



Operating and Capital Budget

2026-2027

Budget prepared by
Felix M. Felix, Interim General Manager, District Staff, and District Engineer

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Executive Summary

August 24, 2026

Board of Directors

Rio Linda Elverta Community Water District

I hereby submit the Rio Linda/Elverta Community Water District's Fiscal Year 2026–2027 Operating and Capital Budget. The budget document provides detailed information regarding the District's anticipated revenues, operating expenditures, debt obligations, and capital improvement needs for the upcoming fiscal year. The budget also addresses the principal financial considerations, operational priorities, and major decisions used in developing the District's financial plan.

The District's overall operation is achieved, in part, by regularly reviewing its goals, regulatory and compliance mandates, infrastructure needs, and the resources necessary to accomplish its mission. These considerations, together with continued increases in the cost of providing water service, are evaluated throughout the budget development process. The resulting budget provides a framework for prioritizing the District's operational activities, staffing needs, infrastructure maintenance, capital improvements, and financial resources.

Monitoring the budget and responding to anticipated and unanticipated events is a continuous process. The District maintains a proactive approach by regularly reviewing budget performance and adjusting when necessary. The District's budget adoption policy provides for minor budget revisions by the General Manager when the overall level of authorized spending is not increased. This flexibility allows staff to reallocate available funding from relatively overfunded line items to underfunded line items while maintaining the Board-approved overall expenditure level.

Operating Revenue and Water Rates

Water service rate revenue for Fiscal Year 2026–2027 remains unchanged because the District does not currently have new water rates in place. The District's previous water rate study was adopted in October 2020 and established rates for five fiscal years through Fiscal Year 2025–2026. The District has initiated a Request for Proposals for a qualified water rate consultant to complete a new water rate study.

The District's water service fees and other water service fees also remain substantially unchanged and are based on the prior fiscal year's budget. Property tax revenue is estimated to increase by approximately \$10,000 based on current fiscal year revenue. Total revenue for Fiscal Year 2026–2027 is projected at approximately \$3.555 million.

The District recognizes that, without updated water rates, future revenue may not be sufficient to meet the District's long-term financial obligations and the increasing costs associated with operating, maintaining, and improving the water system. Completion of the water rate study will provide the District with the information necessary to evaluate future revenue requirements and maintain the financial resources needed to continue providing reliable water service to its ratepayers.

Operating Expenses

Total operating expenses are projected to increase due to continuing inflationary pressures, rising costs for professional services, insurance, administration, energy, infrastructure maintenance, and other essential operational requirements.

Professional fees are projected to increase primarily because of the continued need for legal services associated with ongoing litigation, the use of an Interim General Manager, and the cost of completing a new water rate study. The budget includes approximately \$350,000 for general counsel and legal services, \$160,000 for the Interim General Manager contract, and \$60,000 for water rate consulting services.

Personnel services are projected to decrease from the prior year budget because the District does not currently have a permanent General Manager. Funding previously budgeted for the General Manager position has been reallocated to professional services to support the Interim General Manager contract. The budget continues to provide funding for regular staff wages, employee benefits, retirement obligations, training, and other personnel-related expenses necessary to maintain District operations.

Administrative expenses are projected to increase because of rising costs and the anticipated expenses associated with an election year. The budget also reflects increases in general liability and property insurance, water association memberships, office expenses, and other administrative requirements.

Field operations are projected to increase to address rising operational costs and the continuing need to maintain the District's aging infrastructure and assets. Increased funding is included for backflow testing, construction equipment maintenance, safety equipment, shop supplies, pumping electricity and fuel, distribution supplies, valve replacements, paving repairs, and transportation-related expenses. These expenditures are necessary to maintain the reliability, safety, and operational condition of the District's water production and distribution systems.

The Fiscal Year 2026–2027 budget projects total operating expenses of approximately \$3.263 million. Including non-operating expenses and debt service, total District expenses are projected at approximately \$3.505 million. The District anticipates net income of approximately \$49,878, representing a decrease of approximately \$155,645 from the prior-year budget. The reduction is primarily attributable to the absence of water rate increases to offset inflation and the continued increase in the cost of operating and maintaining the District.

Regulatory Compliance and Hexavalent Chromium Treatment

The State Water Resources Control Board's re-establishment of the Hexavalent Chromium (Cr6) Maximum Contaminant Level continues to have a significant effect on the District's operating and capital planning. The District must continue evaluating and implementing treatment solutions necessary to maintain regulatory compliance and provide safe, reliable drinking water.

The Fiscal Year 2026–2027 Capital Budget includes continued funding for the Well 15 Cr6 Treatment Design and California Environmental Quality Act compliance. The budget also includes substantial funding for the construction and implementation of Cr6 treatment facilities at Well 15, Well 10, and Well 2A. These projects include anticipated costs associated with design, environmental compliance, bidding, construction, construction management, permitting, inspection, and related project requirements.

The District will continue to monitor available grant, loan, and other funding opportunities that may assist with the costs of Cr6 treatment and other regulatory compliance projects. Because the cost of treatment facilities and related construction may change as projects advance, the District will continue to evaluate project estimates and funding requirements throughout the budget cycle.

Capital Improvement Program

The District's capital improvement program is intended to provide a planned and transparent approach to maintaining, rehabilitating, and replacing essential infrastructure and equipment. Because capital improvement needs are directly connected to the District's long-term operational and financial capacity, the operating and capital budgets must be evaluated together.

The Fiscal Year 2026–2027 Capital Budget includes total capital expenditures of \$8,781,454.00. These investments support continued regulatory compliance, water quality improvements, infrastructure replacement, equipment needs, and the long-term reliability and sustainability of the District's water system.

The Fiscal Year 2026–2027 Capital Budget includes continued funding for the Well 15 Cr6 Treatment Design and CEQA project, replacement of the District office roof, and replacement of the aging vacuum trailer. The office roof has experienced recurring leaks, and prior temporary repairs have not provided a long-term solution. The vacuum trailer replacement remains necessary because of the age and declining condition of the existing equipment.

The budget also establishes or continues annual infrastructure replacement programs, including annual hydrant replacements for hydrants that are no longer operational or cannot be repaired because replacement parts are unavailable; annual miscellaneous pump and motor replacements; annual water meter replacements for aging or non-operational meters; and annual pipeline replacement projects.

Additional capital funding is included for the replacement of aging maintenance equipment and tools, as well as the replacement of a District truck. These investments are intended to support efficient field operations, reduce the risk of equipment failures, and maintain the District's ability to respond to operational and maintenance needs.

The capital program also includes the District's major water treatment investments for the Well 15, Well 10, and Well 2A Cr6 treatment facilities. These projects represent a significant long-term commitment to regulatory compliance, water quality, and the continued reliability of the District's groundwater supply.

Financial Management and Long-Term Planning

The District continues to improve its financial planning and budget development practices by identifying future obligations earlier, evaluating the full cost of maintaining District assets, and incorporating long-term infrastructure needs into the budget process. The District will continue to review its financial policies, investment practices, debt obligations, reserve requirements, and capital funding strategies to support long-term fiscal sustainability.

The District also continues to use cost-control and cost-avoidance strategies whenever practical. These efforts include the use of cooperative and Joint Powers purchasing agreements available to public agencies, evaluation of equipment purchases that may reduce long-term costs, efficient use

of District resources, and the use of outside professional services when outsourcing provides an operational or financial benefit.

The District's budget will continue to be monitored throughout the fiscal year. Staff will provide the Board with financial information and budget updates and will recommend adjustments when necessary to respond to changing conditions, unexpected operational needs, regulatory requirements, or changes in project costs.

Conclusion

In summary, the Fiscal Year 2026–2027 Operating and Capital Budget reflects the Board of Directors' priorities and provides a financial framework for maintaining reliable water service, meeting regulatory obligations, addressing aging infrastructure, and advancing critical water treatment and capital improvement projects.

The budget recognizes the financial challenges created by rising operating costs and the absence of updated water rates while continuing to support essential District operations and long-term infrastructure investments. Completion of the new water rate study will be an important component of the District's future financial planning and its ability to meet ongoing and future obligations.

The District remains committed to responsible financial management, transparency, cost control, and long-term planning. Continued progress will depend on the coordinated efforts of the Board of Directors, District staff, legal counsel, engineers, financial professionals, consultants, and other partners working toward the shared goal of providing safe, reliable, and sustainable water service to the District's customers.

In Service,

Felix M. Felix

Felix M. Felix
Interim General Manager
RLECWD

Introduction

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.

Fund Structure

The District's resources are allocated to and accounted for in basic financial statements as an enterprise fund type of the proprietary fund group.

The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies.

Net position for the enterprise fund represents the amount available for future operations.

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 an accrual 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.

Budget Policy

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 to 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 de-emphasize 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

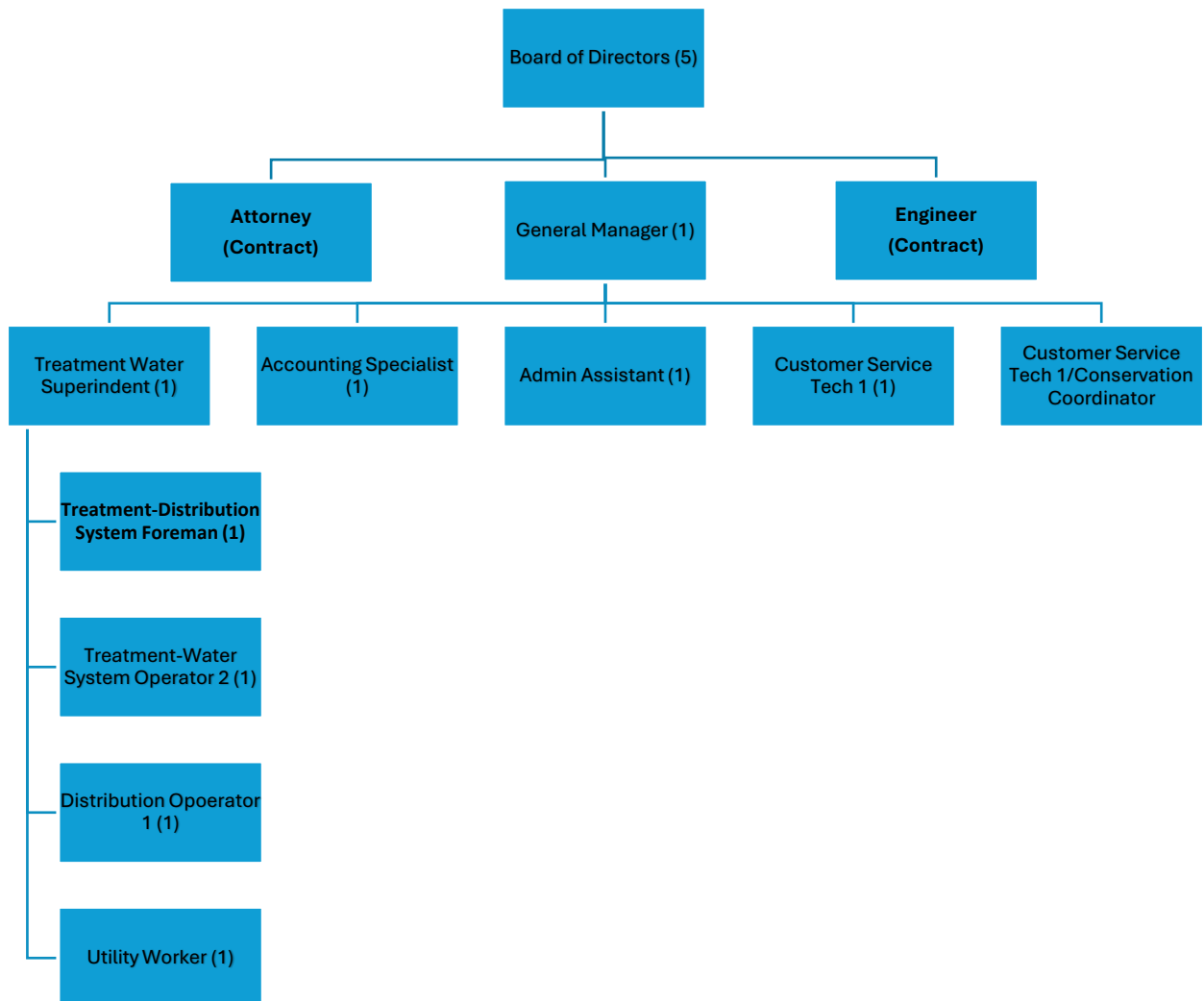
Board of Directors

Anthony Cline, Director
Jason A. Green, Director
Chris Gifford, Director
Maria Liverett, Director
Vicky Young, Director

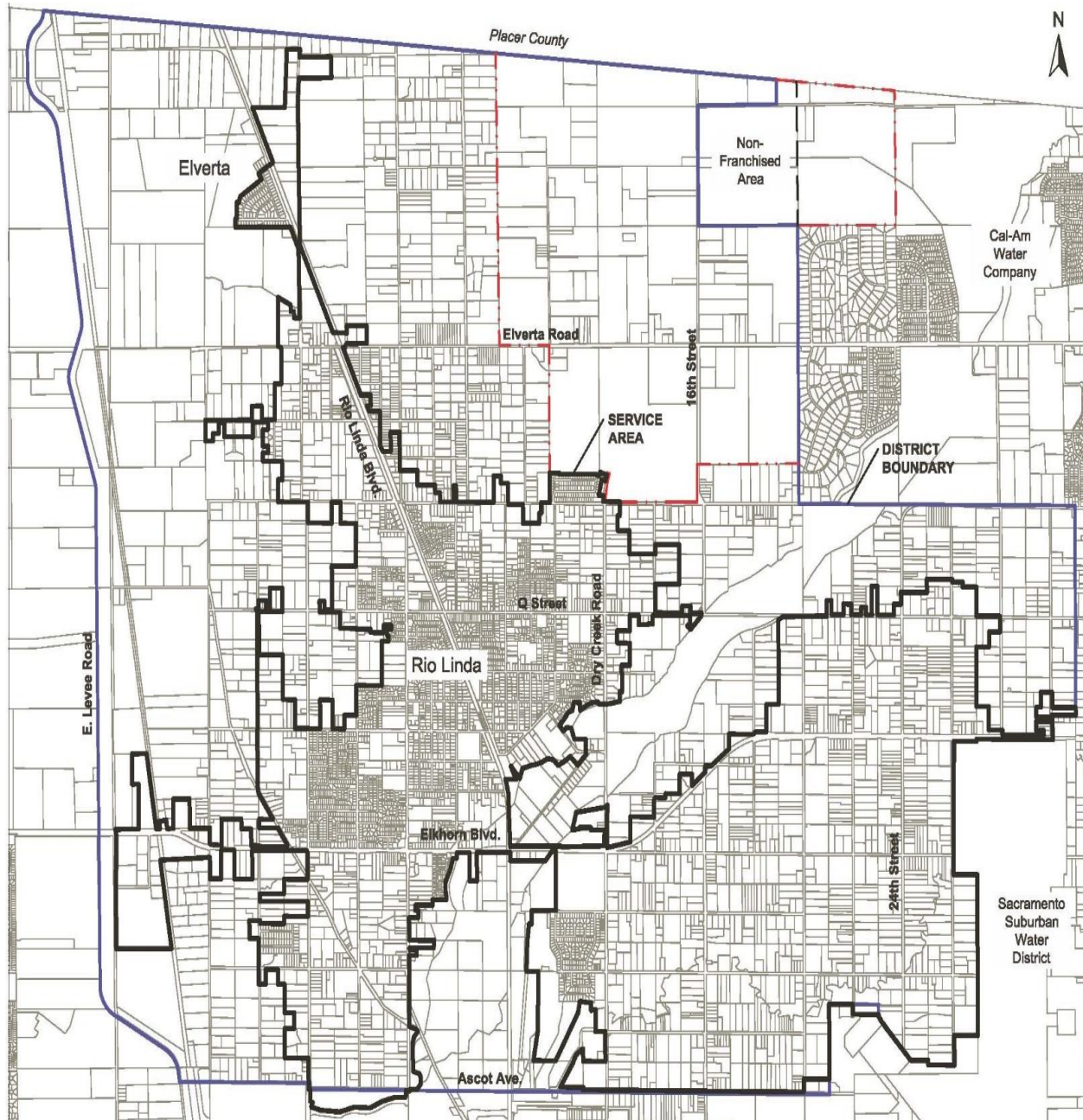
Appointed Official

Felix M. Felix, Secretary/General Manager

Organizational Structure



Service Area



Operating Budget Overview

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 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 - 2025-2026 BUDGET – The prior fiscal year budget.

COLUMN 3 - 2026-2027 BUDGET – The new fiscal year budget.

COLUMN 4 - DIFFERENCE – The calculated total taking Column 3 less Column 2.

Revenue

Water Service Rates

Remains unchanged at \$3.308 million. The District's last water rate study was adopted in October 2020 for a total of five fiscal years ending fiscal year 25-26. The District is currently conducting an RFP process for a new water rate consultant.

Without new water rates the District will be unable to meet its future financial obligations.

Water Service Fees and Other Water Service Fees

Remains unchanged and is based on the prior fiscal year.

Non-Operating Revenue

Property Tax revenue has been estimated to increase by \$10,000 based on the current Fiscal Year's total revenue.

Total Operating Revenue

Total Operating Revenue is estimated at \$3.555 million with an increase of 0.28% from Property Tax Revenues. Once the District completes a water rate study, the District will be able to increase revenue to meet its future financial obligations to serve the rate payers.

		2025-2026 ACTUAL JULY 25-JUN 26	2025-2026 BUDGET	2026-2027 BUDGET	DIFFERENCE
REVENUE					
40000 OPERATING REVENUE					
40100 Water Service Rates					
40101	Basic Service Charge	1,252,894.00	1,248,294.00	1,248,294.00	0.00
40102	Usage Charge	1,888,768.00	2,001,237.00	2,001,237.00	0.00
40105	Backflow Charge	33,050.00	32,300.00	32,300.00	0.00
40106	Fire Prevention	30,182.00	26,600.00	26,600.00	0.00
	Total Water Service Rates	3,204,894.00	3,308,431.00	3,308,431.00	0.00
40200 Water Service Fees					
40201	Application Fees	4,368.00	6,500.00	6,500.00	0.00
40202	Delinquency	69,402.00	70,000.00	70,000.00	0.00
40209	Misc. Charges	8,542.00	7,000.00	7,000.00	0.00
	Total Water Services	82,312.00	83,500.00	83,500.00	0.00
40300 Other Water Service Fees					
40301	New Construction QC	3,000.00	5,000.00	5,000.00	0.00
40302	Service Connection Fees	28,621.00	5,000.00	5,000.00	0.00
40304	Other Operating Revenue	3,246.00	6,000.00	6,000.00	0.00
	Total Other Water Service Fees	34,867.00	16,000.00	16,000.00	0.00
	TOTAL OPERATING REVENUE	3,322,073.00	3,407,931.00	3,407,931.00	0.00
41000 NON-OPERATING REVENUES					
41110	Investment Revenue	41.00	35.00	35.00	0.00
41120	Property Taxes & Assessments	141,486.00	137,000.00	147,000.00	10,000.00
	TOTAL NON-OPERATING REVENUE	141,527.00	137,035.00	147,035.00	10,000.00
	TOTAL REVENUE	\$3,463,600.00	\$3,544,966.00	\$3,554,966.00	10,000.00

Operating Expense

Professional Fees

The category includes general counsel/legal, auditor, engineering, and other professional fees.

General Counsel fees – Legal

The District anticipates legal fees will be \$350,000 due to ongoing litigation, a decrease of \$12,345.

Auditor Fees

Increased by \$5,300 to adjust for the financial auditor and full GASB 75 valuation.

Engineering

The budget is anticipated at \$84,000, that includes \$60,000 for the Engineering contract, \$20,000 for the Urban Water Use Objective (UWUO) and Water Loss Audit annual reports, and \$4000 for the Consumer Confidence Report.

Other Professional Fees

The District is budgeting a total of \$220,000 that includes an Interim GM contract at \$160,000 and \$60,000 for the Rate Consultant.

Personnel Services

The District is projecting \$201,238 less than the prior year. A \$169,063 reduction is a result from not having a permanent General Manager. The money has been allocated to Other Professional Fees for the Interim General Manager contract.

Administration

The District anticipates an increase exceeding \$64,862 due to rising costs that includes \$18,000 projected for an Election year.

Field Operations

The District anticipates an additional \$119,184 more in expenditures to keep up with rising costs and maintaining aging infrastructure and assets.

Total Operating Expense

Total operating expenses are projected at \$3.263 million with an increase of \$161,859 from 2025-26 budget year.

Net Income

The District estimates net income to be \$49,878, a decrease of \$155,645 from the previous year due to no rate increases to offset inflation and rising costs to operate the District.

		2025-2026 ACTUAL JULY 25-JUN 26	2025-2026 BUDGET	2026-2027 BUDGET	DIFFERENCE
OPERATING EXPENSE					
60010 PROFESSIONAL FEES					
60011	General Counsel fees-Legal	\$362,344.00	\$362,345.00	\$350,000.00	(\$12,345.00)
60012	Auditor Fees	23,300.00	23,300.00	28,600.00	5,300.00
60013	Engineering Services	91,090.00	91,090.00	84,000.00	(7,090.00)
60015	Other Professional Fees	26,813.00	26,814.00	220,000.00	193,186.00
TOTAL PROFESSIONAL FEES		503,547.00	503,549.00	682,600.00	179,051.00
60100 PERSONNEL SERVICES					
60110 Salaries & Wages					
60111	Salary - General Manager	169,063.00	169,063.00	0.00	(169,063.00)
60112	Staff Regular Wages	694,106.00	765,562.00	743,600.00	(21,962.00)
60114	Staff Standby Pay	20,600.00	20,800.00	20,800.00	0.00
60115	Staff Overtime Pay	7,570.00	7,600.00	12,000.00	4,400.00
Total Salaries & Wages		891,339.00	963,025.00	776,400.00	(186,625.00)
60150 Employee Benefits and Expenses					
60151	PERS Retirement	163,835.00	175,946.00	167,020.00	(8,926.00)
60152	Workers Compensation	11,737.00	14,000.00	14,000.00	0.00
60153	Medical & Benefit Insurance	213,312.00	249,240.00	255,776.00	6,536.00
60154	Retirees Insurance	5,280.00	5,280.00	6,300.00	1,020.00
60155	Staff Training	3,555.00	3,555.00	5,000.00	1,445.00
60157	Uniforms	8,846.00	8,847.00	10,000.00	1,153.00
60158	Payroll Taxes	73,267.00	73,268.00	60,040.00	(13,228.00)
60159	Payroll Services	713.00	713.00	2,000.00	1,287.00
60160	457 Employer Contribution	20,861.00	21,125.00	17,225.00	(3,900.00)
Total Employee Benefits and Expenses		501,406.00	551,974.00	537,361.00	(14,613.00)
TOTAL PERSONNEL SERVICES		\$1,392,745.00	\$1,514,999.00	\$1,313,761.00	(\$201,238.00)

		2025-2026 ACTUAL JULY 25-JUN 26	2025-2026 BUDGET	2026-2027 BUDGET	DIFFERENCE
60200 ADMINISTRATION					
60205	Bank and Merchant Fees	\$1,320.00	1,850.00	\$1,850.00	\$0.00
60207	Board Member/Meeting Expense	7,770.00	7,770.00	13,900.00	6,130.00
60210	Building Expenses				
60211	Office Utilities	7,163.00	7,500.00	7,500.00	0.00
60212	Janitorial	2,340.00	2,340.00	2,340.00	0.00
60213	Maintenance	838.00	1,258.00	2,500.00	1,242.00
60214	Security	468.00	500.00	500.00	0.00
	Total Building Expenses	10,809.00	11,598.00	12,840.00	1,242.00
60220	Computer & Equipment Maint.				
60221	Computer Systems	32,313.00	32,500.00	40,000.00	7,500.00
60222	Office Equipment	1,533.00	1,534.00	1,345.00	(189.00)
	Total Computer & Equipment Maint.	33,846.00	34,034.00	41,345.00	7,311.00
60230	Office Expense	9,762.00	9,800.00	10,500.00	700.00
60240	Postage and Delivery	28,209.00	28,500.00	32,000.00	3,500.00
60250	Printing	12,556.00	12,560.00	15,000.00	2,440.00
60255	Meetings & Conferences	385.00	385.00	1,000.00	615.00
60260	Publishing	344.00	350.00	1,500.00	1,150.00
60270	Telephone & Internet	3,050.00	3,500.00	3,500.00	0.00
60430	Insurance				
60431	General Liability	37,836.00	37,837.00	43,500.00	5,663.00
60432	Property	19,440.00	19,450.00	22,000.00	2,550.00
	Total Insurance	57,276.00	57,287.00	65,500.00	8,213.00
60500	Water Memberships				
60502	Regional Water Authority	0.00	0.00	9,670.00	9,670.00
60503	SGA	35,503.00	35,503.00	37,278.00	1,775.00
60504	ACWA	13,465.00	13,465.00	14,138.00	673.00
60507	CRWA	1,662.00	1,662.00	1,745.00	83.00
	Total Water Memberships	50,630.00	50,630.00	62,831.00	12,201.00
60550	Permits & Fees	51,599.00	52,000.00	55,000.00	3,000.00
60555	Subscriptions & Licensing	1,600.00	2,120.00	2,120.00	0.00
60560	Elections	0.00	0.00	18,000.00	18,000.00
60565	Uncollectable Accounts	2,286.00	2,640.00	3,000.00	360.00
60570	Other Operating Expenditures	0.00	500.00	500.00	0.00
TOTAL ADMINISTRATION		\$271,442.00	\$275,524.00	\$340,386.00	\$64,862.00
64000 CONSERVATION					
64001	Community Outreach	0.00	500.00	500.00	0.00
TOTAL CONSERVATION		0.00	500.00	500.00	0.00

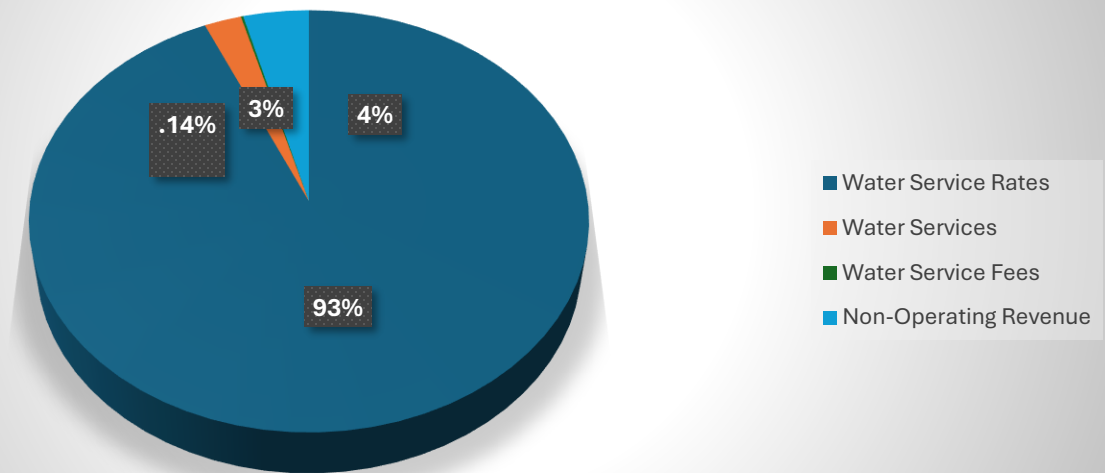
		2025-2026 ACTUAL JULY 25-JUN 26	2025-2026 BUDGET	2026-2027 BUDGET	DIFFERENCE
65000 FIELD OPERATIONS					
65100	Other Field Operations				
65110	Backflow Testing	\$11,551.00	31,600.00	\$35,000.00	\$3,400.00
65120	Construction Equipment Maintenance	21,498.00	21,500.00	21,500.00	0.00
65130	Field Communication	3,794.00	3,800.00	3,800.00	0.00
65140	Field IT	33,202.00	35,000.00	35,000.00	0.00
65150	Laboratory Services	28,661.00	51,900.00	35,000.00	(16,900.00)
65160	Safety Equipment	10,067.00	10,100.00	10,000.00	(100.00)
65170	Shop Supplies	8,044.00	8,100.00	10,000.00	1,900.00
	Total Other Field Operations	116,817.00	162,000.00	150,300.00	(11,700.00)
65200	Treatment	29,635.00	38,000.00	30,000.00	(8,000.00)
65300	Pumping				
65310	Maintenance	27,922.00	32,716.00	30,000.00	(2,716.00)
65320	Electricity and Fuel	276,471.00	260,000.00	285,000.00	25,000.00
	Total Pumping	304,393.00	292,716.00	315,000.00	22,284.00
65400	Transmission & Distribution				
65410	Distribution Supplies	57,105.00	71,000.00	65,000.00	(6,000.00)
65430	Tank Maintenance	1,000.00	1,000.00	1,000.00	0.00
65440	Contract Repairs	140,521.00	162,932.00	150,000.00	(12,932.00)
65450	Valve Replacements	0.00	0.00	60,000.00	60,000.00
65460	Paving Repairs	55,735.00	56,400.00	120,000.00	63,600.00
	Total Transmission & Distribution	254,361.00	291,332.00	396,000.00	104,668.00
65500	Transportation				
65510	Fuel	13,281.00	13,300.00	20,000.00	6,700.00
65520	Maintenance	9,768.00	9,768.00	15,000.00	5,232.00
	Total Transportation	23,049.00	23,068.00	35,000.00	11,932.00
TOTAL FIELD OPERATIONS		\$728,255.00	\$807,116.00	\$926,300.00	\$119,184.00
TOTAL OPERATING EXPENSES		\$2,896,209.00	\$3,101,688.00	\$3,263,547.00	\$161,859.00

		2025-2026 ACTUAL JULY 25-JUN 26	2025-2026 BUDGET	2026-2027 BUDGET	DIFFERENCE
NON-OPERATING EXPENSES					
69010 Debt Service					
69100	Revenue Bond 2015				
69105	Revenue Bond 2015-Principle	169,641.00	169,641.00	173,609.00	3,968.00
69120	Interest	34,408.00	34,408.00	29,337.00	(5,071.00)
	Total Revenue Bond 2015	204,049.00	204,049.00	202,946.00	(1,103.00)
69200	PERS ADP Loan				
69205	Principle	30,000.00	30,000.00	35,000.00	5,000.00
69210	Interest	1,406.00	1,406.00	1,295.00	(111.00)
	Total PERS ADP Loan	31,406.00	31,406.00	36,295.00	4,889.00
	69400 Other Non-Operating Expense	0.00	2,300.00	2,300.00	0.00
TOTAL NON-OPERATING EXPENSES		\$235,455.00	\$237,755.00	\$241,541.00	\$3,786.00
TOTAL EXPENSE		\$3,131,664.00	\$3,339,443.00	\$3,505,088.00	\$165,645.00
NET INCOME (Income-Expense)		\$331,936.00	\$205,523.00	\$49,878.00	(\$155,645.00)

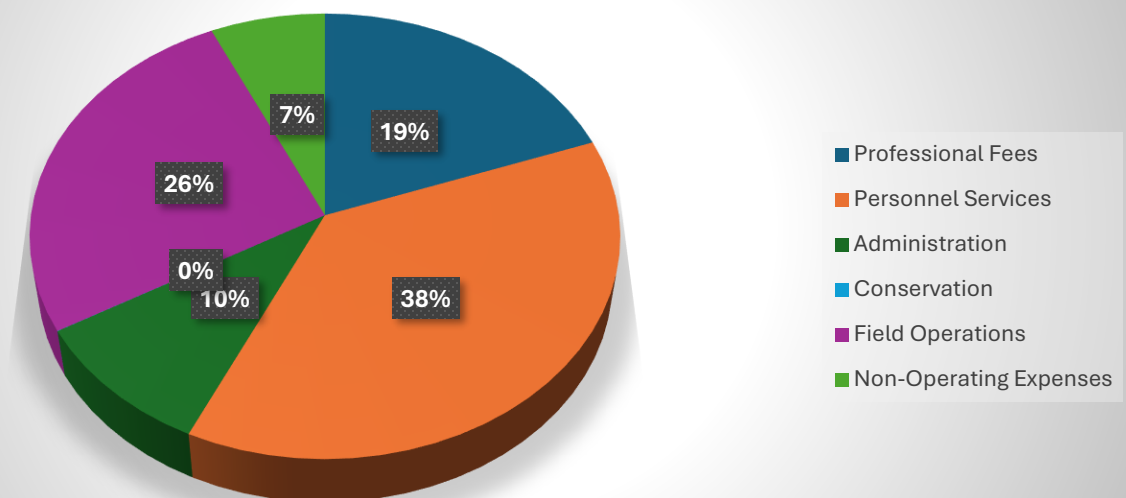
Revenue and Expenditure Summary

	2025-2026 ACTUAL JULY 25-JUN 26	2025-2026 BUDGET	2026-2027 BUDGET	DIFFERENCE
TOTAL OPERATING & NON-OPERATING INCOME	\$3,463,600.00	\$3,544,966.00	\$3,554,966.00	\$10,000.00
TOTAL OPERATING & NON-OPERATING EXPENSE	\$3,131,664.00	\$3,339,443.00	\$3,505,088.00	\$165,645.00
NET REVENUE (REVENUE-EXPENSE)	\$331,936.00	\$205,523.00	\$49,878.00	(\$155,645.00)

Revenue



Expenditures



Capital Improvement Budget Overview

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.

The following capital improvement budgets are as follows:

Continued Ongoing Projects

Well 15 Cr6 Treatment Design and CEQA

This item includes budget for preparation of design documents and California Environmental Quality Act compliance for a new SBA-IX Cr6 treatment facility at Well 15.

District Office Roof

To replace the District office roof. The office roof leaks, especially during heavy storms. For the past several years, in-house staff have temporarily repaired the leaks and damages.

The District did not replace the roof in the prior fiscal year and anticipates a minimum of \$40,000 to replace the office roof. We will be sending out for roofing contractor estimates. Upon receipt of estimates, we may need to adjust the current budget.

Vacuum Trailer

District heavy duty equipment replacement due to age and declining condition to meet the District's needs.

The District did not replace the Vacuum Trailer in the prior fiscal year because the cost far exceeded the estimated budget of \$90,000. The new vacuum trailer is estimated to be \$140,000 with an additional \$50,000 budgeted for this fiscal year.

New Annual Projects

Annual Hydrant Replacement Program

The District has created a new hydrant replacement program to replace non-working hydrants that cannot be repaired due to unavailable parts. The budget will replace approximately five to six hydrants per year at \$150,000.

Annual Miscellaneous Pump Replacements

For the replacement or repair of any well pump, motor, or equipment that fails in the budgeted year. Estimated budget is \$100,000.

Annual Meter Replacements

To replace water meters due to age and non-operable condition. Estimated budget is \$190,000.

Annual Pipeline Replacement

For the annual pipeline replacement project for the current fiscal year. Estimated budget is \$422,534 for pipeline valve replacements.

New Projects

Maintenance Equipment & Tools

Several aging equipment and tools need to be replaced due to non-working and irreparable condition totaling \$33,500.

Transportation Equipment: Truck

Replacement is estimated at \$50,000. The estimate may or may not need to be adjusted.

Water Treatment Projects

Well 15 Cr6 Treatment – Budget \$3,000,000. This item includes budget for construction of a new SBA-IX Cr6 treatment facility at Well 15. Also includes budget for bidding, construction management, permitting, and inspection.

Well 10 Cr6 Treatment – Budget \$2,250,000. This item includes budget for preparation of design documents and California Environmental Quality Act compliance for a new SBA-IX Cr6 treatment facility at Well 10. Also includes budget for bidding, construction, construction management, permitting, and inspection.

Well 2A Cr6 Treatment – Budget \$2,250,000. This item includes budget for preparation of design documents and California Environmental Quality Act compliance for a new SBA-IX Cr6 treatment facility at Well 2A. Also includes budget for bidding, construction, construction management, permitting, and inspection.

Total Capital Expenditures

Total capital expenditures are projected at \$8.782 million.

Description	Carry-over from		Total Budget
	2025-26	Budget 2026-27	2026-27
Well 15 Cr6 Treatment Design and CEQA	\$ 90,420.00	\$ -	\$ 90,420.00
District Office Roof	\$ 40,000.00	\$ -	\$ 40,000.00
Vacuum Trailer Replacement	\$ 90,000.00	\$ 50,000.00	\$ 140,000.00
2025 Urban Water Management Plan	\$ 65,000.00	\$ -	\$ 65,000.00
Total Continued Ongoing Projects	\$ 285,420.00	\$ 50,000.00	\$ 335,420.00
Annual Hydrant Replacement Program	\$ -	\$ 150,000.00	\$ 150,000.00
Annual Miscellaneous Pump Replacements	\$ -	\$ 100,000.00	\$ 100,000.00
Annual Meter Replacements	\$ -	\$ 190,000.00	\$ 190,000.00
Annual Pipeline Replacement	\$ -	\$ 422,534.00	\$ 422,534.00
Total New Annual Projects	\$ -	\$ 862,534.00	\$ 862,534.00
Maintenance Equipment & Tools: Diaphragm Pumps	\$ -	\$ 7,000.00	\$ 7,000.00
Maintenance Equipment & Tools: Diffusers	\$ -	\$ 10,000.00	\$ 10,000.00
Maintenance Equipment & Tools: Flow Tester/Diffusers	\$ -	\$ 10,500.00	\$ 10,500.00
Maintenance Equipment & Tools: Light Trailer	\$ -	\$ 6,000.00	\$ 6,000.00
Transportation Equipment: Truck	\$ -	\$ 50,000.00	\$ 50,000.00
Water Treatment: Well 15 Cr6 Treatment	\$ -	\$ 3,000,000.00	\$ 3,000,000.00
Water Treatment: Well 10 Cr6 Treatment	\$ -	\$ 2,250,000.00	\$ 2,250,000.00
Water Treatment: Well 2A Cr6 Treatment	\$ -	\$ 2,250,000.00	\$ 2,250,000.00
Total New Projects	\$ -	\$ 7,583,500.00	\$ 7,583,500.00
Total FY 2026-27	\$ 285,420.00	\$ 8,496,034.00	\$ 8,781,454.00
Beginning Funds Balance			4,315,251.00
Inflows			5,053,716.00
Outflows			(8,781,454.00)
Estimated Ending Funds Balance			<u>\$ 587,513.00</u>

Fund Balances

	2025-2026 BUDGET	2026-2027 BUDGET
OPERATING FUND BALANCE		
Operating Account Balance June 30	\$1,952,160.00	\$1,508,579.00
Net Revenue	205,523.00	64,878.00
Transfer to GL 10010 Operating Reserve	0.00	0.00
Transfer to Capital Improvement Funds	(649,104.00)	(649,104.00)
Transfer from Capital Improvement Funds	0.00	0.00
Estimated Operating Fund Balance June 30	\$1,508,579.00	\$924,353.00
SURCHARGE 1 FUND BALANCE		
Surcharge 1 Fund Balance June 30	\$1,032,647.00	\$1,112,102.00
43010 Surcharge Revenue	531,109.00	532,380.00
41110 Investment Revenue	12,000.00	12,000.00
Balance Adjustment	0.00	0.00
69155 SRF Principle	(404,433.00)	(414,897.00)
69160 Interest	(56,921.00)	(46,458.00)
69220 SRF Administration	(2,300.00)	(2,300.00)
Estimated Surcharge 1 Fund Balance June 30	\$1,112,102.00	\$1,192,827.00
SURCHARGE 2 FUND BALANCE		
Surcharge 2 Fund Balance June 30	\$661,995.00	\$790,444.00
43050 Surcharge 2 Revenue	442,716.00	442,716.00
41110 Investment Revenue	104.00	100.00
69180 Principle	(250,000.00)	(265,000.00)
69185 Interest	(64,371.00)	(49,693.00)
Estimated Surcharge 2 Fund Balance June 30	\$790,444.00	\$918,567.00
LAIF FUND (CAPACITY FEES) BALANCE		
LAIF Fund Balance June 30	\$982,820.00	\$1,062,344.00
44100 Capacity Fee Revenue	37,000.00	50,000.00
41110 Investment Revenue	42,524.00	40,000.00
Capacity Fee Study	0.00	0.00
Estimated LAIF Fund Balance June 30	\$1,062,344.00	\$1,152,344.00
Cr6 SETTLEMENT FUND BALANCE		
Cr6 Settlement Fund Balance June 30	\$4,138,740.00	\$4,264,232.00
41110 Investment Revenue	125,492.00	54,000.00
Transfer to Capital Improvement Funds	0.00	(4,318,232.00)
Estimated Cr6 Settlement Fund Balance June 30	\$4,264,232.00	\$0.00

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

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.)

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.

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 ratepayers and the revenue thus generated.

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.

SGA Sacramento Ground Water Authority