

Agenda
Rio Linda / Elverta Community Water District
Executive Committee

February 6, 2023 @ 6:00 P.M.

Visitors / Depot Center
6730 Front St.
Rio Linda, CA 95673

THIS MEETING WILL BE PHYSICALLY OPEN TO THE PUBLIC WITH SOME REASONABLE LIMITATIONS PURSUANT TO CURRENT STATE AND COUNTY GUIDELINES.

Public documents relating to any open session items listed on this agenda that are distributed to the Committee members less than 72 hours before the meeting are available for public inspection on the counter of the District Office at the address listed above.

The public may address the Committee concerning any item of interest. Persons who wish to comment on either agenda or non-agenda items should address the Executive Committee Chair. The Committee Chair will call for comments at the appropriate time. Comments will be subject to reasonable time limits (3 minutes).

In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability related modification or accommodation to participate in this meeting, then please contact the District office at (916) 991-1000. Requests must be made as early as possible and at least one full business day before the start of the meeting.

Call to Order

Public Comment

This is an opportunity for the public to comment on non-agenda items within the subject matter jurisdiction of the Committee. Comments are limited to 3 minutes.

Items for Discussion:

1. Review Annual Independent Auditor's Report and Annual Comprehensive Financial Report (ACFR)
2. Review FY 2022/2023 Budget Revision.
3. Discuss Expenditures for December 2022
4. Discuss Financial Reports for December 2022.
5. Engineers Update.
6. Discuss Resolution 2023-01, Establishing an Offset of Billing Cost for Customers Opting for Paperless Billing.
7. Discuss Succession Planning.
8. Review California Water Use Efficiency and Water Loss Laws (SB 606, AB 1668 and SB 555).
9. Compare RLECWD Rate Structure to Other Water Purveyors in the Area.
10. Review Impact to RLECWD from Hexavalent Chromium Maximum Contaminant Level (MCL).

Directors' and General Manager Comments:

Items Requested for Next Month's Committee Agenda:

- Update / Revise Capacity Fee Program.

Adjournment

Next Executive Committee meeting: Monday, March 6, 2023, Visitors / Depot Center.

ADA COMPLIANCE STATEMENT

In compliance with the Americans with Disabilities Act, if you need special assistance or materials to participate in this meeting, please contact the District Office at 916-991-1000. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting and agenda materials.



Executive Committee Agenda Item: 1

Date: February 6, 2023

Subject: Review Annual Independent Auditor's Report & ACFR

Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Executive Committee should review the auditor's report and ACFR, engage staff for any clarifications needed, then forward both documents onto the February 21st Board agenda with the Committee's recommendation for Board approval.

Current Background and Justification:

Statutory requirements as well as fundamentals of transparency, fiscal responsibility, and good governance compel the District to obtain an independent audit for each fiscal year.

The audit report reflects the District's continued excellence in financial reporting. As appropriate, the Management Discussion and Analysis section of the report provides perspective for the District's financial position in a narrative format intended to objectively inform the public we serve.

One aspect of the audit report that deserves recognition is on Page-11.

The CalPERS Unfunded Accrued Liability or UAL prepayment of \$500,000 in June 2021 has a resulted in net decrease in the District's Net Pension Liability of \$1,113,041 or 99.6% from \$1,117,944 in June 2021 to \$4,903 in June 2022 (see page 10). The \$1,113,041 adjustment offsets the Personnel Services resulting in a \$970,314 or 81.5% decrease (see page 11).

The Comprehensive Annual Financial Report (CAFR) is now called the Annual Comprehensive Financial Report (ACFR). The ACFR (formerly CAFR) is primarily the audit report with financial analysis provided in plain language as to convey the financial status of the District to the public served in easier to understand terms.

Conclusion:

I recommend the Executive Committee forward the fiscal year 2021-2022 audit and ACFR onto the February 21st Board agenda with the Committee's recommendation for Board approval.

**RIO LINDA/ELVERTA COMMUNITY
WATER DISTRICT
ANNUAL FINANCIAL REPORT
With
Independent Auditor's Report Thereon**

June 30, 2022 and 2021

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RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Annual Financial Report
June 30, 2022 and 2021

Table of Contents

	<u>Page</u>
<i>Independent Auditor's Report</i>	1
<i>Management's Discussion and Analysis</i>	3
<i>Basic Financial Statements:</i>	
Statement of Net Position.....	10
Statement of Revenues, Expenses and Changes in Net Position.....	11
Statement of Cash Flows.....	12
Notes to Basic Financial Statements.....	15
<i>Required Supplementary Information:</i>	
Pension Plan:	
Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date.....	40
Schedule of Contributions	40
Other Post-Employment Benefits Plan:	
Schedule of Changes in the District's Net OPEB Liability and Related Ratios	41
Schedule of Contributions	42

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rio Linda/Elverta Community Water District
Rio Linda, California

Opinion

We have audited the accompanying financial statements of the business-type activities of the Rio Linda/Elverta Community Water District (District), California, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District as of June 30, 2022, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management's for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Summarized Comparative Information

The financial statements of the District as of June 30, 2021, were audited by other auditors whose reported dated October 19, 2021, expressed an unmodified opinion on those statements.

Mazze + Associates

Pleasant Hill, California
January 23, 2023

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management's Discussion and Analysis
June 30, 2022 and 2021

The management of the Rio Linda/Elverta Water District (District) presents this Management's Discussion and Analysis to achieve two goals:

To comply with the requirements of Governmental Accounting Standards Board Statement 34 (GASB 34) that are designed to provide more and easier-to-understand information about the finances of local government agencies such as the District; and,

To provide readers with narrative information that may help in understanding and interpreting the information presented in the District's financial statements for the fiscal year ended June 30, 2022 (FY 2021-22).

Questions or comments regarding this Management's Discussion and Analysis may be directed to the District General Manager via the following methods:

Mailing address: Rio Linda/Elverta Community Water District
730 L St.
Rio Linda, California 95673

Telephone: (916) 991-1000
E-mail: gm@rlecwd.com

Financial Highlights

The following items are, in the opinion of District management, among the most significant in assessing the District's overall financial activities during FY 2021-22 and its financial position at the close of FY 2021-22.

- ❖ The District's assets and deferred outflows exceeded its liabilities and deferred inflows by \$15,123,542 as of June 30, 2022, which is an increase of \$2,289,500 compared to June 30, 2021. Total assets increased by \$512,862 while total liabilities decreased by \$1,974,417. The deferred outflow decreased \$250,185 to \$478,923 and deferred inflows decreased \$52,406 to \$60,891 as of June 30, 2022. The District's net investment in capital assets, \$8,829,942, is composed of the capital assets of the District net of related debt – the water transmission and distribution system, water production facilities, land, buildings, and equipment belonging to the District. Restricted net position totaled \$705,226. Unrestricted net position totaled \$5,588,374, an increase of \$2,053,328 from the end of FY 2020-21.
- ❖ The District's operating revenues were \$2,978,611 and non-operating revenues were \$1,132,325, totaling \$4,110,936. Water sales to customers totaled 69% of all revenues.
- ❖ The District's total net long-term liabilities were \$7,695,556 and includes the Water Revenue Refunding Bond, State Revolving Fund Loan, Water Meter Replacement Loan, Installment Sales Agreement, Unearned revenue, OPEB Liability, and Net Pension Liability.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management's Discussion and Analysis
June 30, 2022 and 2021

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: (1) Management's Discussion and Analysis; and (2) the financial statements, which includes the notes to financial statements.

The financial statements provide both long-term and short-term information about the District's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units on an accrual basis. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses, and Changes in Net Position. All assets and liabilities associated with the operation of the District are included in the Statement of Net Position.

The Statement of Net Position presents the financial position of the District on a full accrual historical cost basis and provides information about the nature and amount of resources and obligations at year-end.

Statement of Net Position

As of June 30, 2022, the total net position of the District was \$15,123,542. The following table summarizes assets, liabilities, and net position on June 30, 2022, 2021, and 2020:

	2022	2021	2020
Current Assets, Unrestricted	\$2,576,162	\$1,946,949	\$3,402,506
Restricted Cash and Cash Equivalents	4,894,831	4,471,165	5,136,746
Capital assets, net	15,961,580	16,501,597	15,022,960
Total Assets	23,432,573	22,919,711	23,562,212
Total Deferred Outflows	478,923	729,108	227,638
Total Assets and Deferred Outflows	23,911,496	23,648,819	23,789,850
Current Liabilities	1,031,507	1,019,223	1,513,821
Long-term Liabilities	7,695,556	9,682,257	10,503,230
Total Liabilities	8,727,063	10,701,480	12,017,051
Total Deferred Inflows	60,891	113,297	102,763
Total Liabilities and Deferred Inflows	8,787,954	10,814,777	12,119,814
Net Position			
Net investment in capital assets	8,829,942	8,593,770	8,842,880
Restricted debt service reserves	705,226	705,226	705,226
Unrestricted	5,588,374	3,535,046	2,121,930
Total Net Position	\$15,123,542	\$12,834,042	\$11,670,036

The District's net position reflects Debt Service restrictions imposed as its loan requirements.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management's Discussion and Analysis
June 30, 2022 and 2021

Below is a summary analysis of changes:

Summary Analysis of Changes	2022/2021	2021/2020
Total Assets and Deferred Outflows	1.11%	-0.59%
Total Liabilities and Deferred Inflows	-18.74%	-10.77%
Total Net Position	17.84%	9.97%

Changes in Net Position

The following table summarizes the changes in net position for the fiscal years ended June 30, 2022, 2021, and 2020:

	2022	2021	2020
Operating Revenues:			
Water sales	2,832,861	2,748,710	2,665,072
Other operating revenues	145,750	123,528	135,039
Total Operating Revenues	2,978,611	2,872,238	2,800,111
Operating Expenses:			
Personnel services	220,703	1,191,017	1,228,884
Professional services	87,992	112,714	102,556
Field operations	377,740	467,761	492,255
Conservation	-	-	-
Administration	213,456	202,119	207,356
Depreciation and Amortization	754,396	622,225	636,432
Total Operating Expenses	1,654,287	2,595,836	2,667,483
Net Income from Operations	1,324,324	276,402	132,628
Non-Operating Revenues(Expenses)			
Surcharge	965,073	963,729	962,068
Other non-operating revenues	167,252	161,363	189,793
Non-Operating Expenses	(245,342)	(266,602)	(268,276)
Net Non-Operating Revenues	886,983	858,490	883,585
Net Income before capital contributions	2,211,307	1,134,892	1,016,213
Capital Contributions			
Capacity Fees	78,193	29,114	90,900
Capital Grants	-	-	505,000
Total Capital Contributions	78,193	29,114	595,900
Change in net position	2,289,500	1,164,006	1,612,113
Net position, beginning of year	12,834,042	11,670,036	10,057,923
Net positions, end of year	15,123,542	12,834,042	11,670,036

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management's Discussion and Analysis
June 30, 2022 and 2021

Changes from Fiscal Year 2020/2021 to Fiscal Year 2021/2022:

Total net position increased \$2,289,500 or 17.84% from fiscal year 2021 to 2022. This is primarily the result of GASB 68 and 75 adjustments for pension and other post-employment benefits.

Total operating revenues increased \$106,373 or 3.7% from fiscal year 2021 to 2022. Operating revenue exceeded operating expenses by \$1,324,324. Operating expenses decreased by \$941,549, a 36.27% decrease from fiscal year 2021 to 2022.

Changes from Fiscal Year 2019/2020 to Fiscal Year 2020/2021:

Total net position increased \$1,164,006 or 9.97% from fiscal year 2020 to 2021. This is primarily the result of GASB 68 and 75 adjustments for pension and other post-employment benefits.

Total operating revenues increased \$72,127 or 2.58% from fiscal year 2020 to 2021. Operating revenue exceeded operating expenses by \$276,402. Operating expenses decreased by \$71,747, a 2.69% decrease from fiscal year 2020 to 2021.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2022, the District's net investment in capital assets was \$8,829,942 including: the water transmission and distribution system (underground pipelines, water services, water meters, fire hydrants, and other components); water production facilities (groundwater wells); land; buildings and both mobile and fixed equipment.

Additional information on the District's capital assets can be found in Note 3, Capital Assets, of the notes to the basic financial statements.

Debt Administration

The District continues to meet its debt obligations under its Water Revenue Refunding Bonds. Through scheduled debt service payments during 2021-22, principal on its collective debt was reduced by \$148,158 during the year. The District's total debt from its 2016 issuance now stands at approximately \$1.66 million.

The District continues to meet its debt obligations to the State Water Resource Control Board State Revolving Fund (SRF) Loan through scheduled debt service payments during 2021-22, principal on its collective debt was reduced by \$369,833 during the year. The District's total debt from the SRF Loan now stands at approximately \$3.28 million.

The District continues to meet its debt obligation called the Meter Replacement Loan for the AMR/AMI Meter Program capital improvement project. Principal on its collective debt was reduced by \$51,345 during the year. The District's total debt from the Meter Replacement Loan now stands at approximately \$193,071.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management's Discussion and Analysis June 30, 2022 and 2021

During FY 18-19, the District entered into an installment sale agreement (Surcharge 2) with Opus Bank, now Pacific Premier Bank for \$3.87 million. During FY 21-22, the District paid principal of \$225,000 on this debt. As of June 30, 2022, the District's total debt from the Pacific Premier Bank loan was \$2.55 million.

Compensated absences, composed of vacation hours earned by employees that are payable upon termination or retirement, are valued at \$57,002 at the end of 2021-22, an increase of \$3,533 from the 2020-21 year-end amount of \$53,469.

Additional information on debt activity can be found in Note 4, Long-Term Liabilities, of the notes to the basic financial statements.

ECONOMIC FACTORS AND FUTURE BUDGET CONSIDERATIONS

The District adopted a budget for FY 2022-23 (\$2.7 M revenue and \$2.1 M expenses) with a 5.25% increase in income, a 4.86% increase in expense, and an 8.98% increase in net income compared with the FY 2021-22 Operating Budget.

At the onset of the FY 2022-23, when the budget was adopted, the District was aware of inflation beyond typical levels. However, the trend of historical levels of inflation continued throughout the FY 2021-22. One of the mitigations to inflation approved by the Board was to reallocate funding for the annual capital improvement projects budget back into the operating budget. The trend of inflation seems to have peaked but remains higher than long-term assumptions. The multi-year rate study operating costs and CalPERS pension costs both assume a maximum inflation of 3%. Other forms of mitigation for inflation have included cost cutting efforts such as switching to lower cost service providers and/or terminating services.

The District completed a rate study /cost of service analysis for another multi-year rates restructuring, and the Board adopted the new rates at the public hearing on August 16, 2021. The adoption of new laws (SB 555, SB 606, AB 1668) has created new requirements for water efficiency and limits on water loss. These laws also influenced the new rate structure. Additionally, the Governor issued an executive order declaring a drought emergency and requiring all urban water purveyors to implement their respective Water Shortfall Contingency Plans (mandated conservation). For calendar year 2022, the District sold nearly 11% less water than it did in 2020 (the base year stipulated by the Governor for determining compliance with the Executive Order) and 9% less than calendar year 2021. The rate structure adopted by the Board in August 2021 included drought emergency rates to mitigate the loss of revenue consequent to mandated conservation. However, the Board has declined to authorize the implementation of the drought emergency rates, which compounds the impact of record levels of inflation.

A significant portion of the District's budget continues to be repayment of the long-term debt including the Water Revenue Bond, Water Meter, Surcharge 1, and Surcharge 2 loans in the amount of approximately \$1.03 million per year representing principal and interest.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management's Discussion and Analysis June 30, 2022 and 2021

A complex formula and practices deployed by CalPERS results in a lag between events impacting employee pension Unfunded Accrued Liability (UAL) and the CalPERS implementation of increased annual UAL payments. The net effect of these CalPERS formulas/practices is a much higher total interest amount paid by the employers. Additionally, the ramp up in annual payments is not linear, they increase in the first two years following a change are approximately 2 to 3%. The increase in the subsequent 18-years is in the 15 to 20% range. To illustrate; the increase in the annual payment the District would have paid in July 2021 is at least 16% higher than the \$68,000 payment the District paid in July 2020. As such, The District executed mitigation measures to offset the dramatic annual UAL payments it would otherwise incur. The mitigation was an internal loan from the long-term capital improvement funding to fund an Additional Discretionary Payment to CalPERS to reduce the Unfunded Accrued Liability.

In September 2017, the District was awarded Prop 84 funding in the amount of \$530,000 for Well 10 Cr6 Treatment Mitigation. The District received approval from the Department of Water Resources to reallocate the Well 10 grant to the Well 16 project, an alternative means for Cr6 mitigation. The construction of the Well 16 project was completed in the spring of 2021. The state is currently scheduled to adopt the Hexavalent Chrome 6 (Cr6) MCL in February 2023.

Large-scale residential development remains on the horizon, but not in the financial planning range. Additionally, infill projects and some small commercial development is now less likely due to economic conditions. Rio Linda is strategically located directly between the large new commercial development in the Airport Industrial Park and the McClellan Business park. Both areas are bringing additional jobs into the region. which may increase housing demand in the District.

BASIC FINANCIAL STATEMENTS

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
 STATEMENTS OF NET POSITION
 JUNE 30, 2022
 (WITH COMPARATIVE DATA FOR JUNE 30, 2021)

ASSETS	2022	2021
CURRENT ASSETS		
Cash and cash equivalents	\$1,805,244	\$1,263,418
Accounts receivable	689,008	615,230
Accrued interest receivable	699	721
Inventory	52,627	37,675
Prepaid expenses	28,584	29,905
Total current assets	2,576,162	1,946,949
NON-CURRENT ASSETS		
Restricted cash and investments	4,894,831	4,471,165
Capital assets:		
Nondepreciable	1,000,961	1,000,961
Depreciable, net of accumulated depreciation	14,960,619	15,500,636
Total capital assets, net	15,961,580	16,501,597
Total non-current assets	20,856,411	20,972,762
TOTAL ASSETS	23,432,573	22,919,711
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	470,063	729,108
OPEB related	8,860	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	478,923	729,108
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	107,317	117,223
Accrued salaries and benefits	36,665	47,220
Accrued interest payable	29,217	31,800
Deposits payable	128,346	112,024
Unearned revenue	49,255	49,255
Accrued compensated absences - current portion	57,002	53,469
Current portion of bonds and loans payable	623,705	608,232
Total current liabilities	1,031,507	1,019,223
NON-CURRENT LIABILITIES		
Unearned revenue	558,032	607,287
Bonds and loans payable	7,065,785	7,875,593
OPEB Liability	66,836	81,433
Net pension liability	4,903	1,117,944
Total non-current liabilities	7,695,556	9,682,257
TOTAL LIABILITIES	8,727,063	10,701,480
DEFERRED INFLOWS OF RESOURCES		
Pension related	4,280	39,277
OPEB related	56,611	74,020
TOTAL DEFERRED INFLOWS OF RESOURCES	60,891	113,297
NET POSITION		
Net investment in capital assets	8,829,942	8,593,770
Restricted for debt service	705,226	705,226
Unrestricted	5,588,374	3,535,046
TOTAL NET POSITION	\$15,123,542	\$12,834,042

See accompanying notes to financial statements

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2022
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2021)

	2022	2021
OPERATING REVENUES		
Water sales	\$2,832,861	\$2,748,710
Account service charges	109,735	95,667
Other water service fees	36,015	27,861
Total operating revenues	2,978,611	2,872,238
OPERATING EXPENSES		
Personnel services	220,703	1,191,017
Professional services	87,992	112,714
Field operations:		
Transmission and distribution	45,038	88,520
Pumping	240,800	259,040
Transportation	15,997	12,898
Treatment	22,943	22,238
Other	52,962	85,065
Administration	213,456	202,119
Depreciation	754,396	622,225
Total operating expenses	1,654,287	2,595,836
OPERATING INCOME (LOSSES)	1,324,324	276,402
NONOPERATING REVENUES (EXPENSES)		
Surcharge	965,073	963,729
Interest income	(16,757)	8,204
Property tax	109,104	103,904
Rental income	49,255	49,255
(Loss) gain on disposition of assets	25,650	(3,179)
Interest expense	(240,450)	(261,141)
Other non-operating revenues and (expenses)	(4,892)	(2,282)
Total nonoperating revenues (expenses), net	886,983	858,490
INCOME BEFORE CAPITAL CONTRIBUTIONS	2,211,307	1,134,892
CAPITAL CONTRIBUTIONS		
Capacity fees	78,193	29,114
Total capital contributions	78,193	29,114
CHANGE IN NET POSITION	2,289,500	1,164,006
NET POSITION, BEGINNING OF YEAR	12,834,042	11,670,036
NET POSITION, END OF YEAR	\$15,123,542	\$12,834,042

See accompanying notes to financial statements

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$2,870,807	\$3,314,689
Payments to suppliers	(686,403)	(1,288,587)
Payments to employees and related benefits	(1,157,584)	(1,648,744)
Net cash provided by operating activities	1,026,820	377,358
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt of taxes	109,104	103,904
Net cash provided by noncapital financing activities	109,104	103,904
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Surcharge revenue received	965,073	963,729
Capacity fees	78,193	29,114
Payments on long-term debt	(794,336)	(776,020)
Purchase and construction of capital assets	(214,382)	(2,104,040)
Retirement of utility plant and equipment	(25,650)	
Interest and fees paid on long-term debt	(245,342)	(265,954)
Net cash used for capital and related financing activities	(236,444)	(2,153,171)
CASH FLOWS FROM INVESTING ACTIVITIES		
Rental income	49,255	
Interest received	16,757	8,517
Net cash provided by investing activities	66,012	8,517
NET INCREASE (DECREASE) IN CASH	965,492	(1,663,392)
Cash, beginning of year	5,734,583	7,397,975
Cash, end of year	\$6,700,075	\$5,734,583
Cash and cash equivalents consist of the following:		
Unrestricted	\$1,805,244	\$1,263,418
Restricted	4,894,831	4,471,165
	\$6,700,075	\$5,734,583

(Continued)

See accompanying notes to financial statements

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2021)

	2022	2021
Reconciliation of operating (loss) to net cash provided by operating activities:		
Operating income (losses)	\$1,324,324	\$276,402
Adjustments to reconcile operating losses to cash flows from operating activities:		
Depreciation	754,396	622,225
Changes in assets and liabilities:		
Receivables, net	(107,804)	444,143
Inventory	(14,952)	31,053
Prepaid expenses	1,321	(17,763)
Accounts payable	(9,906)	(519,283)
Accrued payroll and related expenses	(10,555)	(4,052)
Refundable deposits	16,322	(1,692)
Compensated absences	3,533	9,348
Net pension liability	(888,993)	(42,572)
Net OPEB liability	(40,866)	(420,451)
Net cash provided (used) by operating activities	\$1,026,820	\$377,358

See accompanying notes to financial statements

NOTES TO BASIC FINANCIAL STATEMENTS

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

The basic financial statements of the Rio Linda/Elverta Community Water District (District) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In addition, the District applies Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

A. *Reporting Entity*

The District was formed on November 9, 1948, and provided water and sewer services. Sewer services were transferred to Sacramento County in 1976. The District no longer provides sewer service. The District currently provides domestic water service and fire flows to approximately 4,643 metered accounts, including procurement, quality, and distribution. The District is governed by a Board of Directors consisting of five directors elected by residents of the District.

B. *Basis of Presentation – Fund Accounting*

The District's resources are allocated to and accounted for in these 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.

C. *Basis of Accounting*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Net position is segregated into amounts invested in capital assets, net of related debt, amounts restricted, and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The District uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Earned but unbilled water services are accrued as revenue.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

C. *Basis of Accounting (Continued)*

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principle operations of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. *Cash and Cash Equivalents*

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents held include bank deposits, Local Agency Investment Fund (LAIF), an investment pool managed by the State of California, and money market mutual funds.

F. *Restricted Assets*

Certain proceeds of the District's long-term debt are classified as restricted investments on the balance sheet because their use is limited by applicable debt covenants and ordinances. In addition, proceeds from the surcharge levied on customer accounts are restricted for capital improvements. Certain other amounts received by the District are restricted for other purposes.

G. *Investments*

Investments are stated at their fair value, which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

H. *Inventory*

Inventory consists primarily of materials used in the construction and maintenance of the water distribution facilities and is valued on a first-in, first-out basis.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

I. Capital Assets

Capital assets are recorded at historical cost. Donated assets are valued at acquisition value on the date received. Self-constructed assets are recorded based on the amount of direct labor, material, and certain overhead charged to the asset construction. Depreciation is calculated using the straight-line method over estimated useful lives of 8 to 60 years for transmission and distribution, and 3 to 50 years for general plant assets. Maintenance and repairs are charged to operations when incurred. 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. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

J. Accounts Receivable

The District issues water invoices bi-monthly based on meter readings. Delinquent water invoices may have a lien placed on the property. The District does not provide for an allowance for uncollectible accounts due to the lien process.

K. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

L. Unearned Revenues

Unearned revenue represents funds received for future rental income on various cell tower leases.

M. Contributed Facilities

The District receives facilities (hydrant, pipes, valves, etc.), from developers resulting from developers preparing the sites to connect to the District. The District records these items as capital assets and depreciates them over their estimated useful life.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

N. Property Taxes

Property tax revenue is recognized in the fiscal year for which the tax and assessment is levied. The County of Sacramento levies, bills, and collects property taxes and special assessments for the District. Under the County’s “Teeter Plan”, the County remits the entire amount levied and handles all delinquencies, retaining interest, and penalties. Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on July 1. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31.

O. Compensated Absences

The District has a policy whereby employees can accrue up to a maximum of 300 hours of vacation leave. All accrued vacation leave will be paid to the employee on termination of employment. Accumulated unpaid vacation leave is accrued when earned. Employees accrue sick leave, but any remaining balance at termination of employment is not paid out to the employee; thus, the District does not accrue a liability for sick leave.

P. Lease Accounting

A lease is defined as a contract that conveys control of the right to use another entity’s nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. The District does not currently have any leases that meet the definition under GASB 87.

Q. Prior Year Summarized Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District’s financial statement for the year ended June 30, 2021 from which the summarized information was derived.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2022 and 2021, are classified in the accompanying financial statements as follows:

	2022	2021
Cash and cash equivalents	\$1,805,244	\$1,263,418
Restricted cash and cash equivalents	4,894,831	4,471,165
Total District Cash and Investments	\$6,700,075	\$5,734,583

Cash and investments as of June 30, 2022 and 2021, consisted of the following:

	2022	2021
Deposits with financial institutions		
Total Cash	\$5,785,766	\$4,873,095
Local Agency Investment Fund	410,813	335,797
Held by Bond Trustee:		
Money Market Mutual Fund	53,937	70,431
Negotiable Certificates of Deposit	259,672	305,457
Government Agency Securities	189,887	149,803
Total Investments	914,309	861,488
Total District Cash and Investments	\$6,700,075	\$5,734,583

A. Investment Policy

California statutes authorize districts to invest idle, surplus, or reserve funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The list below identifies the investment types that are authorized by the District’s investment policy.

This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District’s investment policy. During the year ended June 30, 2022, the District’s permissible investments included the following instruments:

- Investment pool authorized under \$50 million Liquid CA Account Statues governed by Government Code Sections 16429.1-16429.4 AKA Local Agency Investment Fund of LAIF.
- California Employers Retiree Benefit Trust (CERBT).
- Money Market Mutual Funds governed by Government Code Sections 53601.6(b).

The District complied with the provisions of the California Government Code pertaining to the types of investments held, the institutions in which deposits were made, and the security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 – CASH AND INVESTMENTS (Continued)
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B. *Investments Authorized by Debt Agreements*

Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District’s investment policy. The Water Revenues Refunding Bond agreements contain certain provisions that address interest rate risk and credit risk, but not concentration of credit risk.

C. *Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair value of the District’s investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the District’s investments by maturity:

Investment Type	12 Months or less	13 to 24 Months	25 to 60 Months	Total
Local Agency Investment Fund Held by Bond Trustee:	\$410,813			\$410,813
Money Market Mutual Fund	53,937			53,937
Negotiable Certificates of Deposit	122,771		\$136,901	259,672
Government Agency Securities		\$50,023	139,864	189,887
	\$587,521	\$50,023	\$276,765	\$914,309
Total Investments	\$587,521	\$50,023	\$276,765	\$914,309

D. *Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District’s investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 – CASH AND INVESTMENTS (Continued)

Investment Type	Minimum Rating	Total	Ratings as of Year End	
			AAA	Not Rated
Local Agency Investment Fund Held by Bond Trustee	N/A	\$410,813		\$410,813
Money Market Mutual Fund	N/A	53,937		53,937
Negotiable Certificates of Deposit	N/A	259,672		259,672
Government Agency Securities	A	189,887	\$189,887	
Total Investments		\$914,309	\$189,887	\$724,422

E. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and the District’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

- The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2022, the carrying amount of the District’s deposits were \$5,785,766. Of that balance, \$750,000 was covered and \$5,035,766 was not covered by federal depository insurance. As of June 30, 2022, District investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the District to buy the securities:

Reported Investment Type	Amount
Money Market Mutual Funds	\$53,937
Negotiable Certificates of Deposit	259,672
Government Agency Securities	189,887

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 – CASH AND INVESTMENTS (Continued)

F. Investment in LAIF

LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. At June 30, 2022, the average life on investments funds invested by LAIF was 311 days.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2022
Nondepreciable:				
Land	\$576,673			\$576,673
Construction in progress	424,288			424,288
Total nondepreciable assets	<u>1,000,961</u>			<u>1,000,961</u>
Depreciable:				
Water system facilities	24,938,802	\$101,058		25,039,860
General plant assets	661,465	113,321	(\$88,929)	685,857
Intangible assets	373,043			373,043
Total capital assets being depreciated	<u>25,973,310</u>	<u>214,379</u>	<u>(\$88,929)</u>	<u>26,098,760</u>
Less: Accumulated depreciation				
Water system facilities	(9,680,913)	(702,992)		(10,383,905)
General plant assets	(497,151)	(42,687)	88,929	(450,909)
Intangible assets	(294,610)	(8,717)		(303,327)
Total accumulated depreciation	<u>(10,472,674)</u>	<u>(754,396)</u>	<u>88,929</u>	<u>(11,138,141)</u>
Net capital assets being depreciated	<u>15,500,636</u>	<u>(540,017)</u>		<u>14,960,619</u>
Total capital assets	<u>\$16,501,597</u>	<u>(\$540,017)</u>		<u>\$15,961,580</u>

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance at June 30, 2020	Additions	Deletions	Transfers	Balance at June 30, 2021
Nondepreciable:					
Land	\$576,673				\$576,673
Construction in progress	2,498,738			(\$2,074,450)	424,288
Total nondepreciable assets	<u>3,075,411</u>			<u>(2,074,450)</u>	<u>1,000,961</u>
Depreciable:					
Water system facilities	20,760,312	\$2,104,040		\$2,074,450	24,938,802
General plant assets	709,030		(\$47,565)		661,465
Intangible assets	373,043				373,043
Total capital assets being depreciated	<u>21,842,385</u>	<u>2,104,040</u>	<u>(47,565)</u>	<u>2,074,450</u>	<u>25,973,310</u>
Less: Accumulated depreciation					
Water system facilities	(9,113,841)	(567,072)			(9,680,913)
General plant assets	(503,153)	(38,384)	44,386		(497,151)
Intangible assets	(277,842)	(16,768)			(294,610)
Total accumulated depreciation	<u>(9,894,836)</u>	<u>(622,224)</u>	<u>44,386</u>		<u>(10,472,674)</u>
Net capital assets being depreciated	<u>11,947,549</u>	<u>1,481,816</u>	<u>(3,179)</u>	<u>2,074,450</u>	<u>15,500,636</u>
Business-type activities capital assets, net	<u>\$15,022,960</u>	<u>\$1,481,816</u>	<u>(\$3,179)</u>		<u>\$16,501,597</u>

Depreciation expense in the amount of \$754,396 and \$622,224 was recorded for the years ended June 30, 2022 and 2021, respectively, and is included with depreciation expense on the Statement of Revenues, Expenses, and Changes in Net Position.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 – LONG-TERM LIABILITIES

Safe Drinking Water State Revolving Fund Loan – Direct Borrowing: On June 30, 2011, the District finalized the Safe Drinking Water Loan funding agreement in the amount of \$7,499,045 at an interest rate of 2.57% to be paid over 20 years. The loan proceeds will assist the District in complying with the State safe drinking water standards. The project was completed in June 2015, and the actual borrowed by the District was only \$7,179,073. Semi-annual loan payments of \$230,677 are due on January 1 and July 1, through July 1, 2035. As of June 30, 2022, the District's loan balance was \$3,282,681.

2015 Water Revenue Refunding Bonds – Direct Borrowing: On April 1, 2015, the District entered into a loan agreement with Umpqua Bank to issue Series 2015 Water Revenue Refunding Bonds at an interest rate of 3.61%, the proceeds of which were used to provide financing for the refunding and defeasance of the District's 2003 Water Revenue Refunding Bonds. These 2003 Bonds were issued to refund debt used to finance certain capital improvements to the District's water system. Semi-annual principal payments, ranging from \$48,776 to \$136,000, and semi-annual interest payments, ranging from \$1,210 to \$40,642, are due on May 1 and November 1, through November 1, 2031. As of June 30, 2022, the District's loan balance was \$1,658,697.

Water Meter Replacement Loan – Direct Borrowing: In July 2015, the District entered into an installment purchase agreement with Holman Capital Corporation for \$499,835 at an interest rate of 3.10% to be paid over 10 years. The agreement is for the acquisition and installation of 813 meters and solar-powered data collectors that will electronically connect to the existing automatic meter reading system, and installation of a dashboard system that will provide water data analytics to detect leaks, high water users, and overall system performance. Semi-annual loan payments of \$29,257 are due on January 23 and July 23, through July 23, 2025. As of June 30, 2022, the District's loan balance was \$193,071.

Installment Sale Agreement – Direct Borrowing: On March 1, 2018, the District entered into an installment sale agreement with Pacific Premier Bank, formerly Opus Bank, for \$3,870,000 at an interest rate of 3.28%. Proceeds from the agreement are for the construction of Well 16 and future wellhead treatment. Semi-annual principal payments, ranging from \$110,000 to \$155,000, and semi-annual interest payments, ranging from \$2,706 to \$49,201, are due on April 1 and October 1, through April 1, 2032. As of June 30, 2022, the District's loan balance was \$2,555,040.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 4 – LONG-TERM LIABILITIES (Continued)

The activity of the District’s long-term liabilities during the year ended June 30, 2022, was as follows:

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Amount due within one year
State Safe Drinking Water Loan	\$3,652,514		(\$369,833)	\$3,282,681	\$188,483
2015 Water Revenue Refunding Bond	1,806,855		(148,158)	1,658,697	152,273
Water Meter Replacement Loan	244,416		(51,344)	193,072	52,949
Pacific Premier Bank Loan	2,780,040		(225,000)	2,555,040	230,000
Total bonds and loans payable	8,483,825		(794,335)	7,689,490	623,705
Compensated Absences	53,469	\$47,716	(44,183)	57,002	57,002
Net Pension Liability	1,117,944		(1,113,041)	4,903	
Other Post-Employment Benefits	81,433		(14,597)	66,836	
Total long-term debt, net	\$9,736,671	\$47,716	(\$1,171,821)	\$7,818,231	\$680,707

The activity of the District’s long-term liabilities during the year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Amount due within one year
State Safe Drinking Water Loan	\$4,013,009		(\$360,495)	\$3,652,514	\$183,730
2015 Water Revenue Refunding Bond	1,952,591		(145,736)	1,806,855	148,158
Water Meter Replacement Loan	294,205		(49,789)	244,416	51,344
Pacific Premier Bank Loan	3,000,040		(220,000)	2,780,040	225,000
Total bonds and loans payable	9,259,845		(776,020)	8,483,825	608,232
Compensated Absences	44,121	\$41,758	(32,410)	53,469	53,469
Net Pension Liability	1,055,771	62,173		1,117,944	
Other Post-Employment Benefits	115,693		(34,260)	81,433	
Total long-term debt, net	\$10,475,430	\$103,931	(\$66,670)	9,736,671	\$661,701

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 4 – LONG-TERM LIABILITIES (Continued)

The annual requirements to amortize the outstanding debt as of June 30, 2022 are as follows:

For the Year Ending June 30	Principal	Interest	Total
2023	\$814,611	\$218,099	\$1,032,710
2024	840,715	194,443	1,035,158
2025	867,998	169,968	1,037,966
2026	863,055	144,705	1,007,760
2027	858,811	120,184	978,995
2028 - 2032	3,444,300	232,126	3,676,426
Totals	\$7,689,490	\$1,079,525	\$8,769,015

Pledged Revenue: The District pledged future water system revenues, net of specified expenses, to repay the 2015 Water Revenue Refunding Bonds in the original amount of \$2,688,622. Proceeds of the refunded bonds funded the acquisition and construction of certain facilities, as indicated above. The Bonds are payable solely from water customer net revenues and are payable through November 2031. Annual principal and interest payments on the Bonds are expected to require less than 80% of net revenues. Total principal and interest remaining to be paid on the Bonds was \$1,918,760 and \$2,120,028 254 at June 30, 2022 and 2021, respectively.

The District pledged surcharge fee revenues, to repay the 2011 State Safe Drinking Water Loan in the amount up to \$7,299,045. Annual principal and interest payments on the Loan are expected to be fully recovered by the surcharge fees from customers. Total principal and interest paid on the loan from surcharge fees was \$461,367 and \$461,355 for the years ended June 30, 2022 and 2021, respectively. The total surcharge fee revenues were \$526,912 and \$526,072 for the years ended June 30, 2022 and 2021, respectively. The District is required to maintain net revenues at least 1.2 times total annual debt service. The District’s surcharge revenues exceeded this requirement at June 30, 2022 and 2021. Total principal and interest remaining to be paid on the Bonds was \$3,649,277 and \$4,110,243 at June 30, 2022 and 2021, respectively.

The District pledged surcharge fee revenues, to repay the installment sale agreement with Pacific Premier Bank in the amount up to \$4,094,662. Annual principal and interest payments on the Loan are expected to be fully recovered by the surcharge fees from customers. Total principal and interest paid on the loan from surcharge fees was \$314,382 and \$316,597 for the years ended June 30, 2022 and 2021, respectively. The total surcharge fee revenues were \$438,161 and \$437,657 for the years ended June 30, 2022 and 2021, respectively. The District is required to maintain net revenues at least 1.25 times total annual debt service. The District’s surcharge revenues exceeded this requirement at June 30, 2022 and 2021. Total principal and interest remaining to be paid on the Bonds was \$2,996,179 and \$3,310,595 at June 30, 2022 and 2021, respectively.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 4 – LONG-TERM LIABILITIES (Continued)

Arbitrage Rebate Liability: Section 148(f) of the Internal Revenue Code requires issuers of tax-exempt state and local bonds to remit to the federal government amounts equal to (a) the excess of the actual amounts earned on all “Non-Purpose Investments” allocable to “Gross Proceeds” of an issue of municipal obligations less the amount that would have been earned if the investments bore a rate equal to the amount that would have been earned if the investments bore a rate equal to the yield on the issue, plus (b) all income attributable to the excess. Issuers must make rebate payments at least once every five years and upon final retirement or redemption of the bonds. There was no arbitrage liability at June 30, 2022 and 2021.

NOTE 5 – UNEARNED REVENUE

In August 2014, the District assigned the right to receive rental income on various cell tower leases for a period of 20 years to Wireless Capital Partners, LLC, in exchange for \$985,101 of cash. The District is also entitled to receive 50% of any rental increases after the expiration of the current leases. The District will recognize the revenue from this agreement over a period of 20 years, or \$49,255 annually. The balance of unearned revenue at June 30, 2022, was \$558,032.

NOTE 6 – NET POSITION

Restrictions: Restricted net position consist of constraints placed on net position use through external requirements imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints by law through constitutional provisions or enabling legislation. Restricted net position consisted of the following at June 30:

	2022	2021
Debt service reserve on 2015 Water Revenue Refunding Bonds	\$243,871	\$243,871
Debt service reserve on State Loan	461,355	461,355
Total Investments	\$705,226	\$705,226

The restrictions for debt service represent debt service and other reserves required by the related debt covenants. The restriction for State Loan repayment represents surcharges collected under Ordinance No. 2009-03 passed by the Board in May 2009 to fund projects to comply with a State of California Department of Public Health Compliance Order and to repay the State Loan per the loan agreement.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN

Plan Description – The District contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public employers within the State of California. PERS require agencies with less than 100 active members in the plan to participate in the risk pool. All full and part-time District employees working at least 1,000 hours per year are eligible to participate in PERS. Under PERS, benefits vest after five years of service. Upon retirement, participants are entitled to an annual retirement benefit, payable for life, in an amount equal to a benefit factor times the monthly average salary of their highest twelve consecutive months, full-time equivalent, monthly pay. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees’ Retirement Law. The Plan selects optional benefit provisions from the benefit menu by a contract with PERS and adopts those benefits through District resolution. PERS issues a separate comprehensive annual financial report. Copies of the PERS’ annual financial report may be obtained from the PERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy – The District has two tiers of participants, classic and PEPRAs. Active classic plan members were required to contribute 7% of their annual covered salary. Starting in December 2011, the District contributed 3.5% on behalf of the employees. Active PEPRAs plan members are required pay all of their employee share currently at 6.75%. The District is required to contribute at an actuarially determined rate. The required employer contribution rate for the classic plan for fiscal year 2021/2022 and 2020/2021 was 10.34% and 10.484%, respectively. The required employer contribution rate for the PEPRAs plan for fiscal year 2021/2022 and 2020/2021 was 7.59% and 7.732%, respectively. The contribution requirements of the plan members and the District are established and may be amended by PERS. The District’s contributions for the years June 30, 2022 and 2021, were 109,967 and \$631,713, respectively, which were equal to the required contributions each year.

At June 30, 2022, the District reported a liability of \$4,903 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on a projection of the District’s long- term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, which was actuarially determined.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial Assumptions – The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

- Discount Rate – 7.0%
- Investment Rate – 7.5%
- Inflation Rate – 2.5%
- Salary Increases – Varies by Entry Age and Service
- COLA Increases – up to 2.5%
- Post-Retirement Mortality – Derived using CalPERS’ Membership Data for all Funds

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014, through June 30, 2018.

The long-term expected rate of return on pension plan investments (7.15%) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (a)	New Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100%</u>		

(a) In the CalPERS Annual Comprehensive Financial Report, Fixed Income is included in Global Det Securities; liquidity is included in Short-term Investments; inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)
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The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund’s fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes to the Discount Rate – The following presents what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15%) or 1 percentage point higher (8.15%) than the current rate:

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	\$656,245
Current Discount Rate	7.15%
Net Pension Liability	\$4,903
1% Increase	8.15%
Net Pension Liability	(\$533,552)

For the fiscal year ended June 30, 2022, the District recognized a negative pension expense of \$888,993 in its financial statements. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)
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Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$109,967	
Differences between expected and actual experience	320,079	
Changes of assumptions		
Change in proportion and differences between employer contributions and proportionate share of contributions	40,017	
Net difference between projected and actual earnings on pension plan investments		(\$4,280)
Total	\$470,063	(\$4,280)

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

\$109,967 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Annual Amortization
2023	\$137,249
2024	130,937
2025	88,813
2026	(1,183)

Detailed information about the pension fund’s fiduciary net position is available in the separately issued PERS comprehensive annual financial report which may be obtained by contacting PERS.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation date	July 1, 2021
Measurement date	June 30, 2022
Measurement period	July 1, 2021 - June 30, 2022

A. Plan Description

The District provides funding in varying amounts to eligible retirees to assist eligible retirees with their cost of maintaining healthcare insurance through a cost sharing plan. The District’s retiree healthcare benefit is not subject to the Public Employees’ Medical & Hospital Care Act (PEMHCA) and the plan does not issue a stand-alone financial report. Retiree health benefits are secured through outside providers and premiums are reimbursed by the District according to the rules and to the extent described below. Because retirees do not remain on the District's group health plans, there is no implicit rate subsidy.

Retiree health benefits vary by tier, which is based on date of hire, as follows:

Tier 1: Hired prior to January 1, 2003: Eligible for District-paid retiree health benefits after the later of age 50 and 5 years of service. Coverage will be for retiree and one eligible dependent, up to \$600/month for retiree and \$800/month for retiree plus one coverage.

Tier 2: Hired on or after January 1, 2003 but prior to May 1, 2004: Eligible employees who have attained the age of fifty (50) and have at least 10 years of service with the District earn a benefit in retirement. The District contributes a percentage of the premium for retiree and one eligible dependent, up to a maximum of \$600/month for retiree and \$800/month for retiree plus one coverage, based on years of service at retirement, as follows:

Years of Service	District Share	Retiree Share
0-9.9	0% (\$0/\$0)	100%
10	50% (\$300/\$400)	50%
11	55% (\$330/\$440)	45%
12	60% (\$360/\$480)	40%
13	65% (\$390/\$520)	35%
14	70% (\$420/\$560)	30%
15	75% (\$450/\$600)	25%
16	80% (\$480/\$640)	20%
17	85% (\$510/\$680)	15%
18	90% (\$540/\$720)	10%
19	95% (\$570/\$760)	5%
20+	100% (\$600/\$800)	0%

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY (Continued)

A. Plan Description (Continued)

Tier 3: Hired on or after May 1, 2004 and before January 1, 2013: Eligible for District-paid benefits after the later of age 50 and 5 years of service. Benefit of \$300/month for the retiree only.

Tier 4: Hired on or after January 1, 2013: Eligible for District-paid benefits after the later of age 62 and 20 years of service. Benefits limited to \$300/month for the retiree only.

Benefits for all tiers end at eligibility for Medicare (age 65). Benefits are reduced for employees working less than full-time for the 3-year period before retirement.

One retired General Manager is receiving District-paid benefits of \$300/month until age 65. One retired Manager is receiving District-paid lifetime benefits, under a special contract, not to exceed \$1,050/month for retiree and spouse coverage. Current Board members will not be entitled to District-paid retiree health benefits upon retirement.

Current Board members and the General Manager will not be entitled to District-paid retiree health benefits upon retirement.

Plan membership as of July 1, 2021 consisted of the following:

Active employees	9
Inactive employees or beneficiaries currently receiving benefit payments	2
Inactive employees entitled to but not yet receiving benefit payments	<u>0</u>
Total	<u><u>11</u></u>

Contributions: The contribution requirements of Plan members and the District are established and amended by the District. Assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. Contributions made on behalf of the plan members for the year ended June 30, 2022 were \$35,405.

Net OPEB Liability: The District’s net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY (Continued)

Actuarial Assumptions: The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	Actuarial Assumptions
Valuation Date	July 1, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level percent of pay
Actuarial Assumptions:	
Asset Valuation Method	Market value of assets
Discount Rate	5.75%
Salary Increase	3.00%
General Inflation Rate	3.00%
Mortality Rate	Preretirement Mortality Rates from CalPERS Experience Study (2000-2019). Post-retirement Mortality Rates for Healthy Recipients from CalPERS Experience Study (2000-2019)
Healthcare Trend Rates	5.75% for 2022, 5.50% for 2023, 5.20% for 2024-2069, and 4.50% for 2070 and later years; Medicare ages: 4.50% for all years

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the July 1, 2021 valuation were based on a review of plan experience during the period July 1, 2019 to June 30, 2021.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	40.0%	5.50%
Fixed Income	43.0%	1.50%
Treasury Inflation Protected Securities	5.0%	1.20%
Real Estate	8.0%	3.70%
Commodities	4.0%	0.60%
Total	<u>100.0%</u>	

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY (Continued)

Discount rate: GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan’s projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District’s Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Rate of Plan Investments	Fidelity GO AA 20 Years Municipal Index	Discount Rate
June 30, 2021	June 30, 2021	5.75%	1.92%	5.75%
June 30, 2022	June 30, 2022	5.75%	3.69%	5.75%

B. Changes in the Net OPEB Liability

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position, and the net OPEB liability during the measurement period ending on June 30, 2021 for the District.

	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at 6/30/2021	\$147,984	\$66,551	\$81,433
Changes Recognized for the Measurement Period:			
Service cost	944		944
Interest on the total OPEB liability	8,281		8,281
Changes of benefit terms	-		
Differences between expected and actual experience	(128)		(128)
Plan Experience			
Administrative Expenses		(33)	33
Other Expenses		(24)	24
Changes of assumptions	2,315		2,315
Contributions from the employer		35,405	(35,405)
Benefit payments	(14,406)	(14,406)	
Net Expected Investment Income		(9,339)	9,339
Net changes	(2,994)	11,603	(14,597)
Balance at 6/30/2022 (Measurement Date)	\$144,990	\$78,154	\$66,836

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY (Continued)

C. Sensitivity of the District’s Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1- percentage point lower (4.75 percent) or 1- percentage-point higher (6.75 percent) than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1% (4.75%)	Current Discount Rate (5.75%)	Discount Rate +1% (6.75%)
\$75,214	\$66,836	\$59,147

D. Sensitivity of the District’s Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1- percentage-point lower (4.90 percent decreasing to 4.00 percent) or 1- percentage-point higher (6.90 percent decreasing to 6.00 percent) than the current healthcare cost trend rates:

Net OPEB Liability/(Asset)		
1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
\$64,778	\$66,836	\$68,311

E. Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2022, the District’s deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date		
Differences between actual and expected experience		\$36,778
Net difference between projected and actual earnings on investments	\$6,885	
Changes of assumptions	1,975	19,833
Total	\$8,860	\$56,611

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY (Continued)

F. Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss.

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30	Annual Amortization
2023	(\$10,783)
2024	(10,476)
2025	(9,100)
2026	(6,806)
2027	(7,659)
Thereafter	(2,927)
Total	(\$47,751)

G. Net OPEB Expense

For the year ended June 30, 2022, the District's OPEB expense was \$(5,461). Detail of the expense is shown below:

Service Cost	\$944
Interest Cost	8,281
Expected return on assets	(3,905)
Recognition of deferred outflows and inflows:	
Differences between expected and actual experience	(6,810)
Changes of assumptions	(5,290)
Differences between projects and actual experience	1,319
Total recognition of deferred outflows and inflows	(10,781)
Net OPEB expense	(\$5,461)

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 9 – INSURANCE

The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA), a public entity risk pool of California water agencies, for general and auto liability, public official’s liability, employment practices liability, property damage and fidelity insurance. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which the group purchases commercial excess insurance.

The District pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA. The District’s deductibles and maximum coverage are as follows:

Type of Coverage	ACWA/JPIA Self- Insured Retention	Re-Insurance/ Excess Commercial Insurance	Deductible
Liability – General, Auto, & Public Officials Errors & Omissions	\$5,000,000	\$5,000,000 - 55,000,000	None
Property Program	100,000	2,500,000 - 500,000,000	\$1,000 - \$100,000
Crime Program	100,000	N/A	1,000

The District continues to carry commercial insurance for all other risks of loss to cover all claims for risk of loss to which the District is exposed. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
 Cost-Sharing Multiple-Employer Defined Pension Plan
 Last 10 Years*
 SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY AND RELATED RATIOS AS OF
 THE MEASUREMENT DATE

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Plan's proportion of the Net Pension Liability (Asset)	0.0283%	0.0283%	0.0249%	0.0260%	0.0262%	0.0264%	0.0265%	0.0003%
Plan's proportion share of the Net Pension Liability (Asset)	\$611,042	\$611,042	\$902,961	\$1,033,555	\$987,630	\$1,055,771	\$1,117,944	\$4,903
Plan's Covered Payroll	377,098	377,098	516,107	523,983	605,031	567,137	634,435	667,672
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	162.04%	162.04%	174.96%	197.25%	163.24%	186.16%	176.21%	0.73%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	78.76%	78.76%	81.32%	75.87%	77.02%	75.81%	77.71%	99.90%

Change in assumption - In 2017, the accounting discount rate was decreased from 7.65% to 7.15%.

*- Fiscal year 2015 was the 1st year of implementation.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
 Cost-Sharing Multiple Employer Defined Pension Plan
 Last 10 Years*
 SCHEDULE OF CONTRIBUTIONS

Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$70,003	\$70,003	\$95,128	\$118,924	\$126,796	\$137,446	\$131,713	\$109,967
Contributions in relation to the actuarially determined contributions	70,003	70,003	95,128	118,924	126,796	137,446	631,713	109,967
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	(\$500,000)	\$0
Covered payroll	\$377,098	\$516,107	\$523,983	\$605,031	\$567,137	\$634,435	\$667,672	\$664,160
Contributions as a percentage of covered payroll	18.56%	13.56%	18.15%	19.66%	22.36%	21.66%	94.61%	16.56%

*Fiscal year 2015 was the 1st year of implementation.

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
For the measurement year ending June 30
Last 10 fiscal years*

Measurement Date - June 30,	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB Liability					
Service Cost	\$1,739	\$1,649	\$1,179	\$1,213	\$944
Interest	8,526	9,099	8,856	8,493	8,281
Plan contributions	(21,017)	(22,178)	(16,563)	(16,200)	
Investment earnings					(128)
Administrative and trustee expenses					2,315
Difference between expected and actual experiences			(57,042)		
Changes in assumptions	(9,723)	(22,885)	(9,986)		(14,406)
Net change in total OPEB liability	<u>(20,475)</u>	<u>(34,315)</u>	<u>(73,556)</u>	<u>(6,494)</u>	<u>(2,994)</u>
Total OPEB liability - beginning	<u>282,824</u>	<u>262,349</u>	<u>228,034</u>	<u>154,478</u>	<u>147,984</u>
Total OPEB liability - ending (a)	<u>\$262,349</u>	<u>\$228,034</u>	<u>\$154,478</u>	<u>\$147,984</u>	<u>\$144,990</u>
Plan fiduciary net position					
Contributions - employer	\$16,200	\$38,534	\$36,563	\$36,200	\$35,405
Contributions - employee					
Net investment income		105	2,324	7,803	(9,339)
Benefit payments	(16,200)	(22,178)	(16,563)	(16,200)	(14,406)
Administrative expenses				(22)	(33)
Other expenses				(15)	(24)
Net change in plan fiduciary net position		16,461	22,324	27,766	11,603
Plan fiduciary net position - beginning			16,461	38,785	66,551
Plan fiduciary net position - ending (b)		<u>16,461</u>	<u>38,785</u>	<u>66,551</u>	<u>78,154</u>
Net OPEB liability - ending (a)-(b)	<u>262,349</u>	<u>211,573</u>	<u>115,693</u>	<u>81,433</u>	<u>66,836</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	7%	25%	45%	54%
Covered-employee payroll	<u>\$604,181</u>	<u>\$668,161</u>	<u>\$703,736</u>	<u>\$724,458</u>	<u>\$768,054</u>
Net OPEB liability as a percentage of covered-employee payroll	<u>43.42%</u>	<u>31.66%</u>	<u>16.44%</u>	<u>11.24%</u>	<u>8.70%</u>

Note to Schedule: * Fiscal year 2018 was the first year of implementation.

SCHEDULE OF CONTRIBUTIONS

CERBT Agent Multiple-Employer Plan

Last 10 fiscal years*

Fiscal Year Ended June 30,	2018	2019	2020	2021	2022
Actuarially determined contribution	\$16,200	\$38,534	\$36,563	\$36,200	\$35,405
Contributions in relation to the actuarially determined contribution	<u>16,200</u>	<u>8,088</u>	<u>8,521</u>	<u>8,776</u>	<u>5,064</u>
Contribution deficiency (excess)	<u><u></u></u>	<u><u>(\$30,446)</u></u>	<u><u>(\$28,042)</u></u>	<u><u>(\$27,424)</u></u>	<u><u>(\$30,341)</u></u>
Covered-employee payroll	<u>\$604,181</u>	<u>\$668,161</u>	<u>\$703,736</u>	<u>\$724,458</u>	<u>\$768,054</u>
Contributions as a percentage of covered-employee payroll	2.68%	1.21%	1.21%	1.21%	0.66%

Note to Schedule: * Fiscal year 2018 was the first year of implementation.

Methods and assumptions used to determine contribution rates:

Valuation date:	7/1/2021
Actuarial Assumptions:	
Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Pay; 30 yrs closed
Amortization period	20 Years remain
Asset valuation method	Market Value
Inflation	3.00%
Healthcare cost trend rates	5.75% for 2022, 5.50% for 2023, 5.20% for 2024, and 4.50% for 2070 and later years; Medicare ages: 4.50% for all years
Salary increases	3.00%
Investment rate of return	5.75%
Mortality	Preretirement Mortality Rates from CalPERS Experience Study (2000-2019).
Mortality improvement	Post-retirement Mortality Rates for Healthy Recipients from CalPERS Experience Study (2000-2019)





Rio Linda/Elverta- Community Water District

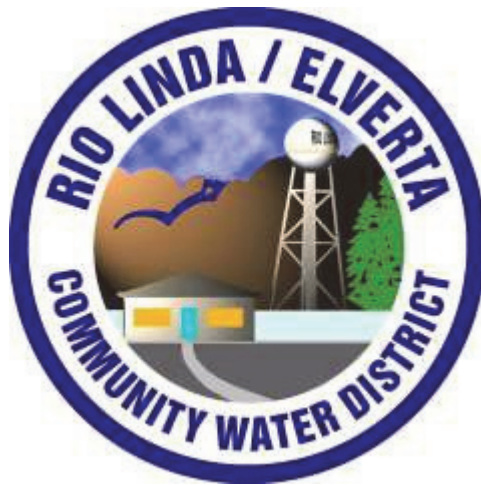


Annual Comprehensive
Financial Report

For the Fiscal Year July 1, 2021 to June 30, 2022

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**RIO LINDA/ELVERTA
COMMUNITY WATER DISTRICT**



Rio Linda, California

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**YEAR ENDING
JULY 1, 2021 - JUNE 30, 2022**

Prepared by
Timothy R. Shaw, General Manager

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**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
June 30, 2022 AND 2021**

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i
Certificate of Achievement	v
List of District Officials	vi
Organization Chart	vii
Service Area	viii
FINANCIAL SECTION	
<i>Independent Auditor's Report</i>	1
<i>Management's Discussion and Analysis</i>	5
<i>Basic Financial Statements:</i>	
Statement of Net Position	12
Statement of Revenues, Expenses and Changes in Net Position	13
Statement of Cash Flows	14
Notes to the Basic Financial Statements	17
Required Supplementary Information	
Pension	39
OPEB	40
STATISTICAL INFORMATION	
Description of Statistical Section	43
<u>Financial Trends</u>	
Schedule of Net Position by Component	44
Schedule of Change in Net Position	45
<u>Revenue Capacity</u>	
Retail Water Rates	46
Water Sales by Type of Customer	48
Principal Rate Payers	49
<u>Debt Capacity</u>	
Schedule of Debt Service	50
Ratios of Outstanding Debt by Type and Number of Connections	51
<u>Demographic and Economic Information</u>	
Demographic and Economic Statistics	52
Principal Employers	53
<u>Operating Information</u>	
Capital Assets	54
Operating Data	55

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INTRODUCTORY SECTION

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RIO LINDA ELVERTA



WWW.RLECWD.COM
QUESTIONS@RLECWD.COM

Telephone:
(916) 991-1000

RLECWD
730 L Street
Rio Linda, CA 95673-3433

COMMUNITY WATER DISTRICT

January 25, 2023

The Board of Directors
Rio Linda/Elverta Community Water District

The Rio Linda/Elverta Community Water District hereby submits the Annual Comprehensive Financial Report (CAFR) for the fiscal year end June 30, 2022. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including disclosures, rest with management. To the best of our knowledge and belief the enclosed data is accurate in all material aspects and is reported in a manner designed to fairly present the financial positions and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The Annual Comprehensive Financial Report includes the management discussion and analysis which should be read in conjunction with the transmittal letter. The District's management discussion and analysis can be found immediately following the independent auditor's report.

PROFILE OF THE GOVERNANCE

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 from throughout the District. The original purpose of the District was to have a public entity in place to install, improve, operate and to include Elverta and the surrounding areas and now encompasses approximately 17.8 square miles. The District has 10 full-time equivalent employees.

The District water supply and distribution facilities consist of 13 wells and 62.1 miles of distribution main. From these wells the District pumps approximately 2,700 acre-feet of water annually to its 4,637 customers. The production average is approximately 2.5 million gallons per day (MGD). The overall system capacity is currently 14.4 MGD.

Mission Statement

The District's mission statement is as follows: "Our Mission is to provide a safe and reliable water supply in a cost-effective manner."

Economic Conditions and Outlook

Rio Linda and Elverta are unincorporated areas in northern Sacramento County with primarily residential bedroom communities and some commercial enterprises within its boundaries. The District is only 20% built out.

In prior years, foreclosures impacted District growth. The District was also under a State mandated Compliance Order to resolve water pressure and supply challenges, which resulted in a building moratorium halting future growth in our District. In order to lift this moratorium, the District had to increase source capacity. The construction of Well #15 was completed in October 2012 and the L St. Reservoir and Pump Station was completed in February 2015. These met the requirements of the District's compliance order and the State Water Resources Control Board lifted the District's moratorium effective January 2015.

The Well #16 Pumping station, funded via a municipal loan with debt service from Surcharge #2 was completed in the spring of 2021. Well #16 does not increase the District's drinking water capacity. Instead, Well #16 provides water with relatively low Hexavalent Chromium concentration. This enables the District to relegate other wells with higher Hexavalent Chromium to subordinate roles, e.g. standby sources.

The Elverta Specific Plan (ESP) had been delayed, due to the moratorium and a downturn in new home sales. The aggregate costs of necessary infrastructure improvements, e.g., roads, storm drainage, sewage collection, etc., appears to be a formidable hindrance to ESP moving forward. The Coronavirus pandemic has added to the uncertainty investments in large-scale residential development.

Significant Projects and Future Plans

Infrastructure and Water Delivery

With California adoption of a Maximum Contaminant Limit (MCL) for Hexavalent Chromium (Cr6) then subsequent suspension of the Cr6 MCL by the Courts, the District and other water purveyors had been in a holding pattern from some planned mitigation measures. Throughout 2022, the state has remained on track with their workshops, public comment processes, and associated with re-establishing the Hexavalent Chromium MCL. At the October 19, 2021 State Water Resources Control Board meeting, the Division of Drinking water announced that the draft MCL would be published by the end of 2021.

The District has five wells in the District that do not meet the 10-ppb 1 MCL for Hexavalent Chromium. The planned next step for Hexavalent Chromium mitigation is well head treatment of an existing well. In addition to the capital improvement for well head treatment, the district has implemented a rate restructuring to fund the operating costs of a well head treatment, including personnel costs.

In addition, the District is working with other agencies to explore means to increase collaboration, including promulgation of conjunctive use and a regional water bank.

Customer Service and Administration

Currently, the existing office space does not meet building codes or accessibility requirements. Likewise, it is inadequately ventilated and worn beyond economic repair. As a result, new facility plans have been designed and will be constructed with future capacity fees.

Water Conservation

Conservation is an integral component of the District's projects. Conservation was previously governed by state and federal programs in conjunction with the California Urban Water Conservation Council (CUWCC). However, new mandatory water efficiency legislation adopted by the state has rendered the CUWCC MOU obsolete. The CUWCC MOU has been dissolved. The District, as with all urban water purveyors in California, has shifted its conservation efforts to be compliant with the requirements of SB-606 and AB-1668. A rate study/cost of service analysis and corresponding rates restructuring process was completed in August 2021. The District is 100 % metered which aids in the evaluation and monitoring of customer usage and has led to more efficient water use via a tiered rate structure.

Regional Planning

The District is an active member of the Sacramento Groundwater Association (SGA) and the Water Forum / Water Caucus. These entities provide an umbrella for region-wide water efficiency planning, groundwater monitoring and grant funding programs for its members. In addition, the District continues to collaborate with several agencies to realize conjunctive use planning.

Financial Information

Internal Control

Management is responsible for establishing and maintaining an internal control structure designed to protect assets from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting practices. The internal control structure is designed to (1) provide reasonable, but not absolute, assurance that objectives are met, (2) transactions are executed in accordance with management's authorization, and (3) that transactions are recorded properly. The concept of reasonable assurance recognizes (1) that the cost of the control should not exceed the benefits likely to be derived and (2) that the evaluation of cost and benefits requires estimates and judgment by management.

Budgetary Control

The District prepares a budget as a matter of policy and financial control. It is considered a management tool for projecting and measuring revenues and expenses detailing operating expenses, capital infrastructure investments, debt obligations, and designation of reserves. For the year ending June 30, 2022, the Budget was adopted by the Board at the September 20, 2021 public hearing. 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, and implement those plans and policies to evaluate their effectiveness and shortcomings.

The budget is prepared on a cash basis, which differs from the basis used in preparing financial statements in conformity with generally accepted accounting principles (GAAP). The Executive Committee works through public meetings or workshops, which provide an extensive review of the proposed budget. The workshops are open to the public and the public is encouraged to participate. The proposed budget is presented to the Board of Directors at a regular meeting for comments, suggestions, and feedback.

The District follows an open budget process. This means that the District will notify customers in advance to provide budget information prior to the public hearing date. Public inquiries are responded to either in writing or verbally and are designed to educate and inform District customers about the District's financial operations and requirements. Pursuant to District policy, the District adopts its budget at a public hearing.

Other Information

Independent Audit

California Government Code Section 26909 requires independent annual audits to be conducted for special districts. Maze and Associates has been selected to conduct the annual audit. The auditor's report is included in the financial section of the Annual Comprehensive Financial Report.

The preparation of the annual comprehensive financial report requires the concerted efforts of several staff members. I appreciate and acknowledge all staff who contributed to this report. Additionally, I express gratitude to the Rio Linda / Elverta Community Water District Board of Directors for their diligence, dedication, and support.

Sincerely,

Timothy R. Shaw
General Manager
Rio Linda/Elverta Community Water District



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Rio Linda/Elverta Community Water District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

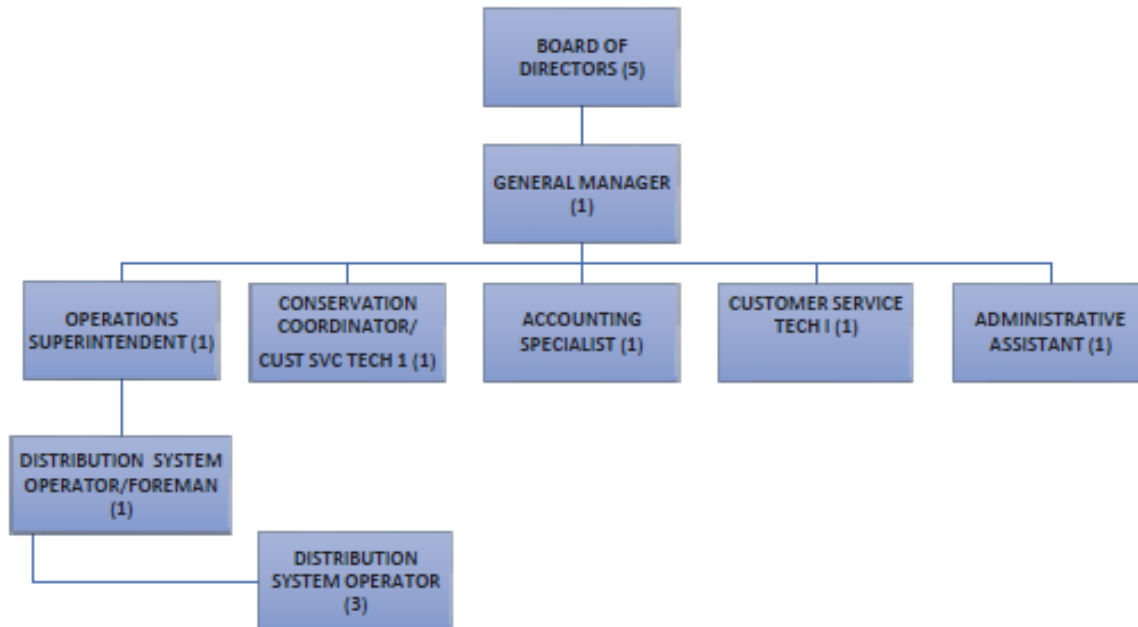
BOARD OF DIRECTORS

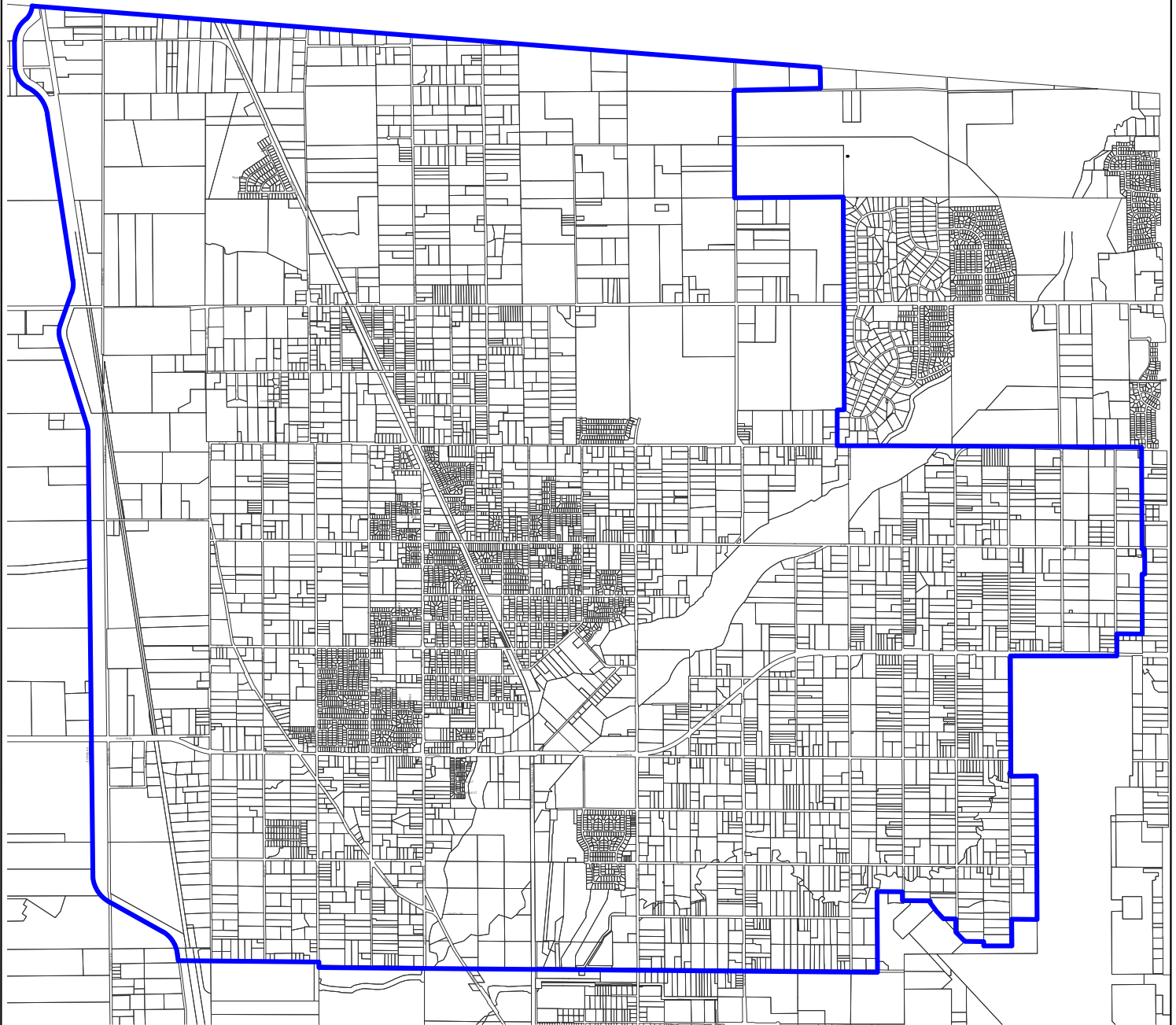
Jason Green, President
Christopher Gifford, Vice President
Mary Harris, Board Director
John Ridilla, Board Director
Bob Reisig, Board Director

EMPLOYEES

Tim Shaw, General Manager
Pat Goyet, Operations Superintendent
Renita Lehman, Admin. Assistant
Deborah Denning, Accounting Specialist
Kimberly Bassett, Customer Service Tech 1
Sara Michel, Customer Service Tech 1/ Conservation Coordinator
Justin Davis, Dist. System Op 3 / Foreman
Frank Chacon, Dist. System Op 3
Jamaal Pete, Dist. System Op 1
Benny Archibeque, Utility Worker

Rio Linda Elverta Community Water District Organizational Chart 2022





**Rio Linda / Elverta
Community Water District**
730 L Street
Rio Linda, CA 95673

Exhibit A

MAY 2018

**RLECWD SERVICE AREA BOUNDARY MAP
UPDATED MAY 21, 2018**





FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Rio Linda/Elverta Community Water District
Rio Linda, California

Opinion

We have audited the accompanying financial statements of the business-type activities of the Rio Linda/Elverta Community Water District (District), California, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District as of June 30, 2022, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management's for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section listed in the Table of Contents but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Summarized Comparative Information

The financial statements of the District as of June 30, 2021, were audited by other auditors whose reported dated October 19, 2021, expressed an unmodified opinion on those statements.

Maze + Associates

Pleasant Hill, California
January 23, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management's Discussion and Analysis
June 30, 2022 and 2021

The management of the Rio Linda/Elverta Water District (District) presents this Management's Discussion and Analysis to achieve two goals:

To comply with the requirements of Governmental Accounting Standards Board Statement 34 (GASB 34) that are designed to provide more and easier-to-understand information about the finances of local government agencies such as the District; and,

To provide readers with narrative information that may help in understanding and interpreting the information presented in the District's financial statements for the fiscal year ended June 30, 2022 (FY 2021-22).

Questions or comments regarding this Management's Discussion and Analysis may be directed to the District General Manager via the following methods:

Mailing address: Rio Linda/Elverta Community Water District
730 L St.
Rio Linda, California 95673

Telephone: (916) 991-1000
E-mail: gm@rlecwd.com

Financial Highlights

The following items are, in the opinion of District management, among the most significant in assessing the District's overall financial activities during FY 2021-22 and its financial position at the close of FY 2021-22.

- ❖ The District's assets and deferred outflows exceeded its liabilities and deferred inflows by \$15,123,542 as of June 30, 2022, which is an increase of \$2,289,500 compared to June 30, 2021. Total assets increased by \$512,862 while total liabilities decreased by \$1,974,417. The deferred outflow decreased \$250,185 to \$478,923 and deferred inflows decreased \$52,406 to \$60,891 as of June 30, 2022. The District's net investment in capital assets, \$8,829,942, is composed of the capital assets of the District net of related debt – the water transmission and distribution system, water production facilities, land, buildings, and equipment belonging to the District. Restricted net position totaled \$705,226. Unrestricted net position totaled \$5,588,374, an increase of \$2,053,328 from the end of FY 2020-21.
- ❖ The District's operating revenues were \$2,978,611 and non-operating revenues were \$1,132,325, totaling \$4,110,936. Water sales to customers totaled 69% of all revenues.
- ❖ The District's total net long-term liabilities were \$7,695,556 and includes the Water Revenue Refunding Bond, State Revolving Fund Loan, Water Meter Replacement Loan, Installment Sales Agreement, Unearned revenue, OPEB Liability, and Net Pension Liability.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management's Discussion and Analysis
June 30, 2022 and 2021

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: (1) Management's Discussion and Analysis; and (2) the financial statements, which includes the notes to financial statements.

The financial statements provide both long-term and short-term information about the District's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units on an accrual basis. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses, and Changes in Net Position. All assets and liabilities associated with the operation of the District are included in the Statement of Net Position.

The Statement of Net Position presents the financial position of the District on a full accrual historical cost basis and provides information about the nature and amount of resources and obligations at year-end.

Statement of Net Position

As of June 30, 2022, the total net position of the District was \$15,123,542. The following table summarizes assets, liabilities, and net position on June 30, 2022, 2021, and 2020:

	2022	2021	2020
Current Assets, Unrestricted	\$2,576,162	\$1,946,949	\$3,402,506
Restricted Cash and Cash Equivalents	4,894,831	4,471,165	5,136,746
Capital assets, net	15,961,580	16,501,597	15,022,960
Total Assets	23,432,573	22,919,711	23,562,212
Total Deferred Outflows	478,923	729,108	227,638
Total Assets and Deferred Outflows	23,911,496	23,648,819	23,789,850
Current Liabilities	1,031,507	1,019,223	1,513,821
Long-term Liabilities	7,695,556	9,682,257	10,503,230
Total Liabilities	8,727,063	10,701,480	12,017,051
Total Deferred Inflows	60,891	113,297	102,763
Total Liabilities and Deferred Inflows	8,787,954	10,814,777	12,119,814
Net Position			
Net investment in capital assets	8,829,942	8,593,770	8,842,880
Restricted debt service reserves	705,226	705,226	705,226
Unrestricted	5,588,374	3,535,046	2,121,930
Total Net Position	\$15,123,542	\$12,834,042	\$11,670,036

The District's net position reflects Debt Service restrictions imposed as its loan requirements.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management's Discussion and Analysis June 30, 2022 and 2021

Below is a summary analysis of changes:

Summary Analysis of Changes	2022/2021	2021/2020
Total Assets and Deferred Outflows	1.11%	-0.59%
Total Liabilities and Deferred Inflows	-18.74%	-10.77%
Total Net Position	17.84%	9.97%

Changes in Net Position

The following table summarizes the changes in net position for the fiscal years ended June 30, 2022, 2021, and 2020:

	2022	2021	2020
Operating Revenues:			
Water sales	\$2,832,861	\$2,748,710	\$2,665,072
Other operating revenues	145,750	123,528	135,039
Total Operating Revenues	<u>2,978,611</u>	<u>2,872,238</u>	<u>2,800,111</u>
Operating Expenses:			
Personnel services	220,703	1,191,017	1,228,884
Professional services	87,992	112,714	102,556
Field operations	377,740	467,761	492,255
Conservation	-	-	-
Administration	213,456	202,119	207,356
Depreciation and Amortization	754,396	622,225	636,432
Total Operating Expenses	<u>1,654,287</u>	<u>2,595,836</u>	<u>2,667,483</u>
Net Income from Operations	1,324,324	276,402	132,628
Non-Operating Revenues(Expenses)			
Surcharge	965,073	963,729	962,068
Other non-operating revenues	167,252	161,363	189,793
Non-Operating Expenses	(245,342)	(266,602)	(268,276)
Net Non-Operating Revenues	<u>886,983</u>	<u>858,490</u>	<u>883,585</u>
Net Income before capital contributions	<u>2,211,307</u>	<u>1,134,892</u>	<u>1,016,213</u>
Capital Contributions			
Capacity Fees	78,193	29,114	90,900
Capital Grants	-	-	505,000
Total Capital Contributions	<u>78,193</u>	<u>29,114</u>	<u>595,900</u>
Change in net position	2,289,500	1,164,006	1,612,113
Net position, beginning of year	<u>12,834,042</u>	<u>11,670,036</u>	<u>10,057,923</u>
Net positions, end of year	<u>\$15,123,542</u>	<u>\$12,834,042</u>	<u>\$11,670,036</u>

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management's Discussion and Analysis
June 30, 2022 and 2021

Changes from Fiscal Year 2020/2021 to Fiscal Year 2021/2022:

Total net position increased \$2,289,500 or 17.84% from fiscal year 2021 to 2022. This is primarily the result of GASB 68 and 75 adjustments for pension and other post-employment benefits.

Total operating revenues increased \$106,373 or 3.7% from fiscal year 2021 to 2022. Operating revenue exceeded operating expenses by \$1,324,324. Operating expenses decreased by \$941,549, a 36.27% decrease from fiscal year 2021 to 2022.

Changes from Fiscal Year 2019/2020 to Fiscal Year 2020/2021:

Total net position increased \$1,164,006 or 9.97% from fiscal year 2020 to 2021. This is primarily the result of GASB 68 and 75 adjustments for pension and other post-employment benefits.

Total operating revenues increased \$72,127 or 2.58% from fiscal year 2020 to 2021. Operating revenue exceeded operating expenses by \$276,402. Operating expenses decreased by \$71,747, a 2.69% decrease from fiscal year 2020 to 2021.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2022, the District's net investment in capital assets was \$8,829,942 including: the water transmission and distribution system (underground pipelines, water services, water meters, fire hydrants, and other components); water production facilities (groundwater wells); land; buildings and both mobile and fixed equipment.

Additional information on the District's capital assets can be found in Note 3, Capital Assets, of the notes to the basic financial statements.

Debt Administration

The District continues to meet its debt obligations under its Water Revenue Refunding Bonds. Through scheduled debt service payments during 2021-22, principal on its collective debt was reduced by \$148,158 during the year. The District's total debt from its 2016 issuance now stands at approximately \$1.66 million.

The District continues to meet its debt obligations to the State Water Resource Control Board State Revolving Fund (SRF) Loan through scheduled debt service payments during 2021-22, principal on its collective debt was reduced by \$369,833 during the year. The District's total debt from the SRF Loan now stands at approximately \$3.28 million.

The District continues to meet its debt obligation called the Meter Replacement Loan for the AMR/AMI Meter Program capital improvement project. Principal on its collective debt was reduced by \$51,345 during the year. The District's total debt from the Meter Replacement Loan now stands at approximately \$193,071.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management's Discussion and Analysis June 30, 2022 and 2021

During FY 18-19, the District entered into an installment sale agreement (Surcharge 2) with Opus Bank, now Pacific Premier Bank for \$3.87 million. During FY 21-22, the District paid principal of \$225,000 on this debt. As of June 30, 2022, the District's total debt from the Pacific Premier Bank loan was \$2.55 million.

Compensated absences, composed of vacation hours earned by employees that are payable upon termination or retirement, are valued at \$57,002 at the end of 2021-22, an increase of \$3,533 from the 2020-21 year-end amount of \$53,469.

Additional information on debt activity can be found in Note 4, Long-Term Liabilities, of the notes to the basic financial statements.

ECONOMIC FACTORS AND FUTURE BUDGET CONSIDERATIONS

The District adopted a budget for FY 2022-23 (\$2.7 M revenue and \$2.1 M expenses) with a 5.25% increase in income, a 4.86% increase in expense, and an 8.98% increase in net income compared with the FY 2021-22 Operating Budget.

At the onset of the FY 2022-23, when the budget was adopted, the District was aware of inflation beyond typical levels. However, the trend of historical levels of inflation continued throughout the FY 2021-22. One of the mitigations to inflation approved by the Board was to reallocate funding for the annual capital improvement projects budget back into the operating budget. The trend of inflation seems to have peaked but remains higher than long-term assumptions. The multi-year rate study operating costs and CalPERS pension costs both assume a maximum inflation of 3%. Other forms of mitigation for inflation have included cost cutting efforts such as switching to lower cost service providers and/or terminating services.

The District completed a rate study /cost of service analysis for another multi-year rates restructuring, and the Board adopted the new rates at the public hearing on August 16, 2021. The adoption of new laws (SB 555, SB 606, AB 1668) has created new requirements for water efficiency and limits on water loss. These laws also influenced the new rate structure. Additionally, the Governor issued an executive order declaring a drought emergency and requiring all urban water purveyors to implement their respective Water Shortfall Contingency Plans (mandated conservation). For calendar year 2022, the District sold nearly 11% less water than it did in 2020 (the base year stipulated by the Governor for determining compliance with the Executive Order) and 9% less than calendar year 2021. The rate structure adopted by the Board in August 2021 included drought emergency rates to mitigate the loss of revenue consequent to mandated conservation. However, the Board has declined to authorize the implementation of the drought emergency rates, which compounds the impact of record levels of inflation.

A significant portion of the District's budget continues to be repayment of the long-term debt including the Water Revenue Bond, Water Meter, Surcharge 1, and Surcharge 2 loans in the amount of approximately \$1.03 million per year representing principal and interest.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management's Discussion and Analysis June 30, 2022 and 2021

A complex formula and practices deployed by CalPERS results in a lag between events impacting employee pension Unfunded Accrued Liability (UAL) and the CalPERS implementation of increased annual UAL payments. The net effect of these CalPERS formulas/practices is a much higher total interest amount paid by the employers. Additionally, the ramp up in annual payments is not linear, they increase in the first two years following a change are approximately 2 to 3%. The increase in the subsequent 18-years is in the 15 to 20% range. To illustrate; the increase in the annual payment the District would have paid in July 2021 is at least 16% higher than the \$68,000 payment the District paid in July 2020. As such, The District executed mitigation measures to offset the dramatic annual UAL payments it would otherwise incur. The mitigation was an internal loan from the long-term capital improvement funding to fund an Additional Discretionary Payment to CalPERS to reduce the Unfunded Accrued Liability.

In September 2017, the District was awarded Prop 84 funding in the amount of \$530,000 for Well 10 Cr6 Treatment Mitigation. The District received approval from the Department of Water Resources to reallocate the Well 10 grant to the Well 16 project, an alternative means for Cr6 mitigation. The construction of the Well 16 project was completed in the spring of 2021. The state is currently scheduled to adopt the Hexavalent Chrome 6 (Cr6) MCL in February 2023.

Large-scale residential development remains on the horizon, but not in the financial planning range. Additionally, infill projects and some small commercial development is now less likely due to economic conditions. Rio Linda is strategically located directly between the large new commercial development in the Airport Industrial Park and the McClellan Business park. Both areas are bringing additional jobs into the region. which may increase housing demand in the District.



BASIC FINANCIAL STATEMENTS

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RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2022
(WITH COMPARATIVE DATA FOR JUNE 30, 2021)

ASSETS	<u>2022</u>	<u>2021</u>
CURRENT ASSETS		
Cash and cash equivalents	\$1,805,244	\$1,263,418
Accounts receivable	689,008	615,230
Accrued interest receivable	699	721
Inventory	52,627	37,675
Prepaid expenses	28,584	29,905
Total current assets	<u>2,576,162</u>	<u>1,946,949</u>
NON-CURRENT ASSETS		
Restricted cash and investments	4,894,831	4,471,165
Capital assets:		
Nondepreciable	1,000,961	1,000,961
Depreciable, net of accumulated depreciation	14,960,619	15,500,636
Total capital assets, net	<u>15,961,580</u>	<u>16,501,597</u>
Total non-current assets	<u>20,856,411</u>	<u>20,972,762</u>
TOTAL ASSETS	<u>23,432,573</u>	<u>22,919,711</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension related	470,063	729,108
OPEB related	8,860	
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>478,923</u>	<u>729,108</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	107,317	117,223
Accrued salaries and benefits	36,665	47,220
Accrued interest payable	29,217	31,800
Deposits payable	128,346	112,024
Unearned revenue	49,255	49,255
Accrued compensated absences - current portion	57,002	53,469
Current portion of bonds and loans payable	623,705	608,232
Total current liabilities	<u>1,031,507</u>	<u>1,019,223</u>
NON-CURRENT LIABILITIES		
Unearned revenue	558,032	607,287
Bonds and loans payable	7,065,785	7,875,593
OPEB Liability	66,836	81,433
Net pension liability	4,903	1,117,944
Total non-current liabilities	<u>7,695,556</u>	<u>9,682,257</u>
TOTAL LIABILITIES	<u>8,727,063</u>	<u>10,701,480</u>
DEFERRED INFLOWS OF RESOURCES		
Pension related	4,280	39,277
OPEB related	56,611	74,020
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>60,891</u>	<u>113,297</u>
NET POSITION		
Net investment in capital assets	8,829,942	8,593,770
Restricted for debt service	705,226	705,226
Unrestricted	5,588,374	3,535,046
TOTAL NET POSITION	<u><u>\$15,123,542</u></u>	<u><u>\$12,834,042</u></u>

See accompanying notes to financial statements

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2022
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2021)

	2022	2021
OPERATING REVENUES		
Water sales	\$2,832,861	\$2,748,710
Account service charges	109,735	95,667
Other water service fees	36,015	27,861
Total operating revenues	2,978,611	2,872,238
OPERATING EXPENSES		
Personnel services	220,703	1,191,017
Professional services	87,992	112,714
Field operations:		
Transmission and distribution	45,038	88,520
Pumping	240,800	259,040
Transportation	15,997	12,898
Treatment	22,943	22,238
Other	52,962	85,065
Administration	213,456	202,119
Depreciation	754,396	622,225
Total operating expenses	1,654,287	2,595,836
OPERATING INCOME (LOSSES)	1,324,324	276,402
NONOPERATING REVENUES (EXPENSES)		
Surcharge	965,073	963,729
Interest income	(16,757)	8,204
Property tax	109,104	103,904
Rental income	49,255	49,255
(Loss) gain on disposition of assets	25,650	(3,179)
Interest expense	(240,450)	(261,141)
Other non-operating revenues and (expenses)	(4,892)	(2,282)
Total nonoperating revenues (expenses), net	886,983	858,490
INCOME BEFORE CAPITAL CONTRIBUTIONS	2,211,307	1,134,892
CAPITAL CONTRIBUTIONS		
Capacity fees	78,193	29,114
Total capital contributions	78,193	29,114
CHANGE IN NET POSITION	2,289,500	1,164,006
NET POSITION, BEGINNING OF YEAR	12,834,042	11,670,036
NET POSITION, END OF YEAR	\$15,123,542	\$12,834,042

See accompanying notes to financial statements

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2021)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$2,870,807	\$3,314,689
Payments to suppliers	(686,403)	(1,288,587)
Payments to employees and related benefits	(1,157,584)	(1,648,744)
Net cash provided by operating activities	1,026,820	377,358
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipt of taxes	109,104	103,904
Net cash provided by noncapital financing activities	109,104	103,904
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Surcharge revenue received	965,073	963,729
Capacity fees	78,193	29,114
Payments on long-term debt	(794,336)	(776,020)
Purchase and construction of capital assets	(214,382)	(2,104,040)
Retirement of utility plant and equipment	(25,650)	(265,954)
Interest and fees paid on long-term debt	(245,342)	(265,954)
Net cash used for capital and related financing activities	(236,444)	(2,153,171)
CASH FLOWS FROM INVESTING ACTIVITIES		
Rental income	49,255	
Interest received	16,757	8,517
Net cash provided by investing activities	66,012	8,517
NET INCREASE (DECREASE) IN CASH	965,492	(1,663,392)
Cash, beginning of year	5,734,583	7,397,975
Cash, end of year	\$6,700,075	\$5,734,583
Cash and cash equivalents consist of the following:		
Unrestricted	\$1,805,244	\$1,263,418
Restricted	4,894,831	4,471,165
	\$6,700,075	\$5,734,583

(Continued)

See accompanying notes to financial statements

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2022
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2021)

	2022	2021
Reconciliation of operating (loss) to net cash provided by operating activities:		
Operating income (losses)	\$1,324,324	\$276,402
Adjustments to reconcile operating losses to cash flows from operating activities:		
Depreciation	754,396	622,225
Changes in assets and liabilities:		
Receivables, net	(107,804)	444,143
Inventory	(14,952)	31,053
Prepaid expenses	1,321	(17,763)
Accounts payable	(9,906)	(519,283)
Accrued payroll and related expenses	(10,555)	(4,052)
Refundable deposits	16,322	(1,692)
Compensated absences	3,533	9,348
Net pension liability	(888,993)	(42,572)
Net OPEB liability	(40,866)	(420,451)
Net cash provided (used) by operating activities	\$1,026,820	\$377,358

See accompanying notes to financial statements

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NOTES TO BASIC FINANCIAL STATEMENTS

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RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES**

The basic financial statements of the Rio Linda/Elverta Community Water District (District) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. In addition, the District applies Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee of Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

A. *Reporting Entity*

The District was formed on November 9, 1948, and provided water and sewer services. Sewer services were transferred to Sacramento County in 1976. The District no longer provides sewer service. The District currently provides domestic water service and fire flows to approximately 4,643 metered accounts, including procurement, quality, and distribution. The District is governed by a Board of Directors consisting of five directors elected by residents of the District.

B. *Basis of Presentation – Fund Accounting*

The District's resources are allocated to and accounted for in these 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.

C. *Basis of Accounting*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Net position is segregated into amounts invested in capital assets, net of related debt, amounts restricted, and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The District uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Earned but unbilled water services are accrued as revenue.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

C. *Basis of Accounting (Continued)*

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principle operations of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

D. *Use of Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. *Cash and Cash Equivalents*

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents held include bank deposits, Local Agency Investment Fund (LAIF), an investment pool managed by the State of California, and money market mutual funds.

F. *Restricted Assets*

Certain proceeds of the District's long-term debt are classified as restricted investments on the balance sheet because their use is limited by applicable debt covenants and ordinances. In addition, proceeds from the surcharge levied on customer accounts are restricted for capital improvements. Certain other amounts received by the District are restricted for other purposes.

G. *Investments*

Investments are stated at their fair value, which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

H. *Inventory*

Inventory consists primarily of materials used in the construction and maintenance of the water distribution facilities and is valued on a first-in, first-out basis.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

I. Capital Assets

Capital assets are recorded at historical cost. Donated assets are valued at acquisition value on the date received. Self-constructed assets are recorded based on the amount of direct labor, material, and certain overhead charged to the asset construction. Depreciation is calculated using the straight-line method over estimated useful lives of 8 to 60 years for transmission and distribution, and 3 to 50 years for general plant assets. Maintenance and repairs are charged to operations when incurred. 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. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

J. Accounts Receivable

The District issues water invoices bi-monthly based on meter readings. Delinquent water invoices may have a lien placed on the property. The District does not provide for an allowance for uncollectible accounts due to the lien process.

K. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

L. Unearned Revenues

Unearned revenue represents funds received for future rental income on various cell tower leases.

M. Contributed Facilities

The District receives facilities (hydrant, pipes, valves, etc.), from developers resulting from developers preparing the sites to connect to the District. The District records these items as capital assets and depreciates them over their estimated useful life.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

N. Property Taxes

Property tax revenue is recognized in the fiscal year for which the tax and assessment is levied. The County of Sacramento levies, bills, and collects property taxes and special assessments for the District. Under the County’s “Teeter Plan”, the County remits the entire amount levied and handles all delinquencies, retaining interest, and penalties. Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on July 1. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31.

O. Compensated Absences

The District has a policy whereby employees can accrue up to a maximum of 300 hours of vacation leave. All accrued vacation leave will be paid to the employee on termination of employment. Accumulated unpaid vacation leave is accrued when earned. Employees accrue sick leave, but any remaining balance at termination of employment is not paid out to the employee; thus, the District does not accrue a liability for sick leave.

P. Lease Accounting

A lease is defined as a contract that conveys control of the right to use another entity’s nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. The District does not currently have any leases that meet the definition under GASB 87.

Q. Prior Year Summarized Comparative Information

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District’s financial statement for the year ended June 30, 2021 from which the summarized information was derived.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 – CASH AND INVESTMENTS

Cash and investments as of June 30, 2022 and 2021, are classified in the accompanying financial statements as follows:

	2022	2021
Cash and cash equivalents	\$1,805,244	\$1,263,418
Restricted cash and cash equivalents	4,894,831	4,471,165
Total District Cash and Investments	\$6,700,075	\$5,734,583

Cash and investments as of June 30, 2022 and 2021, consisted of the following:

	2022	2021
Deposits with financial institutions		
Total Cash	\$5,785,766	\$4,873,095
Local Agency Investment Fund	410,813	335,797
Held by Bond Trustee:		
Money Market Mutual Fund	53,937	70,431
Negotiable Certificates of Deposit	259,672	305,457
Government Agency Securities	189,887	149,803
Total Investments	914,309	861,488
Total District Cash and Investments	\$6,700,075	\$5,734,583

A. Investment Policy

California statutes authorize districts to invest idle, surplus, or reserve funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The list below identifies the investment types that are authorized by the District’s investment policy.

This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District’s investment policy. During the year ended June 30, 2022, the District’s permissible investments included the following instruments:

- Investment pool authorized under \$50 million Liquid CA Account Statues governed by Government Code Sections 16429.1-16429.4 AKA Local Agency Investment Fund of LAIF.
- California Employers Retiree Benefit Trust (CERBT).
- Money Market Mutual Funds governed by Government Code Sections 53601.6(b).

The District complied with the provisions of the California Government Code pertaining to the types of investments held, the institutions in which deposits were made, and the security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 – CASH AND INVESTMENTS (Continued)

B. Investments Authorized by Debt Agreements

Investments of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District’s investment policy. The Water Revenues Refunding Bond agreements contain certain provisions that address interest rate risk and credit risk, but not concentration of credit risk.

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair value of the District’s investments (including investments held by bond trustees) to market interest rate fluctuations is provided by the following table that shows the distribution of the District’s investments by maturity:

Investment Type	12 Months or less	13 to 24 Months	25 to 60 Months	Total
Local Agency Investment Fund	\$410,813			\$410,813
Held by Bond Trustee:				
Money Market Mutual Fund	53,937			53,937
Negotiable Certificates of Deposit	122,771		\$136,901	259,672
Government Agency Securities		\$50,023	139,864	189,887
Total Investments	\$587,521	\$50,023	\$276,765	\$914,309

D. Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District’s investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

	Minimum Legal Rating	Total	Ratings as of Year End	
			AAA	Not Rated
Local Agency Investment Fund	N/A	\$410,813		\$410,813
Held by Bond Trustee				
Money Market Mutual Fund	N/A	53,937		53,937
Negotiable Certificates of Deposit	N/A	259,672		259,672
Government Agency Securities	A	189,887	\$189,887	
Total Investments		\$914,309	\$189,887	\$724,422

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 2 – CASH AND INVESTMENTS (Continued)

E. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and the District’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits:

- The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2022, the carrying amount of the District’s deposits were \$5,785,766. Of that balance, \$750,000 was covered and \$5,035,766 was not covered by federal depository insurance. As of June 30, 2022, District investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the District to buy the securities:

<u>Reported Investment Type</u>	<u>Amount</u>
Money Market Mutual Funds	\$53,937
Negotiable Certificates of Deposit	259,672
Government Agency Securities	189,887

F. Investment in LAIF

LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the District’s investment in this pool is reported in the accompanying financial statements at amounts based upon the District’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. At June 30, 2022, the average life on investments funds invested by LAIF was 311 days.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022, was as follows:

	Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2022
Nondepreciable:				
Land	\$576,673			\$576,673
Construction in progress	424,288			424,288
Total nondepreciable assets	<u>1,000,961</u>			<u>1,000,961</u>
Depreciable:				
Water system facilities	24,938,802	\$101,058		25,039,860
General plant assets	661,465	113,321	(\$88,929)	685,857
Intangible assets	373,043			373,043
Total capital assets being depreciated	<u>25,973,310</u>	<u>214,379</u>	<u>(88,929)</u>	<u>26,098,760</u>
Less: Accumulated depreciation				
Water system facilities	(9,680,913)	(702,992)		(10,383,905)
General plant assets	(497,151)	(42,687)	88,929	(450,909)
Intangible assets	(294,610)	(8,717)		(303,327)
Total accumulated depreciation	<u>(10,472,674)</u>	<u>(754,396)</u>	<u>88,929</u>	<u>(11,138,141)</u>
Net capital assets being depreciated	<u>15,500,636</u>	<u>(540,017)</u>		<u>14,960,619</u>
Total capital assets	<u>\$16,501,597</u>	<u>(\$540,017)</u>		<u>\$15,961,580</u>

Capital asset activity for the year ended June 30, 2021, was as follows:

	Balance at June 30, 2020	Additions	Deletions	Transfers	Balance at June 30, 2021
Nondepreciable:					
Land	\$576,673				\$576,673
Construction in progress	2,498,738			(\$2,074,450)	424,288
Total nondepreciable assets	<u>3,075,411</u>			<u>(2,074,450)</u>	<u>1,000,961</u>
Depreciable:					
Water system facilities	20,760,312	\$2,104,040		\$2,074,450	24,938,802
General plant assets	709,030		(\$47,565)		661,465
Intangible assets	373,043				373,043
Total capital assets being depreciated	<u>21,842,385</u>	<u>2,104,040</u>	<u>(47,565)</u>	<u>2,074,450</u>	<u>25,973,310</u>
Less: Accumulated depreciation					
Water system facilities	(9,113,841)	(567,072)			(9,680,913)
General plant assets	(503,153)	(38,384)	44,386		(497,151)
Intangible assets	(277,842)	(16,768)			(294,610)
Total accumulated depreciation	<u>(9,894,836)</u>	<u>(622,224)</u>	<u>44,386</u>		<u>(10,472,674)</u>
Net capital assets being depreciated	<u>11,947,549</u>	<u>1,481,816</u>	<u>(3,179)</u>	<u>2,074,450</u>	<u>15,500,636</u>
Business-type activities capital assets, net	<u>\$15,022,960</u>	<u>\$1,481,816</u>	<u>(\$3,179)</u>		<u>\$16,501,597</u>

Depreciation expense in the amount of \$754,396 and \$622,224 was recorded for the years ended June 30, 2022 and 2021, respectively, and is included with depreciation expense on the Statement of Revenues, Expenses, and Changes in Net Position.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 – LONG-TERM LIABILITIES

Safe Drinking Water State Revolving Fund Loan – Direct Borrowing: On June 30, 2011, the District finalized the Safe Drinking Water Loan funding agreement in the amount of \$7,499,045 at an interest rate of 2.57% to be paid over 20 years. The loan proceeds will assist the District in complying with the State safe drinking water standards. The project was completed in June 2015, and the actual borrowed by the District was only \$7,179,073. Semi-annual loan payments of \$230,677 are due on January 1 and July 1, through July 1, 2035. As of June 30, 2022, the District's loan balance was \$3,282,681.

2015 Water Revenue Refunding Bonds – Direct Borrowing: On April 1, 2015, the District entered into a loan agreement with Umpqua Bank to issue Series 2015 Water Revenue Refunding Bonds at an interest rate of 3.61%, the proceeds of which were used to provide financing for the refunding and defeasance of the District's 2003 Water Revenue Refunding Bonds. These 2003 Bonds were issued to refund debt used to finance certain capital improvements to the District's water system. Semi-annual principal payments, ranging from \$48,776 to \$136,000, and semi-annual interest payments, ranging from \$1,210 to \$40,642, are due on May 1 and November 1, through November 1, 2031. As of June 30, 2022, the District's loan balance was \$1,658,697.

Water Meter Replacement Loan – Direct Borrowing: In July 2015, the District entered into an installment purchase agreement with Holman Capital Corporation for \$499,835 at an interest rate of 3.10% to be paid over 10 years. The agreement is for the acquisition and installation of 813 meters and solar-powered data collectors that will electronically connect to the existing automatic meter reading system, and installation of a dashboard system that will provide water data analytics to detect leaks, high water users, and overall system performance. Semi-annual loan payments of \$29,257 are due on January 23 and July 23, through July 23, 2025. As of June 30, 2022, the District's loan balance was \$193,071.

Installment Sale Agreement – Direct Borrowing: On March 1, 2018, the District entered into an installment sale agreement with Pacific Premier Bank, formerly Opus Bank, for \$3,870,000 at an interest rate of 3.28%. Proceeds from the agreement are for the construction of Well 16 and future wellhead treatment. Semi-annual principal payments, ranging from \$110,000 to \$155,000, and semi-annual interest payments, ranging from \$2,706 to \$49,201, are due on April 1 and October 1, through April 1, 2032. As of June 30, 2022, the District's loan balance was \$2,555,040.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 4 – LONG-TERM LIABILITIES (Continued)

The activity of the District’s long-term liabilities during the year ended June 30, 2022, was as follows:

	Balance June 30, 2021	Additions	Retirements	Balance June 30, 2022	Amount due within one year
State Safe Drinking Water Loan	\$3,652,514		(\$369,833)	\$3,282,681	\$188,483
2015 Water Revenue Refunding Bond	1,806,855		(148,158)	1,658,697	152,273
Water Meter Replacement Loan	244,416		(51,344)	193,072	52,949
Pacific Premier Bank Loan	2,780,040		(225,000)	2,555,040	230,000
Total bonds and loans payable	8,483,825		(794,335)	7,689,490	623,705
Compensated Absences	53,469	\$47,716	(44,183)	57,002	57,002
Net Pension Liability	1,117,944		(1,113,041)	4,903	
Other Post-Employment Benefits	81,433		(14,597)	66,836	
Total long-term debt, net	\$9,736,671	\$47,716	(\$1,171,821)	\$7,818,231	\$680,707

The activity of the District’s long-term liabilities during the year ended June 30, 2021, was as follows:

	Balance June 30, 2020	Additions	Retirements	Balance June 30, 2021	Amount due within one year
State Safe Drinking Water Loan	\$4,013,009		(\$360,495)	\$3,652,514	\$183,730
2015 Water Revenue Refunding Bond	1,952,591		(145,736)	1,806,855	148,158
Water Meter Replacement Loan	294,205		(49,789)	244,416	51,344
Pacific Premier Bank Loan	3,000,040		(220,000)	2,780,040	225,000
Total bonds and loans payable	9,259,845		(776,020)	8,483,825	608,232
Compensated Absences	44,121	\$41,758	(32,410)	53,469	53,469
Net Pension Liability	1,055,771	62,173		1,117,944	
Other Post-Employment Benefits	115,693		(34,260)	81,433	
Total long-term debt, net	\$10,475,430	\$103,931	(\$66,670)	9,736,671	\$661,701

The annual requirements to amortize the outstanding debt as of June 30, 2022 are as follows:

For the Year Ending June 30	Principal	Interest	Total
2023	\$814,611	\$218,099	\$1,032,710
2024	840,715	194,443	1,035,158
2025	867,998	169,968	1,037,966
2026	863,055	144,705	1,007,760
2027	858,811	120,184	978,995
2028 - 2032	3,444,300	232,126	3,676,426
Totals	\$7,689,490	\$1,079,525	\$8,769,015

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 4 – LONG-TERM LIABILITIES (Continued)

Pledged Revenue: The District pledged future water system revenues, net of specified expenses, to repay the 2015 Water Revenue Refunding Bonds in the original amount of \$2,688,622. Proceeds of the refunded bonds funded the acquisition and construction of certain facilities, as indicated above. The Bonds are payable solely from water customer net revenues and are payable through November 2031. Annual principal and interest payments on the Bonds are expected to require less than 80% of net revenues. Total principal and interest remaining to be paid on the Bonds was \$1,918,760 and \$2,120,028 254 at June 30, 2022 and 2021, respectively.

The District pledged surcharge fee revenues, to repay the 2011 State Safe Drinking Water Loan in the amount up to \$7,299,045. Annual principal and interest payments on the Loan are expected to be fully recovered by the surcharge fees from customers. Total principal and interest paid on the loan from surcharge fees was \$461,367 and \$461,355 for the years ended June 30, 2022 and 2021, respectively. The total surcharge fee revenues were \$526,912 and \$526,072 for the years ended June 30, 2022 and 2021, respectively. The District is required to maintain net revenues at least 1.2 times total annual debt service. The District's surcharge revenues exceeded this requirement at June 30, 2022 and 2021. Total principal and interest remaining to be paid on the Bonds was \$3,649,277 and \$4,110,243 at June 30, 2022 and 2021, respectively.

The District pledged surcharge fee revenues, to repay the installment sale agreement with Pacific Premier Bank in the amount up to \$4,094,662. Annual principal and interest payments on the Loan are expected to be fully recovered by the surcharge fees from customers. Total principal and interest paid on the loan from surcharge fees was \$314,382 and \$316,597 for the years ended June 30, 2022 and 2021, respectively. The total surcharge fee revenues were \$438,161 and \$437,657 for the years ended June 30, 2022 and 2021, respectively. The District is required to maintain net revenues at least 1.25 times total annual debt service. The District's surcharge revenues exceeded this requirement at June 30, 2022 and 2021. Total principal and interest remaining to be paid on the Bonds was \$2,996,179 and \$3,310,595 at June 30, 2022 and 2021, respectively.

Arbitrage Rebate Liability: Section 148(f) of the Internal Revenue Code requires issuers of tax-exempt state and local bonds to remit to the federal government amounts equal to (a) the excess of the actual amounts earned on all "Non-Purpose Investments" allocable to "Gross Proceeds" of an issue of municipal obligations less the amount that would have been earned if the investments bore a rate equal to the amount that would have been earned if the investments bore a rate equal to the yield on the issue, plus (b) all income attributable to the excess. Issuers must make rebate payments at least once every five years and upon final retirement or redemption of the bonds. There was no arbitrage liability at June 30, 2022 and 2021.

NOTE 5 – UNEARNED REVENUE

In August 2014, the District assigned the right to receive rental income on various cell tower leases for a period of 20 years to Wireless Capital Partners, LLC, in exchange for \$985,101 of cash. The District is also entitled to receive 50% of any rental increases after the expiration of the current leases. The District will recognize the revenue from this agreement over a period of 20 years, or \$49,255 annually. The balance of unearned revenue at June 30, 2022, was \$558,032.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 6 – NET POSITION

Restrictions: Restricted net position consist of constraints placed on net position use through external requirements imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints by law through constitutional provisions or enabling legislation. Restricted net position consisted of the following at June 30:

	2022	2021
Debt service reserve on 2015 Water Revenue Refunding Bonds	\$243,871	\$243,871
Debt service reserve on State Loan	461,355	461,355
Total Investments	\$705,226	\$705,226

The restrictions for debt service represent debt service and other reserves required by the related debt covenants. The restriction for State Loan repayment represents surcharges collected under Ordinance No. 2009-03 passed by the Board in May 2009 to fund projects to comply with a State of California Department of Public Health Compliance Order and to repay the State Loan per the loan agreement.

NOTE 7 – DEFINED BENEFIT PENSION PLAN

Plan Description – The District contributes to the California Public Employees Retirement System (PERS), a cost sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public employers within the State of California. PERS require agencies with less than 100 active members in the plan to participate in the risk pool. All full and part-time District employees working at least 1,000 hours per year are eligible to participate in PERS. Under PERS, benefits vest after five years of service. Upon retirement, participants are entitled to an annual retirement benefit, payable for life, in an amount equal to a benefit factor times the monthly average salary of their highest twelve consecutive months, full-time equivalent, monthly pay. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees’ Retirement Law. The Plan selects optional benefit provisions from the benefit menu by a contract with PERS and adopts those benefits through District resolution. PERS issues a separate annual comprehensive financial report. Copies of the PERS’ annual financial report may be obtained from the PERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy – The District has two tiers of participants, classic and PEPRA. Active classic plan members were required to contribute 7% of their annual covered salary. Starting in December 2011, the District contributed 3.5% on behalf of the employees. Active PEPRA plan members are required pay all of their employee share currently at 6.75%. The District is required to contribute at an actuarially determined rate. The required employer contribution rate for the classic plan for fiscal year 2021/2022 and 2020/2021 was 10.34% and 10.484%, respectively. The required employer contribution rate for the PEPRA plan for fiscal year 2021/2022 and 2020/2021 was 7.59% and 7.732%, respectively. The contribution requirements of the plan members and the District are established and may be amended by PERS. The District’s contributions for the years June 30, 2022 and 2021, were 109,967 and \$631,713, respectively, which were equal to the required contributions each year.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

At June 30, 2022, the District reported a liability of \$4,903 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District’s proportion of the net pension liability was based on a projection of the District’s long- term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, which was actuarially determined.

Actuarial Assumptions – The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

- Discount Rate – 7.0%
- Investment Rate – 7.5%
- Inflation Rate – 2.5%
- Salary Increases – Varies by Entry Age and Service
- COLA Increases – up to 2.5%
- Post-Retirement Mortality – Derived using CalPERS’ Membership Data for all Funds

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014, through June 30, 2018.

The long-term expected rate of return on pension plan investments (7.15%) was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class (a)	New Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100%		

(a) In the CalPERS Annual Comprehensive Financial Report, Fixed Income is included in Global Det Securities; liquidity is included in Short-term Investments; inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.0% used for this period.

(c) An expected inflation of 2.92% used for this period.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)
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The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from the District will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension fund’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. In theory, the discount rate may differ from the long-term expected rate of return discussed previously. However, based on the projected availability of the pension fund’s fiduciary net position, the discount rate is equal to the long-term expected rate of return on pension plan investments, and was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes to the Discount Rate – The following presents what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15%) or 1 percentage point higher (8.15%) than the current rate:

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	\$656,245
Current Discount Rate	7.15%
Net Pension Liability	\$4,903
1% Increase	8.15%
Net Pension Liability	(\$533,552)

For the fiscal year ended June 30, 2022, the District recognized a negative pension expense of \$888,993 in its financial statements. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$109,967	
Differences between expected and actual experience	320,079	
Changes of assumptions		
Change in proportion and differences between employer contributions and proportionate share of contributions	40,017	
Net difference between projected and actual earnings on pension plan investments		(\$4,280)
	\$470,063	(\$4,280)
Total		

Deferred outflows of resources and deferred inflows of resources above represent the unamortized portion of changes to net pension liability to be recognized in future periods in a systematic and rational manner.

\$109,967 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Annual Amortization
2023	\$137,249
2024	130,937
2025	88,813
2026	(1,183)

Detailed information about the pension fund’s fiduciary net position is available in the separately issued PERS annual comprehensive financial report which may be obtained by contacting PERS.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation date	July 1, 2021	
Measurement date	June 30, 2022	
Measurement period	July 1, 2021 - June 30, 2022	

A. Plan Description

The District provides funding in varying amounts to eligible retirees to assist eligible retirees with their cost of maintaining healthcare insurance through a cost sharing plan. The District’s retiree healthcare benefit is not subject to the Public Employees’ Medical & Hospital Care Act (PEMHCA) and the plan does not issue a stand-alone financial report. Retiree health benefits are secured through outside providers and premiums are reimbursed by the District according to the rules and to the extent described below. Because retirees do not remain on the District's group health plans, there is no implicit rate subsidy.

Retiree health benefits vary by tier, which is based on date of hire, as follows:

Tier 1: Hired prior to January 1, 2003: Eligible for District-paid retiree health benefits after the later of age 50 and 5 years of service. Coverage will be for retiree and one eligible dependent, up to \$600/month for retiree and \$800/month for retiree plus one coverage.

Tier 2: Hired on or after January 1, 2003 but prior to May 1, 2004: Eligible employees who have attained the age of fifty (50) and have at least 10 years of service with the District earn a benefit in retirement. The District contributes a percentage of the premium for retiree and one eligible dependent, up to a maximum of \$600/month for retiree and \$800/month for retiree plus one coverage, based on years of service at retirement, as follows:

Years of Service	District Share	Retiree Share
0-9.9	0% (\$0/\$0)	100%
10	50% (\$300/\$400)	50%
11	55% (\$330/\$440)	45%
12	60% (\$360/\$480)	40%
13	65% (\$390/\$520)	35%
14	70% (\$420/\$560)	30%
15	75% (\$450/\$600)	25%
16	80% (\$480/\$640)	20%
17	85% (\$510/\$680)	15%
18	90% (\$540/\$720)	10%
19	95% (\$570/\$760)	5%
20+	100% (\$600/\$800)	0%

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY (Continued)

A. Plan Description (Continued)

Tier 3: Hired on or after May 1, 2004 and before January 1, 2013: Eligible for District-paid benefits after the later of age 50 and 5 years of service. Benefit of \$300/month for the retiree only.

Tier 4: Hired on or after January 1, 2013: Eligible for District-paid benefits after the later of age 62 and 20 years of service. Benefits limited to \$300/month for the retiree only.

Benefits for all tiers end at eligibility for Medicare (age 65). Benefits are reduced for employees working less than full-time for the 3-year period before retirement.

One retired General Manager is receiving District-paid benefits of \$300/month until age 65. One retired Manager is receiving District-paid lifetime benefits, under a special contract, not to exceed \$1,050/month for retiree and spouse coverage. Current Board members will not be entitled to District-paid retiree health benefits upon retirement.

Current Board members and the General Manager will not be entitled to District-paid retiree health benefits upon retirement.

Plan membership as of July 1, 2021 consisted of the following:

Active employees	9
Inactive employees or beneficiaries currently receiving benefit payments	2
Inactive employees entitled to but not yet receiving benefit payments	0
Total	<u>11</u>

Contributions: The contribution requirements of Plan members and the District are established and amended by the District. Assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. Contributions made on behalf of the plan members for the year ended June 30, 2022 were \$35,405.

Net OPEB Liability: The District's net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2021. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY (Continued)

Actuarial Assumptions: The total OPEB liability was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

	Actuarial Assumptions
Valuation Date	July 1, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal Cost
Amortization Method	Level percent of pay
Actuarial Assumptions:	
Asset Valuation Method	Market value of assets
Discount Rate	5.75%
Salary Increase	3.00%
General Inflation Rate	3.00%
Mortality Rate	Preretirement Mortality Rates from CalPERS Experience Study (2000-20) Post-retirement Mortality Rates for Healthy Recipients from CalPERS Experience Study (2000-2019)
Healthcare Trend Rates	5.75% for 2022, 5.50% for 2023, 5.20% for 2024-2069, and 4.50% for 2070 and later years; Medicare ages: 4.50% for all years

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Actuarial assumptions used in the July 1, 2021 valuation were based on a review of plan experience during the period July 1, 2019 to June 30, 2021.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. The calculated investment rate of return was set equal to the expected ten-year compound (geometric) real return plus inflation (rounded to the nearest 25 basis points, where appropriate). The table below provides the long-term expected real rates of return by asset class (based on published capital market assumptions).

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	40.0%	5.50%
Fixed Income	43.0%	1.50%
Treasury Inflation Protected Securities	5.0%	1.20%
Real Estate	8.0%	3.70%
Commodities	4.0%	0.60%
Total	100.0%	

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY (Continued)

Discount rate: GASB 75 requires a discount rate that reflects the following:

- a) The long-term expected rate of return on OPEB plan investments – to the extent that the OPEB plan’s fiduciary net position (if any) is projected to be sufficient to make projected benefit payments and assets are expected to be invested using a strategy to achieve that return;
- b) A yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher – to the extent that the conditions in (a) are not met.

To determine a resulting single (blended) rate, the amount of the plan’s projected fiduciary net position (if any) and the amount of projected benefit payments is compared in each period of projected benefit payments. The discount rate used to measure the District’s Total OPEB liability is based on these requirements and the following information:

Reporting Date	Measurement Date	Long-Term Expected Rate of Plan Investments	Fidelity GO AA 20 Years Municipal Index	Discount Rate
June 30, 2021	June 30, 2021	5.75%	1.92%	5.75%
June 30, 2022	June 30, 2022	5.75%	3.69%	5.75%

B. Changes in the Net OPEB Liability

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position, and the net OPEB liability during the measurement period ending on June 30, 2021 for the District.

	Increase (Decrease)		
	Total OPEB Liability (a)	Fiduciary Net Position (b)	Net OPEB Liability (c) = (a) - (b)
Balance at 6/30/2021	\$147,984	\$66,551	\$81,433
Changes Recognized for the Measurement Period:			
Service cost	944		944
Interest on the total OPEB liability	8,281		8,281
Changes of benefit terms			
Differences between expected and actual experience	(128)		(128)
Plan Experience			
Administrative Expenses		(33)	33
Other Expenses		(24)	24
Changes of assumptions	2,315		2,315
Contributions from the employer		35,405	(35,405)
Benefit payments	(14,406)	(14,406)	
Net Expected Investment Income		(9,339)	9,339
Net changes	(2,994)	11,603	(14,597)
Balance at 6/30/2022 (Measurement Date)	\$144,990	\$78,154	\$66,836

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY (Continued)

C. Sensitivity of the District’s Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1- percentage point lower (4.75 percent) or 1- percentage-point higher (6.75 percent) than the current discount rate:

Net OPEB Liability/(Asset)		
Discount Rate -1% (4.75%)	Current Discount Rate (5.75%)	Discount Rate +1% (6.75%)
\$75,214	\$66,836	\$59,147

D. Sensitivity of the District’s Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1- percentage-point lower (4.90 percent decreasing to 4.00 percent) or 1- percentage-point higher (6.90 percent decreasing to 6.00 percent) than the current healthcare cost trend rates:

Net OPEB Liability/(Asset)		
1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
\$64,778	\$66,836	\$68,311

E. Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2022, the District’s deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date		
Differences between actual and expected experience		\$36,778
Net difference between projected and actual earnings on investments	\$6,885	
Changes of assumptions	1,975	19,833
Total	\$8,860	\$56,611

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY (Continued)

F. Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss.

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30	Annual Amortization
2023	(\$10,783)
2024	(10,476)
2025	(9,100)
2026	(6,806)
2027	(7,659)
Thereafter	(2,927)
Total	<u><u>(\$47,751)</u></u>

G. Net OPEB Expense

For the year ended June 30, 2022, the District's OPEB expense was (\$5,461). Detail of the expense is shown below:

Service Cost	\$944
Interest Cost	8,281
Expected return on assets	(3,905)
Recognition of deferred outflows and inflows:	
Differences between expected and actual experience	(6,810)
Changes of assumptions	(5,290)
Differences between projects and actual experience	1,319
Total recognition of deferred outflows and inflows	<u>(10,781)</u>
Net OPEB expense	<u><u>(\$5,461)</u></u>

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

**NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 9 – INSURANCE

The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA), a public entity risk pool of California water agencies, for general and auto liability, public official’s liability, employment practices liability, property damage and fidelity insurance. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which the group purchases commercial excess insurance.

The District pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA. The District’s deductibles and maximum coverage are as follows:

<u>Type of Coverage</u>	<u>ACWA/JPIA Self- Insured Retention</u>	<u>Re-Insurance/ Excess Commercial Insurance</u>	<u>Deductible</u>
Liability – General, Auto, & Public Officials Errors & Omissions	\$5,000,000	\$5,000,000 - 55,000,000	None
Property Program	100,000	2,500,000 - 500,000,000	\$1,000 - \$100,000
Crime Program	100,000	N/A	1,000

The District continues to carry commercial insurance for all other risks of loss to cover all claims for risk of loss to which the District is exposed. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
 Cost-Sharing Multiple-Employer Defined Pension Plan
 Last 10 Years*
 SCHEDULE OF THE PLAN'S PROPORTIONATE SHARE OF THE
 NET PENSION LIABILITY AND RELATED RATIOS AS OF
 THE MEASUREMENT DATE

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
Plan's proportion of the Net Pension Liability (Asset)	0.0283%	0.0283%	0.0249%	0.0260%	0.0262%	0.0264%	0.0265%	0.0003%
Plan's proportion share of the Net Pension Liability (Asset)	\$611,042	\$611,042	\$902,961	\$1,033,555	\$987,630	\$1,055,771	\$1,117,944	\$4,903
Plan's Covered Payroll	377,098	377,098	516,107	523,983	605,031	567,137	634,435	667,672
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	162.04%	162.04%	174.96%	197.25%	163.24%	186.16%	176.21%	0.73%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	78.76%	78.76%	81.32%	75.87%	77.02%	75.81%	77.71%	99.90%

Change in assumption - In 2017, the accounting discount rate was decreased from 7.65% to 7.15%.

*- Fiscal year 2015 was the 1st year of implementation.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
 Cost-Sharing Multiple Employer Defined Pension Plan
 Last 10 Years*
 SCHEDULE OF CONTRIBUTIONS

Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022
Actuarially determined contribution	\$70,003	\$70,003	\$95,128	\$118,924	\$126,796	\$137,446	\$131,713	\$109,967
Contributions in relation to the actuarially determined contributions	70,003	70,003	95,128	118,924	126,796	137,446	631,713	109,967
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	(\$500,000)	\$0
Covered payroll	\$377,098	\$516,107	\$523,983	\$605,031	\$567,137	\$634,435	\$667,672	\$664,160
Contributions as a percentage of covered payroll	18.56%	13.56%	18.15%	19.66%	22.36%	21.66%	94.61%	16.56%

*Fiscal year 2015 was the 1st year of implementation.

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
Schedule of Changes in the District's Net OPEB Liability and Related Ratios
For the measurement year ending June 30
Last 10 fiscal years*

Measurement Date - June 30,	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total OPEB Liability					
Service Cost	\$1,739	\$1,649	\$1,179	\$1,213	\$944
Interest	8,526	9,099	8,856	8,493	8,281
Plan contributions	(21,017)	(22,178)	(16,563)	(16,200)	
Investment earnings					(128)
Administrative and trustee expenses					2,315
Difference between expected and actual experiences			(57,042)		
Changes in assumptions	(9,723)	(22,885)	(9,986)		(14,406)
Net change in total OPEB liability	(20,475)	(34,315)	(73,556)	(6,494)	(2,994)
Total OPEB liability - beginning	<u>282,824</u>	<u>262,349</u>	<u>228,034</u>	<u>154,478</u>	<u>147,984</u>
Total OPEB liability - ending (a)	<u>\$262,349</u>	<u>\$228,034</u>	<u>\$154,478</u>	<u>\$147,984</u>	<u>\$144,990</u>
Plan fiduciary net position					
Contributions - employer	\$16,200	\$38,534	\$36,563	\$36,200	\$35,405
Contributions - employee					
Net investment income		105	2,324	7,803	(9,339)
Benefit payments	(16,200)	(22,178)	(16,563)	(16,200)	(14,406)
Administrative expenses				(22)	(33)
Other expenses				(15)	(24)
Net change in plan fiduciary net position		16,461	22,324	27,766	11,603
Plan fiduciary net position - beginning			<u>16,461</u>	<u>38,785</u>	<u>66,551</u>
Plan fiduciary net position - ending (b)		<u>\$16,461</u>	<u>\$38,785</u>	<u>\$66,551</u>	<u>\$78,154</u>
Net OPEB liability - ending (a)-(b)	<u>\$262,349</u>	<u>\$211,573</u>	<u>\$115,693</u>	<u>\$81,433</u>	<u>\$66,836</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	7%	25%	45%	54%
Covered-employee payroll	<u>\$604,181</u>	<u>\$668,161</u>	<u>\$703,736</u>	<u>\$724,458</u>	<u>\$768,054</u>
Net OPEB liability as a percentage of covered-employee payroll	<u>43.42%</u>	<u>31.66%</u>	<u>16.44%</u>	<u>11.24%</u>	<u>8.70%</u>

Note to Schedule: * Fiscal year 2018 was the first year of implementation.

SCHEDULE OF CONTRIBUTIONS

CERBT Agent Multiple-Employer Plan

Last 10 fiscal years*

Fiscal Year Ended June 30,	2018	2019	2020	2021	2022
Actuarially determined contribution	\$16,200	\$38,534	\$36,563	\$36,200	\$35,405
Contributions in relation to the actuarially determined contribution	16,200	8,088	8,521	8,776	5,064
Contribution deficiency (excess)		(\$30,446)	(\$28,042)	(\$27,424)	(\$30,341)
Covered-employee payroll	\$604,181	\$668,161	\$703,736	\$724,458	\$768,054
Contributions as a percentage of covered-employee payroll	2.68%	1.21%	1.21%	1.21%	0.66%

Note to Schedule: * Fiscal year 2018 was the first year of implementation.

Methods and assumptions used to determine contribution rates:

Valuation date: 7/1/2021

Actuarial Assumptions:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Pay; 30 yrs closed
Amortization period	20 Years remain
Asset valuation method	Market Value
Inflation	3.00%
Healthcare cost trend rates	5.75% for 2022, 5.50% for 2023, 5.20% for 2024, and 4.50% for 2070 and later years; Medicare ages: 4.50% for all years
Salary increases	3.00%
Investment rate of return	5.75%
Mortality	Preretirement Mortality Rates from CalPERS Experience Study (2000-2019)
Mortality improvement	Post-retirement Mortality Rates for Healthy Recipients from CalPERS Experience Study (2000-2019)

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STATISTICAL SECTION

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**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
STATISTICAL SECTION (Unaudited)**

Contents

This part of the Rio Linda/Elverta Community Water District's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the government's overall financial health.

Financial Trends – These schedules contain trend information to help the reader understand how the district's financial performance and well-being have changed over time.

Revenue Capacity – These schedules contain information to help the reader assess the district's most significant local revenue source.

Debt Capacity – These schedules present information to help the reader assess the affordability of the district's current level of outstanding debt and the district's ability to issue additional debt in the future.

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within the district's financial activities that take place and to help make comparisons over time.

Operating Information – These schedules contain information about the district's operation and resources to help the reader understand how the district's financial information relates to the services the district provides and the activities it performs.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
Schedule of Net Position by Component
(Accrual Basis of Accounting)
Last Ten Years

Net Position:	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Net Investment in Capital Assets	\$ 4,314,977	\$ 4,964,131	\$ 4,418,605	\$ 6,292,818	\$ 6,698,923	\$ 7,519,910	\$ 7,681,068	\$ 8,842,880	\$ 8,593,770	\$ 8,829,942
Restricted	1,328,912	1,949,873	2,146,937	699,145	699,787	699,787	702,233	705,226	705,226	705,226
Unrestricted	971,432	(233,673)	540,312	705,527	819,662	642,616	1,674,622	2,121,930	3,535,046	5,588,374
Total Net Position	<u>\$ 6,615,321</u>	<u>\$ 6,680,331</u>	<u>\$ 7,105,854</u>	<u>\$ 7,697,490</u>	<u>\$ 8,218,372</u>	<u>\$ 8,862,313</u>	<u>\$ 10,057,923</u>	<u>\$ 11,670,036</u>	<u>\$ 12,834,042</u>	<u>\$ 15,123,542</u>

* Unrestricted for 2013 and 2014 have been changed from the previous reported.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
Schedule of Change in Net Position
(Accrual Basis of Accounting)
Last Ten Years

	2013 (Restated)	2014 (Restated)	2015	2016	2017	2018	2019	2020	2021	2022
OPERATING REVENUE										
Water Sales	\$ 2,165,708	\$ 2,318,307	\$ 2,308,047	\$ 2,173,094	\$ 2,289,627	\$ 2,499,949	\$ 2,560,294	\$ 2,665,072	\$ 2,748,710	\$ 2,832,861
Account Service Charges	102,306	108,628	102,983	95,530	102,660	102,010	100,494	105,426	95,667	109,735
Other Water Service Fees	17,193	8,153	17,467	31,735	45,202	35,393	56,430	29,613	27,861	36,015
Total Operating Revenues	2,285,207	2,435,088	2,428,497	2,300,359	2,437,489	2,637,352	2,717,218	2,800,111	2,872,238	2,978,611
OPERATING EXPENSES										
Personnel Services	696,810	740,854	762,133	733,073	986,515	1,061,163	1,065,785	1,228,884	1,191,017	220,703
Professional Services	531,433	187,460	146,459	138,340	175,449	177,479	149,693	102,556	112,714	87,992
Field Operations										
Transmission & Distribution	64,170	19,377	77,694	67,778	101,896	96,154	128,878	162,156	88,520	45,038
Pumping	209,235	190,788	174,093	198,706	192,760	187,256	197,723	227,899	259,040	240,800
Transportation	24,595	22,964	18,112	15,484	14,869	16,660	17,144	15,334	12,898	15,997
Treatment	17,512	12,923	13,005	14,562	16,579	17,487	16,779	22,269	22,238	22,943
Other	90,707	37,637	52,491	60,127	42,038	61,815	61,895	64,597	85,065	52,962
Conservation	7,551	10,041	11,549	14,545	11,544	5,946	5,844	-	-	-
Administrative Expenses	255,943	189,048	235,369	218,905	228,942	230,626	236,116	207,356	202,119	213,456
Depreciation and Amortization	278,118	1,456,071	978,027	609,090	624,455	654,174	637,022	636,432	622,225	754,396
Total Operating Expenses	2,176,074	2,867,163	2,468,932	2,070,610	2,395,047	2,508,760	2,516,879	2,667,483	2,595,836	1,654,287
Operating Income (Loss)	109,133	(432,075)	(40,435)	229,749	42,442	128,592	200,339	132,628	276,402	1,324,324
NON-OPERATING INCOME (EXPENSES)										
Surcharge	517,201	523,538	565,286	481,329	729,739	743,152	949,903	962,068	963,729	965,073
Interest Income	797	5,628	7,577	14,513	3,935	3,703	16,113	39,129	8,204	(16,757)
Miscellaneous Income	2,626	259	-	-	-	-	-	-	-	-
Property Taxes	71,198	67,410	78,620	46,454	75,951	81,653	87,964	95,164	103,904	109,104
Rental Income	77,608	80,299	58,405	49,255	49,255	49,255	49,255	49,255	49,255	49,255
Gain (Loss) on Sale of Assets	(360,335)	-	6,855	(45,899)	(14,048)	(26,050)	2,885	6,245	(3,179)	25,650
Interest Expense	(181,774)	(178,249)	(225,190)	(238,303)	(224,195)	(209,540)	(197,730)	(266,121)	(261,141)	(240,450)
Other Non-Operating Expenses	(1,865)	(1,800)	(65,803)	(2,103)	(207,253)	(19,094)	(54,905)	(2,155)	(2,282)	(4,892)
Total Non-Operating Revenues (Expenses)	125,456	497,085	425,750	305,246	413,384	623,079	853,485	883,585	858,490	886,983
Income (Loss) Before Capital Contributions	234,589	65,010	385,315	534,995	455,826	751,671	1,053,824	1,016,213	1,134,892	2,211,307
Capital Contributions										
Capacity Fees	-	-	27,610	48,420	36,650	129,808	51,705	90,900	29,114	78,193
Capital Grants	-	-	-	-	-	-	-	505,000	-	-
Contributed Assets	-	-	12,598	20,222	28,593	22,833	90,081	-	-	-
Development Fees	-	-	-	-	-	-	-	-	-	-
Total Capital Contributions	-	-	40,208	68,642	65,243	152,641	141,786	595,900	29,114	78,193
Change in Net Position	234,589	65,010	425,523	603,637	521,069	904,312	1,195,610	1,612,113	1,164,006	2,289,500

Source: District Financial Audit Reports

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
Revenue Captcity (Unaudited)
Retail Water Rates
Last Ten Years

Meter Sizes	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Flat Bi-Monthly Service Charge										
(600 cu ft. Usage Charge Included)										
5/8" Meter	\$ 49.79	\$ 51.47	\$ 53.22	\$ 55.04	\$ 56.73	\$ 57.75	\$ 58.80	\$ 59.86	\$ 59.86	\$ 35.01
3/4" Meter	\$ 59.70	\$ 61.72	\$ 63.82	\$ 66.00	\$ 56.73	\$ 57.75	\$ 58.80	\$ 59.86	\$ 59.86	\$ 35.01
1" Meter	\$ 89.45	\$ 92.47	\$ 95.62	\$ 98.88	\$ 94.55	\$ 96.26	\$ 98.00	\$ 99.77	\$ 99.77	\$ 55.25
1 1/2" Meter	\$ 173.71	\$ 179.47	\$ 185.69	\$ 192.03	\$ 189.10	\$ 192.51	\$ 195.99	\$ 199.53	\$ 199.53	\$ 105.87
2" Meter	\$ 277.81	\$ 287.20	\$ 296.97	\$ 307.11	\$ 302.55	\$ 308.02	\$ 313.59	\$ 319.25	\$ 319.25	\$ 166.61
3" Meter	\$ 520.70	\$ 538.30	\$ 556.61	\$ 575.61	\$ 661.84	\$ 673.79	\$ 685.97	\$ 698.37	\$ 698.37	\$ 358.95
4" Meter	\$ 867.68	\$ 897.01	\$ 927.52	\$ 959.18	\$ 1,191.31	\$ 1,212.83	\$ 1,234.74	\$ 1,257.06	\$ 1,257.06	\$ 642.41
Tier Schedule Bi-Monthly										
(\$ / 100 cubic feet (CCF))										
5/8" Meter										
Tier 1 (0 - 1,700)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 1.72
Tier 2 (1,701 + CCF)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 2.18
Tier 1 (601 - 2,600)	\$ 0.58	\$ 0.60	\$ 0.62	\$ 0.64	N/A	N/A	N/A	N/A	N/A	N/A
Tier 2 (2,601 - 15, 600 CCF)	\$ 0.73	\$ 0.75	\$ 0.78	\$ 0.80	N/A	N/A	N/A	N/A	N/A	N/A
Tier 3 (15,601 +)	\$ 0.91	\$ 0.94	\$ 0.98	\$ 1.01	N/A	N/A	N/A	N/A	N/A	N/A
3/4 - 1 1/2" Meter										
Tier 1 (0 - 1,700)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 1.72
Tier 2 (1,701 + CCF)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 2.18
Tier 1 (601 - 5,800)	\$ 0.58	\$ 0.60	\$ 0.62	\$ 0.64	N/A	N/A	N/A	N/A	N/A	N/A
Tier 2 (5,801 - 44,800 CCF)	\$ 0.73	\$ 0.75	\$ 0.78	\$ 0.80	N/A	N/A	N/A	N/A	N/A	N/A
Tier 3 (44,801 +)	\$ 0.91	\$ 0.94	\$ 0.98	\$ 1.01	N/A	N/A	N/A	N/A	N/A	N/A
2" to 4" Meter										
Tier 1 (0 - 1,700)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 1.72
Tier 2 (1,701 + CCF)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 2.18
Tier 1 (601 - 55,200)	\$ 0.58	\$ 0.60	\$ 0.62	\$ 0.64	N/A	N/A	N/A	N/A	N/A	N/A
Tier 2 (55,201 - 286,000 CCF)	\$ 0.73	\$ 0.75	\$ 0.78	\$ 0.80	N/A	N/A	N/A	N/A	N/A	N/A
Tier 3 (286,001 +)	\$ 0.91	\$ 0.94	\$ 0.98	\$ 1.01	N/A	N/A	N/A	N/A	N/A	N/A
Commercial, Industrial and institutional CII (all uses)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 1.94
Irrigation (all uses)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 2.22
Inactive Meter Charge: Fixed Rate	\$ 44.63	\$ 46.01	\$ 47.34	\$ 48.98	\$ 52.34	\$ 51.63	\$ 52.50	\$ 53.39	\$ 53.39	\$ 35.01
Capital Improvement Surcharge (Restricted Funds)	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00
CR6 Surcharge (Restricted Funds)						\$ 7.90	\$ 15.80	\$ 15.80	\$ 15.80	\$ 15.80
Meter Sizes 5/8" - 4"										
Non-Drought Rate Vol. Rate	N/A	N/A	N/A	N/A	\$ 0.55	\$ 0.77	\$ 0.79	\$ 0.81	\$ 0.81	N/A

Source: District Financial Audit Reports

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
Revenue Captcity (Unaudited)
Retail Water Rates
Last Ten Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Drought Rate										
Stage 30% (601 +)	N/A	N/A	N/A	N/A	\$ 0.63	\$ 0.88	\$ 0.90	\$ 0.92	\$ 0.92	N/A
Tier 1 (0 - 1,700)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 2.34
Tier 2 (1,701 + CCF)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 3.00
Commercial, Institutional, Industrial CII	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 2.77
Irrigation	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 3.18
Stage : 40% (601 +)	N/A	N/A	N/A	N/A	\$ 0.73	\$ 1.02	\$ 1.05	\$ 1.08	\$ 1.08	N/A
Tier 1 (0 - 1,700)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 2.69
Tier 2 (1,701 + CCF)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 3.46
Commercial, Institutional, Industrial CII	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 3.23
Irrigation	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 3.70
Stage: 50% (601 +)	N/A	N/A	N/A	N/A	\$ 0.88	\$ 1.23	\$ 1.26	\$ 1.29	\$ 1.29	N/A
Tier 1 (0 - 1,700)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 3.18
Tier 2 (1,701 + CCF)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 4.10
Commercial, Institutional, Industrial CII	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 3.88
Irrigation	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 4.44
Single Family Residential Inoperable										
Meter Fees										
Meter Sizes 5/8" - 3/4" November - April	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 68.61
Meter Sizes 5/8" - 3/4" May - December	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 120.93
Meter Size 1" November - April	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 88.85
Meter Size 1" May - December	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$ 141.17

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
Revenue Capacity (Unaudited)
Water Sales by Type of Customers
Last Ten Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Water Sales:										
Residential	\$ 1,837,442	\$ 2,011,151	\$ 1,973,254	\$ 1,926,866	\$ 2,009,517	\$ 2,138,326	\$ 2,215,321	\$ 2,400,347	\$ 2,368,448	\$ 2,451,229
Non-Residential (A)	447,765	307,156	334,793	246,228	280,110	361,623	344,973	264,724	380,262	381,632
Total Water Sales	<u>\$ 2,285,207</u>	<u>\$ 2,318,307</u>	<u>\$ 2,308,047</u>	<u>\$ 2,173,094</u>	<u>\$ 2,289,627</u>	<u>\$ 2,499,949</u>	<u>\$ 2,560,294</u>	<u>\$ 2,665,072</u>	<u>\$ 2,748,710</u>	<u>\$ 2,832,861</u>
Total Water Deliveries (AF)	3,052.3	2,449.4	2,109.5	2,097.7	2,233.0	2,488.2	2,445.5	2,595.3	2,970.1	2,669.84
Rate per Acre Foot (AF)	\$ 748.68	\$ 946.48	\$ 1,094.12	\$ 1,035.94	\$ 1,025.36	\$ 1,004.72	\$ 1,046.94	\$ 1,026.87	\$ 925.46	\$ 1,061.06

(A) Non-residential included multi-family, institutional, industrial, commercial, landscape irrigation and apartments.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Revenue Capacity (Unaudited)

Principal Rate Payers

Last Ten Years

Fiscal Year 2022

Revenue Generated from 7/1/2021 to 6/30/2022

Ratepayer	Revenues Collected	Percent of Total Water Sales
Rio Linda Preparatory Academy	\$ 29,614.07	1.05%
Rio Linda Senior High School	\$ 17,309.91	0.61%
Westside Park-RLERPD	\$ 14,569.10	0.51%
Bell Aqua Apartments	\$ 14,200.75	0.50%
RLSD Dry Creek Elementary	\$ 11,725.38	0.41%
Babe Best Park RLERPD	\$ 11,329.50	0.40%
Orchard Elementary School	\$ 9,318.46	0.33%
Jay Kim	\$ 9,232.26	0.33%
Stephen Tresner	\$ 8,843.90	0.31%
Rio Linda Union School District	\$ 8,261.92	0.29%
Total	\$ 134,405.25	4.74%

Fiscal Year 2012

Revenue Generated from 7/1/2012 to 6/30/2013

Ratepayer	Revenues Collected	Percent of Total Water Sales
Rio Linda Jr. High School	\$ 19,362.70	0.85%
Westside Park - RLERPD	\$ 13,041.24	0.57%
Rio Linda Senior High School	\$ 9,705.47	0.42%
RLSD Dry Creek Elementary	\$ 9,505.77	0.42%
Orchard Elementary School	\$ 7,463.48	0.33%
Babe Best Park RLERPD	\$ 5,478.96	0.24%
SYAR Concrete LLC	\$ 4,695.66	0.21%
Sacramento Metro Fire #111	\$ 4,231.57	0.19%
RLSD Westside School	\$ 3,550.50	0.16%
Elverta School	\$ 3,398.40	0.15%
Total	\$80,433.75	3.52%

Total Water Sales \$ 2,832,861

Total Water Sales \$ 2,285,207

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
Debt Capacity
Schedule of Debt Service
Last Ten Years

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Net Revenue	\$ 234,589	\$ 65,010	\$ 425,523	\$ 603,637	\$ 521,069	\$ 904,312	\$ 1,195,610	\$ 1,612,113	\$ 1,134,892	\$ 2,211,307
Debt Service	6,454,132	6,705,345	9,673,174	8,322,613	7,829,402	7,420,165	6,798,503	9,259,845	8,983,825	8,159,490
Coverage	4%	1%	4%	7%	7%	12%	18%	17%	13%	27%

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
Debt Capacity
Ratios of Outstanding Debt by Type and Number of Connections
Last Ten Years

Debt:	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Water Revenue Refunding Bonds	\$ 3,120,000	\$ 3,020,000	\$ 2,688,622	\$ 2,478,622	\$ 2,353,846	\$ 2,224,769	\$ 2,091,606	\$ 1,952,591	\$ 1,806,855	\$ 1,658,697
State Safe Drinking Water Loan	3,334,132	3,685,345	6,984,552	5,365,497	5,040,853	4,706,952	4,364,411	4,013,009	3,652,514	3,282,681
Surcharge 2 Loan	-	-	-	-	-	99,141	-	3,000,040	2,780,040	2,555,040
Meter Replacement Loan	-	-	-	478,494	434,703	389,304	342,486	294,205	244,416	193,072
ADP CalPERS Internal Loan	-	-	-	-	-	-	-	-	500,000	470,000
Legal Settlement	89,000	53,400	17,800	-	-	-	-	-	-	-
Total Debt	\$ 6,543,132	\$ 6,758,745	\$ 9,690,974	\$ 8,322,613	\$ 7,829,402	\$ 7,420,166	\$ 6,798,503	\$ 9,259,845	\$ 8,983,825	\$ 8,159,490
Number of Service Connections	4617	4617	4618	4622	4628	4636	4637	4640	4643	4651
Debt Per Capita	1417.18	1463.88	2098.52	1800.65	1691.75	1600.55	1466.14	1995.66	1934.92	1754.35

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
Demographic and Economic (Unaudited)
Sacramento County*
Last Ten Years**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Personal Income (1)	\$ 62,440,643	\$ 65,126,187	\$ 69,870,482	\$ 72,878,458	\$ 76,832,120	\$ 80,969,087	\$ 85,775,621	\$ 90,908,707	\$ 98,241,828	unavailable
Population (1)	1,463,149	1,482,026	1,501,335	1,514,460	1,530,615	1,540,975	1,541,301	1,559,146	1,588,921	unavailable
Per Capita Personal Income (1)	\$ 42,676	\$ 43,944	\$ 47,811	\$ 48,850	\$ 50,197	\$ 52,544	\$ 53,278	\$ 58,307	\$ 61,829	unavailable
Unemployment Rate (2)	8.9%	7.3%	5.5%	4.6%	4.0%	3.80%	3.70%	8.30%	4.20%	unavailable

* Information for Demographic and Economic statistics are for the County of Sacramento since the Rio Linda / Elverta is unincorporated and reported under Sacramento County and such information is not available solely for the District's service area.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
Demographic and Economic (Unaudited)
Principal Employers
Sacramento County*

Company	Fiscal Year					
	2021			2011		
	Average Number of Employees	Rank	Percentage of Total County Employment	Average Number of Employees - (a)	Rank	Percentage of Total County Employment
State of California	82,894	1	11.55%	69,763	1	11.47%
UC Davis Health System	16,075	2	2.24%	9,584	3	1.58%
Sacramento County	12,760	3	1.78%	11,450	2	1.88%
Kaiser Permanente	12,301	4	1.71%	6,360	6	1.05%
US Government	10,698	5	1.49%			
Sutter Health Sacramento Sierra Region	9,595	6	1.34%	5,765	7	0.95%
Dignity Health	7,871	7	1.10%	7,069	4	1.16%
Intel Corp	5,300	8	0.74%	6,633	5	1.09%
San Juan Unified School District	5,126	9	0.71%	4,700	10	0.77%
Raleys	2,980	10	0.42%			
Sacramento City Unified School District				5,000	9	0.82%
Elk Grove Unified School District				5,021	8	0.83%
	165,600		23.07%	131,345		21.59%
Total Employed in Sacramento County	717,900			608,400		

* Information for Principal Employers is provided for the County of Sacramento since the District is located within the County and such information is not available solely for the District's service area.

Source: Sacramento Business Journal and Employment Development Dept.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
Operating Information
Capital Assets
Last Ten Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Capital Assets Not Being Depreciated										
Land	\$ 496,673	\$ 496,673	\$ 496,673	\$ 496,673	\$ 496,673	\$ 496,673	\$ 576,673	\$ 576,673	\$ 576,673	\$ 576,673
Construction in Progress	138,976	1,167,567	631,834	588,994	637,767	1,250,106	1,313,099	2,498,738	424,288	424,288
Total Not Being Depreciated	635,649	1,664,240	1,128,507	1,085,667	1,134,440	1,746,779	1,889,772	3,075,411	1,000,961	1,000,961
Capital Assets Being Depreciated										
Water System Facilities	15,059,075	15,192,373	19,096,450	20,039,978	20,562,699	20,717,060	20,760,312	20,760,312	24,938,803	25,039,860
General Plant Assets	721,407	727,008	603,967	594,236	606,507	712,767	733,399	709,030	661,465	685,385
Intangible Assets	407,225	407,225	407,225	403,145	373,043	373,043	373,043	373,043	373,043	373,043
Less Accumulated Depreciation	(6,054,247)	(6,702,352)	(7,144,370)	(7,638,607)	(8,241,348)	(8,702,559)	(9,282,773)	(9,894,836)	(10,472,675)	(11,137,668)
Total Not Being Depreciated, Net	10,133,460	9,624,254	12,963,272	13,398,752	13,300,901	13,100,311	12,583,981	11,947,549	15,500,636	14,960,620
Capital Assets, Net	\$ 10,769,109	\$ 11,288,494	\$ 14,091,779	\$ 14,484,419	\$ 14,435,341	\$ 14,847,090	\$ 14,473,753	\$ 15,022,960	\$ 16,501,597	\$ 15,961,581

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
Operating Information
Operating Data
Last Ten Years

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
WATER SERVICES										
Number of Service Connections	4,617	4,617	4,618	4,622	4,628	4,636	4,637	4,640	4,643	4,668
Annual Demand in AF	3,052.3	2,449.4	2,109.5	2,097.5	2,285.9	2,488.1	2,488.5	2,690.0	2,970.2	2,563.7
Max Monthly Demand in Gallons	149,404,660	115,965,570	87,014,897	97,962,392	107,432,399	120,549,805	120,520,384	118,923,764	130,737,920	110,436,470
Maximum Day Demand in Gallons	2,762,771	2,217,013	1,909,354	3,265,413	3,465,561	3,888,703	3,757,658	3,964,125	4,357,930	3,562,466
METERS										
New Installations	0	0	0	4	7	7	1	2	2	20
Replacement	60	349	179	1,087	377	475	325	381	271	229
HYDRANTS										
New Installations	0	0	0	1	0	0	0	4	0	3
Replacement	0	0	2	0	0	0	1	0	0	0
LEAKS										
Water Main	0	1	2	3	2	0	8	1	2	3
Service	75	76	82	66	66	80	70	83	87	90
MAIN LINE VALVES										
New Installations	0	0	0	0	0	0	0	11	0	0
Replacement	3	0	0	0	2	0	0	2	0	0
SERVICES										
New Installations	0	0	3	4	7	7	0	2	2	20
Replacement	0	1	0	10	29	34	19	10	13	10
MAJOR FACILITIES										
Wells	11	11	11	11	11	11	11	11	12	12
Tank	1	1	2	2	2	2	2	2	2	2
Booster Station	1	1	2	2	2	2	2	2	2	2
Pressure Regulation Valves	2	2	2	2	2	2	2	2	2	2
Miles of Pipeline	61.72	61.72	62.10	62.10	62.10	62.10	62.10	62.43	62.43	62.43
PERSONNEL										
Management	1	1	1	1	1	1	1	1	1	1
Administration	3	4	4	4	4	4	4	4	4	4
Field Operations	3	5	5	5	5	5	5	5	5	5
	7	10	10	10	10	10	10	10	10	10



**RIO LINDA/ELVERTA
COMMUNITY WATER DISTRICT
730 L Street
Rio Linda, CA 95673**

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Executive Committee Agenda Item: 2

Date: February 6, 2023

Subject: FY 2022/2023 Budget Revision (Board Authorization Required)

Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Executive Committee should review documents and engage staff in dialog regarding the need for and details of a proposed budget revision, then forward an item onto the February 21st Board agenda with the Committee's recommendation for Board approval.

Current Background and Justification:

District policy requires Board approval of a budget revision that entails an overall increase in spending. Currently there are several budget line items that will require additional funding to preclude an overbudget condition. Without Board approval, staff is not authorized to pay invoices for charges in excess of the line item budget amount.

The items below are the relevant line items:

- General Counsel Legal Fees – Increase from \$15,000 to \$22,800.
- Board Member / Meeting Expense – Increase from \$14,200 to \$15,700,
- Permits and Fees – Increase from \$37,500 to \$43,500.
- Elections – Decrease from \$3,000 to \$1,887.
- Net Income – Decrease from \$600,795 to \$586,608.

Additional details, including an explanation of the need for the line items' revision, is included with the budget revision document associated with this item.

Conclusion:

I recommend the Executive Committee review and discuss, then forward this item onto the February 21st Board agenda with the Committee's recommendation for Board approval.

RIO LINDA ELVERTA COMMUNITY WATER DISTRICT

OPERATING BUDGET

2022-2023

Budget Revision 1, February 21, 2023

			2022-2023 BUDGET	2022-2023 BUDGET REVISION	DIFFERENCE	EXPLANATION
REVENUE						
	40000 OPERATING REVENUE					
	40100 Water Service Rates					
	40101	Basic Service Charge	1,110,746.00	1,110,746.00	0.00	
	40102	Usage Charge	1,753,654.00	1,753,654.00	0.00	
	40105	Backflow Charge	29,600.00	29,600.00	0.00	
	40106	Fire Prevention	23,300.00	23,300.00	0.00	
		Total Water Service Rates	2,917,300.00	2,917,300.00	0.00	
	40200 Water Service Fees					
	40201	Application Fees	6,500.00	6,500.00	0.00	
	40202	Delinquency	90,000.00	90,000.00	0.00	
	40209	Misc. Charges	7,000.00	7,000.00	0.00	
		Total Water Services	103,500.00	103,500.00	0.00	
	40300 Other Water Service Fees					
	40301	New Construction QC	4,000.00	4,000.00	0.00	
	40302	Service Connection Fees	10,000.00	10,000.00	0.00	
	40304	Other Operating Revenue	6,000.00	6,000.00	0.00	
	40305	Grant Revenue-Operating	0.00	0.00	0.00	
		Total Other Water Service Fees	20,000.00	20,000.00	0.00	
		TOTAL OPERATING REVENUE	3,040,800.00	3,040,800.00	0.00	
	41000 NON-OPERATING REVENUES					
	41110	Investment Revenue	35.00	35.00	0.00	
	41120	Property Taxes & Assessments	109,100.00	109,100.00	0.00	
		TOTAL NON-OPERATING REVENUE	109,135.00	109,135.00	0.00	
TOTAL REVENUE			\$3,149,935.00	\$3,149,935.00	0.00	

RIO LINDA ELVERTA COMMUNITY WATER DISTRICT

OPERATING BUDGET

2022-2023

Budget Revision 1, February 21, 2023

			2022-2023 BUDGET	2022-2023 BUDGET REVISION	DIFFERENCE	EXPLANATION
OPERATING EXPENSE						
60010 PROFESSIONAL FEES						
	60011	General Counsel fees-Legal	\$15,000.00	\$22,800.00	\$7,800.00	Unanticipated additional charges from Legal Counsel for work on Board Member compensation dispute and personnel investigation.
	60012	Auditor Fees	23,200.00	23,200.00	0.00	
	60013	Engineering Services	70,000.00	70,000.00	0.00	
	60015	Other Professional Fees	0.00	0.00	0.00	
	TOTAL PROFESSIONAL FEES		108,200.00	116,000.00	7,800.00	
60100 PERSONNEL SERVICES						
60110 Salaries & Wages						
	60111	Salary - General Manager	120,759.00	120,759.00	0.00	
	60112	Staff Regular Wages	660,234.00	660,234.00	0.00	
	60113	Contract Extra Help	0.00	0.00	0.00	
	60114	Staff Standby Pay	18,250.00	18,250.00	0.00	
	60115	Staff Overtime Pay	11,000.00	11,000.00	0.00	
	Total Salaries & Wages		810,243.00	810,243.00	0.00	
60150 Employee Benefits and Expenses						
	60151	PERS Retirement	127,292.00	127,292.00	0.00	
	60152	Workers Compensation	13,029.00	13,029.00	0.00	
	60153	Medical & Benefit Insurance	224,760.00	224,760.00	0.00	
	60154	Retirees Insurance	36,200.00	36,200.00	0.00	
	60155	Staff Training	5,000.00	5,000.00	0.00	
	60157	Uniforms	6,750.00	6,750.00	0.00	
	60158	Payroll Taxes	63,854.00	63,854.00	0.00	
	60159	Payroll Services	1,400.00	1,400.00	0.00	
	60160	457 Employer Contribution	18,055.00	18,055.00	0.00	
	Total Employee Benefits and Expenses		496,340.00	496,340.00	0.00	
	TOTAL PERSONNEL SERVICES		\$1,306,583.00	\$1,306,583.00	\$0.00	

**RIO LINDA ELVERTA COMMUNITY WATER DISTRICT
OPERATING BUDGET
2022-2023**

February 21, 2023

Budget Revision 1, February 21, 2023

			2022-2023 BUDGET	2022-2023 BUDGET REVISION	DIFFERENCE	EXPLANATION
	60200 ADMINISTRATION					
	60205 Bank and Merchant Fees		\$3,500.00	\$3,500.00	\$0.00	
	60207 Board Member/Meeting Expense		14,200.00	15,700.00	1,500.00	To increase for new Ad Hoc Committee (2 board members times 5 months) and Water Caucus (1 board member times 5 months)
	60210 Building Expenses					
	60211 Office Utilities		6,750.00	6,750.00	0.00	
	60212 Janitorial		2,340.00	2,340.00	0.00	
	60213 Maintenance		3,200.00	3,200.00	0.00	
	60214 Security		775.00	775.00	0.00	
	Total Building Expenses		13,065.00	13,065.00	0.00	
	60220 Computer & Equipment Maint.					
	60221 Computer Systems		25,000.00	25,000.00	0.00	
	60222 Office Equipment		875.00	875.00	0.00	
	Total Computer & Equipment Maint.		25,875.00	25,875.00	0.00	
	60230 Office Expense		5,225.00	5,225.00	0.00	
	60240 Postage and Delivery		20,000.00	20,000.00	0.00	
	60250 Printing		7,500.00	7,500.00	0.00	
	60255 Meetings & Conferences		461.00	461.00	0.00	
	60260 Publishing		1,206.00	1,206.00	0.00	
	60270 Telephone & Internet		4,750.00	4,750.00	0.00	
	60430 Insurance					
	60431 General Liability		31,176.00	31,176.00	0.00	
	60432 Property		11,800.00	11,800.00	0.00	
	Total Insurance		42,976.00	42,976.00	0.00	
	60500 Water Memberships					
	60503 SGA		30,777.00	30,777.00	0.00	
	60504 ACWA		11,140.00	11,140.00	0.00	
	60505 CSDA		8,186.00	8,186.00	0.00	
	60507 CRWA		1,435.00	1,435.00	0.00	
	Total Water Memberships		51,538.00	51,538.00	0.00	
	60550 Permits & Fees		37,500.00	43,500.00	6,000.00	To increase \$7113 for annual permit fees less GL 60560 budget surplus of \$1,113. Total increase is 16%.
	60555 Subscriptions & Licensing		2,120.00	2,120.00	0.00	
	60560 Elections		3,000.00	1,887.00	(1,113.00)	To decrease for actual, move surplus to 60550
	60565 Uncollectable Accounts		2,835.00	2,835.00	0.00	
	60570 Other Operating Expenditures		500.00	500.00	0.00	
	TOTAL ADMINISTRATION		\$236,251.00	\$242,638.00	\$6,387.00	

**RIO LINDA ELVERTA COMMUNITY WATER DISTRICT
OPERATING BUDGET
2022-2023**

February 21, 2023

Budget Revision 1, February 21, 2023

			2022-2023 BUDGET	2022-2023 BUDGET REVISION	DIFFERENCE	EXPLANATION
	64000 CONSERVATION					
	64001	Community Outreach	300.00	300.00	0.00	
	64005	Other Conservation Programs	0.00	0.00	0.00	
	TOTAL CONSERVATION		300.00	300.00	0.00	
	65000 FIELD OPERATIONS					
	65100 Other Field Operations					
	65110	Backflow Testing	\$3,000.00	\$3,000.00	\$0.00	
	65120	Construction Equipment Maintenance	9,000.00	9,000.00	0.00	
	65130	Field Communication	3,400.00	3,400.00	0.00	
	65140	Field IT	35,000.00	35,000.00	0.00	
	65150	Laboratory Services	24,000.00	24,000.00	0.00	
	65160	Safety Equipment	6,000.00	6,000.00	0.00	
	65170	Shop Supplies	7,000.00	7,000.00	0.00	
		Total Other Field Operations	87,400.00	87,400.00	0.00	
	65200	Treatment	25,000.00	25,000.00	0.00	
	65300 Pumping					
	65310	Maintenance	25,000.00	25,000.00	0.00	
	65320	Electricity and Fuel	260,000.00	260,000.00	0.00	
		Total Pumping	285,000.00	285,000.00	0.00	
	65400 Transmission & Distribution					
	65410	Distribution Supplies	59,950.00	59,950.00	0.00	
	65430	Tank Maintenance	6,280.00	6,280.00	0.00	
	65440	Contract Repairs	79,000.00	79,000.00	0.00	
	65450	Valve Replacements	15,000.00	15,000.00	0.00	
	65460	Paving Repairs	25,000.00	25,000.00	0.00	
		Total Transmission & Distribution	185,230.00	185,230.00	0.00	
	65500 Transportation					
	65510	Fuel	16,000.00	16,000.00	0.00	
	65520	Maintenance	5,000.00	5,000.00	0.00	
		Total Transportation	21,000.00	21,000.00	0.00	
	TOTAL FIELD OPERATIONS		\$603,630.00	\$603,630.00	\$0.00	

**RIO LINDA ELVERTA COMMUNITY WATER DISTRICT
OPERATING BUDGET
2022-2023**

February 21, 2023

Budget Revision 1, February 21, 2023

			2022-2023 BUDGET	2022-2023 BUDGET REVISION	DIFFERENCE	EXPLANATION
TOTAL OPERATING EXPENSES			\$2,254,964.00	\$2,269,151.00	\$14,187.00	
NON OPERATING EXPENSES						
	69010 Debt Service					
	69100	Revenue Bond 2015: Term 11/1/2031				
	69105	Revenue Bond 2015-Principle	152,273.00	152,273.00	0.00	
	69120	Interest	48,650.00	48,650.00	0.00	
		Total Revenue Bond 2015	200,923.00	200,923.00	0.00	
	69125	AMI Meter Loan: Term 7/23/2025				
	69130	Principle	52,948.00	52,948.00	0.00	
	69135	Interest	5,566.00	5,566.00	0.00	
		Total AMI Meter Loan	58,514.00	58,514.00	0.00	
	69200	PERS ADP Loan: Term 6/1/2036				
	69205	Principle	30,000.00	30,000.00	0.00	
	69210	Interest	1,739.00	1,739.00	0.00	
		Total PERS ADP Loan	31,739.00	31,739.00	0.00	
		69400 Other Non Operating Expense	3,000.00	3,000.00	0.00	
TOTAL NON OPERATING EXPENSES			\$294,176.00	\$294,176.00	0.00	
TOTAL EXPENSE			\$2,549,140.00	\$2,563,327.00	\$14,187.00	
NET INCOME (Income-Expense)			\$600,795.00	\$586,608.00	(\$14,187.00)	Net income decreased 2.36% for legal expense, board member compensation, & permits



Executive Committee Agenda Item: 3

Date: February 6, 2023

Subject: Expenditure Report

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Executive Committee should review the Expenditures of the District for the month of December 2022, then forward the report onto the February 21, 2023 Board agenda with the Committee's recommendation for Board approval.

Current Background and Justification:

The Expenditures report summarizes all payments made by the District for the reporting period.

Conclusion:

Consistent with District policies, Expenditures are to be reviewed by this committee and presented to the Board of Directors to inform Board Members and the public of all expenditures of public funds.

**Rio Linda Elverta Community Water District
Expenditure Report
December 2022**

Type	Date	Num	Name	Memo	Amount
Liability Check	12/01/2022	EFT	CalPERS	For PP Ending 11/13/22 Pay date 11/28/22	3,007.47
Liability Check	12/01/2022	EFT	CalPERS	For PP Ending 11/13/22 Pay date 11/28/22	1,147.92
Liability Check	12/01/2022	EFT	Internal Revenue Service	Employment Taxes	7,046.94
Liability Check	12/01/2022	EFT	Employment Development	Employment Taxes	1,403.16
Liability Check	12/01/2022	EFT	Empower	Deferred Compensation Plan: Employer & Employee Share	1,962.18
Bill Pmt -Check	12/01/2022	EFT	Adept Solutions	Computer Maintenance	1,148.00
Bill Pmt -Check	12/01/2022	EFT	Comcast	Phone/Internet	42.87
Bill Pmt -Check	12/01/2022	EFT	Republic Services	Utilities	136.17
Bill Pmt -Check	12/01/2022	EFT	Voyager Fleet Commander	Fuel	395.28
Check	12/01/2022	EFT	RLECWD	Umpqua Bank Monthly Debt Service Transfer	17,000.00
Transfer	12/01/2022	EFT	RLECWD - Capital Improvement	Current Monthly Transfer	49,500.00
Bill Pmt -Check	12/01/2022	2365	Association of California Water Agencies	Annual Membership Dues	11,140.00
Bill Pmt -Check	12/01/2022	2366	ACWA/JPIA Powers Insurance Authority	EAP	23.80
Bill Pmt -Check	12/01/2022	2367	Affordable Heating & Air	Building Maintenance	69.00
Bill Pmt -Check	12/01/2022	2368	Buckmaster Office Solutions	Office Equipment	35.52
Bill Pmt -Check	12/01/2022	2369	California Special Districts Association	Annual Membership Dues	8,186.00
Bill Pmt -Check	12/01/2022	2370	Continental Utility Solutions	Computer Maintenance	800.00
Bill Pmt -Check	12/01/2022	2371	DiscountCell, Inc.	Internet Equipment-Verizon	670.31
Bill Pmt -Check	12/01/2022	2372	EKI Environment & Water	Engineering	5,000.00
Bill Pmt -Check	12/01/2022	2373	Government Finance Officers Association	Membership Dues	160.00
Bill Pmt -Check	12/01/2022	2374	Rio Linda Hardware & Building Supply	Shop Supplies	318.94
Bill Pmt -Check	12/01/2022	2375	RW Trucking	Distribution Supplies	736.63
Bill Pmt -Check	12/01/2022	2376	Safety-Kleen Systems	Transportation Maintenance	327.73
Bill Pmt -Check	12/01/2022	2377	Sierra Chemical Company	Treatment	1,243.44
Bill Pmt -Check	12/01/2022	2378	SMUD	Utilities	16,274.89
Bill Pmt -Check	12/01/2022	2379	Unifirst Corporation	Uniforms	328.12
Bill Pmt -Check	12/01/2022	2380	USA BlueBooks	Pumping Maintenance	468.53
Bill Pmt -Check	12/01/2022	2381	Vanguard Cleaning Systems	Janitorial	195.00
Bill Pmt -Check	12/01/2022	2382	Verizon Wireless	Internet	88.65
Liability Check	12/14/2022	EFT	QuickBooks Payroll Service	For PP Ending 12/10/22 Pay date 12/15/22	19,454.62
Liability Check	12/15/2022	EFT	CalPERS	For PP Ending 12/10/22 Pay date 12/15/22	3,123.10
Liability Check	12/15/2022	EFT	CalPERS	For PP Ending 12/10/22 Pay date 12/15/22	1,182.24
Liability Check	12/15/2022	EFT	Internal Revenue Service	Employment Taxes	7,531.18
Liability Check	12/15/2022	EFT	Employment Development	Employment Taxes	1,541.51
Liability Check	12/15/2022	EFT	Empower	Deferred Compensation Plan: Employer & Employee Share	2,090.07
Bill Pmt -Check	12/15/2022	EFT	PGE	Utilities	143.11
Bill Pmt -Check	12/15/2022	EFT	Umpqua Bank Credit Card	Building Maint, Computer, Equip Maint, Office, Postage	676.66
Bill Pmt -Check	12/15/2022	EFT	Verizon	Field Communication, Field IT	417.86
Check	12/15/2022	EFT	RLECWD - SURCHARGE ACCOUNT 1	Bi-monthly Transfer	88,238.22
Check	12/15/2022	EFT	RLECWD - SURCHARGE ACCOUNT 2	Bi-monthly Transfer	73,380.99
Check	12/15/2022	2383	Customer	Final Bill Refund	63.56
Check	12/15/2022	2384	Customer	Hydrant Meter Deposit Refund	840.00

**Rio Linda Elverta Community Water District
Expenditure Report
December 2022**

Type	Date	Num	Name	Memo	Amount
Check	12/15/2022	2385	Customer	Final Bill Refund	143.68
Check	12/15/2022	2386	Customer	Hydrant Meter Deposit Refund	1,000.00
Check	12/15/2022	2387	Customer	Hydrant Meter Deposit Refund	1,000.00
Bill Pmt -Check	12/15/2022	2389	ABS Direct	Printing, Postage	7,268.44
Bill Pmt -Check	12/15/2022	2390	BSK Associates	Lab Fees	304.00
Bill Pmt -Check	12/15/2022	2391	Continental Utility Solutions	Annual Maintenance Fees	2,350.00
Bill Pmt -Check	12/15/2022	2392	County of Sacramento-Voter Reg & Elections	Election Fees	1,887.00
Bill Pmt -Check	12/15/2022	2393	DirectHit Pest Control	Building Maintenance	80.00
Bill Pmt -Check	12/15/2022	2394	Henrici, Mary	Retiree Insurance-Quarterly	900.00
Bill Pmt -Check	12/15/2022	2395	Iconix Waterworks	Distribution Supplies	929.52
Bill Pmt -Check	12/15/2022	2396	Intermedia.net	Telephone	79.67
Bill Pmt -Check	12/15/2022	2397	Maze & Associates	Auditor Fees-Progress Payment	14,140.00
Bill Pmt -Check	12/15/2022	2398	O'Reilly Automotive	Transportation Maintenance	165.48
Bill Pmt -Check	12/15/2022	2399	Quill	Office Expense	30.16
Bill Pmt -Check	12/15/2022	2400	Rio Linda Elverta Recreation & Park	Meeting Fee	50.00
Bill Pmt -Check	12/15/2022	2401	Sacramento County	Property Tax Fees-replace check 2351	590.46
Bill Pmt -Check	12/15/2022	2402	Sacramento Metropolitan AQMD	Permit Fees	7,193.00
Bill Pmt -Check	12/15/2022	2403	Spok, Inc.	Field Communication	15.35
Bill Pmt -Check	12/15/2022	2404	State Water Resources Control Board	Permit Fees	794.00
Bill Pmt -Check	12/17/2022	EFT	ARCO	Transportation Fuel	975.71
Check	12/17/2022	EFT	Wageworks	FSA Administration Fee	76.25
Liability Check	12/28/2022	EFT	QuickBooks Payroll Service	For PP Ending 12/24/22 Pay date 12/29/22	19,973.91
Liability Check	12/29/2022	EFT	CalPERS	For PP Ending 12/24/22 Pay date 12/29/22	3,123.58
Liability Check	12/29/2022	EFT	CalPERS	For PP Ending 12/24/22 Pay date 12/29/22	1,182.24
Liability Check	12/29/2022	EFT	Internal Revenue Service	Employment Taxes	8,104.12
Liability Check	12/29/2022	EFT	Employment Development	Employment Taxes	1,740.20
Liability Check	12/29/2022	EFT	Empower	Deferred Compensation Plan: Employer & Employee Share	2,067.31
Liability Check	12/29/2022	EFT	Kaiser Permanente	Health Insurance	1,846.24
Liability Check	12/29/2022	EFT	Principal	Dental & Vision Insurance	1,765.52
Liability Check	12/29/2022	EFT	Western Health Advantage	Health Insurance	12,092.92
Total 10020 - Operating Account Budgeted Expenditures					<u>419,408.43</u>
Liability Check	12/01/2022	EFT	California State Disbursement Unit	Employee Garnishment	227.53
Bill Pmt -Check	12/15/2022	2388	Teamsters	Union Dues	720.00
Liability Check	12/15/2022	EFT	California State Disbursement Unit	Employee Garnishment	227.53
Liability Check	12/15/2022	EFT	AFLAC	Employee Funded Premiums	745.84
Liability Check	12/29/2022	EFT	California State Disbursement Unit	Employee Garnishment	227.53
EFT	12/31/2022	EFT	WageWorks	December FSA Expenditures - Employee Funded	564.20
Total 10020 - Operating Account Non-Budgeted Expenditures: Employee Paid Pass-throughs					<u>2,712.63</u>

**Rio Linda Elverta Community Water District
Expenditure Report
December 2022**

Type	Date	Num	Payee	Memo	Amount
Check	12/30/2022	EFT	State Water Resources Control Board	Safe Drinking Water State Revolving Fund Loan Payment	230,677.32

10300 - Surcharge 1 Account **230,677.32**

Type	Date	Num	Payee	Memo	Amount
Transfer	12/01/2022	EFT	RLECWD	Covers operating shortfall for Contract Repairs GL 65440	59,000.00

10475 - Capital Improvement-Umpqua Bank **59,000.00**



Executive Committee Agenda Item: 4

Date: February 6, 2023

Subject: Financial Statements

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Executive Committee should review the Finance Reports of the District for the month of December 2022, then forward the report onto the February 21, 2023 Board agenda with the Committee's recommendation for Board approval.

Current Background and Justification:

The financial reports are the District's balance sheet, profit and loss, budget performance, and capital improvements year to date. This report provides the snapshot of the District's fiscal health for the period covered.

Once each quarter (including this report) staff provides an expanded version of the Finance Reports to provide additional finance details to the Board and public.

Conclusion:

Consistent with District policies, these financials are to be reviewed by this committee and presented to the Board of Directors to inform the Board Members and the public on the District's financial condition.

Rio Linda Elverta Community Water District

Balance Sheet

As of December 31, 2022

ASSETS

Current Assets

Checking/Savings

100 · Cash & Cash Equivalents

10000 · Operating Account

10020 · Operating Fund-Umpqua 1,489,815.96

Total 10000 · Operating Account 1,489,815.96

10475 · Capital Improvement

10480 · General 477,406.20

10481 · Cr6 Mitigation 454,500.00

10485 · Vehicle Replacement Reserve 17,948.49

Total 10450 · Capital Improvement 949,854.69

Total 100 · Cash & Cash Equivalents 2,439,670.65

102 · Restricted Assets

102.2 · Restricted for Debt Service

10700 · ZIONS Inv/Surcharge Reserve 499,783.27

10300 · Surcharge 1 Account 827,123.16

10350 · Umpqua Bank Debt Service 48,261.92

10380 · Surcharge 2 Account 344,881.15

10385 · OpusBank Checking 557,879.77

Total 102.2 · Restricted for Debt Service 2,277,929.27

102.4 · Restricted Other Purposes

10490 · Future Capital Imp Projects 1,630,802.42

10600 · LAIF Account 803,958.84

10650 · Operating Reserve Fund 337,439.83

Total 102.4 · Restricted Other Purposes 2,772,201.09

Total 102 · Restricted Assets 5,050,130.36

Total Checking/Savings 7,489,801.01

Accounts Receivable 220,479.32

Other Current Assets

12000 · Water Utility Receivable 63,580.71

12200 · Accrued Revenue 150,000.00

12250 · Accrued Interest Receivable 933.53

15000 · Inventory Asset 52,310.62

16000 · Prepaid Expense 86,024.56

Total Other Current Assets 352,849.42

Total Current Assets 8,063,129.75

Fixed Assets

17000 · General Plant Assets 685,384.68

17100 · Water System Facilites 25,039,859.58

17300 · Intangible Assets 373,043.42

17500 · Accum Depreciation & Amort -11,137,668.41

18000 · Construction in Progress 424,288.05

18100 · Land 576,672.45

Total Fixed Assets 15,961,579.77

Other Assets

18500 · ADP CalPERS Receivable 470,000.00

19000 · Deferred Outflows 478,923.00

19900 · Suspense Account 0.00

Total Other Assets 948,923.00

TOTAL ASSETS 24,973,632.52

Rio Linda Elverta Community Water District

Balance Sheet

As of December 31, 2022

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable	64,707.12
Credit Cards	72.00
Other Current Liabilities	941,019.69

Total Current Liabilities	1,005,798.81
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Long Term Liabilities

23000 · OPEB Liability	66,836.00
23500 · Lease Buy-Back	558,032.27
25000 · Surcharge 1 Loan	3,094,197.71
25050 · Surcharge 2 Loan	2,325,040.16
26000 · Water Rev Refunding	1,506,424.00
26500 · ADP CalPERS Loan	440,000.00
27000 · Community Business Bank	140,123.22
29000 · Net Pension Liability	4,903.00
29500 · Deferred Inflows-Pension	4,280.00
29600 · Deferred Inflows-OPEB	56,611.00

Total Long Term Liabilities	8,196,447.36
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Total Liabilities	9,202,246.17
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Equity

31500 · Invested in Capital Assets, Net	8,829,942.46
32000 · Restricted for Debt Service	705,225.24
38000 · Unrestricted Equity	5,588,376.42
Net Income	647,842.23

Total Equity	15,771,386.35
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TOTAL LIABILITIES & EQUITY	24,973,632.52
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Rio Linda Elverta Community Water District
Quarterly Operating Profit & Loss Budget Performance
December 2022

	<u>Annual Budget</u>	<u>Dec 22</u>	<u>Jul 22-Dec 22</u>	<u>% of Annual Budget</u>	<u>YTD Annual Budget Balance</u>
Ordinary Income/Expense					
Income					
40000 · Operating Revenue					
40100 · Water Sales					
40101 · Basic Service Charge	1,110,746.00	-561.52	456,295.97	41.08%	654,450.03
40102 · Usage Charge	1,753,654.00	494.97	903,558.17	51.52%	850,095.83
40105 · Backflow Charge	29,600.00	0.00	11,475.43	38.77%	18,124.57
40106 · Fire Prevention	23,300.00	200.00	11,147.48	47.84%	12,152.52
40110 · Bi-Monthly Accrual	0.00	150,000.00	150,000.00	100.00%	-150,000.00
Total 40100 · Water Sales	<u>2,917,300.00</u>	<u>150,133.45</u>	<u>1,532,477.05</u>	<u>52.53%</u>	<u>1,384,822.95</u>
40200 · Water Services					
40201 · Application Fees	6,500.00	350.00	3,250.00	50.00%	3,250.00
40202 · Delinquency	90,000.00	11,492.00	32,522.40	36.14%	57,477.60
40209 · Misc. Charges	7,000.00	890.00	3,475.53	49.65%	3,524.47
Total 40200 · Water Services	<u>103,500.00</u>	<u>12,732.00</u>	<u>39,247.93</u>	<u>37.92%</u>	<u>64,252.07</u>
40300 · Other Water Service Fees					
40301 · New Construction QC	4,000.00	0.00	1,200.00	30.00%	2,800.00
40302 · Service Connection Fees	10,000.00	0.00	6,356.66	63.57%	3,643.34
40304 · Other Operating Revenue	6,000.00	0.00	7.97	0.13%	5,992.03
Total 40300 · Other Water Service Fees	<u>20,000.00</u>	<u>0.00</u>	<u>7,564.63</u>	<u>37.82%</u>	<u>12,435.37</u>
Total 40000 · Operating Revenue	<u>3,040,800.00</u>	<u>162,865.45</u>	<u>1,579,289.61</u>	<u>51.94%</u>	<u>1,461,510.39</u>
41000 · Nonoperating Revenue					
41110 · Investment Revenue					
41112 · Interest Revenue	35.00	3.27	19.47	55.63%	15.53
Total 41110 · Investment Revenue	<u>35.00</u>	<u>3.27</u>	<u>19.47</u>	<u>55.63%</u>	<u>15.53</u>
41120 · Property Tax	109,100.00	895.82	3,697.47	3.39%	105,402.53
Total 41000 · Nonoperating Revenue	<u>109,135.00</u>	<u>899.09</u>	<u>3,716.94</u>	<u>3.41%</u>	<u>105,418.06</u>
Total Income	<u>3,149,935.00</u>	<u>163,764.54</u>	<u>1,583,006.55</u>	<u>50.26%</u>	<u>1,566,928.45</u>
Gross Income	3,149,935.00	163,764.54	1,583,006.55	50.26%	1,566,928.45
Expense					
60000 · Operating Expenses					
60010 · Professional Fees					
60011 · General Counsel-Legal	15,000.00	3,853.05	13,667.07	91.11%	1,332.93
60012 · Auditor Fees	23,200.00	0.00	17,640.00	76.03%	5,560.00
60013 · Engineering Services	70,000.00	5,000.00	25,000.00	35.71%	45,000.00
60015 · Other Professional Fees	0.00	0.00	0.00	0.00%	0.00
Total 60010 · Professional Fees	<u>108,200.00</u>	<u>8,853.05</u>	<u>56,307.07</u>	<u>52.04%</u>	<u>51,892.93</u>
60100 · Personnel Services					
60110 · Salaries & Wages					
60111 · Salary - General Manager	120,759.00	16,367.01	60,733.75	50.29%	60,025.25
60112 · Staff Regular Wages	660,234.00	71,242.59	295,487.53	44.76%	364,746.47
60113 · Contract Extra Help	0.00	0.00	0.00	0.00%	0.00
60114 · Staff Standby Pay	18,250.00	2,100.00	9,100.00	49.86%	9,150.00
60115 · Staff Overtime Pay	11,000.00	1,239.68	4,781.77	43.47%	6,218.23
Total 60110 · Salaries & Wages	<u>810,243.00</u>	<u>90,949.28</u>	<u>370,103.05</u>	<u>45.68%</u>	<u>440,139.95</u>
60150 · Employee Benefits & Expense					
60151 · PERS Retirement	127,292.00	12,515.55	60,861.92	47.81%	66,430.08
60152 · Workers Compensation	13,029.00	1,898.42	7,462.70	57.28%	5,566.30
60153 · Group Insurance	224,760.00	15,315.12	87,463.47	38.91%	137,296.53
60154 · Retirees Insurance	36,200.00	4,050.00	8,100.00	22.38%	28,100.00
60155 · Staff Training	5,000.00	0.00	0.00	0.00%	5,000.00
60157 · Uniforms	6,750.00	410.15	2,913.11	43.16%	3,836.89
60158 · Payroll Taxes	63,854.00	7,004.12	28,523.72	44.67%	35,330.28
60159 · Payroll Service	1,400.00	99.30	627.55	44.83%	772.45
60160 · 457 Employer Contribution	18,055.00	2,119.31	8,540.70	47.30%	9,514.30
Total 60150 · Employee Benefits & Expense	<u>496,340.00</u>	<u>43,411.97</u>	<u>204,493.17</u>	<u>41.20%</u>	<u>291,846.83</u>

**Rio Linda Elverta Community Water District
Quarterly Operating Profit & Loss Budget Performance
December 2022**

	<u>Annual Budget</u>	<u>Dec 22</u>	<u>Jul 22-Dec 22</u>	<u>% of Annual Budget</u>	<u>YTD Annual Budget Balance</u>
Total 60100 · Personnel Services	1,306,583.00	134,361.25	574,596.22	43.98%	731,986.78
60200 · Administration					
60205 · Bank & Merchant Fees	3,500.00	76.60	731.08	20.89%	2,768.92
60207 · Board of Director/Meeting Fee	14,200.00	950.00	5,175.00	36.44%	9,025.00
60210 · Building Expenses					
60211 · Office Utilities	6,750.00	491.32	3,227.74	47.82%	3,522.26
60212 · Janitorial	2,340.00	195.00	1,170.00	50.00%	1,170.00
60213 · Maintenance	3,200.00	123.09	1,435.05	44.85%	1,764.95
60214 · Security	775.00	0.00	84.00	10.84%	691.00
Total 60210 · Building Expenses	<u>13,065.00</u>	<u>809.41</u>	<u>5,916.79</u>	<u>45.29%</u>	<u>7,148.21</u>
60220 · Computer & Equipment Maint.					
60221 · Computer Systems	25,000.00	3,157.46	15,483.76	61.94%	9,516.24
60222 · Office Equipment	875.00	30.55	333.63	38.13%	541.37
Total 60220 · Computer & Equipment Maint.	<u>25,875.00</u>	<u>3,188.01</u>	<u>15,817.39</u>	<u>61.13%</u>	<u>10,057.61</u>
60230 · Office Expense	5,225.00	691.16	2,584.10	49.46%	2,640.90
60240 · Postage and Delivery	20,000.00	1,145.97	10,150.43	50.75%	9,849.57
60250 · Printing	7,500.00	507.60	3,983.11	53.11%	3,516.89
60255 · Meetings & Conferences	461.00	0.00	40.00	8.68%	421.00
60260 · Publishing	1,206.00	0.00	1,206.00	100.00%	0.00
60270 · Telephone & Internet	4,750.00	227.01	2,825.37	59.48%	1,924.63
60430 · Insurance					
60431 · General Liability	31,176.00	2,791.25	15,189.41	48.72%	15,986.59
60432 · Property	11,800.00	1,106.26	6,637.56	56.25%	5,162.44
Total 60430 · Insurance	<u>42,976.00</u>	<u>3,897.51</u>	<u>21,826.97</u>	<u>50.79%</u>	<u>21,149.03</u>
60500 · Water Memberships					
60503 · SGA	30,777.00	0.00	30,777.00	100.00%	0.00
60504 · ACWA	11,140.00	0.00	11,140.00	100.00%	0.00
60505 · CSDA	8,186.00	0.00	8,186.00	100.00%	0.00
60507 · CRWA	1,435.00	0.00	1,435.00	100.00%	0.00
Total 60500 · Water Memberships	<u>51,538.00</u>	<u>0.00</u>	<u>51,538.00</u>	<u>100.00%</u>	<u>0.00</u>
60550 · Permits & Fees	37,500.00	37,700.92	42,921.13	114.46%	-5,421.13
60555 · Subscriptions & Licensing	2,120.00	-34.75	369.50	17.43%	1,750.50
60560 · Elections	3,000.00	1,887.00	1,887.00	62.90%	1,113.00
60565 · Uncollectible Accounts	2,835.00	0.00	0.00	0.00%	2,835.00
60570 · Other Operating Expenses	500.00	0.00	0.00	0.00%	500.00
Total 60200 · Administration	<u>236,251.00</u>	<u>51,046.44</u>	<u>166,971.87</u>	<u>70.68%</u>	<u>69,279.13</u>

**Rio Linda Elverta Community Water District
Quarterly Operating Profit & Loss Budget Performance
December 2022**

	<u>Annual Budget</u>	<u>Dec 22</u>	<u>Jul 22-Dec 22</u>	<u>% of Annual Budget</u>	<u>YTD Annual Budget Balance</u>
64000 · Conservation					
64001 · Community Outreach	300.00	0.00	0.00	0.00%	300.00
Total 64000 · Conservation	<u>300.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>300.00</u>
65000 · Field Operations					
65100 · Other Field Operations					
65110 · Back Flow Testing	3,000.00	0.00	1,411.59	47.05%	1,588.41
65120 · Construction Equip Maintenance	9,000.00	0.00	2,473.39	27.48%	6,526.61
65130 · Field Communication	3,400.00	205.07	1,791.15	52.68%	1,608.85
65140 · Field IT	35,000.00	2,078.23	12,649.16	36.14%	22,350.84
65150 · Laboratory Services	24,000.00	1,050.00	6,120.50	25.50%	17,879.50
65160 · Safety Equipment	6,000.00	0.00	0.00	0.00%	6,000.00
65170 · Shop Supplies	7,000.00	104.11	877.75	12.54%	6,122.25
Total 65100 · Other Field Operations	<u>87,400.00</u>	<u>3,437.41</u>	<u>25,323.54</u>	<u>28.97%</u>	<u>62,076.46</u>
65200 · Treatment	25,000.00	1,243.44	15,684.87	62.74%	9,315.13
65300 · Pumping					
65310 · Maintenance	25,000.00	6,431.95	16,309.09	65.24%	8,690.91
65320 · Electricity & Fuel	260,000.00	15,027.33	115,151.65	44.29%	144,848.35
Total 65300 · Pumping	<u>285,000.00</u>	<u>21,459.28</u>	<u>131,460.74</u>	<u>46.13%</u>	<u>153,539.26</u>
65400 · Transmission & Distribution					
65410 · Distribution Supplies	59,950.00	-49.11	15,856.93	26.45%	44,093.07
65430 · Tank Maintenance	6,280.00	0.00	3,410.00	54.30%	2,870.00
65440 · Contract Repairs	79,000.00	0.00	40,935.32	51.82%	38,064.68
65450 · Valve Replacements	15,000.00	0.00	0.00	0.00%	15,000.00
65460 · Paving Repairs	25,000.00	0.00	0.00	0.00%	25,000.00
Total 65400 · Transmission & Distribution	<u>185,230.00</u>	<u>-49.11</u>	<u>60,202.25</u>	<u>32.50%</u>	<u>125,027.75</u>
65500 · Transportation					
65510 · Fuel	16,000.00	1,380.35	9,596.93	59.98%	6,403.07
65520 · Maintenance	5,000.00	0.00	2,806.42	56.13%	2,193.58
Total 65500 · Transportation	<u>21,000.00</u>	<u>1,380.35</u>	<u>12,403.35</u>	<u>59.06%</u>	<u>8,596.65</u>
Total 65000 · Field Operations	<u>603,630.00</u>	<u>27,471.37</u>	<u>245,074.75</u>	<u>40.60%</u>	<u>358,555.25</u>
Total 60000 · Operating Expenses	<u>2,254,964.00</u>	<u>221,732.11</u>	<u>1,042,949.91</u>	<u>46.25%</u>	<u>1,212,014.09</u>
69000 · Non-Operating Expenses					
69010 · Debt Service					
69100 · Revenue Bond					
69105 · Principle	152,273.00	0.00	63,273.00	41.55%	89,000.00
69110 · Interest	48,650.00	0.00	24,797.52	50.97%	23,852.48
Total 69100 · Revenue Bond	<u>200,923.00</u>	<u>0.00</u>	<u>88,070.52</u>	<u>43.83%</u>	<u>112,852.48</u>
69125 · AMI Meter Loan					
69130 · Principle	52,948.00	0.00	26,652.61	50.34%	26,295.39
69135 · Interest	5,566.00	0.00	2,604.35	46.79%	2,961.65
Total 69125 · AMI Meter Loan	<u>58,514.00</u>	<u>0.00</u>	<u>29,256.96</u>	<u>50.00%</u>	<u>29,257.04</u>
69200 · PERS ADP Loan					
69205 · Principle	30,000.00	0.00	0.00	0.00%	30,000.00
69210 · Interest	1,739.00	0.00	0.00	0.00%	1,739.00
Total 69200 · PERS ADP Loan	<u>31,739.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>	<u>31,739.00</u>
Total 69010 · Debt Service	<u>291,176.00</u>	<u>0.00</u>	<u>117,327.48</u>	<u>40.29%</u>	<u>173,848.52</u>
69400 · Other Non-Operating Expense	3,000.00	0.00	0.00	0.00%	3,000.00
Total 69000 · Non-Operating Expenses	<u>294,176.00</u>	<u>0.00</u>	<u>117,327.48</u>	<u>39.88%</u>	<u>176,848.52</u>
Total Expense	<u>2,549,140.00</u>	<u>221,732.11</u>	<u>1,160,277.39</u>	<u>45.52%</u>	<u>1,388,862.61</u>
Net Ordinary Income	<u>600,795.00</u>	<u>-57,967.57</u>	<u>422,729.16</u>		
Net Income	<u>600,795.00</u>	<u>-57,967.57</u>	<u>422,729.16</u>		

Rio Linda Elverta Community Water District
CAPITAL BUDGET VS ACTUAL FISCAL YEAR 2022-23
 As of December 31, 2022

	GENERAL		FUTURE CAPITAL IMPROVEMENT PROJECTS		VEHICLE & LARGE EQUIPMENT REPLACEMENT	
	Annual Budget	YTD Actual	Annual Budget	YTD Actual	Annual Budget	YTD Actual
FUNDING SOURCES						
Fund Transfers						
Operating Fund Transfers In	594,000.00	297,000.00	-	-	-	-
Operating Fund Transfers Out	(59,000.00)	(59,000.00)				
CIP Fund Intrafund Transfers	(312,737.00)	-	302,737.00	-	10,000.00	-
PERS ADP Loan Payment						
Principle			30,000.00	-		
Interest			1,739.00	-		
Investment Revenue	85.00	45.09	110.00	83.05	-	-
PROJECTS						
A · WATER SUPPLY	-					
A-1 · Miscellaneous Pump Replacements	40,000.00	-				
Total A · WATER SUPPLY	40,000.00	-	-	-	-	-
B · WATER DISTRIBUTION						
B-1 · Service Replacements	30,000.00	-	-	-	-	-
B-2 · Small Meter Replacements	120,000.00	17,811.03	-	-	-	-
B-3 · Large Meter Replacements	5,000.00	-	-	-	-	-
B-4 · Pipeline Replacement	-	-	478,844.00	79,650.00	-	-
Total B · WATER DISTRIBUTION	155,000.00	17,811.03	478,844.00	79,650.00	-	-
M · GENERAL PLANT ASSETS						
M-1 · Urban Water Management Plan	50,000.00	50,000.00	-	-	-	-
Total M · GENERAL PLANT ASSETS	50,000.00	50,000.00	-	-	-	-
TOTAL BUDGETED PROJECT EXPENDITURES	245,000.00	67,811.03	478,844.00	79,650.00	-	-

**Rio Linda Elverta Community Water District
Capacity Revenue Profit & Loss Budget Performance
October - December 2022**

	<u>Annual Budget</u>	<u>Oct-Dec 22 Current QTR</u>	<u>Jul 22-Dec 22 YTD</u>	<u>% of Annual Budget</u>	<u>YTD Annual Budget Balance</u>
Income					
41000 · Non-Operating Revenue					
41110 · Investment Revenue					
41112 · Interest Revenue	1,000.00	1,400.39	2,146.06	214.61%	-1,146.06
	<u>1,000.00</u>	<u>1,400.39</u>	<u>2,146.06</u>	<u>214.61%</u>	<u>-1,146.06</u>
44100 · Capacity Fee Revenue	500,000.00	0.00	386,400.00	77.28%	113,600.00
Total Income	<u>501,000.00</u>	<u>1,400.39</u>	<u>388,546.06</u>	<u>77.55%</u>	<u>112,453.94</u>
Gross Income	<u>501,000.00</u>	<u>1,400.39</u>	<u>388,546.06</u>	77.55%	112,453.94
Net Income	<u><u>501,000.00</u></u>	<u><u>1,400.39</u></u>	<u><u>388,546.06</u></u>		

**Rio Linda Elverta Community Water District
 Surcharge 1 Profit & Loss Budget Performance
 October - December 2022**

	<u>Annual Budget</u>	<u>Oct-Dec 22 Current QTR</u>	<u>Jul 22-Dec 22 YTD</u>	<u>% of Annual Budget</u>	<u>YTD Annual Budget Balance</u>
Income					
41000 · Non-Operating Revenue					
41110 · Investment Revenue					
41111 · Dividend Revenue	0.00	602.16	840.66	100.0%	-840.66
41112 · Interest Revenue	1,000.00	1,945.87	3,781.01	378.1%	-2,781.01
41113 · Market Value Adjustment	0.00	1,833.80	-6,488.40	100.0%	6,488.40
	<u>1,000.00</u>	<u>4,381.83</u>	<u>-1,866.73</u>	<u>-186.67%</u>	<u>2,866.73</u>
43010 · Surcharge 1 Revenue	<u>523,374.00</u>	<u>88,277.80</u>	<u>204,406.14</u>	<u>39.06%</u>	<u>318,967.86</u>
Total Income	<u>524,374.00</u>	<u>92,659.63</u>	<u>202,539.41</u>	<u>38.63%</u>	<u>321,834.59</u>
Gross Income	524,374.00	92,659.63	202,539.41	38.63%	321,834.59
Expense					
69150 · Surcharge 1 Loan					
69155 · Principle	379,389.00	188,483.22	188,483.22	49.68%	190,905.78
69160 · Interest	81,966.00	42,194.10	42,194.10	51.48%	39,771.90
69170 · Admin Fees	2,300.00	541.45	1,089.78	47.38%	1,210.22
Total 69150 · Surcharge 1 Loan	<u>463,655.00</u>	<u>231,218.77</u>	<u>231,767.10</u>	<u>49.99%</u>	<u>231,887.90</u>
Total Expense	<u>463,655.00</u>	<u>231,218.77</u>	<u>231,767.10</u>		
Net Income	<u><u>60,719.00</u></u>	<u><u>-138,559.14</u></u>	<u><u>-29,227.69</u></u>		

Rio Linda Elverta Community Water District
Surcharge 2 Profit & Loss Budget Performance
October - December 2022

	<u>Annual Budget</u>	<u>Oct-Dec 22 Current QTR</u>	<u>Jul 22-Dec 22 YTD</u>	<u>% of Annual Budget</u>	<u>YTD Annual Budget Balance</u>
Income					
41000 · Non-Operating Revenue					
41110 · Investment Revenue					
41112 · Interest Revenue	500.00	20.88	41.31	8.26%	458.69
	<u>500.00</u>	<u>20.88</u>	<u>41.31</u>	<u>8.26%</u>	<u>458.69</u>
43050 · Surcharge 2 Revenue	439,019.00	73,413.91	169,989.10	38.72%	269,029.90
Total Income	<u>439,519.00</u>	<u>73,434.79</u>	<u>170,030.41</u>	<u>38.69%</u>	<u>269,488.59</u>
Gross Income	439,519.00	73,434.79	170,030.41	38.69%	269,488.59
Expense					
69175 · Surcharge 2 Loan					
69180 · Principle	230,000.00	0.00	115,000.00	50.0%	115,000.00
69185 · Interest	81,920.00	0.00	41,902.67	51.15%	40,017.33
Total 69175 · Surcharge 2 Loan	<u>311,920.00</u>	<u>0.00</u>	<u>156,902.67</u>	<u>50.3%</u>	<u>155,017.33</u>
Total Expense	<u>311,920.00</u>	<u>0.00</u>	<u>156,902.67</u>		
Net Income	<u><u>127,599.00</u></u>	<u><u>73,434.79</u></u>	<u><u>13,127.74</u></u>		

From: DirectLevy@saccounty.gov <DirectLevy@saccounty.gov>

Sent: Tuesday, January 31, 2023 3:50 PM

To: Kimberly Bassett kimbassett@saccounty.gov; Deborah Denning ddenning@saccounty.gov

Cc: DirectLevy@saccounty.gov

Subject: SECURED TAX APPORTIONMENT FOR DIRECT LEVY: 1180

=====
A T T E N T I O N - R E A D B E L O W
=====

TO: DISTRICT STAFF / CONSULTANT

The report below and the attached data file shows the Secured Tax Direct Levy Apportionment details for the period of 07/01/22 to 12/10/22

Direct Levy/Name: 1180 RLECWD DELINQUENT RATEPAYER
Agency Nbr/Name : 0000 RIO LINDA ELVERTA COMMUNITY WATER DIST

TOTAL PARCEL COUNT FOR LEVY	:	20
TOTAL CURRENT PERIOD CHANGES	:	\$28,113.88
TOTAL CURRENT PERIOD COLLECTIONS	:	\$12,367.44
TOTAL YEAR-TO-DATE COLLECTIONS	:	\$12,367.44
TOTAL NET CURRENT OUTSTANDING	:	\$15,746.44

Please contact us at (916) 874-7431 if you have any questions.

/Attachment



Executive Committee Agenda Item: 5

Date: February 6, 2023

Subject: General Status Update from the District Engineer

Contact: Mike Vasquez, PE, PLS, Contract District Engineer

Recommended Committee Action:

Receive a status report on specific focus items currently being addressed by the District Engineer.

Current Background and Justification:

Subjects anticipated for discussion include:

1. Well 16 Pump Station DWR Grant Retention Release
2. Sacramento Metropolitan Fire District Map Request
3. Active Developments
 - a. 6362/6400 Blacktop Road
4. Dry Creek Road Pipe Replacement Project
5. Valve Vault Cover Replacement at 30th St. and Elkhorn Blvd.

Conclusion:

I recommend the Executive Committee receive the status report from the District Engineer. Then, if necessary and appropriate, forward an item(s) onto the February 21, 2023 Board of Directors Meeting agenda with recommendations as necessary.



Executive Committee Agenda Item: 6

Date: February 6, 2023

Subject: Resolution 2023-01, Establishing an Offset of Billing Cost for Customers Opting for Paperless Billing

Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Executive Committee should review the draft resolution, then engage staff in discussion of the processes pending to enable the implementation of an incentive for paperless billing.

Current Background and Justification:

As discussed by the Board at several public meetings, the District desires to encourage paperless billing. Paperless billing entails emailing a PDF copy of the bill instead of printing, folding, stuffing and mailing (USPS) the bimonthly bill. Paperless billing results in a slightly lower cost of service for each customer who opts into the program. For those customers who opt into the program, paperless billing increases customer convenience.

The calculation of costs savings for paperless billing has been completed and is included as a document associated with this item. The approximate cost for preparing and mailing (USPS) a hardcopy bill is \$1 per bill.

The current limiting path for implementation of the \$1 per billing cycle charge reduction for customers who opt into paperless billing is the District's current billing software services provider, Continental Utility Services Inc (CUSI). The preliminary response from CUSI represents more effort than savings and entails the absence of a description on the bills to document the \$1 credit for paperless billing. Staff continues to coordinate with CUSI to pursue better options.

Conclusion:

The Executive Committee should discuss this item. However, the Resolution should not proceed unless and until the District resolves the impediments from CUSI.

RESOLUTION NO. 2023-01

**A RESOLUTION AUTHORIZING A CREDIT FOR CUSTOMERS OPTING INTO
PAPERLESS BILLING**

WHEREAS, The District wishes to establish an incentive for customers who opt into the paperless billing program, and

WHEREAS, Paperless billing reduces the cost of service and increases customer convenience for those customers who prefer an emailed copy of their bimonthly bills, and

WHEREAS, The District has performed a cost avoidance analysis to show the savings reasonably attributable to preparing and mailing hard copy bills. The cost analysis is included as Exhibit A to this Resolution, and

NOW THEREFORE, BE IT RESOLVED by the Board of Directors of the Rio Linda/Elverta Community Water District does hereby authorize a credit in the amount shown in Exhibit A. From time to time, such amount may be adjusted corresponding to changes in costs, by authorization by the Board of Directors to revise Exhibit A.

APPROVED AND ADOPTED by the Board of Directors of the Rio Linda / Elverta Community Water District on this 19th day of Month, Day 2023. By the following vote:

AYES:
NAYS:
ABSENT:
ABSTAIN:

ATTEST:

Mary R. Harris
President, Board of Directors

Timothy R. Shaw
Secretary of the Board of Directors

Exhibit A

Attention Tim Shaw
 Invoice To RIO LINDA/ELVERTA CWD
 730 L STREET
 PO BOX 400
 RIO LINDA, CA 95673

Invoice Date 11/30/2022
 Invoice Due 12/25/2022
 Job Number 112669
 Your Order #

Shipped To

Salesrep House Account

Quantity	Description	Sub Total	Tax	Total
	OCTOBER/NOVEMBER 2022 BILLING STATEMENTS			
1	LAYOUT/EDIT HOURLY	40.00	0.00	40.00
4,595	STATEMENT PAPER	147.04	11.58	158.62
4,595	BLACK/WHITE DIGITAL PRINT	192.99	15.20	208.19
4,595	#10 ENVELOPE	160.83	12.67	173.50
4,595	INSERTING	212.52	0.00	212.52
4,595	SORT, TRAY, TAG, POSTAL PREP	142.45	0.00	142.45
1	DELIVER TO USPS SACRAMENTO	18.00	0.00	18.00
	Postage Used	2,417.27	0.00	2,417.27
	Postage Received	(1,619.99)	0.00	(1,619.99)

$$\frac{(\$2417 + \$1751)}{4595} = \$0.73 \sim \$1$$

TERMS: PLEASE NOTE OUR TERMS ARE NET 25 DAYS FROM DATE OF INVOICE.

POSTAGE MUST BE PREPAID

Sub Total \$1,711.11
 Sales Tax \$39.45

A finance charge of 1.5% per month will be added, if not paid within 30 days from date of invoice.

A convenience fee of 3.5% will be added to payments made with credit cards.

THANK YOU FOR YOUR BUSINESS
 If you have any questions, please contact our office for further assistance.

TOTAL DUE \$1,750.56



Executive Committee Agenda Item: 7

Date: February 6, 2023
Subject: Discuss Succession Planning
Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Executive Committee should engage staff in discussion regarding succession planning the provide direction as deemed necessary and appropriate.

Current Background and Justification:

Although the District has some minimal succession policies, i.e., the policy that states the Contract District Engineer becomes the interim General Manager if the General Manager suddenly leaves office, there is no further policies, practices or planning for the sudden loss of personnel.

Conclusion:

This item is intended to initiate the conversation, which may lead to subsequent agenda items at subsequent Board and Committee meetings.



Executive Committee Agenda Item: 8

Date: February 6, 2023

Subject: Review California Water Use Efficiency and Water Loss Laws (SB 606, AB 1668 and SB 555)

Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Executive Committee should review the documents associated with this item, engage staff in discussion, then provide direction to staff as deemed appropriate.

Current Background and Justification:

Recent District public meetings have included comments from public members and Board Members essentially questioning the validity of conservation mandates, water use efficiency requirements and water loss standards. Unfortunately, those items were not on the particular agendas where comments were made, so discussion was limited.

A summary example of the California Laws implementing water use efficiency and water loss standards is a document associated with this item. It is common for water professionals to refer to these new laws by the legislation which created the new laws, e.g., SB 606, AB 1668 and SB 555. The legislation vernacular transitions to laws once the senate bills and assembly bills are signed into law by the Governor, as was the case with SB 606 and AB 1668 in 2018 (almost 5-years ago). California Water Code is the typical place where water conservation laws are codified.

For those who rely on the internet for information, eventually searching for SB 606 (for example) will yield hits for pending legislation having little or nothing to do with water use efficiency. Accordingly, knowing where SB 606, AB 1668 and SB 555 are codified is worthwhile.

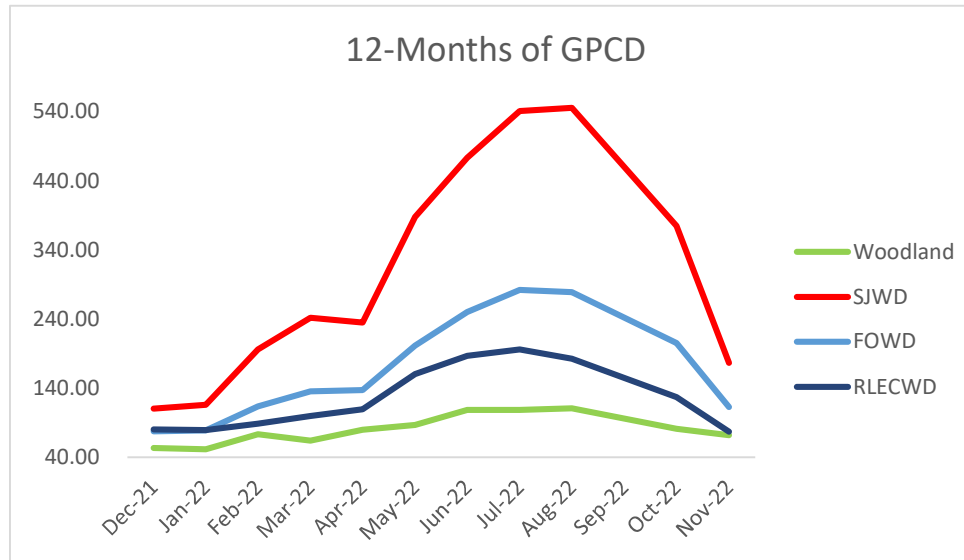
The next step affecting RLECWD is submittal of the Districts Water Use Objectives pursuant to California Water Code 10609.24. This submittal is due in less than 11-months. In less than 11 months, the District has to tell the Dept. of Water Resource how were going to get from 75 GPCD to 55 GPCD for indoor water use.

Conclusion:

The Executive Committee should discuss this issue and provide direction to staff.

Comparison of Gallons Per Day Per Capita (GPCD) for Past 12-months (Limit for Indoor = 55 GPCD)

	Woodland		SJWD		FOWD		RLECWD		RLECWD is Lower than FOWD by	RLECWD is Lower than SJWD by
Nov-22	71.90		176.61		112.44		77.24		31%	56%
Oct-22	81.24		374.41		205.00		127.04		38%	66%
Sep-22	109.61		458.37		243.99		151.32		38%	67%
Aug-22	110.73		545.73		278.77		182.40		35%	67%
Jul-22	108.26		540.75		282.04		195.94		31%	64%
Jun-22	108.40		473.00		250.29		186.58		25%	61%
May-22	86.47		387.68		201.52		160.16		21%	59%
Apr-22	79.67		234.99		137.17		109.54		20%	53%
Mar-22	64.03		241.77		135.14		99.53		26%	59%
Feb-22	73.38		195.91		113.48		88.47		22%	55%
Jan-22	51.54		115.68		78.78		79.44		-1%	31%
Dec-21	53.46		110.66		77.47		80.36		-4%	27%



California Laws Implementing Water Use Efficiency and Water Loss Mandates (SB 606, AB 1668 and SB 555)

From: https://www.waterboards.ca.gov/water_issues/programs/conservation_portal/california_statutes.html

Major Tasks for Urban Retail Water Suppliers

Item #	Description	Deadline	CWC Section
1	Update and adopt UWMP and submit to DWR. If regulated by CPUC, include most recent plan in general rate case filings.	Jul 1, 2021, and every five years thereafter	10621(a) SB; 10621(c) SB
2	Prepare and adopt WSCP and DRA as part of UWMP ¹ . If regulated by CPUC, include WSCP in general rate case filings.	Jul 1, 2021, and every five years thereafter	10621(c) SB; 10632(a) SB; 10635(b) SB
3	Prepare and submit to DWR annual water shortage assessment report ² .	Jun 1, 2022, and annually thereafter ³	10632.1 SB
4	Submit annual report to DWR on urban water use objectives, actual urban water use, implementation of CII water use performance measures, and progress towards urban water use objective.	Nov 1, 2023, and annually thereafter	10609.24(a) SB
5	Adopt and submit to DWR supplement to adopted 2020 UWMP on implementation of demand management measures to achieve their urban water use objective.	Jan 1, 2024	10621(f)(2) SB

WATER CODE - WAT

DIVISION 6. CONSERVATION, DEVELOPMENT, AND UTILIZATION OF STATE WATER RESOURCES [10000 - 12999]

(Heading of Division 6 amended by Stats. 1957, Ch. 1932.)

PART 2.55. SUSTAINABLE WATER USE AND DEMAND REDUCTION [10608 - 10609.42]

(Part 2.55 added by Stats. 2009, 7th Ex. Sess., Ch. 4, Sec. 1.)

CHAPTER 9. Urban Water Use Objectives and Water Use Reporting [10609 - 10609.38]

(Chapter 9 added by Stats. 2018, Ch. 15, Sec. 7.)

10609.24.

(a) An urban retail water supplier shall submit a report to the department no later than January 1, 2024, and by January 1 every year thereafter. The report shall include all of the following:

(1) The urban water use objective calculated pursuant to Section 10609.20 along with relevant supporting data.

(2) The actual urban water use calculated pursuant to Section 10609.22 along with relevant supporting data.

(3) Documentation of the implementation of the performance measures for CII water use.

(4) A description of the progress made towards meeting the urban water use objective.

(5) The validated water loss audit report conducted pursuant to Section 10608.34.

(b) The department shall post the reports and information on its internet website.

(c) The board may issue an information order or conservation order to, or impose civil liability on, an entity or individual for failure to submit a report required by this section.

10609.20.

(a) Each urban retail water supplier shall calculate its urban water use objective no later than January 1, 2024, and by January 1 every year thereafter.

(b) The calculation shall be based on the urban retail water supplier's water use conditions for the previous calendar or fiscal year.

(c) Each urban water supplier's urban water use objective shall be composed of the sum of the following:

(1) Aggregate estimated efficient indoor residential water use.

(2) Aggregate estimated efficient outdoor residential water use.

(3) Aggregate estimated efficient outdoor irrigation of landscape areas with dedicated irrigation meters or equivalent technology in connection with CII water use.

(4) Aggregate estimated efficient water losses.

(5) Aggregate estimated water use in accordance with variances, as appropriate

10609.22.

(a) An urban retail water supplier shall calculate its actual urban water use no later than January 1, 2024, and by January 1 every year thereafter.

(b) The calculation shall be based on the urban retail water supplier's water use for the previous calendar or fiscal year.

(c) Each urban water supplier's urban water use shall be composed of the sum of the following:

(1) Aggregate residential water use.

(2) Aggregate outdoor irrigation of landscape areas with dedicated irrigation meters in connection with CII water use.

(3) Aggregate water losses.



Executive Committee

Agenda Item: 9

Date: February 6, 2023

Subject: Compare RLECWD Rate Structure to Other Water Purveyors in the Area

Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Executive Committee should discuss the comparison of RLECWD rate structure to other water agencies in our area. There is no anticipated Board action needed for this item.

Current Background and Justification:

Similar to the water use efficiency topic, the last Board meeting included discussion on other agency's rate structure sans an agenda item corresponding to the topic. This item is intended to initiate a more thorough discussion.

The fundamentals for comparing rate structures entail that there are at least two main components of a rate structure – a fixed component (sometimes called a meter charge or service charge) and a variable component based of the volume of water used during a billing cycle (sometimes called a commodity charge). To compare rates with different components, it is necessary to assume a volume of water used, then compute the bill for that water using the respective, different rate structures. It is also common to see other rate components like surcharges and backflow program fees.

The focus of the non-agenda comments was the volumetric rate at Fair Oaks Water District (FOWD) \$0.55 per unit, compared to the volumetric rate at RLECWD, \$1.75 per unit. The aspect not focused on was the fixed charge for service. Most FOWD customers pay a \$78.77 fixed charge and most RLECWD customers pay a \$35.72 fixed charge.

Comparing for 29 units of water in a billing cycle shows FOWD customers pay less for water. However, in cooler months with typically lower volumes of water, e.g., 6 units, RLECWD customers pay less.

Other attributes of difference between FOWD and RLECWD include debt. RLECWD customers pay over \$1 million in debt service per year, most of which was mandate by the state's enforcement. FOWD has no debt. If the RLECWD debt service was addressed via the volumetric component of rates instead of through surcharges, the debt service alone would cost \$1.74 per unit for a customer using 20 units of water in a billing cycle.

Conclusion:

The Executive Committee should discuss this item, then direct staff as deemed necessary.



Notice to Property Owners Public Hearing On Proposed Increase To Water Rates

**Public Hearing Will Be Held at the
Fair Oaks Water District Office
10326 Fair Oaks Boulevard
November 21, 2022
6:30 PM**

The Fair Oaks Water District (FOWD) Board of Directors is announcing it will hold a hearing on November 21, 2022 at 6:30 p.m., at 10326 Fair Oaks Boulevard, Fair Oaks, CA to consider a proposed increase in rates for water service as further described below in this notice.

In preparation for the public hearing, FOWD will have a **public workshop** on the proposed increase in rates for water service on October 17, 2022 at 6:30 p.m., at 10326 Fair Oaks Boulevard, Fair Oaks, CA.

The mission of the Fair Oaks Water District is to provide our community with an adequate and reliable supply of water, exceeding all drinking water standards, at the lowest reasonable cost. Data shows that the FOWD has been exceptional at meeting our mission:

- Developed a reliable water supply portfolio of both surface water and groundwater.
- Developed a water supply that exceeds all drinking water standards and that provides our customers with some of the highest quality water in the Country.
- Provide customers water supply at the lowest rates in the Sacramento Region.

FINANCIAL STATE OF THE FOWD ENTERING 2023

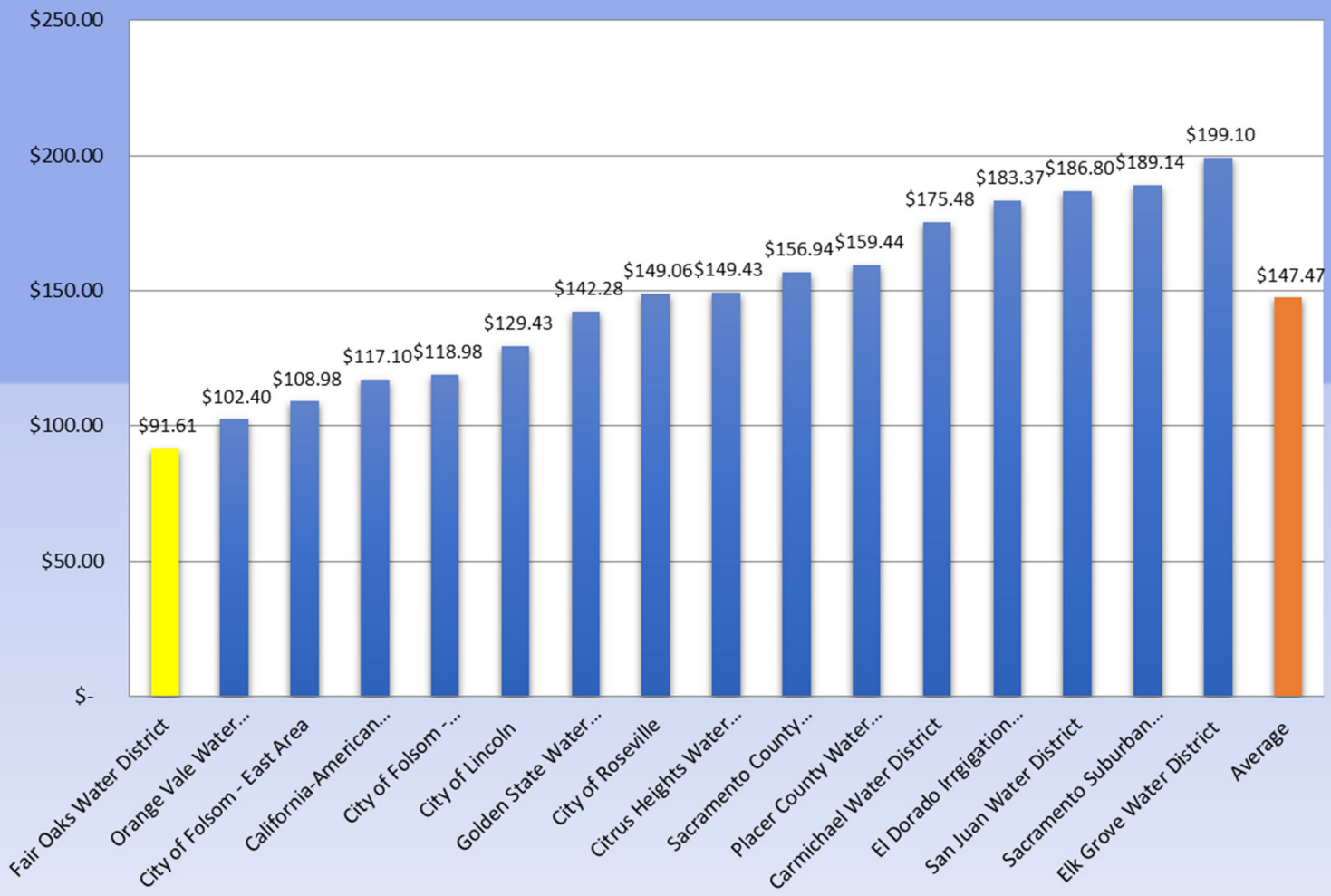
- Existing Debt zero
- Existing Debt Payment zero
- Cash Reserve \$8,000,000
- 40% of Water Sales Revenue Invested Back into Capital Over the Past 20 Years

FOWD HAS THE LOWEST WATER RATES IN THE REGION

- Current FOWD water rates are **61% LOWER** than the Sacramento Region average.
- Current FOWD water rates are **117% LOWER** than the Sacramento Region high.

Please see the next page for a complete list of current Sacramento Region water rates.

2022 Bi-monthly Metered Charges for 1-inch Services Based on 40 CCF for 2 Months Period



HISTORIC FOWD RATE ADJUSTMENTS AT A GLANCE

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
0%	0%	0%	0%	0%	0%	3%	0%	0%	0%	0%	0%	10%	0%	0%	0%	0%

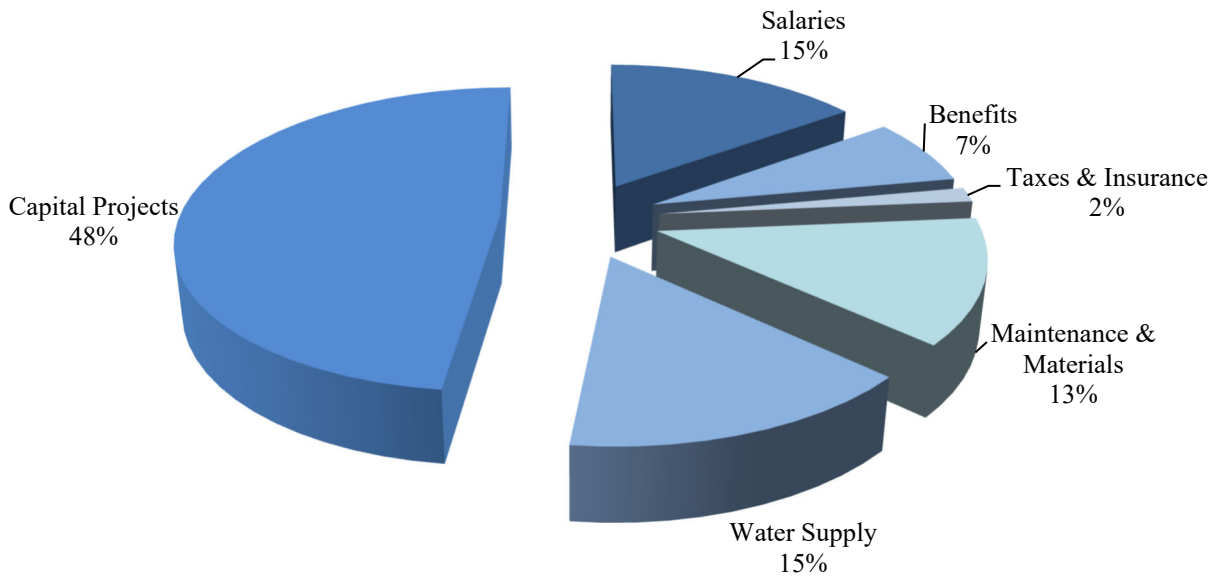
“FOWD has a history of only asking customers for rate increases when we must have them.”

NEED FOR INCREASED REVENUE

Recently the FOWD Board of Directors decided that continuing to meet the mission of the FOWD will require increased revenue from our valued customers. The cost of purchasing water, complying with laws and regulations governing drinking water safety and reliability, and responsibly replacing aging system infrastructure are increasing and cannot be paid without increasing rates. The three major drivers exerting upward pressure on water rates charged to the FOWD customers are: capital investment needs of approximately \$37M over the next five years, inflation, and wholesale surface water rate increases charged by the San Juan Water District. Please note the following:

- The FOWD **INCREASED RATES 13%** from 2006 to 2021.
- Consumer Price Index Inflation **INCREASED 49%** from 2006 to 2021.
- Cost of Surface Water Purchased from SJWD **INCREASED 323%** from 2006 to 2021. An acre foot of water purchased by the FOWD from the SJWD cost \$95.05 in 2006. An acre foot of water purchased by the FOWD from the SJWD cost \$307.08 in 2021.

WHERE YOUR WATER DOLLAR GOES 2023 BUDGET ESTIMATE



WHY AM I RECEIVING THIS NOTICE?

Our records indicate you are an account holder and/or the owner of a parcel receiving water service in the FOWD service area. This notice gives you information about proposed water rate increase the Board of Directors will consider adopting at the November 21, 2022 public hearing. It also outlines how you can participate in the rate-setting process.

CURRENT AND PROPOSED FOWD WATER RATES

Fair Oaks Water District Metered Service Charges and Commodity Rates ⁽¹⁾																			
Bi-Monthly Fixed Service Charges																			
Meter Size (Inch)	Actual 2022	10% Proposed 2023	10% Proposed 2024	5% Proposed 2025															
1	\$ 71.61	\$ 78.77	\$ 86.65	\$ 90.98															
1.5	131.24	144.36	158.80	166.74															
2	202.71	222.98	245.28	257.54															
3	393.32	432.65	475.92	499.72															
4	607.87	668.66	735.53	772.31															
6	1,203.22	1,323.54	1,455.89	1,528.68															
8	1,919.30	2,111.23	2,322.35	2,438.47															
10	2,990.76	3,289.84	3,618.82	3,799.76															
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th></th> <th style="text-align: center;">2022</th> <th style="text-align: center;">2023</th> <th style="text-align: center;">2024</th> <th style="text-align: center;">2025</th> </tr> </thead> <tbody> <tr> <td style="text-align: left;">Commodity Rate per CCF⁽²⁾</td> <td style="text-align: right;">\$ 0.50</td> <td style="text-align: right;">\$ 0.55</td> <td style="text-align: right;">\$ 0.61</td> <td style="text-align: right;">\$ 0.64</td> </tr> </tbody> </table>						2022	2023	2024	2025	Commodity Rate per CCF⁽²⁾	\$ 0.50	\$ 0.55	\$ 0.61	\$ 0.64					
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<p>(1) Customers outside the District's service area will pay an additional 50% of the above water rates or as otherwise determined by Fair Oaks Water District.</p> <p>(2) One CCF stands for 100 cubic feet. 100 cubic feet is equal to 748 gallons. The commodity rate is invoiced based upon CCFs used.</p> <p>(3) Requires separation of common area and irrigation water systems with each irrigation water service billed based on meter size plus consumption.</p> <p>(4) Consumption measured by a master meter with one responsible party in billing for the master meter.</p> <p>(5) Each connection will be billed a fixed service charge based on meter size plus consumption with one responsible party in billing for the account.</p>																			

HOW THIS INCREASE MAY IMPACT YOU

Under the proposed FOWD rate structure, for 2023, a typical homeowner having a 1" meter, and using 500 gallons of water per day, will have a water bill increase of an estimated \$9.16 per 60-day billing cycle, or 15.27¢ per day.

If the Board of Directors adopts the proposed rate structure for 2023, 2024 and 2025, it is estimated that the average FOWD customer will see an increase in the cost of water of 10% in 2023, 10% in 2024, and 5% in 2025. A customer's actual increase will vary depending upon the amount of water used. If you would like additional information about how the proposed rate changes would affect your specific water bill, please call the FOWD Customer Service Department at (916) 967-5723 and a staff member will be happy to assist you.

HOW YOU CAN PARTICIPATE

All members of the public are invited to submit comments about this proposal and to attend the public hearing at 6:30 PM on November 21, 2022 at 10326 Fair Oaks Boulevard. An owner or tenant of property receiving FOWD retail water service may protest the proposed water rates and charges by submitting a written protest by mail or in person to the General Manager, Fair Oaks Water District, 10326 Fair Oaks Boulevard, Fair Oaks California. Written protests must be received (*not postmarked*) by the General Manager before the close of the public hearing to be held on November 21, 2022 at 6:30 PM. Protests submitted by e-mail or other electronic means will not be accepted.

To be valid for consideration by the Board at the public hearing, a protest must be signed by the property owner or tenant, must include the assessor's parcel number, the address of the parcel served, the customer's account number for the parcel served, and a statement that the FOWD customer is protesting the Agency's proposed water rates and charges. If submitted by a tenant, the assessor's parcel number is not required. Only one written protest per identified parcel will be counted for purposes of determining if there is a majority protest. The Board Secretary, or his designee, will tabulate the protests, and any member of the public may observe the tabulation. All protest forms will be considered public records and retained for two years from the date of the hearing. Protests sent through the mail are subject to the potential failure of the U. S. Postal Service to deliver them to FOWD by the noticed deadline. Any protest that is received after the deadline will be invalid and not be counted.

A majority protest will exist if written protests are timely submitted and not withdrawn by the record owners of, or customers of record with respect to, a majority (50% plus 1) of the parcels subject to the proposed rate increase. If there is a majority protest, the Board of Directors cannot approve the proposed FOWD rate increases for 2023, 2024 and 2025. If there is not a majority protest, the Board of Directors will deliberate and may approve a rate increase up to a maximum equal to the amounts described in this notice.

PLEASE NOTE

FOWD is proposing the water rate increases to ensure the financial health and sustainability of the District.

"It is estimated that with approval of the proposed rate increase, FOWD will remain the lowest water rates in the Sacramento Region in 2025"



PUBLIC RATE Hearing
for 2023-2025 Rates

November 21, 2022





Introductions

Randy Marx

Board President

Mike McRae

Vice President

Misha Sarkovich

Director

Chris Petersen

Director

Vacant

Director

Tom R. Gray

General Manager



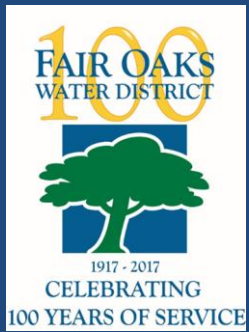
Bottom Line

The FOWD Board and Management are recommending the following rate increases:

10% in 2023

10% in 2024

5% in 2025



About this Public Rate Hearing

This is a formal process

Presentation on
information learned &
response

Discussion on information
& concerns

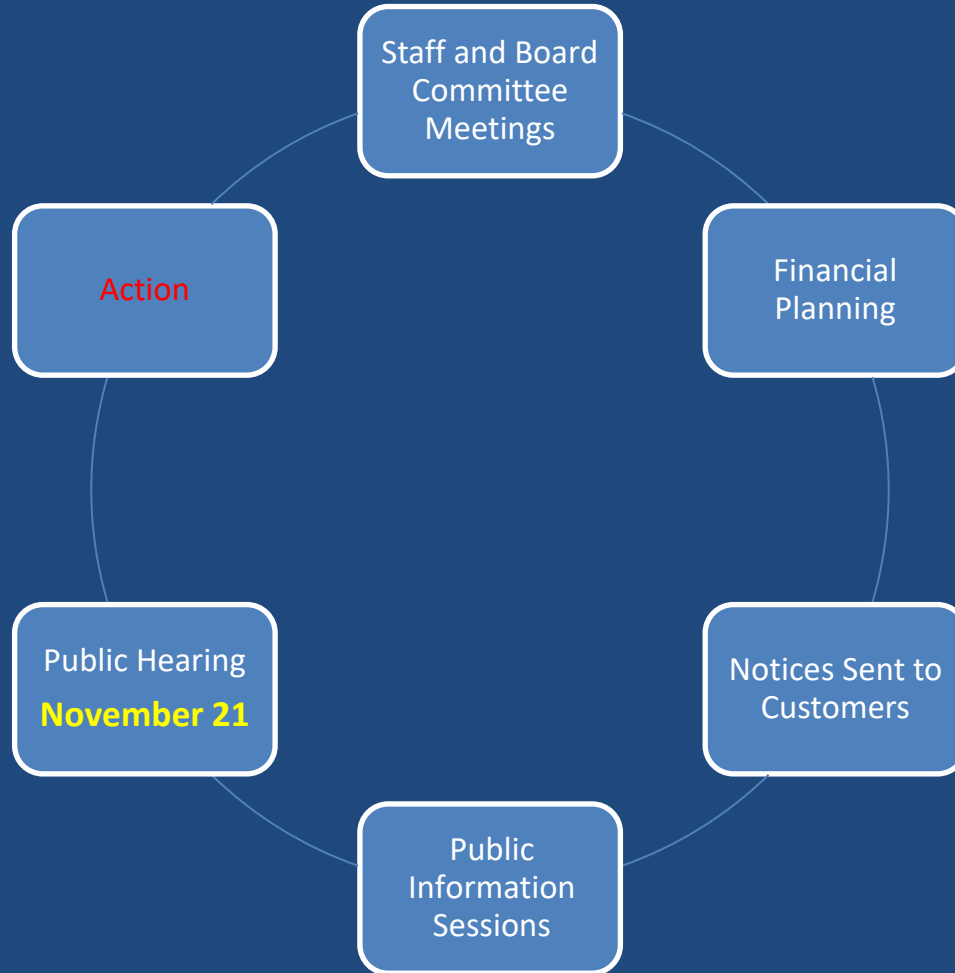
Public testimony with 3-
minute limit per speaker



Board will be acting on proposed rates
tonight



The Rate Making Process





Past FOWD Rates

Historic FOWD Rate Adjustments At A Glance

2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
0%	0%	0%	0%	0%	0%	3%	0%	0%	0%	0%	0%	10%	0%	0%	0%	0%

“FOWD has a history of only asking customers for rate increases when we must have them.”



Current FOWD Rates

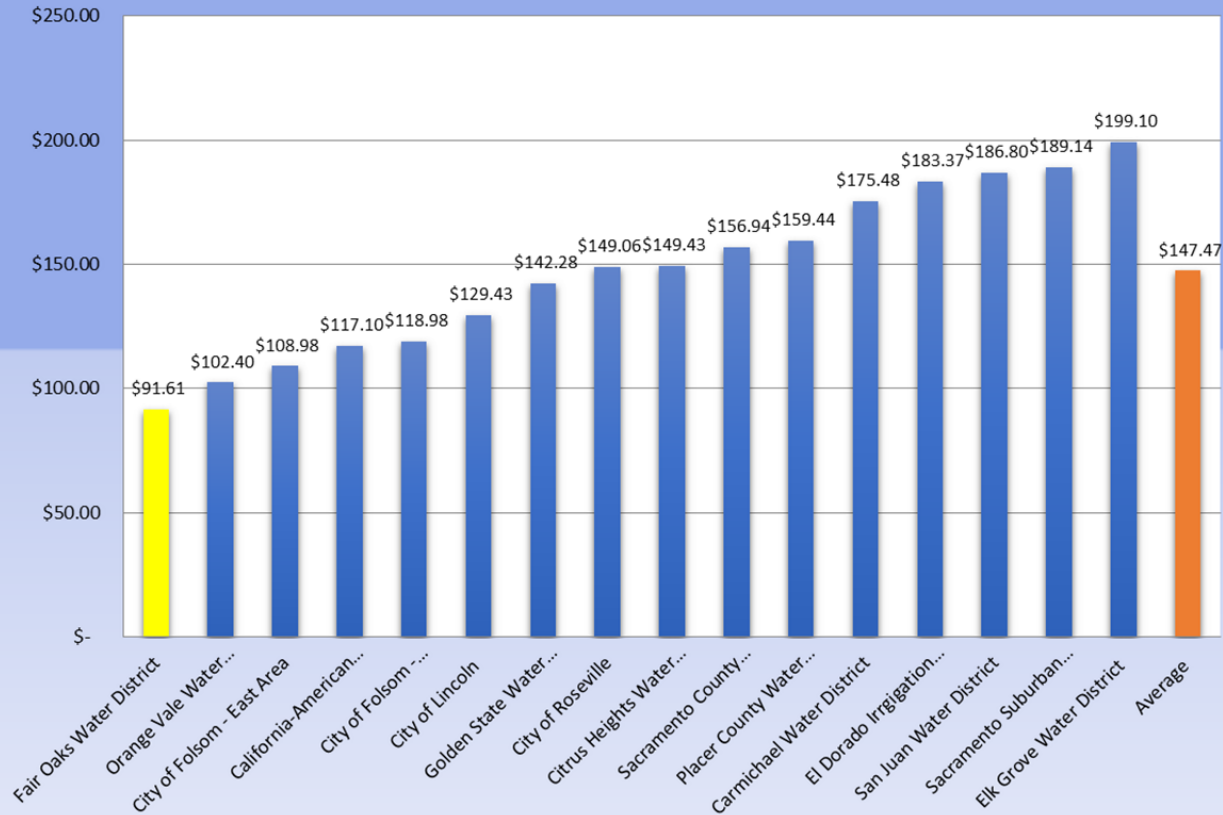
61% Lower than the
Sacramento Region Average

117% Lower than the
Sacramento Region High



Current FOWD Rates

**2022 Bi-monthly Metered
Charges for 1-inch Services
Based on 40 CCF for 2 Months Period**



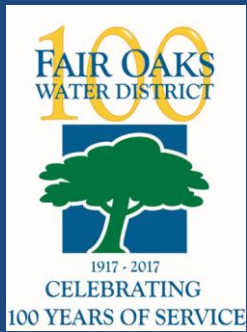


Why are rates changing? Inflation

The FOWD **INCREASED RATES 13%** from 2006 to 2022.

Consumer Price Index **INFLATION INCREASED 49%** from
2006 to 2021.

2022 is estimated to end with another **INFLATION
INCREASE of over 8%**



Why are rates changing?

SJWD Rate Increases

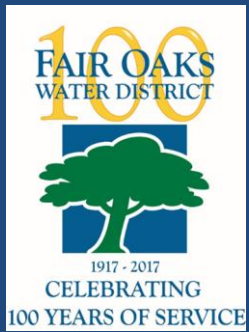
An acre foot of water purchased by the FOWD from the SJWD **cost \$95.05 in 2006**. An acre foot of water purchased by the FOWD from the SJWD **cost \$307.08 in 2021**.



Why are rates changing? SJWD Rate Increases

- Cost of **Surface Water Purchased from SJWD** **INCREASED 323%** from 2006 to 2021.

“Please remember that the FOWD only increased rates 13% from 2006 to 2021.”



FOWD Purchased Water Cost

2006 Actual
Annual Cost
= \$1,062,504

2021 Actual
Annual Cost
= \$2,041,404

2006-2021 =
\$978,900 Annual
Increased Cost



FOWD Customer Revenue

2006 Actual Annual
Operating Revenue
from Customer
Rates = \$7,932,226

2021 Actual Annual
Operating Revenue
from Customer
Rates = \$9,118,409

2006-2021 =
\$1,186,183 Annual
Increase in Revenue
from Customers



FOWD Rate Fact

Essentially 100% of FOWD increased revenue from customer rates from 2006 to 2021 has been paid to the San Juan Water District due to increased surface water cost – FOWD has absorbed all other cost increases for fifteen years.

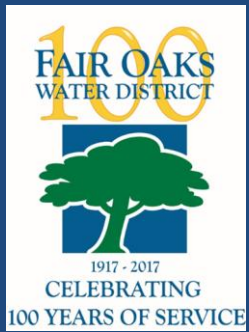


Why are rates changing?

Primary Reason

Aging Transmission Mains

The FOWD has two transmission mains that range in pipe diameter from 18 inch to 30 inch and that have a combined length of approximately 9 miles. In July of 2021 FOWD worked with an outside consultant to complete a Transmission Main Replacement Report.



Why are rates changing?

Primary Reason

Aging Transmission Mains

- *The south transmission main delivers surface water from the Fair Oaks 40 Transmission Pipeline and was **installed in the 1930s mostly through private property.***
- *This main has been scheduled for replacement in multiple phases between 2024 to 2034 at an estimated cost of \$15,800,000.*

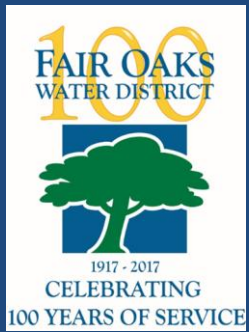


Why are rates changing?

Primary Reason

Aging Transmission Mains

- *The north transmission main delivers surface water from the Cooperative Transmission Pipeline and was **installed in the 1950s** along public right-of-way.*
- *This main has been scheduled for replacement in multiple phases between 2034 to 2044 at an estimated cost of \$17,000,000.*



FOWD Financial Performance

Entering 2023 the FOWD has:

- ✓ Zero Existing Debt
- ✓ Zero Debt Payment
- ✓ Cash Reserve of \$8,500,000
- ✓ 40% of Water Sales Revenue Invested Into Capital Over the Past 20 Years



FOWD Financial Performance

From 2006 to 2021 FOWD absorbed increased annual operational costs of over \$2.2M ... our costs to operate increased 46% while FOWD raised customer rates 13% ... *we believe we have performed well on our ratepayer's behalf ... but now must pass on costs that we have no control over.*

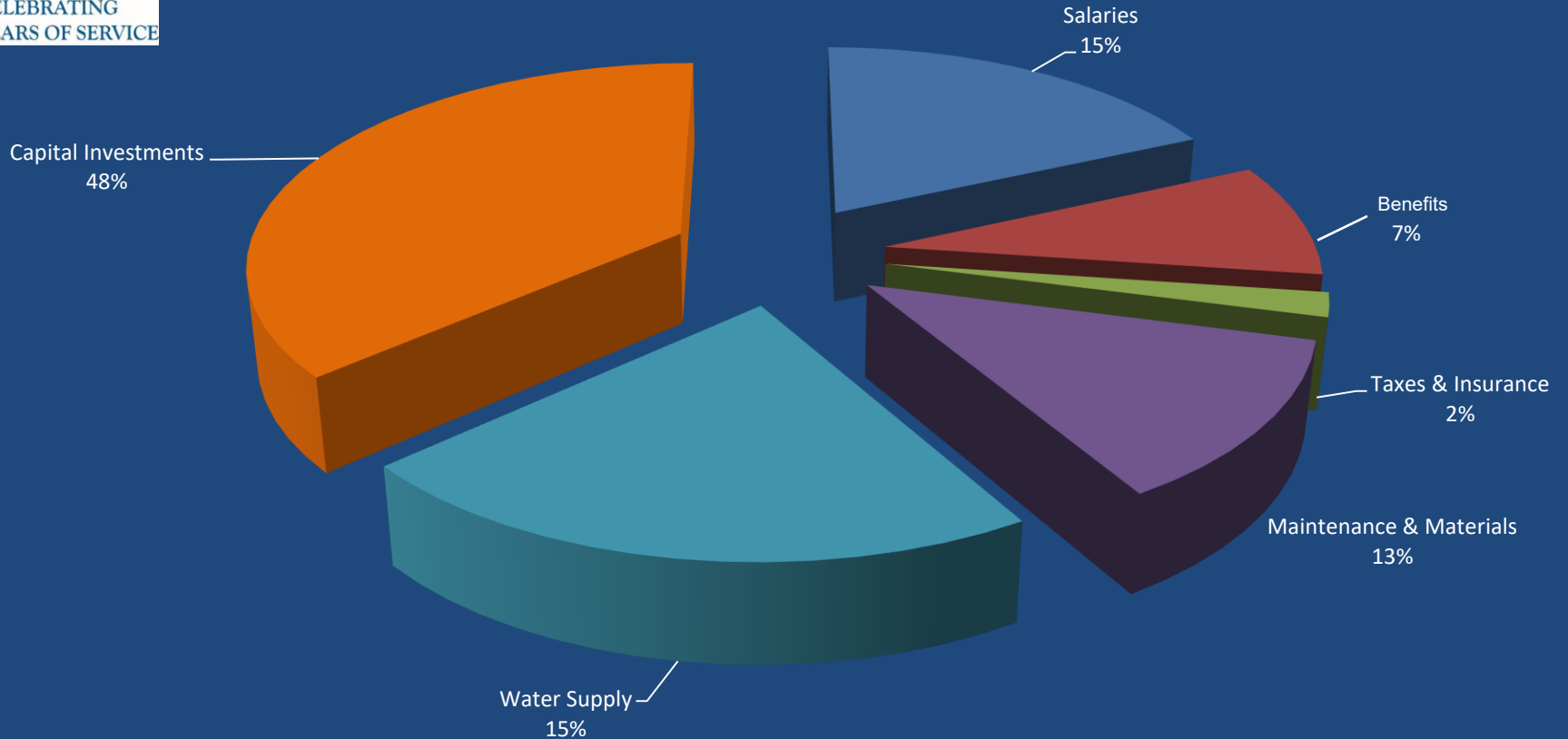


Where Your Money is Spent 2023

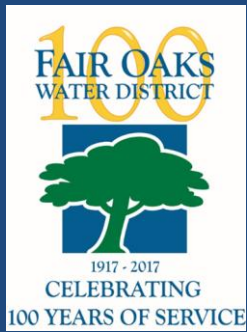
Item	Dollars
Cash Reserve Entering 2023	\$8,500,000
Revenue Total w/ 10% Rate Increase	\$10,800,000
Operating Cost (Includes Water Purchase)	(\$8,300,000)
Capital Investment	(\$8,200,000)
Estimated 2023 Year End Cash	\$2,800,000
2023 Capital Project List	
Annual Routine Capital Cost	\$1,300,000
Corp Yard Project	\$300,000
Skyway Well	\$1,500,000
New York Well	\$3,000,000
New York Water Main Replacement	\$2,100,000



Where Your Money is Spent



2023 Proposed Expenses



Bottom Line for Most Customers

Under the proposed FOWD rate structure, a typical homeowner having a 1" meter and using 500 gallons of water per day, **will have a water bill increase of** an estimated \$9.16 per 60-day billing cycle, or **15.27¢ per day in 2023.**



Current & Proposed Rates

Fair Oaks Water District

Metered Service Charges and Commodity Rates ⁽¹⁾

Bi-Monthly Fixed Service Charges				
Meter Size (Inch)	Actual 2022	10% Proposed 2023	10% Proposed 2024	5% Proposed 2025
1	\$ 71.61	\$ 78.77	\$ 86.65	\$ 90.98
1.5	131.24	144.36	158.80	166.74
2	202.71	222.98	245.28	257.54
3	393.32	432.65	475.92	499.72
4	607.87	668.66	735.53	772.31
6	1,203.22	1,323.54	1,455.89	1,528.68
8	1,919.30	2,111.23	2,322.35	2,438.47
10	2,990.76	3,289.84	3,618.82	3,799.76

	2022	2023	2024	2025
Commodity Rate per CCF ⁽²⁾	\$ 0.50	\$ 0.55	\$ 0.61	\$ 0.64

Shared Metered Services:

User Category	2022	2023	2024	2025
Shared meter service(s) - multiple parcel community residential domestic ⁽³⁾	\$71.61 per parcel + consumption ⁽⁴⁾	\$78.77 per parcel + consumption ⁽⁴⁾	\$86.65 per parcel + consumption ⁽⁴⁾	\$90.98 per parcel + consumption ⁽⁴⁾
Shared meter service(s) - multiple parcel offices commercial domestic	Meter service rate ⁽⁵⁾	Meter service rate ⁽⁵⁾	Meter service rate ⁽⁵⁾	Meter service rate ⁽⁵⁾

(1) Customers outside the District's service area will pay an additional 50% of the above water rates or as otherwise determined by Fair Oaks Water District.

(2) One CCF stands for 100 cubic feet. 100 cubic feet is equal to 748 gallons. The commodity rate is invoiced based upon CCFs used.

(3) Requires separation of common area and irrigation water systems with each irrigation water service billed based on meter size plus consumption.

(4) Consumption measured by a master meter with one responsible party in billing for the master meter.

(5) Each connection will be billed a fixed service charge based on meter size plus consumption with one responsible party in billing for the account.



Bottom Line for Most Customers

How Much Do I Pay – Given Proposed Rates & 1” Meter & Typical Water Use

Bi-Monthly Usage		Bi-Monthly Rate			
CCF	Gallons	Current	2023	2024	2025
40	29,920	\$91.61	\$100.77	\$111.05	\$116.58
		Annual Rate			
		\$549.66	\$604.62	\$666.30	\$699.48



Bottom Line

If all the proposed rate increases are approved – **In 2025, the average FOWD customer water bill will have increased \$150 per year compared to 2022.**



Protest Letters

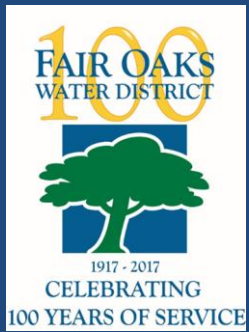
As part of the FOWD ratemaking process, all members of the public were provided information on how to submit a formal protest to the proposed FOWD rate increase. This information was sent to every FOWD customer via US Mail on October 5, 2022.



Protest Letters

Total Protest Letters Received = 8

- ✓ Total letters received objecting to the proposed rate increase = 7
- ✓ Total letters commending FOWD leadership and supporting the rate increase = 1



Protest Claim One

Object to any rate increase – three letters.



Protest Claim Two

Agree that the District needs a rate increase, but state that what is being requested is too much – three letters.



Protest Claim Three

The FOWD must increase rates because we do not enforce the efficient use of water – one letter.



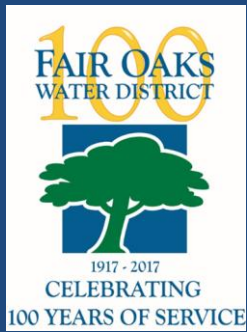
Customer Comments

Relative to the proposed rate increase - many comments through FOWD customer service that the FOWD has performed well over the years with excellent leadership.



Where Your Money is Spent 2024

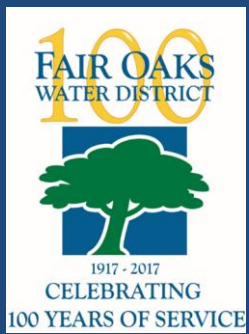
Item	Dollars
Cash Reserve Entering 2024	\$2,800,000
Revenue Total w/ 10% Rate Increase	\$11,100,000
Operating Cost (Includes Water Purchase)	(\$8,700,000)
Capital Investment	(\$9,600,000)
Estimated 2024 Year End Cash	(\$4,400,000)
2024 Capital Project List	
Annual Routine Capital Cost	\$1,400,000
Transmission Main Replacement Phase 1	\$2,600,000
Corp Yard Project	\$5,100,000
Major Equipment	\$500,000



Where Your Money is Spent 2024

Come 2024 the FOWD will be looking to make up the projected \$4.4M dollar deficit through:

- *Generating revenue from water transfers*
- *Generating revenue from grants*
- *Generating revenue from ASR partnerships*
- *Cost reductions in 2023*
- *Taking on limited-term debt*
- *No new rate increases beyond what has been proposed tonight*



Additional Information

FOWD Financial Information is available on www.fowd.com

Contact FOWD:

- Email: customerservice@fowd.com
- Phone: (916) 967-5723
- Fax: (916) 967-0153



Additional Information on SJWD Wholesale Water Rates

- SJWD Wholesale Financial Plan is available at www.sjwd.org
- SJWD office is located at 9935 Auburn Folsom Road in Granite Bay

Why are rates
changing?
Primary Reason

Aging Transmission Mains

FAIR OAKS
WATER DISTRICT



1917 - 2017

CELEBRATING
YEARS OF SERVICE

*Just as Every Drop of Water is Valuable,
so is Every Ratepayer Dollar*



*The FOWD Board, Management, and Staff
Thank You*

The two tables below compare Fair Oaks Water rates to Rio Linda Elverta Water Rates for two different bimonthly volumes of water (29 units and 6 units).

The two water agencies' rate structures are different. Fair Oaks has a much higher meter service charge and much lower commodity (volumetric) rates. The only legitimate comparison is to compare the bill a customer receives for a given amount of water consumed in a billing cycle, e.g. 29 units of water at Fair Oaks cost \$94.72, and the same 29 units cost \$147.57 for Rio Linda 1-inch customers or \$126.91 for 5/8-inch Rio Linda customers.

Additionally, the difference between rate structures results in a different comparison for lower volumes of water, which are typical in the cooler/wetter months of service. Most Rio Linda customers are 5/8-inch service. It is common to see Rio Linda customers, including several Board Members, use only 6-units of water (or less) in a cold weather billing cycle. The typical 5/8-inch Rio Linda customer pays less for the same amount of water compared to a Fair Oaks customer in cold / wet months and more in summer.

29- Units of Water	
Fair Oaks 1-inch	\$94.72
Rio Linda Elverta 1-inch	\$147.57
Rio Linda Elverta 5/8-inch	126.91
6-Units of Water	
Fair Oaks 1-inch	\$82.07
Rio Linda Elverta 1-inch	\$101.68
Rio Linda Elverta 5/8-inch	\$81.02

Note: The Rio Linda rates below do not show the \$34.80 per billing cycle for Surcharge 1 & 2, which were mandated by the state.

Meter Size	Current FY 2021	September 15, 2021	Proposed on or after			
			July 1, 2022	July 1, 2023	July 1, 2024	July 1, 2025
5/8"	\$59.86	\$35.01	\$35.72	\$36.64	\$38.23	\$39.88
3/4"	\$59.86	\$35.01	\$35.72	\$36.64	\$38.23	\$39.88
1"	\$99.77	\$55.25	\$56.38	\$57.83	\$60.34	\$62.94
1.5"	\$199.53	\$105.87	\$108.03	\$110.79	\$115.60	\$120.59
2"	\$319.25	\$166.61	\$170.01	\$174.35	\$181.92	\$189.77
3"	\$698.37	\$358.95	\$366.28	\$375.63	\$391.94	\$408.84
4"	\$1,257.06	\$642.41	\$655.52	\$672.24	\$701.43	\$731.68
Inactive	\$59.86	\$35.01	\$35.72	\$36.64	\$38.23	\$39.88
Single Family Residential Inoperable Meter Fees (fixed bimonthly fee, no additional volume charges; cold weather period is November to April; warm weather period is May to October)						
5/8" - Cold Weather		\$68.61	\$69.91	\$71.80	\$74.95	\$78.18
5/8" - Warm Weather		\$120.93	\$123.19	\$126.52	\$132.07	\$137.94
3/4" - Cold Weather		\$68.61	\$69.91	\$71.80	\$74.95	\$78.18
3/4" - Warm Weather		\$120.93	\$123.19	\$126.52	\$132.07	\$137.94
1" - Cold Weather		\$88.85	\$90.57	\$92.99	\$97.06	\$101.24
1" - Warm Weather		\$141.17	\$143.85	\$147.71	\$154.18	\$161.00
Commercial, institutional, and industrial (CII) and irrigation inoperable meter rates may be based on past average consumption						
Volume Rates \$/ccf						
Current Rate per ccf (over 6 ccf)	\$0.81					
Single Family Residential						
Tier 1: 0-17 ccf		\$1.72	\$1.75	\$1.80	\$1.88	\$1.96
Tier 2: 17+ ccf		\$2.18	\$2.22	\$2.28	\$2.38	\$2.49
CII (all use)		\$1.94	\$1.98	\$2.03	\$2.12	\$2.22
Irrigation (all use)		\$2.22	\$2.27	\$2.33	\$2.43	\$2.54

Fair Oaks Water District	
Metered Service Charges and Commodity Rates ⁽¹⁾	
Bi-Monthly Fixed Service Charges	
Meter Size (Inch)	2023
1	\$ 78.77
1.5	144.36
2	222.98
3	432.65
4	668.66
6	1,323.54
8	2,111.23
10	3,289.84
Commodity Rate per CCF⁽²⁾	
	2023
	\$ 0.55
Shared Metered Services:	
User Category	2023
Shared meter service(s) - multiple parcel community residential domestic ⁽³⁾	\$78.77 per parcel + consumption ⁽⁴⁾
Shared meter service(s) - multiple parcel offices commercial domestic	Meter service rate ⁽⁵⁾
<p>(1) Customers outside the District's service area will pay an additional 50% of the above water rates or as otherwise determined by Fair Oaks Water District.</p> <p>(2) One CCF stands for 100 cubic feet. 100 cubic feet is equal to 748 gallons. The commodity rate is invoiced based upon CCFs used.</p> <p>(3) Requires separation of common area and irrigation water systems with each irrigation water service billed based on meter size plus consumption.</p> <p>(4) Consumption measured by a master meter with one responsible party in billing for the master meter.</p> <p>(5) Each connection will be billed a fixed service charge based on meter size plus consumption with one responsible party in billing for the account.</p>	



Executive Committee Agenda Item: 10

Date: February 6, 2023

Subject: Review Impact to RLECWD from Hexavalent Chromium Maximum Contaminant Level (MCL)

Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Executive Committee should review documents associated with this item and engage in discussion on the history of hexavalent chromium issues at RLECWD.

Current Background and Justification:

One of the consequences of the protracted adoption, suspension via court actions, then readoption of the hexavalent chromium MCL is the need to review aspects and prior efforts for compliance. This is especially valid when there is Board Member turnover.

Elements to review and discuss include:

- California limit vs. national (EPA) limit for chromium.
- The 2014 adoption of a hexavalent chromium MCL and the 2017 court suspension of the MCL.
- The 2017 contract award for well head treatment at RLCWD and funding mechanism therefore
- Well 16 Groundwater Pumping Station hexavalent chromium mitigation project.
- The protracted MCL readoption process.
- Funding for operation of hexavalent chromium treatment operation.

Conclusion:

The Executive Committee should engage in discussion, then direct staff as appropriate.