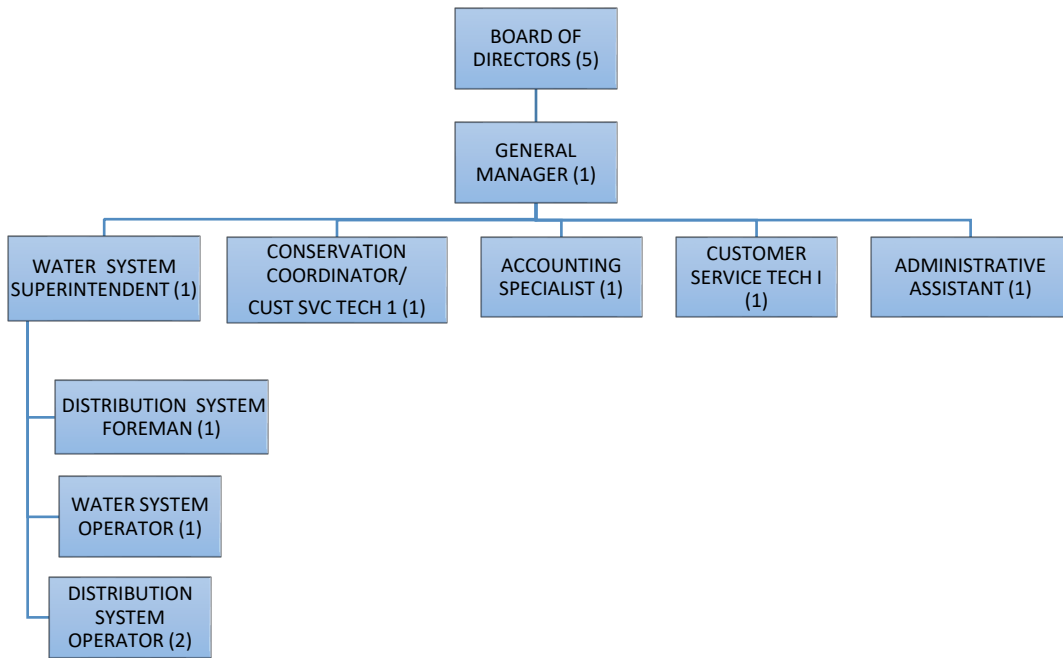
Mary Harris, Director

Vicky Young, Director

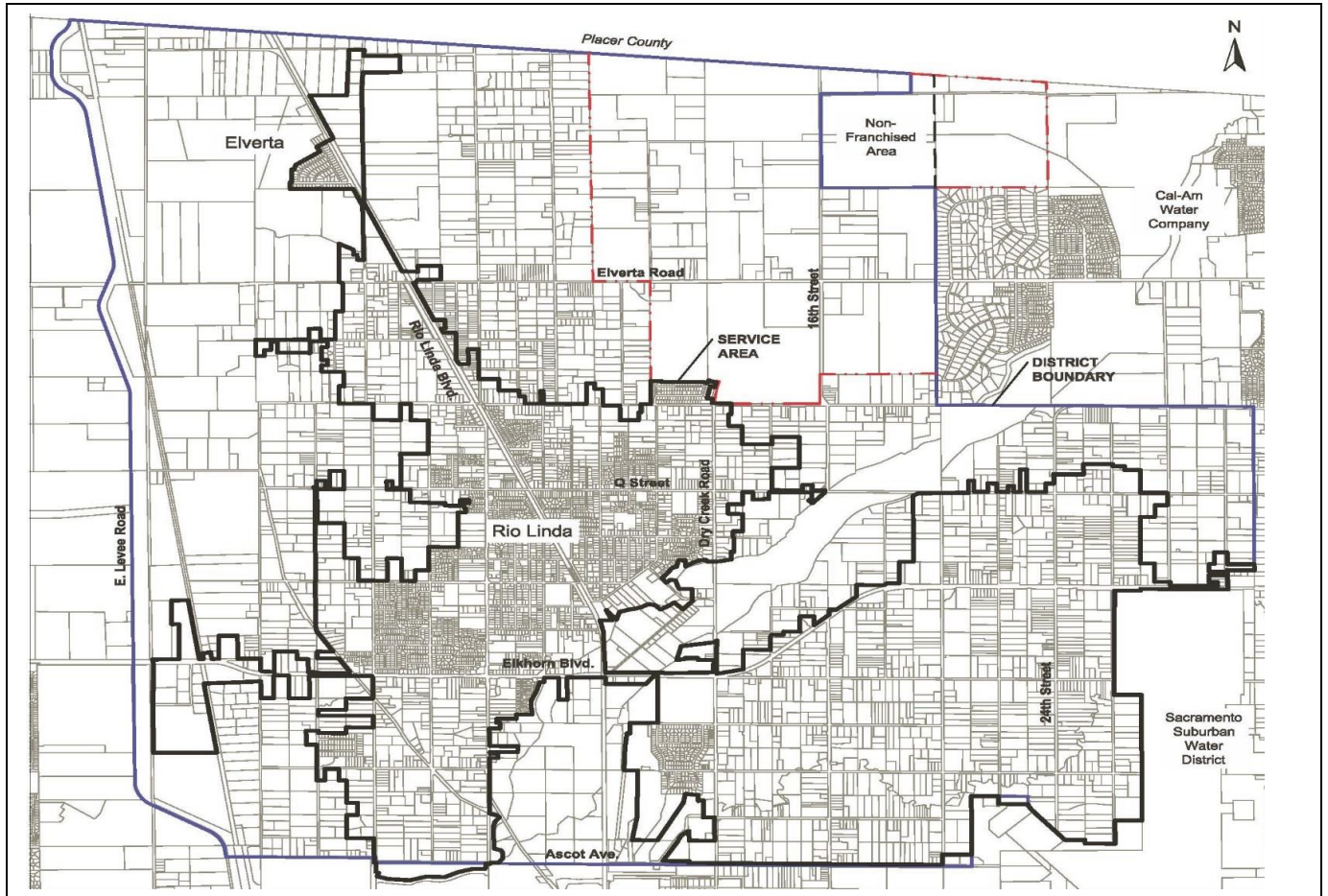
#### *Appointed Official*

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 expenditure, 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 expenditure directly relating to providing services related to water conservation including community outreach and rebate programs.
- **FIELD OPERATIONS** – A category of expenditure 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.

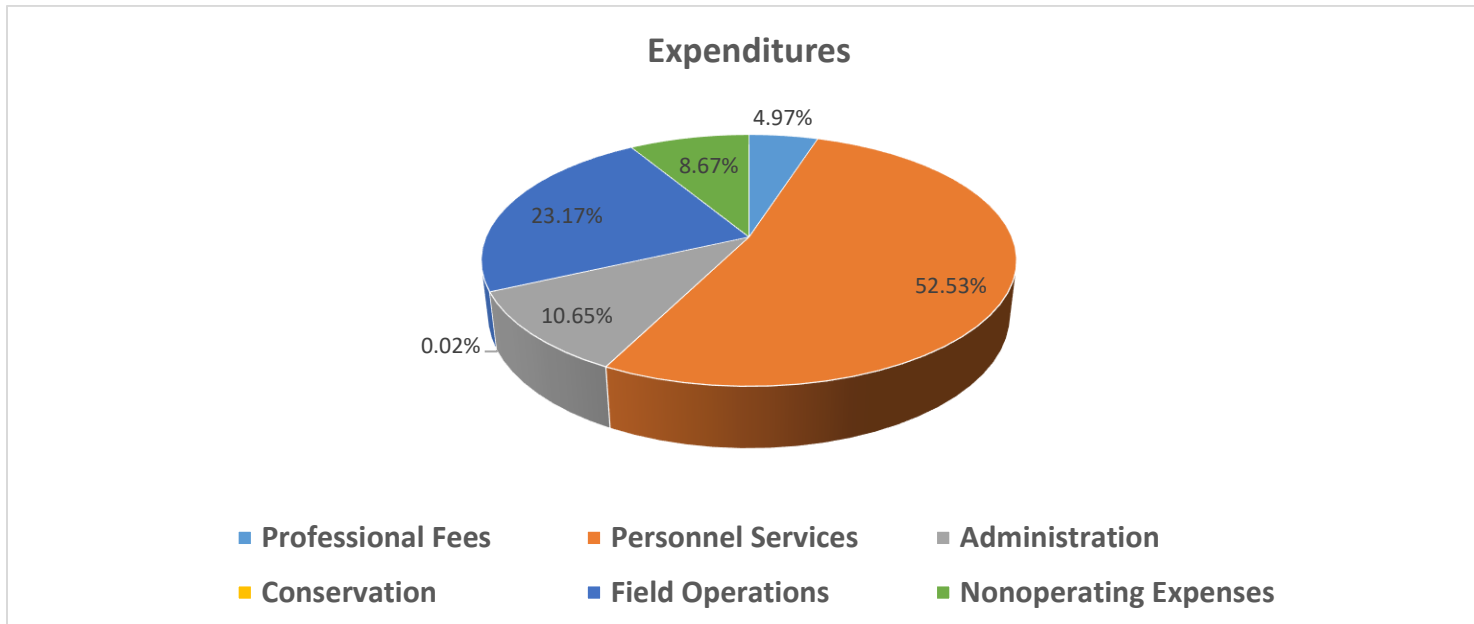
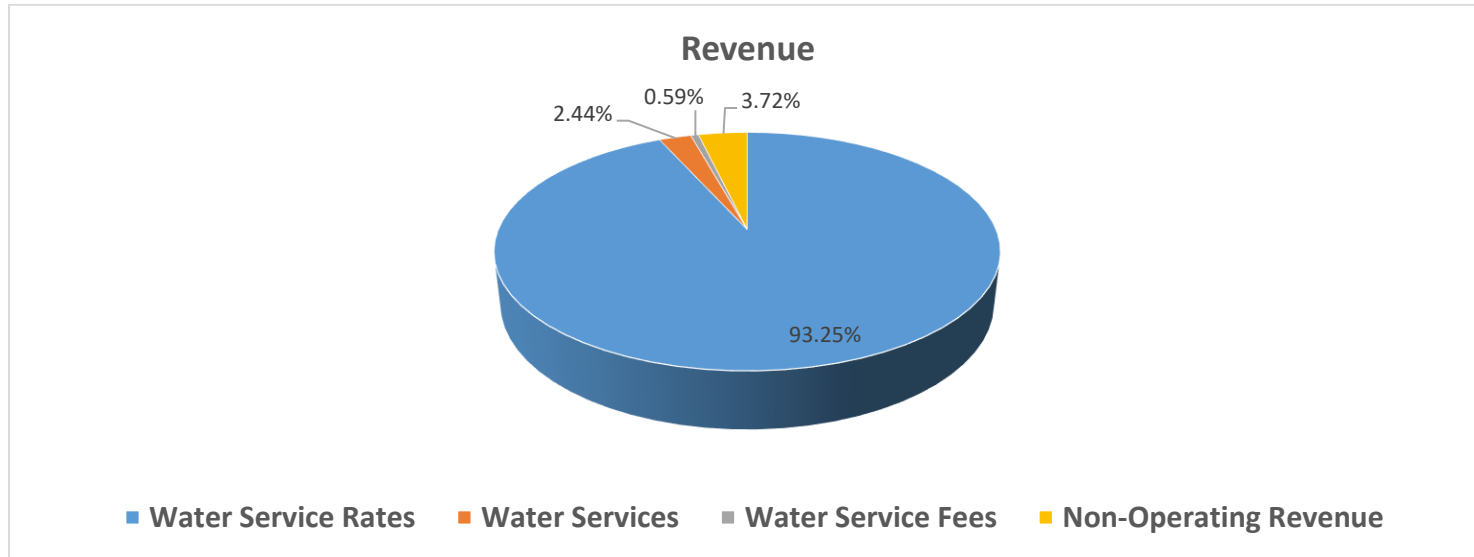
**COLUMN 2 - 2023-2024 BUDGET** – The prior fiscal year budget.

**COLUMN 3 - 2024-2025 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.

## Revenue and Expenditure Summary



## Operating and Non-Operating Revenue

		2023-2024 ACTUAL UNAUDITED	2023-2024 BUDGET	2024-2025 BUDGET	DIFFERENCE	EXPLANATION
<b>OPERATING REVENUE</b>						
<b>40100 Water Service Rates</b>						
40101	Basic Service Charge	1,186,442.00	1,160,731.00	1,212,965.00	52,234.00	Per Water Rate Study
40102	Usage Charge	1,789,065.00	1,832,569.00	1,915,035.00	82,466.00	Per Water Rate Study
40105	Backflow Charge	30,759.00	30,500.00	31,400.00	900.00	Per Water Rate Study
40106	Fire Prevention	26,777.00	24,300.00	25,400.00	1,100.00	Per Water Rate Study
<b>Total Water Service Rates</b>		<b>3,033,043.00</b>	<b>3,048,100.00</b>	<b>3,184,800.00</b>	<b>136,700.00</b>	
<b>40200 Water Services</b>						
40201	Application Fee	5,700.00	6,500.00	6,500.00	0.00	
40202	Delinquency	71,637.00	65,000.00	70,000.00	5,000.00	Increased to adjust based on prior year
40209	Misc. Charges	7,748.00	7,000.00	7,000.00	0.00	
<b>Total Water Services</b>		<b>85,085.00</b>	<b>78,500.00</b>	<b>83,500.00</b>	<b>5,000.00</b>	
<b>40300 Other Water Service Fees</b>						
40301	New Construction QC	2,600.00	4,000.00	4,000.00	0.00	
40302	Service Connection Fees	14,100.00	10,000.00	10,000.00	0.00	
40304	Other Operating Revenue	571.00	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>17,271.00</b>	<b>20,000.00</b>	<b>20,000.00</b>	<b>0.00</b>	
<b>TOTAL OPERATING REVENUE</b>		<b>\$3,135,399.00</b>	<b>\$3,146,600.00</b>	<b>\$3,288,300.00</b>	<b>\$141,700.00</b>	
<b>NON-OPERATING REVENUE</b>						
41110	Interest Revenue	41.00	35.00	35.00	0.00	
41120	Property Taxes & Assessments	127,108.00	118,000.00	127,000.00	9,000.00	Increased to adjust for prior FY revenues
<b>TOTAL NON-OPERATING REVENUE</b>		<b>\$127,149.00</b>	<b>\$118,035.00</b>	<b>\$127,035.00</b>	<b>\$9,000.00</b>	
<b>TOTAL OPERATING &amp; NON-OPERATING REVENUE</b>		<b>\$3,262,548.00</b>	<b>\$3,264,635.00</b>	<b>\$3,415,335.00</b>	<b>\$150,700.00</b>	

## Operating Expense

		2023-2024 ACTUAL UNAUDITED	2023-2024 BUDGET	2024-2025 BUDGET	DIFFERENCE	EXPLANATION
<b>60010 PROFESSIONAL FEES</b>						
60011	General Counsel-Legal	\$11,951.00	\$22,737.00	\$24,000.00	\$1,263.00	Increased to adjust for projected costs
60012	Auditor Fees	21,300.00	21,300.00	26,000.00	4,700.00	Increased to adjust for projected costs
60013	Engineering Services	62,250.00	115,000.00	85,000.00	-30,000.00	Includes 60K for engineering and 25K Water Use Efficiency Objectives and Water Loss Standards
60015	Other Professional Fees	0.00	0.00	0.00	0.00	
<b>TOTAL PROFESSIONAL FEES</b>		<b>95,501.00</b>	<b>159,037.00</b>	<b>135,000.00</b>	<b>-24,037.00</b>	
<b>60100 PERSONNEL SERVICES</b>						
<b>60110 Salaries &amp; Wages</b>						
60111	Salary - General Manager	130,177.00	130,200.00	134,179.00	3,979.00	Increased to adjust for projected costs per contract
60112	Staff Regular Wages	686,755.00	686,800.00	723,167.00	36,367.00	Increased to adjust per MOU; COLA 3.0% Assumed
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	6,298.00	11,000.00	11,000.00	0.00	
	<b>Total Salaries &amp; Wages</b>	<b>841,430.00</b>	<b>846,250.00</b>	<b>886,596.00</b>	<b>40,346.00</b>	
<b>60150 Employee Benefits &amp; Expense</b>						
60151	PERS Retirement	124,286.00	126,177.00	152,028.00	25,851.00	Increased to adjust for projected costs
60152	Workers Compensation	6,509.00	8,293.00	8,293.00	0.00	
60153	Medical & Benefit Insurance	198,163.00	212,431.00	239,340.00	26,909.00	MOU Settlement Agreement
60154	Retirees Insurance	34,133.00	36,200.00	36,200.00	0.00	
60155	Staff Training	790.00	3,975.00	5,000.00	1,025.00	Increased to adjust for projected costs
60157	Uniforms	7,534.00	7,550.00	7,770.00	220.00	Increased to adjust for projected costs
60158	Payroll Taxes	65,362.00	66,230.00	69,649.00	3,419.00	Increased to adjust for projected costs

			<b>2023-2024 ACTUAL UNAUDITED</b>	<b>2023-2024 BUDGET</b>	<b>2024-2025 BUDGET</b>	<b>DIFFERENCE</b>	<b>EXPLANATION</b>
	60159	Payroll Services	1,621.00	1,625.00	1,860.00	235.00	Increased to adjust for projected costs
	60160	457 Employer Contribution	18,791.00	19,100.00	20,300.00	1,200.00	Increased to adjust for MOU & GM Contract
		<b>Total Employee Benefits &amp; Expense</b>	<b>457,189.00</b>	<b>481,581.00</b>	<b>540,440.00</b>	<b>58,859.00</b>	
		<b>TOTAL PERSONNEL SERVICES</b>	<b>\$1,298,619.00</b>	<b>\$1,327,831.00</b>	<b>\$1,427,036.00</b>	<b>\$99,205.00</b>	
		<b>60200 ADMINISTRATION</b>					
	60205	Bank and Merchant Fees	1,760.00	1,850.00	1,850.00	0.00	
	60207	Board Meeting Expense	8,550.00	13,900.00	13,900.00	0.00	
		<b>60210 Building Expenses</b>					
	60211	Office Utilities	6,601.00	7,261.00	7,500.00	239.00	Increased to adjust for projected costs
	60212	Janitorial	2,340.00	2,340.00	2,340.00	0.00	
	60213	Maintenance	3,709.00	4,000.00	4,500.00	500.00	Increased to adjust for projected costs
	60214	Security	369.00	400.00	500.00	100.00	Increased to adjust for projected costs
		<b>Total Building Expenses</b>	<b>13,019.00</b>	<b>14,001.00</b>	<b>14,840.00</b>	<b>839.00</b>	
		<b>60220 Computer &amp; Equipment Maint.</b>					
	60221	Computer Systems	26,550.00	32,000.00	40,000.00	8,000.00	Increased to adjust for projected costs
	60222	Office Equipment	742.00	875.00	875.00	0.00	
		<b>Total Computer &amp; Equipment Maint.</b>	<b>27,292.00</b>	<b>32,875.00</b>	<b>40,875.00</b>	<b>8,000.00</b>	
	60230	Office Expense	7,096.00	7,500.00	8,000.00	500.00	Increased to adjust for projected costs
	60240	Postage and Delivery	21,426.00	21,450.00	23,500.00	2,050.00	Increased to adjust for projected costs
	60250	Printing	8,038.00	8,500.00	11,500.00	3,000.00	Increased to adjust for projected costs
	60255	Meetings & Conferences	50.00	100.00	100.00	0.00	
	60260	Publishing	712.00	1,050.00	1,500.00	450.00	Increased to adjust for projected costs
	60270	Telephone & Internet	3,024.00	4,250.00	4,750.00	500.00	Increased to adjust for projected costs
		<b>60430 Insurance</b>					
	60431	General Liability	31,848.00	31,903.00	36,100.00	4,197.00	Increased to adjust for projected costs
	60432	Property	14,702.00	14,702.00	17,102.00	2,400.00	Increased to adjust for projected costs
		<b>Total Insurance</b>	<b>46,550.00</b>	<b>46,605.00</b>	<b>53,202.00</b>	<b>6,597.00</b>	



		2023-2024 ACTUAL UNAUDITED	2023-2024 BUDGET	2024-2025 BUDGET	DIFFERENCE	EXPLANATION
<b>60500 Water Memberships</b>						
60503	SGA	30,926.00	30,926.00	32,787.00	1,861.00	Increase per published rate
60504	ACWA	11,140.00	11,697.00	11,697.00	0.00	
60507	CRWA	1,507.00	1,507.00	1,582.00	75.00	Increase includes 5% annual increase
	<b>Total Water Memberships</b>	<b>43,573.00</b>	<b>44,130.00</b>	<b>46,066.00</b>	<b>1,936.00</b>	
60550	Permits & Fees	46,962.00	55,000.00	55,000.00	0.00	
60555	Subscriptions & Licensing	1,604.00	2,120.00	2,120.00	0.00	
60560	Elections	0.00	0.00	6,000.00	6,000.00	Increased to adjust for election year
60565	Uncollectable Accounts	5,113.00	5,113.00	5,500.00	387.00	Increased to adjust for projected costs
60570	Other Operating Expenditures	0.00	500.00	500.00	0.00	
	<b>TOTAL ADMINISTRATION</b>	<b>\$234,769.00</b>	<b>\$258,944.00</b>	<b>\$289,203.00</b>	<b>\$30,259.00</b>	
<b>64000 CONSERVATION</b>						
64001	Community Outreach	334.00	500.00	500.00	0.00	
64005	Other Conservation Programs	0.00	0.00	0.00	0.00	
	<b>TOTAL CONSERVATION</b>	<b>334.00</b>	<b>500.00</b>	<b>500.00</b>	<b>0.00</b>	
<b>65000 FIELD OPERATIONS</b>						
<b>65100 Other Field Operations</b>						
65110	Backflow Testing	1,265.00	3,000.00	3,000.00	0.00	
65120	Construction Equipment Maint.	10,041.00	10,100.00	10,500.00	400.00	Increased to adjust for projected costs
65130	Field Communication	2,803.00	3,400.00	3,400.00	0.00	
65140	Field IT	28,771.00	35,000.00	35,000.00	0.00	
65150	Laboratory Services	43,337.00	43,337.00	45,000.00	1,663.00	Increased to adjust for EPA Monitoring PFOA's
65160	Safety Equipment	3,393.00	6,000.00	6,000.00	0.00	
65170	Shop Supplies	7,090.00	8,000.00	8,000.00	0.00	
	<b>Total Other Field Operations</b>	<b>96,700.00</b>	<b>108,837.00</b>	<b>110,900.00</b>	<b>2,063.00</b>	
	<b>65200 Treatment</b>	30,288.00	35,000.00	35,000.00	0.00	
<b>65300 Pumping</b>						
65310	Maintenance	20,414.00	25,000.00	25,000.00	0.00	
65320	Electricity and Fuel	249,902.00	260,000.00	260,000.00	0.00	
	<b>Total Pumping</b>	<b>270,316.00</b>	<b>285,000.00</b>	<b>285,000.00</b>	<b>0.00</b>	

	<b>65400 Transmission &amp; Distribution</b>						
	65410	Distribution Supplies	42,112.00	50,000.00	50,000.00	0.00	
	65430	Tank Maintenance	0.00	6,500.00	6,500.00	0.00	
	65440	Contract Repairs	59,282.00	70,000.00	70,000.00	0.00	
	65450	Valve Replacements	0.00	11,900.00	15,000.00	3,100.00	Increased to adjust for projected costs
	65460	Paving Repairs	0.00	8,563.00	30,000.00	21,437.00	Increased to adjust for projected costs
		<b>Total Transmission &amp; Distribution</b>	<b>101,394.00</b>	<b>146,963.00</b>	<b>171,500.00</b>	<b>24,537.00</b>	
	<b>67000 Transportation</b>						
	67001	Fuel	16,090.00	18,000.00	18,000.00	0.00	
	67002	Maintenance	8,075.00	8,100.00	9,000.00	900.00	Increased to adjust for projected costs
		<b>Total Transportation</b>	<b>24,165.00</b>	<b>26,100.00</b>	<b>27,000.00</b>	<b>900.00</b>	
	<b>TOTAL FIELD OPERATIONS</b>		<b>\$522,863.00</b>	<b>\$601,900.00</b>	<b>\$629,400.00</b>	<b>\$27,500.00</b>	
	<b>TOTAL OPERATING EXPENSE</b>		<b>\$2,152,086.00</b>	<b>\$2,348,212.00</b>	<b>\$2,481,139.00</b>	<b>\$132,927.00</b>	

## Non-Operating Expense

		2023-2024 ACTUAL UNAUDITED	2023-2024 BUDGET	2024-2025 BUDGET	DIFFERENCE	EXPLANATION
	<b>69010 Debt Service</b>					
	<b>69100 Revenue Bond 2015: Term 11/1/2031</b>					
	69105 Revenue Bond 2015-Principle	156,908.00	156,908.00	162,415.00	5,507.00	Per Loan Payment Schedule
	69120 Interest	43,278.00	44,087.00	39,343.00	-4,744.00	Per Loan Payment Schedule
	<b>Total Revenue Bond 2015</b>	<b>200,186.00</b>	<b>200,995.00</b>	<b>201,758.00</b>	<b>763.00</b>	
	<b>69125 AMI Meter Loan: Paid Off</b>					
	69130 Principle	139,727.00	139,741.00	0.00	-139,741.00	Loan paid off
	69135 Interest	3,947.00	3,972.00	0.00	-3,972.00	Loan paid off
	<b>Total AMI Meter Loan</b>	<b>143,674.00</b>	<b>143,713.00</b>	<b>0.00</b>	<b>-143,713.00</b>	
	<b>69200 PERS ADP Loan: Term 6/1/2036</b>					
	69205 Principle	30,000.00	30,000.00	30,000.00	0.00	Per Loan Payment Schedule
	69210 Interest	1,628.00	1,628.00	1,517.00	-111.00	Per Loan Payment Schedule
	<b>Total PERS ADP Loan</b>	<b>31,628.00</b>	<b>31,628.00</b>	<b>31,517.00</b>	<b>- 111.00</b>	
	69400 Other Non-Operating Expense	1,430.00	2,300.00	2,300.00	0.00	
	<b>TOTAL NON-OPERATING EXPENSE</b>	<b>\$376,918.00</b>	<b>\$378,636.00</b>	<b>\$235,575.00</b>	<b>-\$143,061.00</b>	
	<b>TOTAL OPERATING &amp; NON-OPERATING EXPENSE</b>	<b>\$2,529,004.00</b>	<b>\$2,726,848.00</b>	<b>\$2,716,714.00</b>	<b>-\$10,134.00</b>	
	<b>NET REVENUE (Revenue-Expense)</b>	<b>\$733,544.00</b>	<b>\$537,787.00</b>	<b>\$698,621.00</b>	<b>\$160,834.00</b>	

## Summary Net Revenue

TOTAL OPERATING & NON-OPERATING REVENUE	\$3,262,548.00	\$3,264,635.00	\$3,415,335.00	\$150,700.00
TOTAL OPERATING & NON-OPERATING EXPENSE	\$2,529,004.00	\$2,726,848.00	\$2,716,714.00	-\$10,134.00
<b>NET REVENUE (Revenue-Expense)</b>	<b>\$733,544.00</b>	<b>\$537,787.00</b>	<b>\$698,621.00</b>	<b>\$160,834.00</b>

## Fund Balances

		<b>2023-2024 BUDGET</b>	<b>2024-2025 BUDGET</b>
<b>OPERATING FUND BALANCE</b>			
<b>Operating Account Balance June 30</b>		\$1,495,448.00	\$1,617,192.00
	Net Revenue	733,544.00	698,621.00
	Transfer to GL 10010 Operating Reserve	0.00	-2,500.00
	Transfer to Future Projects	0.00	-419,732.00
	Transfer to Capital Improvement Funds	-611,800.00	-630,200.00
<b>Estimated Operating Fund Balance June 30</b>		<b>\$1,617,192.00</b>	<b>\$1,263,381.00</b>
<b>SURCHARGE 1 FUND BALANCE/Term: 06/30/2030</b>			
<b>Surcharge 1 Fund Balance June 30</b>		\$864,348.00	\$934,073.00
	43010 Surcharge Revenue	532,380.00	534,090.00
	41110 Investment Revenue	1,000.00	1,000.00
	69155 SRF Principle	-389,231.00	-399,301.00
	69160 Interest	-72,124.00	-62,054.00
	69220 SRF Administration	-2,300.00	-2,300.00
<b>Estimated Surcharge 1 Fund Balance June 30</b>		<b>\$934,073.00</b>	<b>\$1,005,508.00</b>
<b>SURCHARGE 2 FUND BALANCE/Term: 04/01/2033</b>			
<b>Surcharge 2 Fund Balance June 30</b>		\$409,738.00	\$538,261.00
	43050 Surcharge 2 Revenue	442,716.00	444,138.00
	41110 Investment Revenue	100.00	100.00
	69180 Principle	-240,000.00	-240,000.00
	69185 Interest	-74,293.00	-66,339.00
<b>Estimated Surcharge 2 Fund Balance June 30</b>		<b>\$538,261.00</b>	<b>\$676,160.00</b>
<b>LAIF FUND (CAPACITY FEES) BALANCE</b>			
<b>LAIF Fund Balance June 30</b>		<b>\$813,182.00</b>	<b>\$939,074.00</b>
	44100 Capacity Fee Revenue	94,000.00	50,000.00
	41110 Investment Revenue	31,892.00	40,000.00
<b>Estimated LAIF Fund Balance June 30</b>		<b>\$939,074.00</b>	<b>\$1,029,074.00</b>

## CAPITAL BUDGET

Capital Expenditures are funds expended for Capital Improvement Projects (CIP). These projects include the purchase, construction, addition, or replacement of District facilities, infrastructure, and equipment. They are capitalized upon completion and depreciated based on the type of asset and its useful life. Capital expenditures are typically funded on a pay-as-you-go basis, through rate revenue.

### Capital Budget by Project

Description	2023 Budget	Carry-over from 2023 to 2024	Additional in	
			Adopted Budget 2024	Total Budget 2024
Raising/Lowering Valve Covers	\$ 40,000.00	\$ 40,000.00	\$ -	\$ 40,000.00
Well 15 Cr6 Treatment	\$ 75,000.00	\$ 70,000.00	\$ 101,000.00	\$ 171,000.00
Server Replacement	\$ 24,000.00	\$ 9,500.00	\$ -	\$ 9,500.00
<b>Total Continued Ongoing Projects</b>	<b>\$ 139,000.00</b>	<b>\$ 110,000.00</b>	<b>\$ 101,000.00</b>	<b>\$ 220,500.00</b>
Annual Miscellaneous Pump Replacements			\$ 30,000.00	\$ 30,000.00
Annual Small Meter Replacements			\$ 120,000.00	\$ 120,000.00
Annual Large Meter Replacements			\$ 5,000.00	\$ 5,000.00
Annual Pipeline Replacement			\$ 270,650.00	\$ 270,650.00
<b>Total New Annual Projects</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 425,650.00</b>	<b>\$ 425,650.00</b>
Field Truck Replacement			\$ 40,000.00	\$ 40,000.00
<b>Total New Projects</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 40,000.00</b>	<b>\$ 40,000.00</b>
<b>Total FY 2024-25</b>	<b>\$ -</b>	<b>\$ 110,000.00</b>	<b>\$ 566,650.00</b>	<b>\$ 686,150.00</b>
Beginning Funds Balance				\$3,140,305.00
Inflows				1,131,534.00
Outflows				<u>(686,150.00)</u>
Ending Funds Balance				<u>\$3,585,689.00</u>

## Capital Budget Technical Memorandum

The Technical Memorandum (TM) provides the budget descriptions for the proposed 2024/2025 Rio Linda/Elverta Water District's (District) Capital Budget. The following are a list of the budget items along with their descriptions:

### **Raising/Lowering Valve Covers**

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

### **Well 15 Cr6 Treatment**

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 Municipal loan proceeds.

### **Server Replacement**

District upgrades to the server that has been carried over to the current fiscal year for completion.

### **Miscellaneous Pump Replacements**

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

### **Small and Large Meter Replacements**

To replace water meters due to age.

### **Pipeline Replacement**

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

## 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. It is the District's policy to capitalize all capital assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year.

**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

**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