Budget Adoption – 2022-2024 Budget

June 2022

Process Timing

Budget Workshop	• May 2022 meeting
Adopt FY22-24 Two-Year Budget	• Seeking approval tonight
Mid-Cycle Budget Review With Board	• Consider in Summer 2023

Budget Process
Discretionary vs Restricted Revenues

Discretionary

- Property Tax (18%)
- Lease income (cell tower sites - <1%)

Restricted (81%)

- Water rate charges
- Sewer EDU and availability charges
- Fire EDU charges
- Ambulance Fees
- Water and sewer mitigation fees

Budget Process Discretionary vs Mandatory Expenditures

Mandatory/Pre-Determined

Personnel Costs (MOU + Pension costs)	Fire contract	Water Purchases (fixed + variable)	Energy/other utilities	Debt Service

Remaining Funding

Calculate available funding for all non-mandated items

Discretionary

Deferred Maintenance	Level of Service

The Public Budgeting Process
“The Color of Money”

- **Fund Accounting**
  - **Operating Funds**
    - 01 – Water
    - 02 – Fire
    - 03 – Parks
    - 04/05 – Wastewater (San Vicente, Santa Maria)
    - 06 – General

  - **Capital Replacement & Capital Improvement Funds**
    - 10/11/13/22/25 - Capital Replacement
    - 12/14/15/26/43 – Capital Improvement

  - **Other Funds**
    - 51 – Investments & Loans (debt service)
    - 24 – Fire Mitigation

FY 2022-2024 Budget Updates/Revisions

Pass-through increases from the SDCWA included in Water Sales Revenue

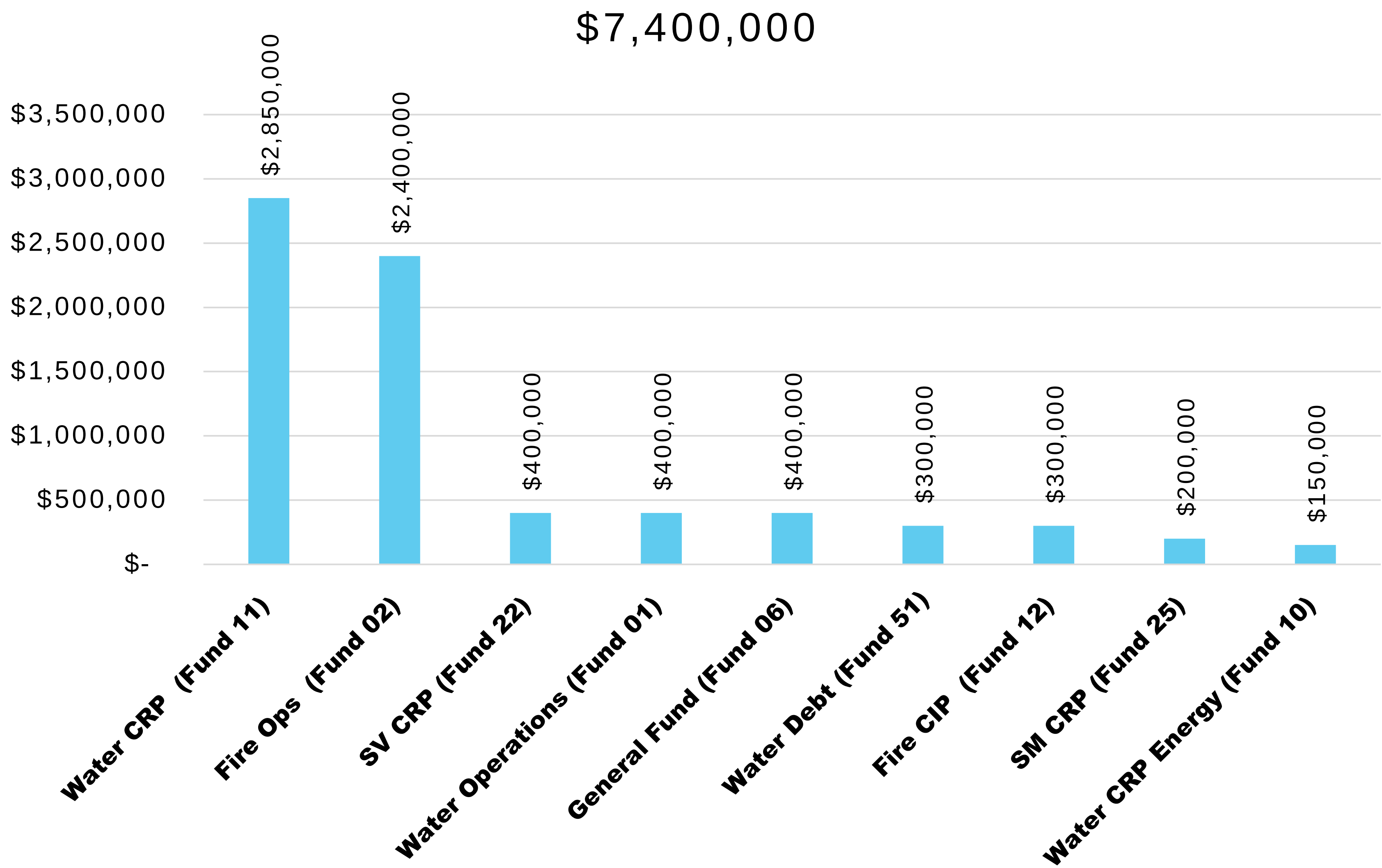
Source of Supply updated based on demand & SDCWA preliminary rate increases

Updated CDF-Sch C use of funds based on updated information from CALFIRE

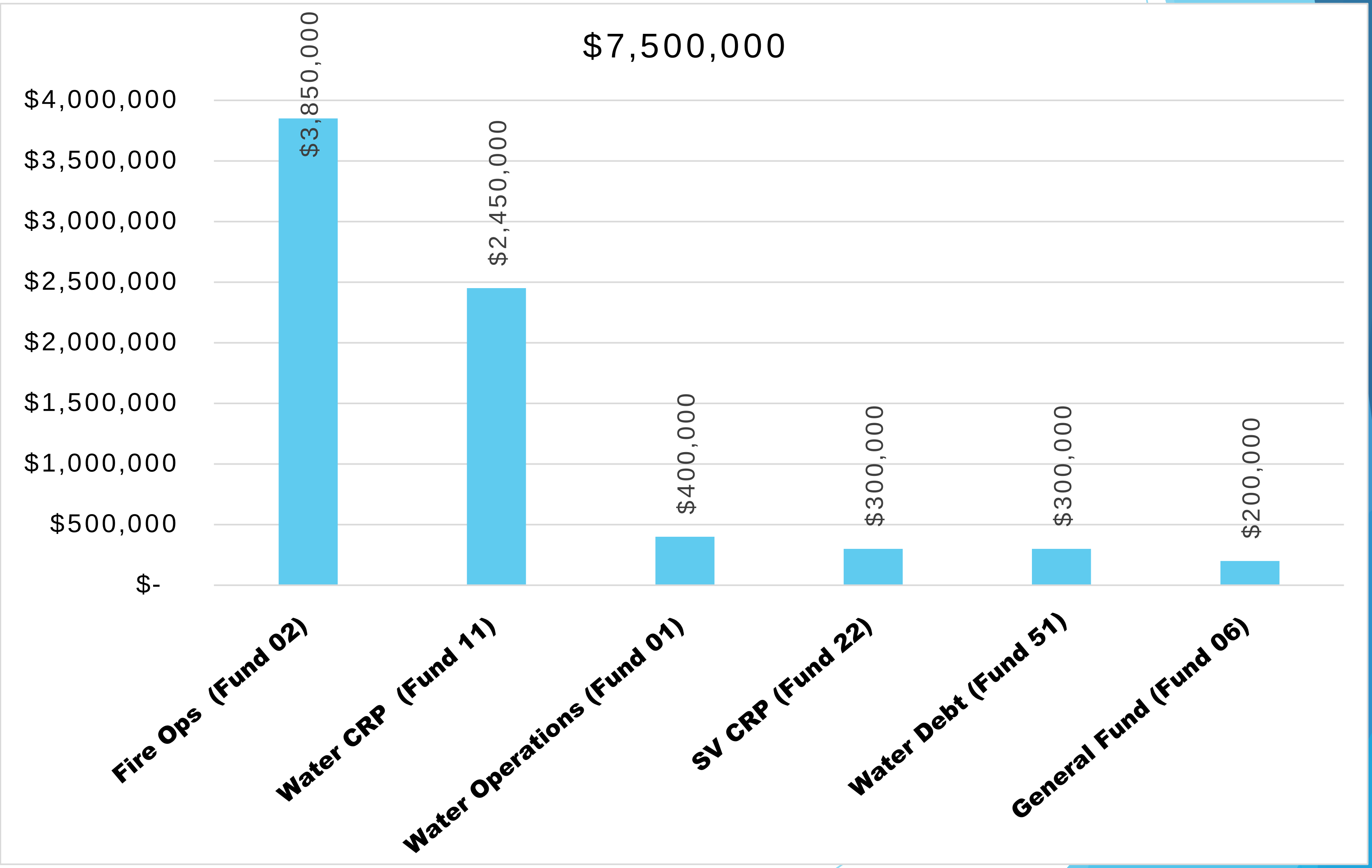
Re-allocation of property taxes based on need to provide adequate levels of service

Other small updates as needed

Allocation of Property Taxes for FY 2022-23



Allocation of Property Taxes for FY 2023-24



Proposed Budget for FY22-24 Fire Funds

- **Fund 02**
  - Increased CalFire Budget to $7,021,000 in FY22/23
  - Increased CalFire Budget to $7,372,000 in FY23/24
  - Increased Allocation of Property Taxes to meet needs
- **Fund 12**
  - Included the payoff of ambulance
  - Increased Allocation of Property Taxes to meet needs

CALFIRE Cooperative Agreement

Ramona Municipal Water District Cooperative Agreement

Updated Worksheet:

Fiscal Year	Agreement Amount	Actual/Projected Cost	Savings
2019/20	$ 7,137,300	$ 6,456,069	$ 681,231
2020/21	$ 7,468,139	$ 5,547,021	$1,921,118
2021/22	$ **6,926,439**	$ **6,686,679**	$ 239,760
2022/23	$ 7,824,493	$ 7,021,013	$ 803,480
2023/24	$ 8,185,225	$ 7,372,064	$ 813,161

Actual/Projected cost beginning FY 2022/23 has a 5% escalator from previous fiscal year

Proposed Budget for FY22-24 Water Funds

- **Fund 01**
  - Revenues increased based on more than expected water sales through May 2022 and projected pass-through rate increases
  - Source of Supply decreased based on release of SDCWA preliminary rates
  - Reduced Allocation of Property Taxes slightly in FY23/24
- **Fund 43**
  - Reduced Allocation of Property Taxes in FY23/24
- **Fund 11**
  - Reduced Allocation of Property Taxes in FY22/23
  - Reduced Allocation of Property Taxes in FY23/24

Proposed Budget for FY22-24 Park Funds

- **Fund 03**
  - Community Center Air Conditioners increased in price and are on back order – Moved to CRP Fund 13 for FY22/23
  - Increase transfer to Park Capital Replacement Fund 13 to cover cost of Air Conditioners

- **Fund 13**
  - Added Community Center Air Conditioners to projects
  - Increased transfers from Park Operating Fund 03

Proposed Budget for FY22-24 San Vicente Funds

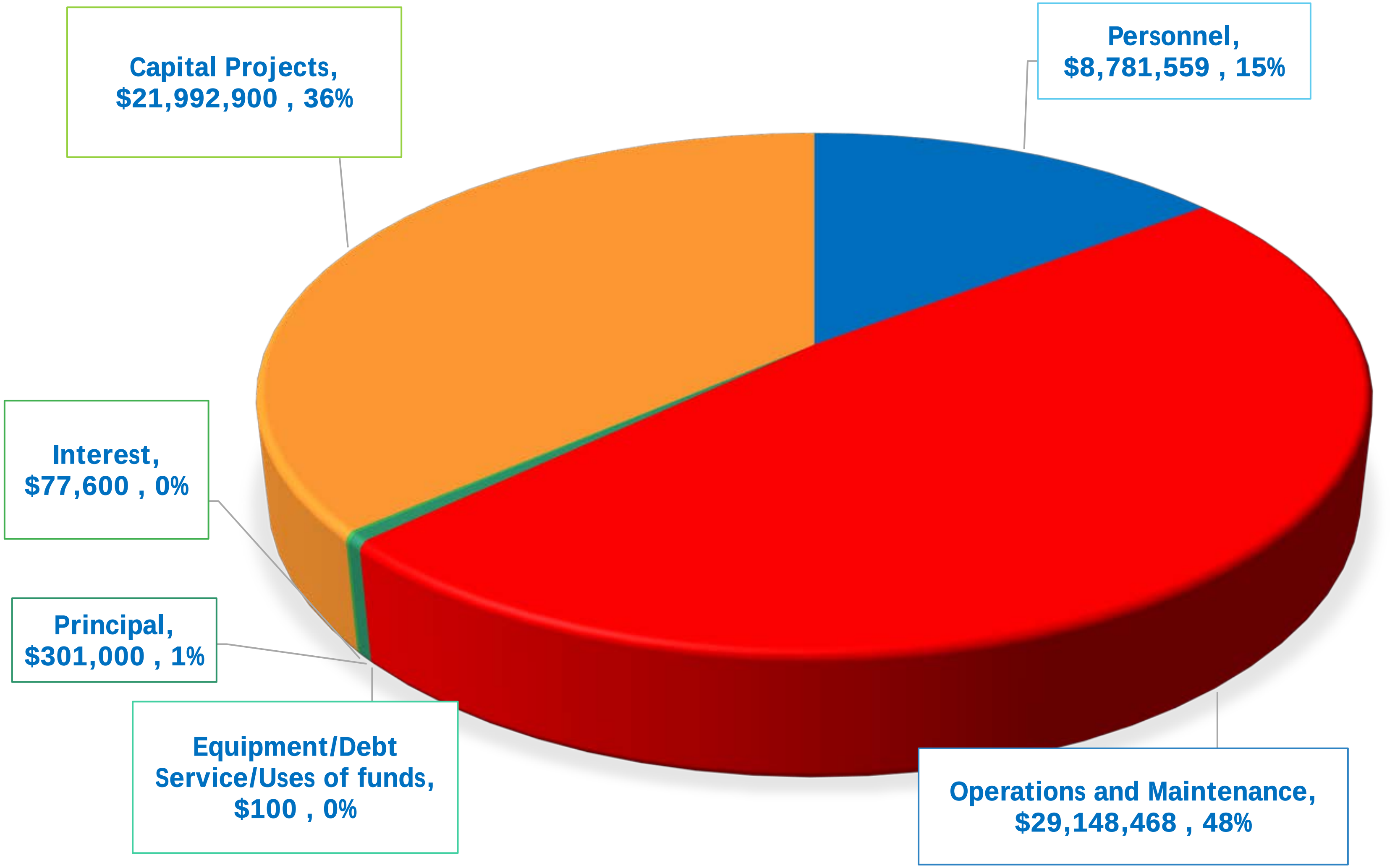
- **Fund 04**
  - Revenues decreased slightly based on less than expected sewer revenues through May 2022
  - Increased transfer slightly to San Vicente Capital Replacement Fund 22
- **Fund 22**
  - Decreased Allocation of Property Taxes
  - Increased transfer from San Vicente Operating Fund 04

Proposed Budget for FY22-24
Santa Maria Funds

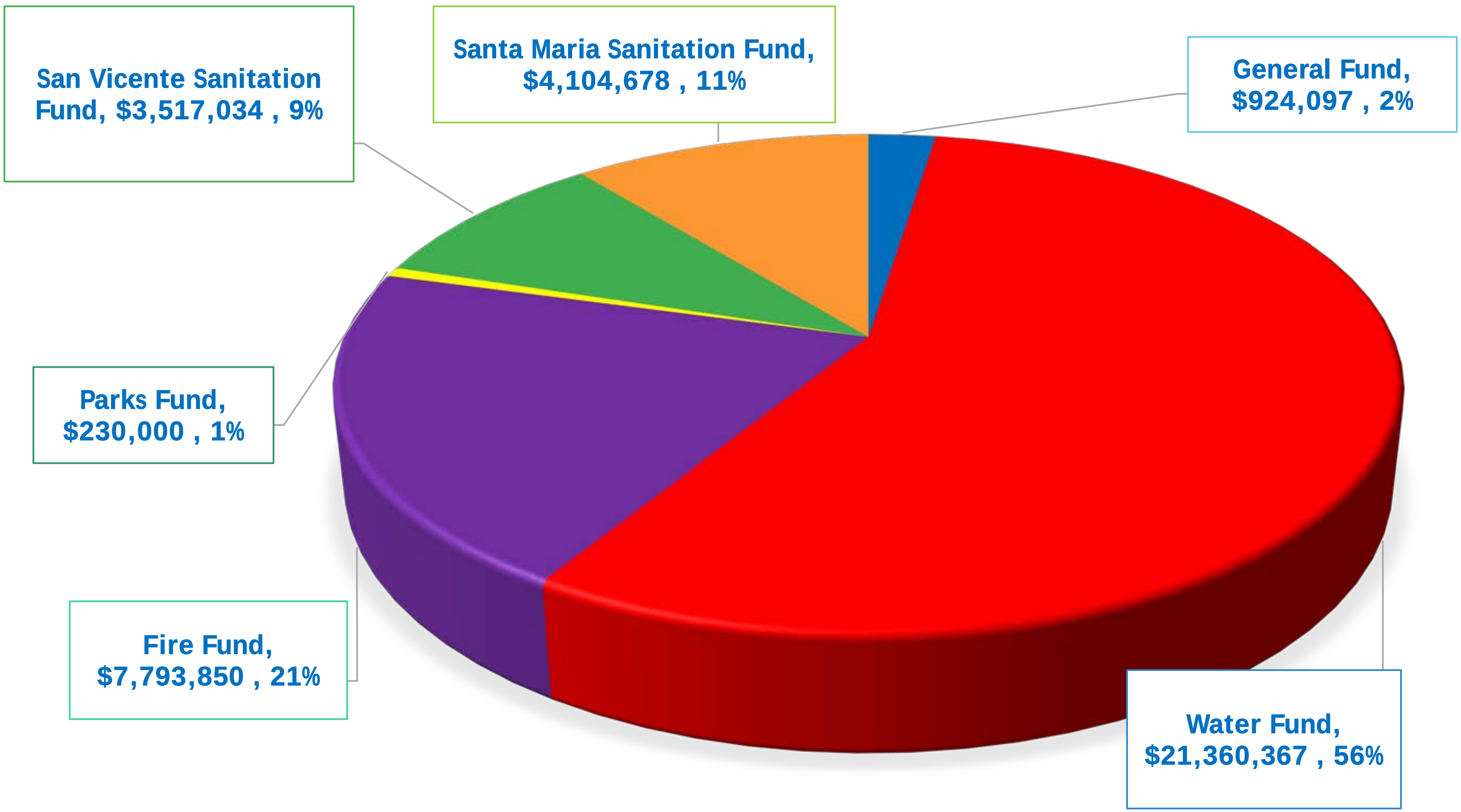
- **Fund 05**
  - Sewer service charge revenues decreased slightly based on less than expected revenues through May 2022
  - Tertiary Sales revenues increased slightly based on more than expected revenues through May 2022

- **Fund 25**
  - Decreased Allocation of Property Taxes

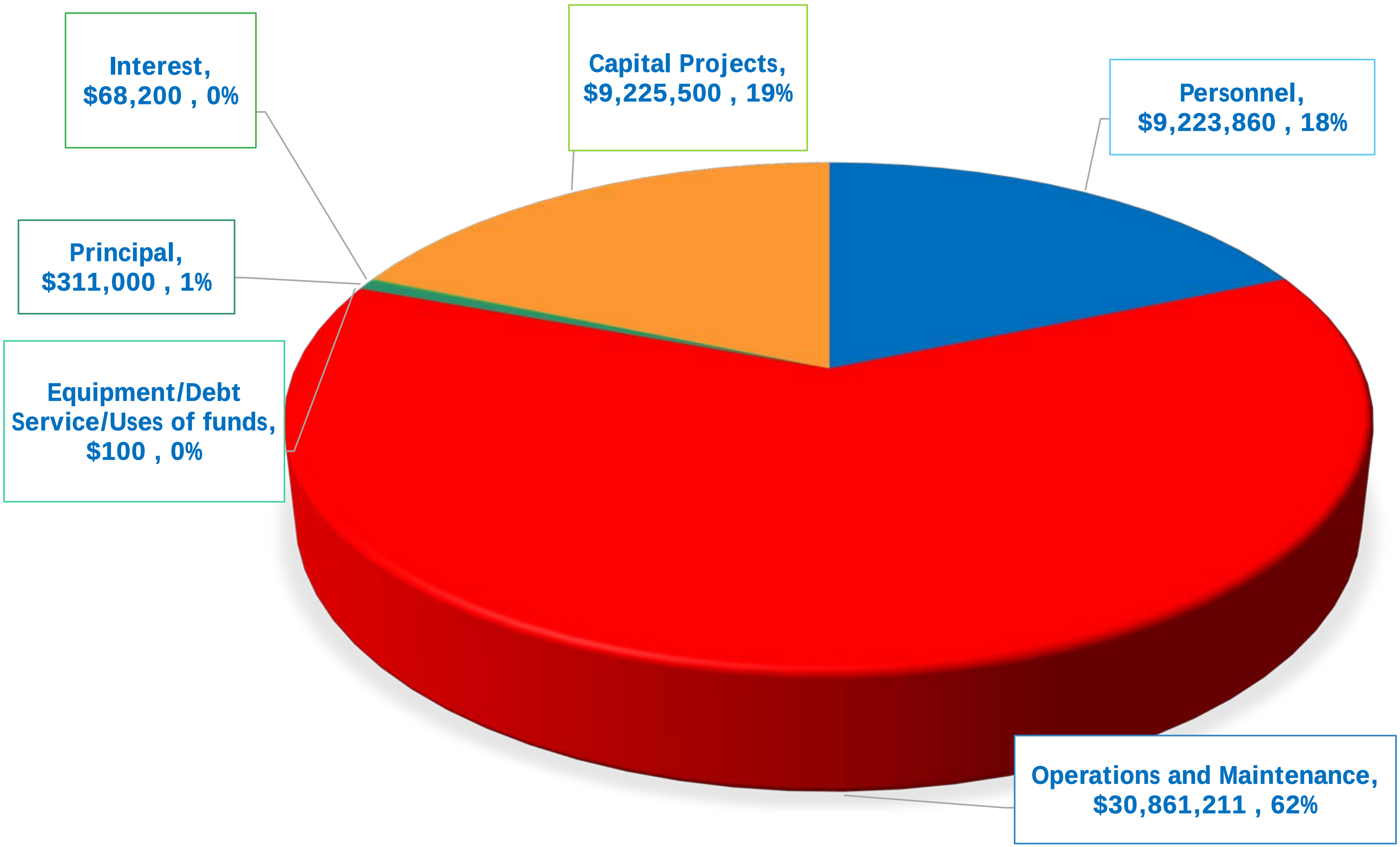
Total Expenditures by Type - FY22/23 $60,301,627



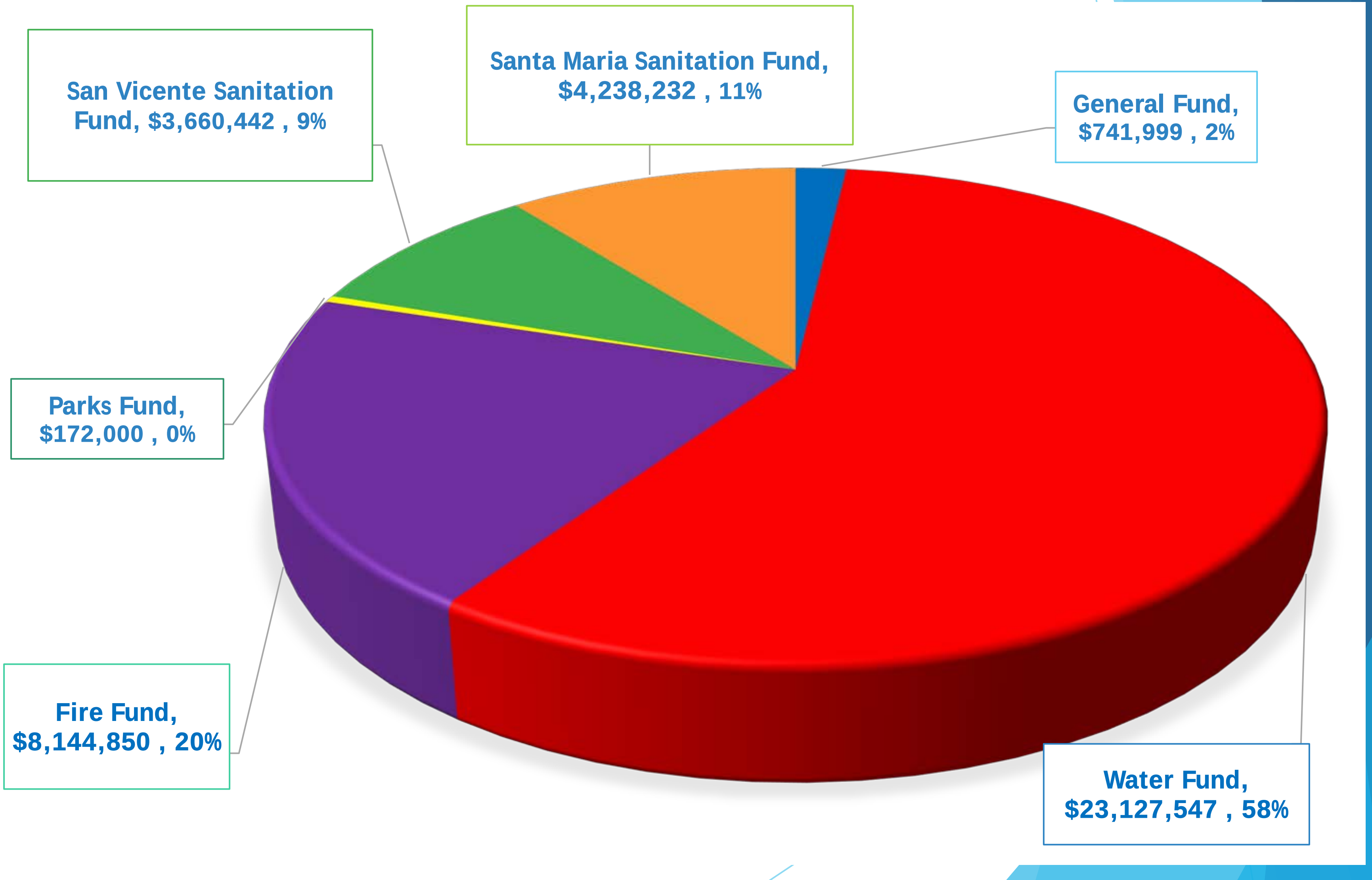
Total Operations Expenditures- FY22/23 $37,930,026



Total Expenditures by Type - FY23/24 $49,689,871



Total Operations Expenditures- FY23/24 $40,085,070



Recommendations for FY22/23

Pursuant to Ordinances adopted by the RMWD Board – GM is authorized to pass through SDCWA rate increases to District customers

Pass through rate increases from SDCWA will be recommended to take effect January 1, 2023

Recommending no sewer rate increases from RMWD for FY22/23

Next Steps

1. **Tonight- Board consideration for adoption of 2022-2024 two-year budget**
2. **Following adoption, staff will upload and implement the budget**
3. **Continue with monthly financial reporting to the Board**
4. **Mid-cycle Budget review with Board in Summer 2023**

End of Presentation