

**RIO LINDA / ELVERTA COMMUNITY WATER DISTRICT  
REGULAR MEETING OF THE  
BOARD OF DIRECTORS**

**February 21, 2023 (6:30 p.m.)**

Visitor's / Depot Center  
6730 Front Street  
Rio Linda, CA 95673

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

*Our Mission is to provide a safe and reliable water supply in a cost-effective manner.*

**AGENDA**

The Board may discuss and take action on any item listed on this agenda, including items listed as information items. The Board may also listen to the other items that do not appear on this agenda, but the Board will not discuss or take action on those items, except for items determined by the Board pursuant to state law to be of an emergency or urgent nature requiring immediate action. The Board may address any item(s) in any order as approved by the Board.

The public will be given the opportunity to directly address the Board on each listed item during the Board's consideration of that item. Public comment on items within the jurisdiction of the Board is welcomed, subject to reasonable time limitations for each speaker. Public documents relating to any open session item listed on this agenda that are distributed to all or any majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection at the District office at 730 L Street, Rio Linda, CA 95673. In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, 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.

**1. CALL TO ORDER, ROLL CALL, & PLEDGE OF ALLEGIANCE**

**2. PUBLIC COMMENT**

**2.1.** *Members of the public are invited to speak to the Board regarding items within the subject matter jurisdiction of the District that are not on the agenda or items on the consent agenda. Each speaker may address the Board once under Public Comment for a limit of 2 minutes. (Policy Manual § 2.01.160).*

**3. CONSENT CALENDAR (Action items: Approve Consent Calendar Items)**

**3.1. Minutes**

January 21, 2023

*The Board is being asked to approve the Minutes from the January 17, 2023 Regular Board Meeting.*

**3.2. Expenditures**

*The Executive Committee recommends the Board approve the December 2022 Expenditures.*

**3.3. Financial Reports**

*The Executive Committee recommends the Board approve the December 2022 Financial Report.*

**4. REGULAR CALENDAR**

**ITEMS FOR DISCUSSION AND ACTION**

**4.1. GM Report.**

4.1.1. *The General Manager will provide his monthly report to the Board of Directors*

**4.2. District Engineer's Report.**

4.2.1. *The Contract District Engineer will provide his monthly report to the Board of Directors.*

**4.3. Consider Adopting Resolution 2023-01, Encouraging Paperless Billing.**

- 4.4. Consider Adopting Resolution 2023-02, Changing the days for Regular Meetings of the RLECWD Board.
- 4.5. Consider Adopting Resolutions 2023-03 and 2023-04 Authorizing Transition to ACWA JPIA Workers Compensation Insurance.
- 4.6. Consider Accepting the Independent Auditor’s Report and Annual Comprehensive Financial Report for Fiscal Year Ending 6-30-2022.
- 4.7. Consider Approving a Budget Revision for Fiscal Year 2022-2023 Budget.
- 4.8. Consider A Board Finding of Consensus to Support Re-Certification of the General Manager for Distribution Operator and Water Treatment Operator.
- 4.9. Authorize any New Board Member Assignments (committees and other) Proposed by the Chair Pursuant to District Policy 2.01.065.

**5. INFORMATION ITEMS**

**5.1. District Activities Reports**

- 5.1.1. Water Operations Report
- 5.1.2. Completed and Pending Items Report
- 5.1.3. Leak Repair Report
- 5.1.4. California Water Use Efficiency and Water Loss Laws
- 5.1.5. Comparison of RLECWD Water Rates to Neighboring Water District Rates.
- 5.1.6. Fair Political Practices Commission Form 806

**5.2. Board Member Reports**

- 5.2.1. Report any ad hoc committees dissolved by requirements in Policy 2.01.065
- 5.2.2. Sacramento Groundwater Authority – Harris (primary)
- 5.2.3. Executive Committee – Gifford, Cline
- 5.2.4. ACWA/JPIA – Cline
- 5.2.5. Water Forum - Harris
- 5.2.6. Ad Hoc – COLA Committee (Green / Gifford)

**6. PUBLIC COMMENT PRIOR TO CLOSED SESSION**

**7. CLOSED SESSION - The Board of Directors will meet in Closed Session to discuss the following item:**

- 7.1. **CONFERENCE WITH LABOR NEGOTIATORS** - (Pursuant to Government Code Section 54957.6) District Negotiators; Shaw, Gifford, and Green.  
RLECWD Employee General Unit, Teamster Local 150 regarding collective bargaining agreement 2022 COLA negotiations.

**RECONVENE IN OPEN SESSION**

- 7.2. Announce any reportable actions authorized in Closed Session.

**8. DIRECTORS’ AND GENERAL MANAGER COMMENTS**

**9. ADJOURNMENT –**

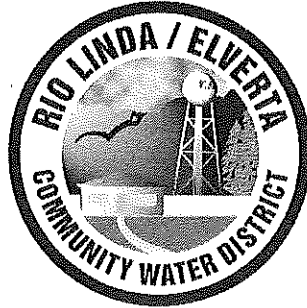
Upcoming meetings:

Executive Committee

March 6, 2023, Monday, 6:00 pm. Visitors Depot 6730 Front St. Rio Linda, CA

Board Meeting

March 20, 2023, Monday, 6:30 pm. Visitors Depot 6730 Front St. Rio Linda, CA



**Consent Calendar  
Agenda Item: 3.1**

**Date:** February 21, 2023  
**Subject:** Minutes  
**Staff Contact:** Timothy R. Shaw, General Manager

**Recommended Committee Action:**

N/A -Minutes of Board meetings are not reviewed by committees.

**Current Background and Justification:**

These minutes are to be reviewed and approved by the Board of Directors.

**Conclusion:**

I recommend the Board review and approve (as appropriate) the minutes of meetings provided with your Board packets.

**Board Action / Motion**

Motioned by: Director \_\_\_\_\_ Seconded by Director \_\_\_\_\_

Cline \_\_\_\_\_ Gifford \_\_\_\_\_ Green \_\_\_\_\_ Harris \_\_\_\_\_ Young \_\_\_\_\_

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

**MINUTES OF THE JANUARY 17, 2023  
BOARD OF DIRECTORS REGULAR MEETING  
OF THE RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

**2**

**1. CALL TO ORDER, ROLL CALL**

The January 17, 2023 meeting of the Board of Directors of the Rio Linda/Elverta Community Water District called to order at 6:30 p.m. Visitor 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. All in-person attendees are required to wear masks pursuant to the Sacramento County public health order and the federal Americans with Disabilities Act. Director Gifford led the pledge of allegiance.

General Manager Tim Shaw took roll call of the Board of Directors. Director Jason Green, Director Vicky Young, Director Chris Gifford, Director Mary Harris, Director Anthony Cline and General Manager Tim Shaw, District Engineer Mike Vasquez, and Legal Counsel were present.

**2. PUBLIC COMMENT** – No Public comment.

**3. CONSENT CALENDAR**

**3.1. Minutes December 19, 2022**

**3.2 November Expenditures**

**3.3 November Financials**

Comments/Questions – No comments.

*It was moved by Director Gifford and seconded by Director Green to approve the consent calendars. Directors Green, Harris, Gifford, Cline and Young voted yes. The motion carried with a roll call vote of 5-0-0.*

**4. REGULAR CALENDAR  
ITEMS FOR DISCUSSION AND ACTION**

**4.1 GM Report.**

The General Manager, Tim Shaw provided his monthly report to the Board of Directors.

Comments/Questions – Director Green asked about the status of the tree at Well 10. GM Shaw gave update.

Public member asked about who is reporting the drought information. GM Shaw responded the report is prepared by the Operations Superintendent, Pat Goyet. Public member distributed drought information from San Juan Water District.

*The Board took no action on this item.*

**4.2 District Engineer's Report.**

The Contract District Engineer report provided a General District Engineering, Active Development Reviews (only projects with updates from the last Board Meeting), CIP Dry Creek Road Pipe Replacement Project.

Comments/Questions – Director Green inquired about Fox Hollow Development. Engineer stated no movement.

*The Board took no action on this item.*

**4.3 Discuss Options for Increasing District Focus on Finances and Accounting**

At the December 19<sup>th</sup> Board meeting, the newly elected Board Chair declared a need to increase focus on finances / accounting. Specifically, the Chair indicated the need to form a new standing committee to focus exclusively on finance / accounting.



However, the agenda for the December 19<sup>th</sup> did not enable such Board action. Further, staff was not made aware of this objective and had not prepared any documents to assist the Board in making an informed decision. As such, the concept was placed on the January 3<sup>rd</sup> Executive Committee agenda.

The Executive Committee engaged in thorough discussion on the concept and alleged need for additional focus on finance / accounting. The Committee also discussed the requirements of a standing committee; including increased costs, reliable/reasonable meeting location, and the existing scope of the Executive Committee (includes finances/accounting).

Ultimately, the Executive Committee did not recommend forming a new committee and commensurately revising the scope of the Executive Committee. Instead, the Executive Committee director staff to place an item onto the January 17<sup>th</sup> agenda to enable Board discussion on alternatives to increase Board Member participation in the finance / accounting topics to be discussed at the Executive Committee. Some examples discussed at the January 3<sup>rd</sup> Executive Committee included:

- Seeking subject matter input from Board Members who are not assigned to the Executive Committee.
- Continuing to keep Board Members informed about public agency finance/accounting training opportunities.
- Encouraging Board Members to direct question on finances/accounting to the GM and/or the Accounting Specialist.
- Emailing copies of the upcoming Executive Committee agenda to Board Members not assigned to the Executive Committee to allow those Board Members to seek clarification and request specific aspects / details to be included at the Executive Committee discussion.

Comments/Questions – Director Harris clarified that she wants an Ad Hoc Committee to discuss the overall District issues and not just Finances. She’s proposing the Executive Committee consist of the President, VP and GM to look at the overall District Finances. Director Young wants more general description of the finances. GM Shaw offered that the Accounting Specialist is available to meet with Director Young for clarification of the Financial Reports to obtain a better understanding.

Comments/Questions – No public comment.

*It was moved by Director Young and seconded by Director Green to table this item until the February Board Meeting. Directors Green, Gifford, Harris, Cline and Young voted yes. The motion carried with a roll call vote of 5-0-0.*

#### **4.4 Consider Scheduling Alternative Date and Location (if necessary) for the February Board Meeting (third Monday is Presidents Day).**

The District’s regular public Board meetings are typically held on the third Monday of each month. However, in February the third Monday is an observed holiday (Presidents Day). Accordingly, it is necessary to scheduled alternative meeting dates, and if necessary, alternative meeting locations.

Staff has reached out to the RLE Parks District to seek Visitors / Depot available days in February. Parks responded with available dates for use of the Visitors / Depot on Tuesday, February 21st and Thursday, February 23rd.

Comments/Questions – Director Cline inquired about how often we have conflicting Mondays. GM Shaw responded with several and may be reasonable to look at changing the meeting dates. President Harris asked GM Shaw to place an item for the standing committees meeting dates to be changed on the next agenda.

*It was moved by Director Gifford and seconded by Director Cline to move the February Board Meeting to Tuesday, February 21<sup>st</sup>. Directors Green, Gifford, Harris, Cline and Young voted yes. The motion carried with a roll call vote of 5-0-0.*

#### **4.5 Consider Nominating a Representative to Serve on Sacramento County Local Agency Formation Commission Special Districts Advisory Committee**

All pertinent details and background are included in the package the District received from Sacramento County LAFCo. Comments/Questions – No public comment.

*It was moved by Director Harris and seconded by Director Gifford to not nominate a representative to serve on Sacramento County LAFCo Special Districts Advisory Committee. Directors Green, Gifford, Harris, Cline and Young voted yes. The motion carried with a roll call vote of 5-0-0.*

3

#### **4.6 Discuss Steps the District Could Take to Encourage Paperless Billing**

The District has been discussing this goal for several years. The first iteration of the process was linked to Fathom software, a sub-component of the Advanced Metering Infrastructure (AMI) project in 2015. However, Fathom never produced the contracted software. The current manifestation of the program entails establishing an incentive for those customers who opt into a paperless billing program.

The California Constitution precludes charging more than the cost of providing service, and further requires a defensible relationship between the fee or charge for a service and the cost of that same service. Pointedly, the cost of printing, folding, stuffing, and mailing bills should not be charged to customers who opt into a paperless billing program.

The same customers who prefer online and/or automated payment options tend to also prefer paperless billing. The fulcrum to this paperless billing option is to establish that the cost avoidance of paperless billing is approximately equivalent to the convenience fee charged by the third-party credit/debit card payment processor.

A Resolution is needed to enable the Board to authorize a finding that the cost avoidance of paperless billing is approximately equal to the convenience fee charged to credit/debit payment customers. The following outliers need to be addressed:

- What will the District policy be for customers who opt into the paperless billing, but do not tend to use credit/debit cards for payment, e.g., Automated Clearing House (ACH) payments. The simple approach would be to reduce these customers (customers who opt into paperless billing, but don't normally pay via credit/debit card) fixed charge by the same amount as credit/debit card convenience fees. However, tracking and handling a change by the customer (from ACH or check to credit/debit payment) would be infeasible.
- There may be challenges in the CUSI billing software. Essentially the District would be establishing two fixed charge amounts, one for paperless billing and one traditional billing. Reconciling via posting credits to the accounts for paperless billing customers may be labor intensive for front office personnel.
- Establishing a credit (reversal of charges) for paperless billing customers on a frequency less than every bimonthly billing cycle may be the appropriate mitigation to the billing challenges described in items 1 and 2 above. The person-hours expended by reconciling credits for paperless billing performed once or twice each year instead of 6-times each year helps keep the program manageable.

The January 3<sup>rd</sup> Executive Committee recommends the Board consider authorizing a survey to gage the public's appetite for paperless billing and incentives therefor.

Comments/Questions – Directors discussed including an insert in the next mailing of the water bills.

*It was moved by Director Young and seconded by Director Cline to direct staff to draft a Resolution for issuing a credit to customers who elect Paperless Billing. Directors Green, Gifford, Cline and Young voted yes. Director Harris voted no. The motion carried with a roll call vote of 4-1-0.*

#### **4.7 Discuss Scheduling of Public Workshop on Emergency Drought Rates Implementation**

At the November 21st Board meeting, the Board provided direction to staff to use Doodle Poll as a tool to determine Board Members' collective availability for a public workshop.

The date and time of a workshop is one of the necessary logistics. However, unless the workshop is scheduled for the same day as a Board Meeting (e.g., starting at 5:30 P.M.), additional logistics will include finding a suitable location for the workshop.

The Doodle Poll invitations to Board Members was distributed on January 5th. As of the writing of this report, three of the five Board Members have participated in the Doodle Poll. The remaining two Board Members have been emailed reminders.

Comments/Questions – Director Harris strongly expressed not moving forward with a public workshop and the item should be tabled. Public member expressed to table the item.

*It was moved by Director Harris and seconded by Director Young to table the item. Directors Green, Gifford, Cline. No Director Harris and Young voted yes. The motion failed 2-3-0.*

Comments/Questions- Directors discussed doing a mailer with the next billing proposing a rate workshop in April.

**4.8 Authorize any New Board Member Assignments (committees and other) Proposed by the Chair Pursuant to District Policy 2.01.065.**

Comments/Questions – Director Harris inquired about the importance of having a member of the Board on the Water Forum.

**President Harris appointed herself to the Water Form.**

*It was moved by Director Harris and seconded by Director Young to appoint Director Harris to the Water Forum. Directors Green, Gifford, Cline, Harris and Young voted yes. The motion carried with a roll call vote of 5-0-0.*

**President Harris appointed herself and Director Young to an Ad Hoc Advisory Committee to address important issues of the District.**

*It was moved by Director Harris and seconded by Director Young to appoint Harris and Young to the Ad Hoc Advisory Committee. The Directors failed to not follow through with a vote.*

**President Harris appointed Director Young and Cline to the Executive Committee.**

Legal Counsel stated there would be no change of the Executive Committee. Board member Gifford and Green strongly disagreed with having two new committee members on the Executive Committee. Director Cline agreed with keeping a current member on from the current committee.

President Harris concurred with keeping the Executive Committee Director Gifford and Director Cline.

**5. INFORMATION ITEMS**

**5.1 District Activities Reports**

- 5.1.1 Water Operations Report – Written report provided
- 5.1.2 Completed and Pending Items Report – Written report provided.
- 5.1.3 Leak Repair Report – Report provided.
- 5.1.4 New Drought Reporting Requirements - Information provided.
- 5.1.5 Hex Chrome MCL Adoption Documents
- 5.1.6 Surcharge #1 Accounting Documents

Comments/Questions – No comments.

**5.2 Board Member Report**

- 5.2.1 Report any ad hoc committees dissolved by requirements in Policy 2.01.065 – No action taken.
- 5.2.2 Sacramento Groundwater Authority – Harris (primary) – No meeting.
- 5.2.3 Executive Committee – Gifford, Cline – Minutes provided.
- 5.2.4 ACWA/JPIA – Cline – None.
- 5.2.5 Ad Hoc – COLA Committee – Ongoing. No movement.

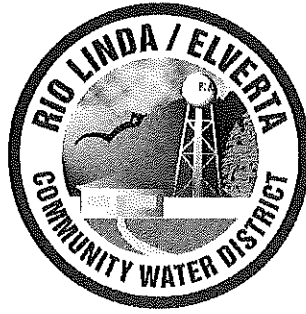
**6. DIRECTORS' AND GENERAL MANAGER COMMENTS –NONE.**

**7. ADJOURNMENT** - The meeting was adjourned at 8:48pm.

Respectfully submitted,

\_\_\_\_\_  
Timothy R. Shaw, Secretary

\_\_\_\_\_  
Mary Harris, President of the Board



**Consent Calendar  
Agenda Item: 3.2**

**Date:** February 21, 2023

**Subject:** Expenditures

**Staff Contact:** Timothy R. Shaw, General Manager

**Recommended Committee Action:**

The Executive Committee recommends approval of the Expenditures for the month of December 2022.

**Current Background and Justification:**

These expenditures have been completed since the last regular meeting of the Board of Directors.

**Conclusion:**

I recommend the Board approve the Expenditures for December 2022.

**Board Action / Motion**

Motioned by: Director \_\_\_\_\_ Seconded by Director \_\_\_\_\_

Cline \_\_\_\_\_ Gifford \_\_\_\_\_ Green \_\_\_\_\_ Harris \_\_\_\_\_ Young \_\_\_\_\_

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

**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                |
| <b>Total 10020 - Operating Account Budgeted Expenditures</b>                                  |            |      |  |   | <b><u>419,408.43</u></b> |
| 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                   |
| <b>Total 10020 - Operating Account Non-Budgeted Expenditures: Employee Paid Pass-throughs</b> |            |      |  |   | <b><u>2,712.63</u></b>   |

**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**





## Consent Calendar Agenda Item: 3.3

**Date:** February 21, 2023  
**Subject:** Financial Reports  
**Staff Contact:** Timothy R. Shaw, General Manager

**Recommended Committee Action:**

The Executive Committee recommends approval of the Districts Financial Reports for the month of December 2022.

**Current Background and Justification:**

The financial reports are for the District’s balance sheet, profit and loss, and capital improvements year to date.

These financials are to be presented to the Board of Directors to inform them of the District’s current financial condition.

**Conclusion:**

I recommend the Board approve the Financial Reports for December 2022.

**Board Action / Motion**

Motioned by: Director \_\_\_\_\_ Seconded by Director \_\_\_\_\_  
Cline \_\_\_\_\_ Gifford \_\_\_\_\_ Green \_\_\_\_\_ Harris \_\_\_\_\_ Young \_\_\_\_\_  
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent



**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 Facilities 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

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

Total Liabilities 9,202,246.17

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

**TOTAL LIABILITIES & EQUITY 24,973,632.52**

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

9

|  | <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> |
|--|----------------------|-------------------|----------------------|---------------------------|----------------------------------|
| <b>Ordinary Income/Expense</b>                       |                      |                   |                      |                           |                                  |
| <b>Income</b>  |                      |                   |                      |                           |                                  |
| <b>40000 · Operating Revenue</b>                     |                      |                   |                      |                           |                                  |
| <b>40100 · Water Sales</b>                           |                      |                   |                      |                           |                                  |
| 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                      |
| <b>Total 40100 · Water Sales</b>                     | <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>              |
| <b>40200 · Water Services</b>                        |                      |                   |                      |                           |                                  |
| 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                         |
| <b>Total 40200 · Water Services</b>                  | <u>103,500.00</u>    | <u>12,732.00</u>  | <u>39,247.93</u>     | <u>37.92%</u>             | <u>64,252.07</u>                 |
| <b>40300 · Other Water Service Fees</b>              |                      |                   |                      |                           |                                  |
| 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                         |
| <b>Total 40300 · Other Water Service Fees</b>        | <u>20,000.00</u>     | <u>0.00</u>       | <u>7,564.63</u>      | <u>37.82%</u>             | <u>12,435.37</u>                 |
| <b>Total 40000 · Operating Revenue</b>               | <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>              |
| <b>41000 · Nonoperating Revenue</b>                  |                      |                   |                      |                           |                                  |
| 41110 · Investment Revenue                           | 35.00                | 3.27              | 19.47                | 55.63%                    | 15.53                            |
| 41112 · Interest Revenue                             | 35.00                | 3.27              | 19.47                | 55.63%                    | 15.53                            |
| <b>Total 41110 · Investment Revenue</b>              | <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                       |
| <b>Total 41000 · Nonoperating Revenue</b>            | <u>109,135.00</u>    | <u>899.09</u>     | <u>3,716.94</u>      | <u>3.41%</u>              | <u>105,418.06</u>                |
| <b>Total Income</b>                                  | <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>              |
| <b>Gross Income</b>                                  | 3,149,935.00         | 163,764.54        | 1,583,006.55         | 50.26%                    | 1,566,928.45                     |
| <b>Expense</b>                                       |                      |                   |                      |                           |                                  |
| <b>60000 · Operating Expenses</b>                    |                      |                   |                      |                           |                                  |
| <b>60010 · Professional Fees</b>                     |                      |                   |                      |                           |                                  |
| 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                             |
| <b>Total 60010 · Professional Fees</b>               | <u>108,200.00</u>    | <u>8,853.05</u>   | <u>56,307.07</u>     | <u>52.04%</u>             | <u>51,892.93</u>                 |
| <b>60100 · Personnel Services</b>                    |                      |                   |                      |                           |                                  |
| <b>60110 · Salaries &amp; Wages</b>                  |                      |                   |                      |                           |                                  |
| 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                         |
| <b>Total 60110 · Salaries &amp; Wages</b>            | <u>810,243.00</u>    | <u>90,949.28</u>  | <u>370,103.05</u>    | <u>45.68%</u>             | <u>440,139.95</u>                |
| <b>60150 · Employee Benefits &amp; Expense</b>       |                      |                   |                      |                           |                                  |
| 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                         |
| <b>Total 60150 · Employee Benefits &amp; Expense</b> | <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> |
|--|----------------------|------------------|----------------------|---------------------------|----------------------------------|
| <b>Total 60100 · Personnel Services</b>              | 1,306,583.00         | 134,361.25       | 574,596.22           | 43.98%                    | 731,986.78                       |
| <b>60200 · Administration</b>                        |                      |                  |                      |                           |                                  |
| 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                         |
| <b>60210 · Building Expenses</b>                     |                      |                  |                      |                           |                                  |
| 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                           |
| <b>Total 60210 · Building Expenses</b>               | <u>13,065.00</u>     | <u>809.41</u>    | <u>5,916.79</u>      | <u>45.29%</u>             | <u>7,148.21</u>                  |
| <b>60220 · Computer &amp; Equipment Maint.</b>       |                      |                  |                      |                           |                                  |
| 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                           |
| <b>Total 60220 · Computer &amp; Equipment Maint.</b> | <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                         |
| <b>60430 · Insurance</b>                             |                      |                  |                      |                           |                                  |
| 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                         |
| <b>Total 60430 · Insurance</b>                       | <u>42,976.00</u>     | <u>3,897.51</u>  | <u>21,826.97</u>     | <u>50.79%</u>             | <u>21,149.03</u>                 |
| <b>60500 · Water Memberships</b>                     |                      |                  |                      |                           |                                  |
| 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                             |
| <b>Total 60500 · Water Memberships</b>               | <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                           |
| <b>Total 60200 · Administration</b>                  | <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**

# 10

|  | <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> |
|--|----------------------|-------------------|----------------------|---------------------------|----------------------------------|
| <b>64000 · Conservation</b>                          |                      |                   |                      |                           |                                  |
| 64001 · Community Outreach                           | 300.00               | 0.00              | 0.00                 | 0.00%                     | 300.00                           |
| <b>Total 64000 · Conservation</b>                    | <b>300.00</b>        | <b>0.00</b>       | <b>0.00</b>          | <b>0.00</b>               | <b>300.00</b>                    |
| <b>65000 · Field Operations</b>                      |                      |                   |                      |                           |                                  |
| <b>65100 · Other Field Operations</b>                |                      |                   |                      |                           |                                  |
| 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                         |
| <b>Total 65100 · Other Field Operations</b>          | <b>87,400.00</b>     | <b>3,437.41</b>   | <b>25,323.54</b>     | <b>28.97%</b>             | <b>62,076.46</b>                 |
| <b>65200 · Treatment</b>                             | <b>25,000.00</b>     | <b>1,243.44</b>   | <b>15,684.87</b>     | <b>62.74%</b>             | <b>9,315.13</b>                  |
| <b>65300 · Pumping</b>                               |                      |                   |                      |                           |                                  |
| 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                       |
| <b>Total 65300 · Pumping</b>                         | <b>285,000.00</b>    | <b>21,459.28</b>  | <b>131,460.74</b>    | <b>46.13%</b>             | <b>153,539.26</b>                |
| <b>65400 · Transmission &amp; Distribution</b>       |                      |                   |                      |                           |                                  |
| 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                        |
| <b>Total 65400 · Transmission &amp; Distribution</b> | <b>185,230.00</b>    | <b>-49.11</b>     | <b>60,202.25</b>     | <b>32.50%</b>             | <b>125,027.75</b>                |
| <b>65500 · Transportation</b>                        |                      |                   |                      |                           |                                  |
| 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                         |
| <b>Total 65500 · Transportation</b>                  | <b>21,000.00</b>     | <b>1,380.35</b>   | <b>12,403.35</b>     | <b>59.06%</b>             | <b>8,596.65</b>                  |
| <b>Total 65000 · Field Operations</b>                | <b>603,630.00</b>    | <b>27,471.37</b>  | <b>245,074.75</b>    | <b>40.60%</b>             | <b>358,555.25</b>                |
| <b>Total 60000 · Operating Expenses</b>              | <b>2,254,964.00</b>  | <b>221,732.11</b> | <b>1,042,949.91</b>  | <b>46.25%</b>             | <b>1,212,014.09</b>              |
| <b>69000 · Non-Operating Expenses</b>                |                      |                   |                      |                           |                                  |
| <b>69010 · Debt Service</b>                          |                      |                   |                      |                           |                                  |
| <b>69100 · Revenue Bond</b>                          |                      |                   |                      |                           |                                  |
| 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                        |
| <b>Total 69100 · Revenue Bond</b>                    | <b>200,923.00</b>    | <b>0.00</b>       | <b>88,070.52</b>     | <b>43.83%</b>             | <b>112,852.48</b>                |
| <b>69125 · AMI Meter Loan</b>                        |                      |                   |                      |                           |                                  |
| 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                         |
| <b>Total 69125 · AMI Meter Loan</b>                  | <b>58,514.00</b>     | <b>0.00</b>       | <b>29,256.96</b>     | <b>50.00%</b>             | <b>29,257.04</b>                 |
| <b>69200 · PERS ADP Loan</b>                         |                      |                   |                      |                           |                                  |
| 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                         |
| <b>Total 69200 · PERS ADP Loan</b>                   | <b>31,739.00</b>     | <b>0.00</b>       | <b>0.00</b>          | <b>0.00%</b>              | <b>31,739.00</b>                 |
| <b>Total 69010 · Debt Service</b>                    | <b>291,176.00</b>    | <b>0.00</b>       | <b>117,327.48</b>    | <b>40.29%</b>             | <b>173,848.52</b>                |
| <b>69400 · Other Non-Operating Expense</b>           | <b>3,000.00</b>      | <b>0.00</b>       | <b>0.00</b>          | <b>0.00%</b>              | <b>3,000.00</b>                  |
| <b>Total 69000 · Non-Operating Expenses</b>          | <b>294,176.00</b>    | <b>0.00</b>       | <b>117,327.48</b>    | <b>39.88%</b>             | <b>176,848.52</b>                |
| <b>Total Expense</b>                                 | <b>2,549,140.00</b>  | <b>221,732.11</b> | <b>1,160,277.39</b>  | <b>45.52%</b>             | <b>1,388,862.61</b>              |
| <b>Net Ordinary Income</b>                           | <b>600,795.00</b>    | <b>-57,967.57</b> | <b>422,729.16</b>    |                           |                                  |
| <b>Net Income</b>                                    | <b>600,795.00</b>    | <b>-57,967.57</b> | <b>422,729.16</b>    |                           |                                  |

**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 |
| <b>FUNDING SOURCES</b>                     |                   |                  |                                     |                  |                                       |            |
| 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            | -                                     | -          |
| <b>PROJECTS</b>                            |                   |                  |                                     |                  |                                       |            |
| <b>A - WATER SUPPLY</b>                    | -                 |                  |                                     |                  |                                       |            |
| A-1 - Miscellaneous Pump Replacements      | 40,000.00         | -                |                                     |                  |                                       |            |
| <b>Total A - WATER SUPPLY</b>              | <b>40,000.00</b>  | <b>-</b>         | <b>-</b>                            | <b>-</b>         | <b>-</b>                              | <b>-</b>   |
| <b>B - WATER DISTRIBUTION</b>              |                   |                  |                                     |                  |                                       |            |
| 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        | -                                     | -          |
| <b>Total B - WATER DISTRIBUTION</b>        | <b>155,000.00</b> | <b>17,811.03</b> | <b>478,844.00</b>                   | <b>79,650.00</b> | <b>-</b>                              | <b>-</b>   |
| <b>M - GENERAL PLANT ASSETS</b>            |                   |                  |                                     |                  |                                       |            |
| M-1 - Urban Water Management Plan          | 50,000.00         | 50,000.00        | -                                   | -                | -                                     | -          |
| <b>Total M - GENERAL PLANT ASSETS</b>      | <b>50,000.00</b>  | <b>50,000.00</b> | <b>-</b>                            | <b>-</b>         | <b>-</b>                              | <b>-</b>   |
| <b>TOTAL BUDGETED PROJECT EXPENDITURES</b> | <b>245,000.00</b> | <b>67,811.03</b> | <b>478,844.00</b>                   | <b>79,650.00</b> | <b>-</b>                              | <b>-</b>   |

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

11

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

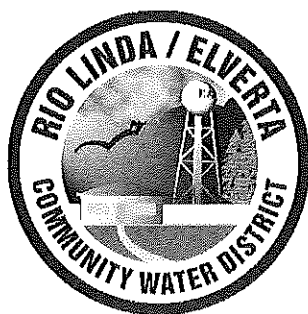
**Rio Linda Elverta Community Water District**  
**Surcharge 1 Profit & Loss Budget Performance**  
 October - December 2022

|                                       | <u>Annual Budget</u> | <u>Oct-Dec 22<br/>Current QTR</u> | <u>Jul 22-Dec 22<br/>YTD</u> | <u>% of<br/>Annual<br/>Budget</u> | <u>YTD Annual<br/>Budget<br/>Balance</u> |
|---------------------------------------|----------------------|-----------------------------------|------------------------------|-----------------------------------|--|
| <b>Income</b>                         |                      |                                   |                              |                                   |  |
| <b>41000 · Non-Operating Revenue</b>  |                      |                                   |                              |                                   |  |
| <b>41110 · Investment Revenue</b>     |                      |                                   |                              |                                   |  |
| 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>                          |
| <b>43010 · Surcharge 1 Revenue</b>    | 523,374.00           | 88,277.80                         | 204,406.14                   | 39.06%                            | 318,967.86                               |
| <b>Total Income</b>                   | <u>524,374.00</u>    | <u>92,659.63</u>                  | <u>202,539.41</u>            | <u>38.63%</u>                     | <u>321,834.59</u>                        |
| <b>Gross Income</b>                   | 524,374.00           | 92,659.63                         | 202,539.41                   | 38.63%                            | 321,834.59                               |
| <b>Expense</b>                        |                      |                                   |                              |                                   |  |
| <b>69150 · Surcharge 1 Loan</b>       |                      |                                   |                              |                                   |  |
| 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                                 |
| <b>Total 69150 · Surcharge 1 Loan</b> | <u>463,655.00</u>    | <u>231,218.77</u>                 | <u>231,767.10</u>            | <u>49.99%</u>                     | <u>231,887.90</u>                        |
| <b>Total Expense</b>                  | <u>463,655.00</u>    | <u>231,218.77</u>                 | <u>231,767.10</u>            |                                   |  |
| <b>Net Income</b>                     | <u>60,719.00</u>     | <u>-138,559.14</u>                | <u>-29,227.69</u>            |                                   |  |



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

|                                       | <u>Annual Budget</u> | <u>Oct-Dec 22<br/>Current QTR</u> | <u>Jul 22-Dec 22<br/>YTD</u> | <u>% of Annual<br/>Budget</u> | <u>YTD Annual<br/>Budget<br/>Balance</u> |
|---------------------------------------|----------------------|-----------------------------------|------------------------------|-------------------------------|--|
| <b>Income</b>                         |                      |                                   |                              |                               |  |
| 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                               |
| <b>Total Income</b>                   | <u>439,519.00</u>    | <u>73,434.79</u>                  | <u>170,030.41</u>            | <u>38.69%</u>                 | <u>269,488.59</u>                        |
| <b>Gross Income</b>                   | 439,519.00           | 73,434.79                         | 170,030.41                   | 38.69%                        | 269,488.59                               |
| <b>Expense</b>                        |                      |                                   |                              |                               |  |
| 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                                |
| <b>Total 69175 · Surcharge 2 Loan</b> | <u>311,920.00</u>    | <u>0.00</u>                       | <u>156,902.67</u>            | <u>50.3%</u>                  | <u>155,017.33</u>                        |
| <b>Total Expense</b>                  | <u>311,920.00</u>    | <u>0.00</u>                       | <u>156,902.67</u>            |                               |  |
| <b>Net Income</b>                     | <u>127,599.00</u>    | <u>73,434.79</u>                  | <u>13,127.74</u>             |                               |  |



**Items for Discussion and Action  
Agenda Item: 4.1**

**Date:** February 21, 2023  
**Subject:** General Manager's Report  
**Staff Contact:** Timothy R. Shaw

**Recommended Committee Action:**

N/A this item is not reviewed by committee.

**Current Background and Justification:**

The General Manager will provide a written report of District activities over the period since the last regular Board meeting. The Board may ask for clarifications and may also provide direction in consideration of the reported activities.

**Conclusion:**

No Board action is anticipated for this item.

**Board Action / Motion**

Motioned by: Director \_\_\_\_\_ Seconded by Director \_\_\_\_\_

Cline \_\_\_\_\_ Gifford \_\_\_\_\_ Green \_\_\_\_\_ Harris \_\_\_\_\_ Young \_\_\_\_\_  
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent



**Date:** February 21, 2023

**Subject:** General Manager Report

**Staff Contact:** Timothy R. Shaw, General Manager

For the given month, I participated in the following reoccurring meetings and special events: Demands for resources associated with storm damage and 2022 COLA negotiations required resources this reporting period.

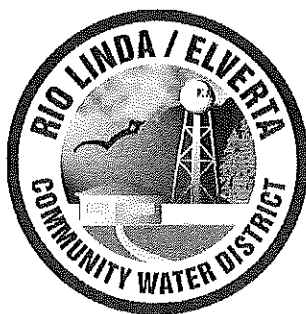
1. On January 19th , I met with Trevor Joseph, of SGA to discuss the water related goals of the region. I encouraged SGA to become more involved with Sacramento County Planning in providing feedback for proposed land uses.
2. On January 23<sup>rd</sup>, I met with Optum to discuss improved investment strategies, which Optum claim could generate additional revenue for the District.
3. On January 24<sup>th</sup> I met with Open Spatial, a service provider who provides Geographical Information Systems (GIS) for utilities. Monthly Executive Committee meeting at Visitors / Depot Center.
4. On January 26th, I participated in the quarterly meeting of the Sacramento Groundwater Contamination Issues Group meeting.
5. On January 30th , the 2022 COLA Negotiations Ad Hoc Committee met to discuss the January 25<sup>th</sup> counter proposal from Teamster Local 150.
6. On February 1st, Director Harris and I participated in the monthly Water Forum meeting. Discussion focused on funding gaps.
7. On February 2nd , I had a lunch meeting with former Board Member John Ridilla.
8. On February 7<sup>th</sup> , Director Cline and I participated in the ACWA Groundwater Quality subcommittee. The focus was on impending new MCLs for hexavalent chromium and PFOS /PFOA.
9. On February 8<sup>th</sup>, I participated in a virtual meeting of the Sacramento County Project Review Committee. Several proposed small development projects in the District's service area were discussed.

10. On February 14<sup>th</sup>, the Operations Superintendent and I met with colleagues from other water agencies and the Executive Director of the Division of Drinking Water to discuss the rushed to completion of new drought reporting mandates.

Throughout the reporting period, additional demands for resources were incurred from:

- Interacting with service providers regarding storm damage to District facilities.
- Finalizing the Districts portion of the annual audit and Annual Comprehensive Financial Report.
- Coordinating with staff to prepare the proposed budget revision necessary due to costs exceeding the budgeted amounts.

The District continues to be impacted by inflation and supply chain delays. The shipment of 5/8-inch new meters, which we've have already taken over 6-months to arrive, has been delayed another month.



**Items for Discussion and Action  
Agenda Item: 4.2**

**Date:** February 21, 2023

**Subject:** Contract District Engineer’s Report

**Staff Contact:** Mike Vasquez, Contract District Engineer

**Recommended Committee Action:**

N/A this item is not reviewed by committee.

**Current Background and Justification:**

The Contract District Engineer will provide a written report of District activities over the period since the last regular Board meeting. The Board may ask for clarifications and may also provide direction in consideration of the reported activities.

**Conclusion:**

No Board action is anticipated for this item.

**Board Action / Motion**

Motioned by: Director \_\_\_\_\_ Seconded by Director \_\_\_\_\_

Cline \_\_\_\_\_ Gifford \_\_\_\_\_ Green \_\_\_\_\_ Harris \_\_\_\_\_ Young \_\_\_\_\_  
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

15 February 2023

**DISTRICT ENGINEER'S REPORT**

To: Tim Shaw, General Manager, Rio Linda / Elverta Community Water District  
From: Mike Vasquez, PE, PLS, Principal (EKI), Contract District Engineer (RL/ECWD)  
Subject: **District Engineer's Report for the 21 February 2023 Board of Directors Meeting**

The District Engineer is pleased to submit this brief update of duties and tasks performed for the period of 12 January 2023 to 15 February 2023:

**1. General District Engineering:**

- Valve Vault Cover Replacement at 30<sup>th</sup> St. and Elkhorn Blvd.: The estimated delivery date for the vault cover remains early March 2023. It is anticipated that local construction contractor Rawles Engineering, Inc. will be engaged to install the cover at that time.
- Well 16 Pump Station DWR Grant Reimbursement: Staff was notified on 2/10/2023 by the Air Quality District that the generator permit would be received within one week. Upon receipt of the permit, it will be forwarded to the California Department of Water Resources (DWR), after which the \$50,500 grant retention will be released by DWR to the District.
- Sacramento Metropolitan Fire District Map Request: Staff received a request from the Fire District to provide fire hydrant location information in Geographic Information System (GIS) format. The District currently does not have this information available in GIS format, but provided maps with fire hydrant location based on property addresses. This fulfilled the Fire District's request.

**2. Active Development Reviews (only projects with updates from the last Board Meeting):**

- 6362/6400 Blacktop Road: The developer's engineer informally reached out to Staff to inquire about the District's water facilities near the sites. The type of proposed development is currently uncertain, but the developer's engineer informed Staff that a development plan will be submitted soon for District review.

**3. CIP Dry Creek Road Pipe Replacement Project:**

- As discussed at previous Board Meetings, the construction project has been on hold due to wet weather and wet site conditions. Rain is anticipated during the weeks of 2/20/2023 and 2/27/2023. Staff will reevaluate weather and site conditions on 3/6/2023 to assess a revised start date.

Please contact me directly at the office (650) 292-9112, cell phone (530) 682-9597, or email at [mvasquez@ekiconsult.com](mailto:mvasquez@ekiconsult.com) with any questions or require additional information.

Very truly yours,

Mike Vasquez, PE, PLS  
Principal (EKI), District Engineer (RL/ECWD)



**Items for Discussion and Action  
Agenda Item: 4.3**

**Date:** February 21, 2023

**Subject:** Resolution 2023-01, Encouraging Paperless Billing

**Staff Contact:** Timothy R. Shaw, General Manager

**Recommended Committee Action:**

This item was discussed at the February 6th Executive Committee meeting. The Executive Committee forward an item onto the February 21st Board agenda to enable discussion by the Board of Directors

**Current Background and Justification:**

The concept of encouraging paperless billing has been discussed by the District for many years. Generally, the District supports the efforts which would benefit customers who opt into the program and has no impact on customers who wish to continue receiving a hard copy of the bill via USPS.

The February 6<sup>th</sup> Executive Committee discussed the current impediments for establishing a \$1 credit incentive. Primarily, the District’s billing services provider, Continental Utility Services Inc (CUSI) requires changes to the data base and bill report format to implement the credit for paperless billing. Such changes have not yet reached a level of refinement needed to launch the incentive option. Accordingly, the General Manager advised the Committee they could postpone forwarding the Draft Resolution onto the February 21<sup>st</sup> Board agenda or forward the item with the caveat that implementation will be delayed until the CUSI required changes are completed.

The Executive Committee directed staff to forward the item onto the February 21<sup>st</sup> Board agenda and seek Legal Counsel feedback on the preferred method of adopting a Resolution inhibited by an effective milestone instead of an effective date.

**Conclusion:**

The Board should seek feedback from Legal Counsel as described above, then consider taking action as deemed appropriate.

**Board Action / Motion**

Motioned by: Director \_\_\_\_\_ Seconded by Director \_\_\_\_\_

Cline \_\_\_\_\_ Gifford \_\_\_\_\_ Green \_\_\_\_\_ Harris \_\_\_\_\_ Young \_\_\_\_\_

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

**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



Rio Linda / Elverta Community Water District  
 Resolution No. 2023-01

Exhibit A

Attention Invoice To Tim Shaw  
 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



**Items for Discussion and Action  
Agenda Item: 4.4**

**Date:** February 21, 2023

**Subject:** Resolution 2023-02, Changing the days for Regular Meetings of the RLECWD Board

**Staff Contact:** Timothy R. Shaw, General Manager

**Recommended Committee Action:**

This item was not discussed at the February 6th Executive Committee meeting.

**Current Background and Justification:**

Although the item was not discussed at the February 6<sup>th</sup> Executive Committee, it has been discussed at prior Board meetings. Additionally, the Board President corresponded to request a Resolution to change the District policy on meeting days be included in the February 21<sup>st</sup> Board agenda.

Staff has coordinated with the appropriate Rio Linda Elverta Recreation and Parks District personnel to determine availability of alternative recurring days for use by RLECWD of the Visitors / Depot Center.

Draft Resolution 2023-02 reflects the available days for use of the Visitors / Depot.

Regular meetings of the Executive Committee are also impacted. The change in meeting days also includes moving the Executive Committee meetings to the Second Wednesday of each month.

The Draft Resolution 2023-02 includes a blank for the effective date of change. There are no holiday impacts for the 1<sup>st</sup> and 3<sup>rd</sup> Mondays until June. If the Board finds it appropriate to adopt Resolution 2023-02, the recommended start of the new meetings schedule would be June of 2023, i.e. Executive Committee on Wednesday, June 14<sup>th</sup> and Board meeting on Monday, June 26<sup>th</sup>.

**Conclusion:**

The Board should adopt Resolution 2023-02 and further stipulate an effective date for the change,

**Board Action / Motion**

Motioned by: Director \_\_\_\_\_ Seconded by Director \_\_\_\_\_

Cline \_\_\_\_\_ Gifford \_\_\_\_\_ Green \_\_\_\_\_ Harris \_\_\_\_\_ Young \_\_\_\_\_

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

**Rio Linda / Elverta Community Water District  
Resolution 2023-02**

**A RESOLUTION AMENDING SEC. 2.01.110 OF THE DISTRICT POLICY MANUAL  
TO CHANGE THE REGULAR MEETING DAYS**

**WHEREAS** the District last established the regular meeting days of the Board of Directors to be the third Monday of each month (excluding holidays) through the adoption of Resolution 2012-08 on May 21, 2012, and

**WHEREAS** the number of holidays occurring on the third Monday of months and other preclusions impacts the incidences where alternate meeting dates are necessary, and

**WHEREAS** the District desires to increase consistency in scheduling of recurring public meetings.

**NOW THEREFORE BE IT RESOLVED**, by the Rio Linda / Elverta Community Water District Board of Directors that the provisions of Section 2.01.110 of the District Policies (Title 2 Administration and Personnel) is hereby amended to read in its entirety as follows:

*2.01.110 Regular Meeting. The regular meeting of the Board of Directors shall be held on the fourth Monday of each month, except when the fourth Monday is a District holiday, in which case the regular meeting date and location shall be determined through Board action at a preceding Board meeting. Meetings shall commence at 6:30 p.m. unless otherwise noticed and shall be held at the Visitors / Depot Center, 6730 Front St. Rio Linda, CA, or other location within the District.*

**BE IT FURTHER RESOLVED**, that:

- This resolution hereby repeals Resolution No. 2012-08 in its entirety.
- The effective date of the change in meeting days shall be \_\_\_\_\_.

Passed and Adopted this 21st day of February 2023 by the following vote:

Ayes:

Noes:

Absent:

Abstain:

\_\_\_\_\_  
Mary R Harris  
President, Board of Directors

Attest:

\_\_\_\_\_  
Timothy R. Shaw  
Secretary of the Board of Directors



**Items for Discussion and Action**  
**Agenda Item: 4.5**

**Date:** February 21, 2023

**Subject:** Resolution 2023-03 and 2023-04 Authorizing Transition to ACWA JPIA Worker's Compensation Insurance

**Staff Contact:** Timothy R. Shaw, General Manager

**Recommended Committee Action:**

This item was not discussed at the February 6th Executive Committee.

**Current Background and Justification:**

This item has been discussed at several past RLECWD Board meetings and the Board has approved transitioning to Worker's Compensation insurance through ACWA JPIA.

The incentive for transitioning is purely financial. The District's current Worker's Compensation insurance provider is Special Districts Risk Management Authority, which is the California Special Districts Association (CSDA) Joint Powers Insurance Authority (JPIA). When the District transitions to ACWA JPIA, which already provides the District's Property and Liability insurance, the District's rate payers will save the annual membership cost associated with membership in CSDA.

The projected savings beginning in July (start of fiscal year 2023-2024) is \$10,808 per year.

ACWA JPIA requires both resolutions 2023-03 and 2023-04 to authorize and enable the transition.

**Conclusion:**

The Board should adopt Resolutions 2023-03 and 2023-04.

**Board Action / Motion**

Motioned by: Director \_\_\_\_\_ Seconded by Director \_\_\_\_\_

Cline \_\_\_\_\_ Gifford \_\_\_\_\_ Green \_\_\_\_\_ Harris \_\_\_\_\_ Young \_\_\_\_\_  
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

**Rio Linda / Elverta Community Water District**

**Resolution 2023-03**

**A RESOLUTION AUTHORIZING APPLICATION TO THE DIRECTOR OF INDUSTRIAL RELATIONS,  
STATE OF CALIFORNIA FOR A CERTIFICATE OF CONSENT TO SELF-INSURE WORKERS'**

**WHEREAS**, the Rio Linda Elverta Community Water District (District) is a California County Water District formed pursuant to Division 12 of the California Water Code, and

**WHEREAS**, the District desires to receive Workers Compensation Insurance through the Association of California Water Agencies Joint Powers Insurance Authority.

**NOW THEREFORE BE IT RESOLVED**, that the Rio Linda Elverta Community Water District is authorized and empowered to make application to the Director of Industrial Relations, State of California, for a Certificate of Consent to Self-Insure workers' compensation liabilities and representatives of Agency are authorized to execute any and all documents required for such application.

IN WITNESS WHEREOF: I HAVE SIGNED AND AFFIXED THE AGENCY SEAL Passed and Adopted this 21st day of February 2023 by the following vote:

Ayes:

Noes:

Absent:

Abstain:

---

Mary R Harris  
President, Board of Directors

Attest:

---

Timothy R. Shaw  
Secretary of the Board of Directors

**Resolution No. 2023-04**

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE RIO LINDA ELVERTA  
COMMUNITY WATER DISTRICT CONSENTING TO ENTER THE JOINT  
PROTECTION PROGRAMS OF THE ASSOCIATION OF CALIFORNIA WATER  
AGENCIES/JOINT POWERS INSURANCE AUTHORITY**

**WHEREAS**, the Rio Linda Elverta Community Water District is a public entity organized and existing under laws of the State of California; and

**WHEREAS**, pursuant to the provisions of Section 3700 of the California Labor Code, said Agency may self-insure for Workers' Compensation Liabilities in a joint protection program; and

**WHEREAS**, said Agency desires to participate in the ACWA/Joint Powers Insurance Authority (the Authority) joint protection program for Workers' Compensation coverage.

**NOW THEREFORE, BE IT RESOLVED** by the Board of Directors of the Rio Linda/Elverta Community Water District does hereby authorize the following:

- Section 1. That the District hereby elects to join the Workers' Compensation Program sponsored by the Authority.
- Section 2. That the District hereby selects \$2,500 as its Retrospective Allocation Point (RAP) for the Authority's cost allocation formula for Workers' Compensation.
- Section 3: That the Treasurer of this District is hereby authorized to pay to the ACWA/Joint Powers Insurance Authority its deposit premium quarterly.
- Section 4. That the Secretary of the Board of Directors of this District is directed to certify a copy of this resolution and to forward the same resolution, and the signed Joint Powers Agreement promptly by mail to the Association of California Water Agencies/ Joint Powers Insurance Authority, P.O. Box 619082, Roseville, California, 95661, at which time coverage will commence the 1<sup>st</sup> day of July 2023.

**PASSED, APPROVED, AND ADOPTED** this 21st day of February 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



**Items for Discussion and Action  
Agenda Item: 4.6**

**Date:** February 21, 2023

**Subject:** Independent Auditor’s Report and Annual Comprehensive Financial Report for Fiscal Year Ending 6-30-2022

**Staff Contact:** Timothy R. Shaw, General Manager

**Recommended Committee Action:**

This item was discussed at the February 6th Executive Committee meeting. The Executive Committee forward these items onto the February 21st Board agenda with the Committee’s recommendation for Board acceptance.

**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:**

The Board should vote to accept the Independent Auditor’s Report and similarly accept the Annual Comprehensive Financial Report.

**Board Action / Motion**

Motioned by: Director \_\_\_\_\_ Seconded by Director \_\_\_\_\_  
Cline \_\_\_\_\_ Gifford \_\_\_\_\_ Green \_\_\_\_\_ Harris \_\_\_\_\_ Young \_\_\_\_\_  
**(A) Yea (N) Nay (Ab) Abstain (Abs) Absent**

**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

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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.

*Maze + Associates*

Pleasant Hill, California  
January 23, 2023

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

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

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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@rlcwd.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:

|  | <u>2022</u>         | <u>2021</u>         | <u>2020</u>         |
|--|---------------------|---------------------|---------------------|
| 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                           | <u>23,432,573</u>   | <u>22,919,711</u>   | <u>23,562,212</u>   |
| Total Deferred Outflows                | 478,923             | 729,108             | 227,638             |
| Total Assets and Deferred Outflows     | <u>23,911,496</u>   | <u>23,648,819</u>   | <u>23,789,850</u>   |
| 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                      | <u>8,727,063</u>    | <u>10,701,480</u>   | <u>12,017,051</u>   |
| Total Deferred Inflows                 | 60,891              | 113,297             | 102,763             |
| Total Liabilities and Deferred Inflows | <u>8,787,954</u>    | <u>10,814,777</u>   | <u>12,119,814</u>   |
| <b>Net Position</b>                    |                     |                     |                     |
| 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                     | <u>\$15,123,542</u> | <u>\$12,834,042</u> | <u>\$11,670,036</u> |

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

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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

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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)

| <b>ASSETS</b>                                  | <u>2022</u>         | <u>2021</u>         |
|--|---------------------|---------------------|
| <b>CURRENT ASSETS</b>                          |                     |                     |
| 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                               | <u>28,584</u>       | <u>29,905</u>       |
| Total current assets                           | <u>2,576,162</u>    | <u>1,946,949</u>    |
| <b>NON-CURRENT ASSETS</b>                      |                     |                     |
| Restricted cash and investments                | 4,894,831           | 4,471,165           |
| Capital assets:                                |                     |                     |
| Nondepreciable                                 | 1,000,961           | 1,000,961           |
| Depreciable, net of accumulated depreciation   | <u>14,960,619</u>   | <u>15,500,636</u>   |
| 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>   |
| <b>TOTAL ASSETS</b>                            | <u>23,432,573</u>   | <u>22,919,711</u>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>          |                     |                     |
| Pension related                                | 470,063             | 729,108             |
| OPEB related                                   | <u>8,860</u>        | <u></u>             |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>    | <u>478,923</u>      | <u>729,108</u>      |
| <b>LIABILITIES</b>                             |                     |                     |
| <b>CURRENT LIABILITIES</b>                     |                     |                     |
| 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     | <u>623,705</u>      | <u>608,232</u>      |
| Total current liabilities                      | <u>1,031,507</u>    | <u>1,019,223</u>    |
| <b>NON-CURRENT LIABILITIES</b>                 |                     |                     |
| 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                          | <u>4,903</u>        | <u>1,117,944</u>    |
| Total non-current liabilities                  | <u>7,695,556</u>    | <u>9,682,257</u>    |
| <b>TOTAL LIABILITIES</b>                       | <u>8,727,063</u>    | <u>10,701,480</u>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>           |                     |                     |
| Pension related                                | 4,280               | 39,277              |
| OPEB related                                   | <u>56,611</u>       | <u>74,020</u>       |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>     | <u>60,891</u>       | <u>113,297</u>      |
| <b>NET POSITION</b>                            |                     |                     |
| Net investment in capital assets               | 8,829,942           | 8,593,770           |
| Restricted for debt service                    | 705,226             | 705,226             |
| Unrestricted                                   | <u>5,588,374</u>    | <u>3,535,046</u>    |
| <b>TOTAL NET POSITION</b>                      | <u>\$15,123,542</u> | <u>\$12,834,042</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         |
|---|--------------|--------------|
| <b>OPERATING REVENUES</b>                   |              |              |
| 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    |
| <b>OPERATING EXPENSES</b>                   |              |              |
| 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    |
| <b>OPERATING INCOME (LOSSES)</b>            | 1,324,324    | 276,402      |
| <b>NONOPERATING REVENUES (EXPENSES)</b>     |              |              |
| 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      |
| <b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>  | 2,211,307    | 1,134,892    |
| <b>CAPITAL CONTRIBUTIONS</b>                |              |              |
| Capacity fees                               | 78,193       | 29,114       |
| Total capital contributions                 | 78,193       | 29,114       |
| <b>CHANGE IN NET POSITION</b>               | 2,289,500    | 1,164,006    |
| <b>NET POSITION, BEGINNING OF YEAR</b>      | 12,834,042   | 11,670,036   |
| <b>NET POSITION, END OF YEAR</b>            | \$15,123,542 | \$12,834,042 |

See accompanying notes to financial statements

Agenda Item 4.6

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)

|   | <u>2022</u>               | <u>2021</u>               |
|---|---------------------------|---------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |                           |                           |
| Receipts from customers   | \$2,870,807               | \$3,314,689               |
| Payments to suppliers   | (686,403)                 | (1,288,587)               |
| Payments to employees and related benefits                      | <u>(1,157,584)</u>        | <u>(1,648,744)</u>        |
| Net cash provided by operating activities                       | <u>1,026,820</u>          | <u>377,358</u>            |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>          |                           |                           |
| Receipt of taxes  | <u>109,104</u>            | <u>103,904</u>            |
| Net cash provided by noncapital financing activities            | <u>109,104</u>            | <u>103,904</u>            |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |                           |                           |
| 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                        | <u>(245,342)</u>          | <u>(265,954)</u>          |
| Net cash used for capital and related financing activities      | <u>(236,444)</u>          | <u>(2,153,171)</u>        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |                           |                           |
| Rental income   | 49,255                    |                           |
| Interest received   | <u>16,757</u>             | <u>8,517</u>              |
| Net cash provided by investing activities                       | <u>66,012</u>             | <u>8,517</u>              |
| <b>NET INCREASE (DECREASE) IN CASH</b>                          | 965,492                   | (1,663,392)               |
| Cash, beginning of year   | <u>5,734,583</u>          | <u>7,397,975</u>          |
| Cash, end of year   | <u><u>\$6,700,075</u></u> | <u><u>\$5,734,583</u></u> |
| Cash and cash equivalents consist of the following:             |                           |                           |
| Unrestricted  | \$1,805,244               | \$1,263,418               |
| Restricted  | <u>4,894,831</u>          | <u>4,471,165</u>          |
|   | <u><u>\$6,700,075</u></u> | <u><u>\$5,734,583</u></u> |

(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) |
|  | \$1,026,820 | \$377,358 |

See accompanying notes to financial statements



**NOTES TO BASIC FINANCIAL STATEMENTS**

## RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

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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

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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:

|                                      | <u>2022</u>        | <u>2021</u>        |
|--------------------------------------|--------------------|--------------------|
| 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  | <u>\$6,700,075</u> | <u>\$5,734,583</u> |

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

|                                      | <u>2022</u>        | <u>2021</u>        |
|--------------------------------------|--------------------|--------------------|
| Deposits with financial institutions |                    |                    |
| Total Cash                           | <u>\$5,785,766</u> | <u>\$4,873,095</u> |
| 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                    | <u>914,309</u>     | <u>861,488</u>     |
| Total District Cash and Investments  | <u>\$6,700,075</u> | <u>\$5,734,583</u> |

**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<br>or less | 13 to<br>24 Months | 25 to<br>60 Months | Total            |
|---|----------------------|--------------------|--------------------|------------------|
| Local Agency Investment Fund<br>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          |
| <b>Total Investments</b>                              | <b>\$587,521</b>     | <b>\$50,023</b>    | <b>\$276,765</b>   | <b>\$914,309</b> |

**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<br>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

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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<br>June 30, 2021 | Additions   | Deletions  | Balance at<br>June 30, 2022 |
|--|-----------------------------|-------------|------------|-----------------------------|
| <b>Nondepreciable:</b>                 |                             |             |            |                             |
| Land                                   | \$576,673                   |             |            | \$576,673                   |
| Construction in progress               | 424,288                     |             |            | 424,288                     |
| Total nondepreciable assets            | 1,000,961                   |             |            | 1,000,961                   |
| <b>Depreciable:</b>                    |                             |             |            |                             |
| 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 | 25,973,310                  | 214,379     | (88,929)   | 26,098,760                  |
| <b>Less: Accumulated depreciation</b>  |                             |             |            |                             |
| 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         | (10,472,674)                | (754,396)   | 88,929     | (11,138,141)                |
| Net capital assets being depreciated   | 15,500,636                  | (540,017)   |            | 14,960,619                  |
| Total capital assets                   | \$16,501,597                | (\$540,017) |            | \$15,961,580                |

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

|  | Balance at<br>June 30, 2020 | Additions   | Deletions  | Transfers     | Balance at<br>June 30, 2021 |
|--|-----------------------------|-------------|------------|---------------|-----------------------------|
| <b>Nondepreciable:</b>                       |                             |             |            |               |                             |
| Land   | \$576,673                   |             |            |               | \$576,673                   |
| Construction in progress                     | 2,498,738                   |             |            | (\$2,074,450) | 424,288                     |
| Total nondepreciable assets                  | 3,075,411                   |             |            | (2,074,450)   | 1,000,961                   |
| <b>Depreciable:</b>                          |                             |             |            |               |                             |
| 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       | 21,842,385                  | 2,104,040   | (47,565)   | 2,074,450     | 25,973,310                  |
| <b>Less: Accumulated depreciation</b>        |                             |             |            |               |                             |
| 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               | (9,894,836)                 | (622,224)   | 44,386     |               | (10,472,674)                |
| Net capital assets being depreciated         | 11,947,549                  | 1,481,816   | (3,179)    | 2,074,450     | 15,500,636                  |
| Business-type activities capital assets, net | \$15,022,960                | \$1,481,816 | (\$3,179)  |               | \$16,501,597                |

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<br>June 30, 2021 | Additions       | Retirements          | Balance<br>June 30, 2022 | Amount due<br>within<br>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                          |
| <b>Total bonds and loans payable</b> | <b>8,483,825</b>         |                 | <b>(794,335)</b>     | <b>7,689,490</b>         | <b>623,705</b>                   |
| 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                   |                                  |
| <b>Total long-term debt, net</b>     | <b>\$9,736,671</b>       | <b>\$47,716</b> | <b>(\$1,171,821)</b> | <b>\$7,818,231</b>       | <b>\$680,707</b>                 |

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

|                                      | Balance<br>June 30, 2020 | Additions        | Retirements       | Balance<br>June 30, 2021 | Amount due<br>within<br>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                          |
| <b>Total bonds and loans payable</b> | <b>9,259,845</b>         |                  | <b>(776,020)</b>  | <b>8,483,825</b>         | <b>608,232</b>                   |
| 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                   |                                  |
| <b>Total long-term debt, net</b>     | <b>\$10,475,430</b>      | <b>\$103,931</b> | <b>(\$66,670)</b> | <b>9,736,671</b>         | <b>\$661,701</b>                 |

**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<br>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                         | <u>\$7,689,490</u> | <u>\$1,079,525</u> | <u>\$8,769,015</u> |

**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  | <u>\$705,226</u> | <u>\$705,226</u> |

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 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.

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<br>Strategic<br>Allocation | Real Return<br>Years 1 - 10(b) | Real<br>Return<br>Years<br>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)**

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:

|                       | <u>Miscellaneous</u> |
|-----------------------|----------------------|
| 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:

|  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|---|--|
| 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  | <u>\$470,063</u>                          | <u>(\$4,280)</u>                         |

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:

| <u>Year Ended<br/>June 30</u> | <u>Annual<br/>Amortization</u> |
|-------------------------------|--------------------------------|
| 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    | 0  |
| Total  | 11 |

**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  |
| <b>Actuarial Assumptions:</b> |   |
| 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).<br>Post-retirement Mortality Rates for Healthy Recipients from CalPERS<br>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<br>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<br>Allocation | Long-Term<br>Expected Real<br>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%<br>(4.75%) | Current Discount Rate<br>(5.75%) | Discount Rate +1%<br>(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<br>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<br>of Resources | Deferred Inflows<br>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<br>Ended June 30 | Annual<br>Amortization |
|-----------------------|------------------------|
| 2023                  | (\$10,783)             |
| 2024                  | (10,476)               |
| 2025                  | (9,100)                |
| 2026                  | (6,806)                |
| 2027                  | (7,659)                |
| Thereafter            | (2,927)                |
| Total                 | <u>(\$47,751)</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>(\$5,461)</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:

| Type of Coverage                    | ACWA/JPIA<br>Self- Insured Retention | Re-Insurance/<br>Excess Commercial<br>Insurance | Deductible             |
|-------------------------------------|--------------------------------------|---|------------------------|
| Liability – General, Auto, & Public |                                      | \$5,000,000 -                                   |                        |
| Officials Errors & Omissions        | \$5,000,000                          | 55,000,000                                      | None                   |
| Property Program                    | 100,000                              | 2,500,000 -<br>500,000,000                      | \$1,000 -<br>\$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,   | 2018             | 2019             | 2020             | 2021             | 2022             |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>Total OPEB Liability</b>   |                  |                  |                  |                  |                  |
| 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)         |
| <b>Net change in total OPEB liability</b>                               | <b>(20,475)</b>  | <b>(34,315)</b>  | <b>(73,556)</b>  | <b>(6,494)</b>   | <b>(2,994)</b>   |
| <b>Total OPEB liability - beginning</b>                                 | <b>282,824</b>   | <b>262,349</b>   | <b>228,034</b>   | <b>154,478</b>   | <b>147,984</b>   |
| <b>Total OPEB liability - ending (a)</b>                                | <b>\$262,349</b> | <b>\$228,034</b> | <b>\$154,478</b> | <b>\$147,984</b> | <b>\$144,990</b> |
| <b>Plan fiduciary net position</b>                                      |                  |                  |                  |                  |                  |
| 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)             |
| <b>Net change in plan fiduciary net position</b>                        |                  | 16,461           | 22,324           | 27,766           | 11,603           |
| <b>Plan fiduciary net position - beginning</b>                          |                  |                  | 16,461           | 38,785           | 66,551           |
| <b>Plan fiduciary net position - ending (b)</b>                         |                  | 16,461           | 38,785           | 66,551           | 78,154           |
| <b>Net OPEB liability - ending (a)-(b)</b>                              | <b>262,349</b>   | <b>211,573</b>   | <b>115,693</b>   | <b>81,433</b>    | <b>66,836</b>    |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0%               | 7%               | 25%              | 45%              | 54%              |
| Covered-employee payroll  | \$604,181        | \$668,161        | \$703,736        | \$724,458        | \$768,054        |
| Net OPEB liability as a percentage of covered-employee payroll          | 43.42%           | 31.66%           | 16.44%           | 11.24%           | 8.70%            |

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

**SCHEDULE OF CONTRIBUTIONS**

CERBT Agent Multiple-Employer Plan  
Last 10 fiscal years\*

| <b>Fiscal Year Ended June 30,</b>                                       | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| Actuarially determined contribution                                     | \$16,200    | \$38,534    | \$36,563    | \$36,200    | \$35,405    |
| Contributions in relation to the<br>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<br>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.**

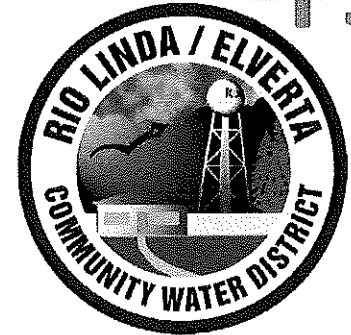
Methods and assumptions used to determine contribution rates:

Valuation date: 7/1/2021

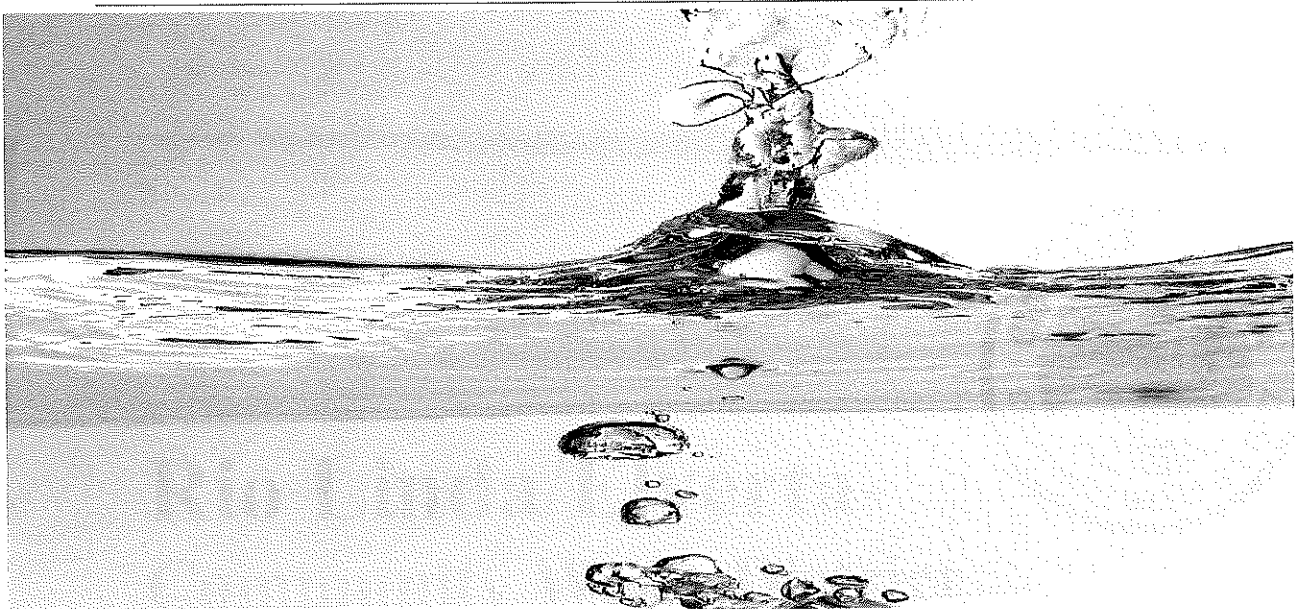
Actuarial Assumptions:

|                             |  |
|-----------------------------|--|
| 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



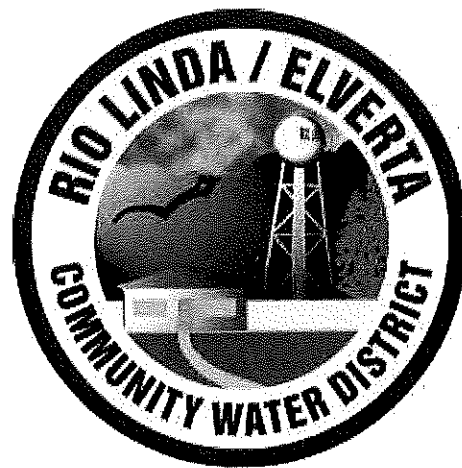
Annual Comprehensive  
Financial Report

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**

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## INTRODUCTORY SECTION

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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 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 the in the evaluation and monitoring of customer usage and has lead 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, objections, 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. Morrill*

Executive Director/CEO

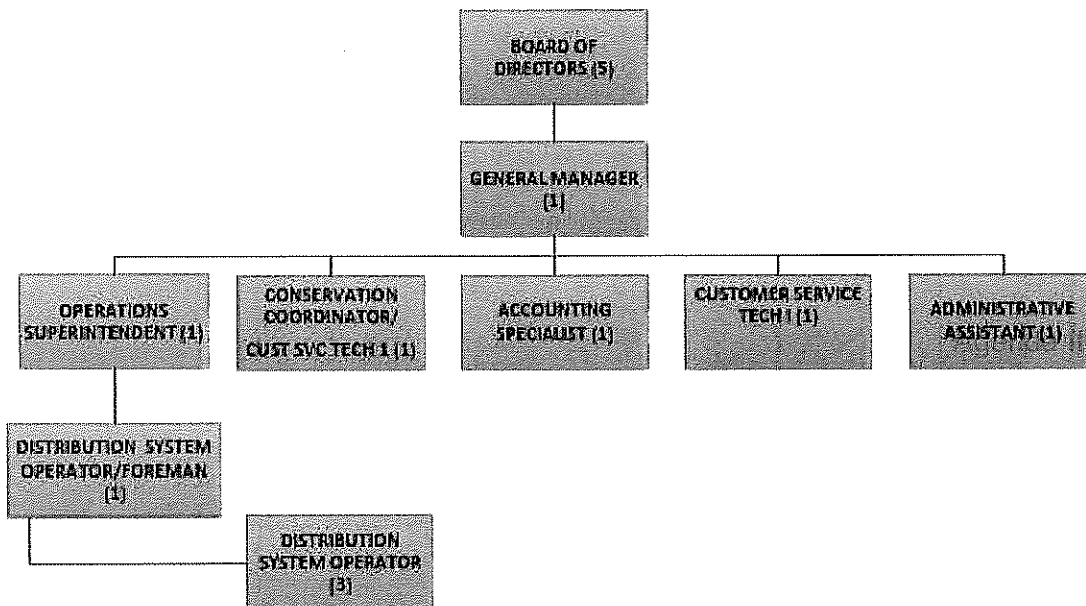
**BOARD OF DIRECTORS**

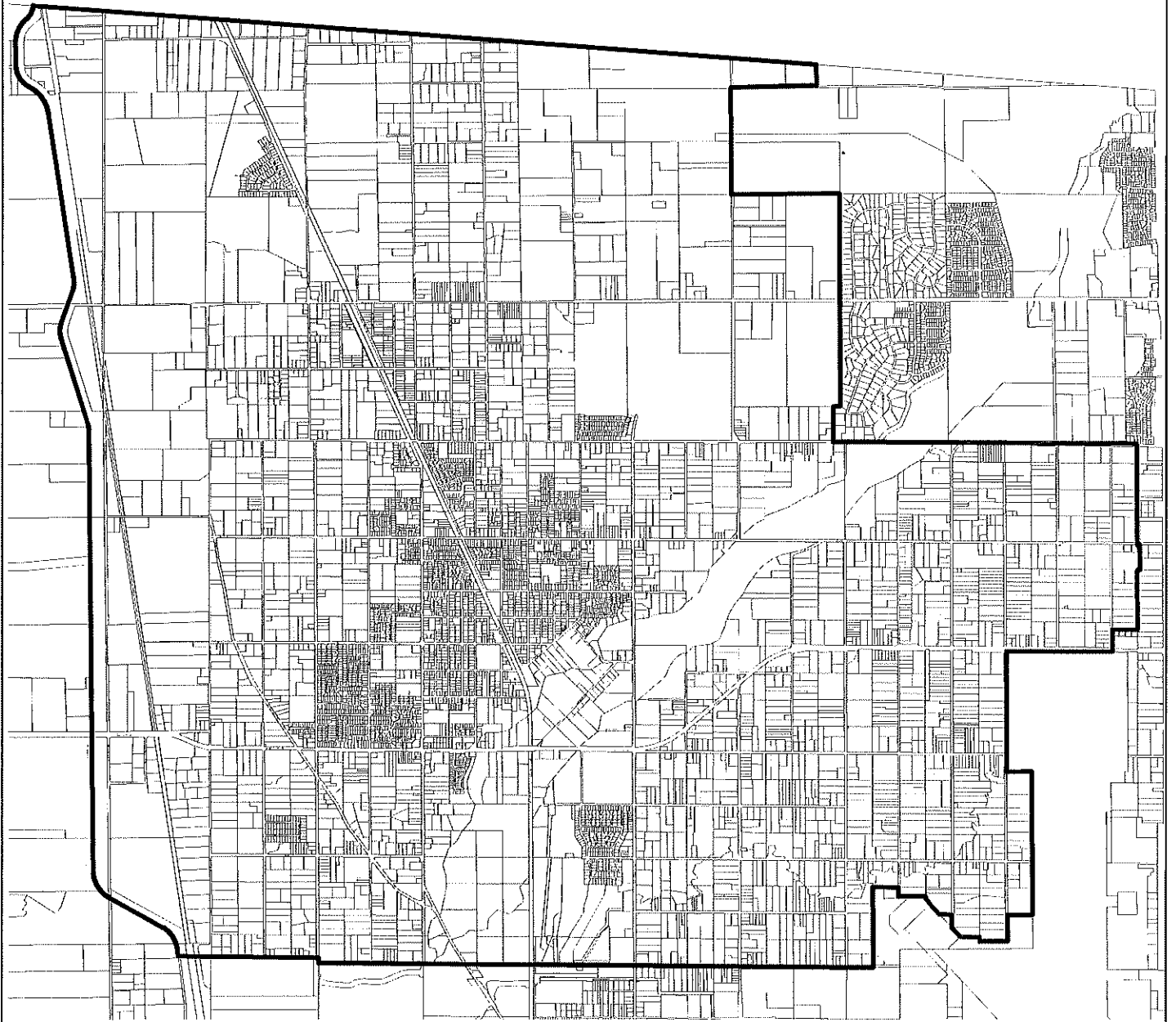
Jason Green, President  
Christopher Gifford, Vice President  
Mary Harris, Board Director  
John Ridilla, Board Director  
Bob Reisig, Board Director


**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





|   |   |  |
|---|---|--|
|  <p><b>Rio Linda / Elverta<br/>Community Water District</b><br/>730 L Street<br/>Rio Linda, CA 95673</p> | <p><b>Exhibit A</b></p>   | <p><b>MAY 2018</b></p>                 |
|   | <p><b>RLECWD SERVICE AREA BOUNDARY MAP<br/>UPDATED MAY 21, 2018</b></p> | <p><b>AFFINITY<br/>ENGINEERING</b></p> |



# 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:

|   | <b>2022</b>         | <b>2021</b>         | <b>2020</b>         |
|---|---------------------|---------------------|---------------------|
| 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          |
| <b>Total Assets</b>                           | <b>23,432,573</b>   | <b>22,919,711</b>   | <b>23,562,212</b>   |
| Total Deferred Outflows                       | 478,923             | 729,108             | 227,638             |
| <b>Total Assets and Deferred Outflows</b>     | <b>23,911,496</b>   | <b>23,648,819</b>   | <b>23,789,850</b>   |
| Current Liabilities                           | 1,031,507           | 1,019,223           | 1,513,821           |
| Long-term Liabilities                         | 7,695,556           | 9,682,257           | 10,503,230          |
| <b>Total Liabilities</b>                      | <b>8,727,063</b>    | <b>10,701,480</b>   | <b>12,017,051</b>   |
| Total Deferred Inflows                        | 60,891              | 113,297             | 102,763             |
| <b>Total Liabilities and Deferred Inflows</b> | <b>8,787,954</b>    | <b>10,814,777</b>   | <b>12,119,814</b>   |
| <b>Net Position</b>                           |                     |                     |                     |
| 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           |
| <b>Total Net Position</b>                     | <b>\$15,123,542</b> | <b>\$12,834,042</b> | <b>\$11,670,036</b> |

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



Agenda Item 4.6

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

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

Below is a summary analysis of changes:

| <b>Summary Analysis of Changes</b>     | <b>2022/2021</b> | <b>2021/2020</b> |
|--|------------------|------------------|
| 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:

|   | <b>2022</b>  | <b>2021</b>  | <b>2020</b>  |
|---|--------------|--------------|--------------|
| 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

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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.

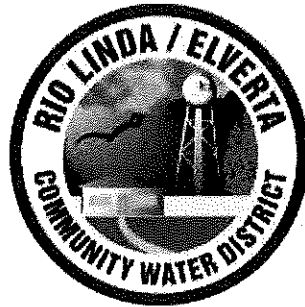
**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

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   | 2022         | 2021         |
|--|--------------|--------------|
| <b>CURRENT ASSETS</b>                          |              |              |
| 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    |
| <b>NON-CURRENT ASSETS</b>                      |              |              |
| 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   |
| <b>TOTAL ASSETS</b>                            | 23,432,573   | 22,919,711   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>          |              |              |
| Pension related                                | 470,063      | 729,108      |
| OPEB related                                   | 8,860        |              |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>    | 478,923      | 729,108      |
| <b>LIABILITIES</b>                             |              |              |
| <b>CURRENT LIABILITIES</b>                     |              |              |
| 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    |
| <b>NON-CURRENT LIABILITIES</b>                 |              |              |
| 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    |
| <b>TOTAL LIABILITIES</b>                       | 8,727,063    | 10,701,480   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>           |              |              |
| Pension related                                | 4,280        | 39,277       |
| OPEB related                                   | 56,611       | 74,020       |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>     | 60,891       | 113,297      |
| <b>NET POSITION</b>                            |              |              |
| 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    |
| <b>TOTAL NET POSITION</b>                      | \$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                |
|---|---------------------|---------------------|
| <b>OPERATING REVENUES</b>                   |                     |                     |
| Water sales                                 | \$2,832,861         | \$2,748,710         |
| Account service charges                     | 109,735             | 95,667              |
| Other water service fees                    | 36,015              | 27,861              |
|   | <u>2,978,611</u>    | <u>2,872,238</u>    |
| <b>OPERATING EXPENSES</b>                   |                     |                     |
| 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             |
|   | <u>1,654,287</u>    | <u>2,595,836</u>    |
| <b>OPERATING INCOME (LOSSES)</b>            | <u>1,324,324</u>    | <u>276,402</u>      |
| <b>NONOPERATING REVENUES (EXPENSES)</b>     |                     |                     |
| 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)             |
|   | <u>886,983</u>      | <u>858,490</u>      |
| <b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>  | <u>2,211,307</u>    | <u>1,134,892</u>    |
| <b>CAPITAL CONTRIBUTIONS</b>                |                     |                     |
| Capacity fees                               | 78,193              | 29,114              |
|   | <u>78,193</u>       | <u>29,114</u>       |
| <b>CHANGE IN NET POSITION</b>               | <u>2,289,500</u>    | <u>1,164,006</u>    |
| <b>NET POSITION, BEGINNING OF YEAR</b>      | <u>12,834,042</u>   | <u>11,670,036</u>   |
| <b>NET POSITION, END OF YEAR</b>            | <u>\$15,123,542</u> | <u>\$12,834,042</u> |

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        |
|---|-------------|-------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                     |             |             |
| 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) |
|   | 1,026,820   | 377,358     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>          |             |             |
| Receipt of taxes  | 109,104     | 103,904     |
|   | 109,104     | 103,904     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b> |             |             |
| 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)   |
|   | (236,444)   | (2,153,171) |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                     |             |             |
| Rental income   | 49,255      |             |
| Interest received   | 16,757      | 8,517       |
|   | 66,012      | 8,517       |
| <b>NET INCREASE (DECREASE) IN CASH</b>                          | 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

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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 Equivalentents***

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 equivalentents 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  | <u>\$6,700,075</u> | <u>\$5,734,583</u> |

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

|                                      | 2022               | 2021               |
|--------------------------------------|--------------------|--------------------|
| Deposits with financial institutions |                    |                    |
| Total Cash                           | <u>\$5,785,766</u> | <u>\$4,873,095</u> |
| 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                    | <u>914,309</u>     | <u>861,488</u>     |
| Total District Cash and Investments  | <u>\$6,700,075</u> | <u>\$5,734,583</u> |

**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<br>or less | 13 to<br>24 Months | 25 to<br>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                  | <u>\$587,521</u>     | <u>\$50,023</u>    | <u>\$276,765</u>   | <u>\$914,309</u> |

**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.

| Investment Type                    | Minimum<br>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                  |                         | <u>\$914,309</u> | <u>\$189,887</u>       | <u>\$724,422</u> |

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:

| Reported Investment Type           | Amount   |
|------------------------------------|----------|
| 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<br>June 30, 2021 | Additions   | Deletions  | Balance at<br>June 30, 2022 |
|--|-----------------------------|-------------|------------|-----------------------------|
| <b>Nondepreciable:</b>                 |                             |             |            |                             |
| Land                                   | \$576,673                   |             |            | \$576,673                   |
| Construction in progress               | 424,288                     |             |            | 424,288                     |
| Total nondepreciable assets            | 1,000,961                   |             |            | 1,000,961                   |
| <b>Depreciable:</b>                    |                             |             |            |                             |
| 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 | 25,973,310                  | 214,379     | (88,929)   | 26,098,760                  |
| <b>Less: Accumulated depreciation</b>  |                             |             |            |                             |
| 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         | (10,472,674)                | (754,396)   | 88,929     | (11,138,141)                |
| Net capital assets being depreciated   | 15,500,636                  | (540,017)   |            | 14,960,619                  |
| Total capital assets                   | \$16,501,597                | (\$540,017) |            | \$15,961,580                |

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

|  | Balance at<br>June 30, 2020 | Additions   | Deletions  | Transfers     | Balance at<br>June 30, 2021 |
|--|-----------------------------|-------------|------------|---------------|-----------------------------|
| <b>Nondepreciable:</b>                       |                             |             |            |               |                             |
| Land   | \$576,673                   |             |            |               | \$576,673                   |
| Construction in progress                     | 2,498,738                   |             |            | (\$2,074,450) | 424,288                     |
| Total nondepreciable assets                  | 3,075,411                   |             |            | (2,074,450)   | 1,000,961                   |
| <b>Depreciable:</b>                          |                             |             |            |               |                             |
| 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       | 21,842,385                  | 2,104,040   | (47,565)   | 2,074,450     | 25,973,310                  |
| <b>Less: Accumulated depreciation</b>        |                             |             |            |               |                             |
| 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               | (9,894,836)                 | (622,224)   | 44,386     |               | (10,472,674)                |
| Net capital assets being depreciated         | 11,947,549                  | 1,481,816   | (3,179)    | 2,074,450     | 15,500,636                  |
| Business-type activities capital assets, net | \$15,022,960                | \$1,481,816 | (\$3,179)  |               | \$16,501,597                |

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

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**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<br>June 30, 2021 | Additions       | Retirements          | Balance<br>June 30, 2022 | Amount due<br>within<br>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                          |
| <b>Total bonds and loans payable</b> | <b>8,483,825</b>         |                 | <b>(794,335)</b>     | <b>7,689,490</b>         | <b>623,705</b>                   |
| 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                   |                                  |
| <b>Total long-term debt, net</b>     | <b>\$9,736,671</b>       | <b>\$47,716</b> | <b>(\$1,171,821)</b> | <b>\$7,818,231</b>       | <b>\$680,707</b>                 |

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

|                                      | Balance<br>June 30, 2020 | Additions        | Retirements       | Balance<br>June 30, 2021 | Amount due<br>within<br>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                          |
| <b>Total bonds and loans payable</b> | <b>9,259,845</b>         |                  | <b>(776,020)</b>  | <b>8,483,825</b>         | <b>608,232</b>                   |
| 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                   |                                  |
| <b>Total long-term debt, net</b>     | <b>\$10,475,430</b>      | <b>\$103,931</b> | <b>(\$66,670)</b> | <b>9,736,671</b>         | <b>\$661,701</b>                 |

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

| For the Year Ending<br>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          |
| <b>Totals</b>                  | <b>\$7,689,490</b> | <b>\$1,079,525</b> | <b>\$8,769,015</b> |



RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

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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  | <u>\$705,226</u> | <u>\$705,226</u> |

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

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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<br>Strategic<br>Allocation | Real Return<br>Years 1 - 10(b) | Real Return<br>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)**

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:

|                       | <u>Miscellaneous</u> |
|-----------------------|----------------------|
| 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

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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:

|  | <u>Deferred Outflows<br/>of Resources</u> | <u>Deferred Inflows<br/>of Resources</u> |
|--|---|--|
| 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  | <u>\$470,063</u>                          | <u>(\$4,280)</u>                         |

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:

| <u>Year Ended<br/>June 30</u> | <u>Annual<br/>Amortization</u> |
|-------------------------------|--------------------------------|
| 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    | <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)<br>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

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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<br>(a) | Fiduciary Net Position<br>(b) | Net OPEB Liability<br>(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%<br>(4.75%) | Current Discount Rate<br>(5.75%) | Discount Rate +1%<br>(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<br>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<br>of Resources | Deferred Inflows<br>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

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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<br>Ended June 30 | Annual<br>Amortization |
|-----------------------|------------------------|
| 2023                  | (\$10,783)             |
| 2024                  | (10,476)               |
| 2025                  | (9,100)                |
| 2026                  | (6,806)                |
| 2027                  | (7,659)                |
| Thereafter            | (2,927)                |
| Total                 | <u>(\$47,751)</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>(\$5,461)</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:

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

| <b>Measurement Date - June 30,</b>                                      | <b>2018</b>      | <b>2019</b>      | <b>2020</b>      | <b>2021</b>      | <b>2022</b>      |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>Total OPEB Liability</b>   |                  |                  |                  |                  |                  |
| 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)         |
| <b>Net change in total OPEB liability</b>                               | <b>(20,475)</b>  | <b>(34,315)</b>  | <b>(73,556)</b>  | <b>(6,494)</b>   | <b>(2,994)</b>   |
| <b>Total OPEB liability - beginning</b>                                 | <b>282,824</b>   | <b>262,349</b>   | <b>228,034</b>   | <b>154,478</b>   | <b>147,984</b>   |
| <b>Total OPEB liability - ending (a)</b>                                | <b>\$262,349</b> | <b>\$228,034</b> | <b>\$154,478</b> | <b>\$147,984</b> | <b>\$144,990</b> |
| <b>Plan fiduciary net position</b>                                      |                  |                  |                  |                  |                  |
| 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)             |
| <b>Net change in plan fiduciary net position</b>                        |                  | 16,461           | 22,324           | 27,766           | 11,603           |
| <b>Plan fiduciary net position - beginning</b>                          |                  |                  | 16,461           | 38,785           | 66,551           |
| <b>Plan fiduciary net position - ending (b)</b>                         |                  | <b>\$16,461</b>  | <b>\$38,785</b>  | <b>\$66,551</b>  | <b>\$78,154</b>  |
| <b>Net OPEB liability - ending (a)-(b)</b>                              | <b>\$262,349</b> | <b>\$211,573</b> | <b>\$115,693</b> | <b>\$81,433</b>  | <b>\$66,836</b>  |
| Plan fiduciary net position as a percentage of the total OPEB liability | 0%               | 7%               | 25%              | 45%              | 54%              |
| Covered-employee payroll  | \$604,181        | \$668,161        | \$703,736        | \$724,458        | \$768,054        |
| Net OPEB liability as a percentage of covered-employee payroll          | 43.42%           | 31.66%           | 16.44%           | 11.24%           | 8.70%            |

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

**SCHEDULE OF CONTRIBUTIONS**  
 CERBT Agent Multiple-Employer Plan  
 Last 10 fiscal years\*

| <b>Fiscal Year Ended June 30,</b>                                    | <b>2018</b> | <b>2019</b> | <b>2020</b> | <b>2021</b> | <b>2022</b> |
|--|-------------|-------------|-------------|-------------|-------------|
| 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)**

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**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<br>(Restated) | 2014<br>(Restated) | 2015             | 2016             | 2017             | 2018             | 2019             | 2020             | 2021             | 2022             |
|---|--------------------|--------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>OPERATING REVENUE</b>                          |                    |                    |                  |                  |                  |                  |                  |                  |                  |                  |
| 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           |
| <b>Total Operating Revenues</b>                   | <b>2,285,207</b>   | <b>2,435,088</b>   | <b>2,428,497</b> | <b>2,300,359</b> | <b>2,437,489</b> | <b>2,637,352</b> | <b>2,717,218</b> | <b>2,800,111</b> | <b>2,872,238</b> | <b>2,978,611</b> |
| <b>OPERATING EXPENSES</b>                         |                    |                    |                  |                  |                  |                  |                  |                  |                  |                  |
| 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          |
| <b>Total Operating Expenses</b>                   | <b>2,176,074</b>   | <b>2,867,163</b>   | <b>2,468,932</b> | <b>2,070,610</b> | <b>2,395,047</b> | <b>2,508,760</b> | <b>2,516,879</b> | <b>2,667,483</b> | <b>2,595,836</b> | <b>1,654,287</b> |
| <b>Operating Income (Loss)</b>                    | <b>109,133</b>     | <b>(432,075)</b>   | <b>(40,435)</b>  | <b>229,749</b>   | <b>42,442</b>    | <b>128,592</b>   | <b>200,339</b>   | <b>132,628</b>   | <b>276,402</b>   | <b>1,324,324</b> |
| <b>NON-OPERATING INCOME (EXPENSES)</b>            |                    |                    |                  |                  |                  |                  |                  |                  |                  |                  |
| 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)          |
| <b>Total Non-Operating Revenues (Expenses)</b>    | <b>125,456</b>     | <b>497,085</b>     | <b>425,750</b>   | <b>305,246</b>   | <b>413,384</b>   | <b>623,079</b>   | <b>853,485</b>   | <b>883,585</b>   | <b>858,490</b>   | <b>886,983</b>   |
| <b>Income (Loss) Before Capital Contributions</b> | <b>234,589</b>     | <b>65,010</b>      | <b>385,315</b>   | <b>534,995</b>   | <b>455,826</b>   | <b>751,671</b>   | <b>1,053,824</b> | <b>1,016,213</b> | <b>1,134,892</b> | <b>2,211,307</b> |
| <b>Capital Contributions</b>                      |                    |                    |                  |                  |                  |                  |                  |                  |                  |                  |
| 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                                  | -                  | -                  | -                | -                | -                | -                | -                | -                | -                | -                |
| <b>Total Capital Contributions</b>                | <b>-</b>           | <b>-</b>           | <b>40,208</b>    | <b>68,642</b>    | <b>65,243</b>    | <b>152,641</b>   | <b>141,786</b>   | <b>595,900</b>   | <b>29,114</b>    | <b>78,193</b>    |
| <b>Change in Net Position</b>                     | <b>234,589</b>     | <b>65,010</b>      | <b>425,523</b>   | <b>603,637</b>   | <b>521,069</b>   | <b>904,312</b>   | <b>1,195,610</b> | <b>1,612,113</b> | <b>1,164,006</b> | <b>2,289,500</b> |

Source: District Financial Audit Reports

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**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      |
|---|-----------|-----------|-----------|-----------|-------------|-------------|-------------|-------------|-------------|-----------|
| <b>Flat Bi-Monthly Service Charge</b>                   |           |           |           |           |             |             |             |             |             |           |
| <b>(600 cu ft. Usage Charge Included)</b>               |           |           |           |           |             |             |             |             |             |           |
| 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 |
| <b>Tier Schedule Bi-Monthly</b>                         |           |           |           |           |             |             |             |             |             |           |
| <b>(\$ / 100 cubic feet (CCF))</b>                      |           |           |           |           |             |             |             |             |             |           |
| <b>5/8" Meter</b>                                       |           |           |           |           |             |             |             |             |             |           |
| 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       |
| <b>3/4 - 1 1/2" Meter</b>                               |           |           |           |           |             |             |             |             |             |           |
| 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       |
| <b>2" to 4" Meter</b>                                   |           |           |           |           |             |             |             |             |             |           |
| 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   |
| <b>Inactive Meter Charge: Fixed Rate</b>                | \$ 44.63  | \$ 46.01  | \$ 47.34  | \$ 48.98  | \$ 52.34    | \$ 51.63    | \$ 52.50    | \$ 53.39    | \$ 53.39    | \$ 35.01  |
| <b>Capital Improvement Surcharge</b>                    | \$ 19.00  | \$ 19.00  | \$ 19.00  | \$ 19.00  | \$ 19.00    | \$ 19.00    | \$ 19.00    | \$ 19.00    | \$ 19.00    | \$ 19.00  |
| <b>(Restricted Funds)</b>                               |           |           |           |           |             |             |             |             |             |           |
| <b>CR6 Surcharge (Restricted Funds)</b>                 |           |           |           |           |             | \$ 7.90     | \$ 15.80    | \$ 15.80    | \$ 15.80    | \$ 15.80  |
| <b>Meter Sizes 5/8" - 4"</b>                            |           |           |           |           |             |             |             |             |             |           |
| 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

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Agenda Item 4.6

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

|   | 2013 | 2014 | 2015 | 2016 | 2017    | 2018    | 2019    | 2020    | 2021    | 2022      |
|---|------|------|------|------|---------|---------|---------|---------|---------|-----------|
| 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   |
| <b>Single Family Residential Inoperable</b> |      |      |      |      |         |         |         |         |         |           |
| <b>Meter Fees</b>                           |      |      |      |      |         |         |         |         |         |           |
| 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 |

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Source: District Financial Audit Reports

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**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             | 2970.1              | 2669.84             |
| 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   |
|---------------------------------|----------------------|
| Rio Linda Preparatory Academy   | \$ 29,614.07         |
| Rio Linda Senior High School    | \$ 17,309.91         |
| Westside Park-RLERPD            | \$ 14,569.10         |
| Bell Aqua Apartments            | \$ 14,200.75         |
| RLSD Dry Creek Elementary       | \$ 11,725.38         |
| Babe Best Park RLERPD           | \$ 11,329.50         |
| Orchard Elementary School       | \$ 9,318.46          |
| Jay Kim                         | \$ 9,232.26          |
| Stephen Tresner                 | \$ 8,843.90          |
| Rio Linda Union School District | \$ 8,261.92          |
| <b>Total</b>                    | <b>\$ 134,405.25</b> |

Percent of Total  
Water Sales

1.05%  
0.61%  
0.51%  
0.50%  
0.41%  
0.40%  
0.33%  
0.33%  
0.31%  
0.29%

4.74%

Fiscal Year 2012

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

| Ratepayer                    | Revenues Collected |
|------------------------------|--------------------|
| Rio Linda Jr. High School    | \$ 19,362.70       |
| Westside Park - RLERPD       | \$ 13,041.24       |
| Rio Linda Senior High School | \$ 9,705.47        |
| RLSD Dry Creek Elementary    | \$ 9,505.77        |
| Orchard Elementary School    | \$ 7,463.48        |
| Babe Best Park RLERPD        | \$ 5,478.96        |
| SYAR Concrete LLC            | \$ 4,695.66        |
| Sacramento Metro Fire #111   | \$ 4,231.57        |
| RLSD Westside School         | \$ 3,550.50        |
| Elverta School               | \$ 3,398.40        |
| <b>Total</b>                 | <b>\$80,433.75</b> |

Percent of Total  
Water Sales

0.85%  
0.57%  
0.42%  
0.42%  
0.33%  
0.24%  
0.21%  
0.19%  
0.16%  
0.15%

3.52%

Total Water Sales

\$ 2,832,861

\$ 2,285,207

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Source: District Financial Audit Reports

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**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:                          | 2013                | 2014                | 2015                | 2016                | 2017                | 2018                | 2019                | 2020                | 2021                | 2022                |
|--------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 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              | -                   | -                   | -                   | -                   | -                   | -                   | -                   |
| <b>Total Debt</b>              | <b>\$ 6,543,132</b> | <b>\$ 6,758,745</b> | <b>\$ 9,690,974</b> | <b>\$ 8,322,613</b> | <b>\$ 7,829,402</b> | <b>\$ 7,420,166</b> | <b>\$ 6,798,503</b> | <b>\$ 9,259,845</b> | <b>\$ 8,983,825</b> | <b>\$ 8,159,490</b> |
| 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**

|                                | <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> |
|--------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|-------------|
| 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 |

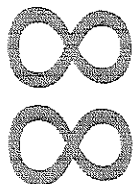
\* Information for Demographic and Economic statistics are for the County of Sacramento since the Rio Linda / Elverta is unincorporated and reported under Sacramento County and such information is not available solely for the District's service area.

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

| Company                                 | Fiscal Year                       |      |   |  |      |   |
|---|-----------------------------------|------|---|--|------|---|
|   | 2021                              |      |   | 2011                                       |      |   |
|   | Average<br>Number of<br>Employees | Rank | Percentage of<br>Total County<br>Employment | Average<br>Number<br>of Employees -<br>(a) | Rank | Percentage of<br>Total County<br>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                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>Capital Assets Not Being Depreciated</b> |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| 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            |
| <b>Capital Assets Being Depreciated</b>     |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| 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           |
| <b>Capital Assets, Net</b>                  | <b>\$ 10,769,109</b> | <b>\$ 11,288,494</b> | <b>\$ 14,091,779</b> | <b>\$ 14,484,419</b> | <b>\$ 14,435,341</b> | <b>\$ 14,847,090</b> | <b>\$ 14,473,753</b> | <b>\$ 15,022,960</b> | <b>\$ 16,501,597</b> | <b>\$ 15,961,581</b> |

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

|                               | 2013        | 2014        | 2015       | 2016       | 2017        | 2018        | 2019        | 2020        | 2021        | 2022        |
|-------------------------------|-------------|-------------|------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <b>WATER SERVICES</b>         |             |             |            |            |             |             |             |             |             |             |
| 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   |
| <b>METERS</b>                 |             |             |            |            |             |             |             |             |             |             |
| New Installations             | 0           | 0           | 0          | 4          | 7           | 7           | 1           | 2           | 2           | 20          |
| Replacement                   | 60          | 349         | 179        | 1,087      | 377         | 475         | 325         | 381         | 271         | 229         |
| <b>HYDRANTS</b>               |             |             |            |            |             |             |             |             |             |             |
| New Installations             | 0           | 0           | 0          | 1          | 0           | 0           | 0           | 4           | 0           | 3           |
| Replacement                   | 0           | 0           | 2          | 0          | 0           | 0           | 1           | 0           | 0           | 0           |
| <b>LEAKS</b>                  |             |             |            |            |             |             |             |             |             |             |
| Water Main                    | 0           | 1           | 2          | 3          | 2           | 0           | 8           | 1           | 2           | 3           |
| Service                       | 75          | 76          | 82         | 66         | 65          | 80          | 70          | 83          | 87          | 90          |
| <b>MAIN LINE VALVES</b>       |             |             |            |            |             |             |             |             |             |             |
| New Installations             | 0           | 0           | 0          | 0          | 0           | 0           | 0           | 11          | 0           | 0           |
| Replacement                   | 3           | 0           | 0          | 0          | 2           | 0           | 0           | 2           | 0           | 0           |
| <b>SERVICES</b>               |             |             |            |            |             |             |             |             |             |             |
| New Installations             | 0           | 0           | 3          | 4          | 7           | 7           | 0           | 2           | 2           | 20          |
| Replacement                   | 0           | 1           | 0          | 10         | 29          | 34          | 19          | 10          | 13          | 10          |
| <b>MAJOR FACILITIES</b>       |             |             |            |            |             |             |             |             |             |             |
| 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       |
| <b>PERSONNEL</b>              |             |             |            |            |             |             |             |             |             |             |
| 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          |

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Source: District Financial Audit Reports



**RIO LINDA/ELVERTA  
COMMUNITY WATER DISTRICT**

**730 L Street  
Rio Linda, CA 95673**

**Tel. (916) 991-1000  
[www.rlecwd.com](http://www.rlecwd.com)**





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**Items for Discussion and Action  
Agenda Item: 4.7**

**Date:** February 21, 2023

**Subject:** Budget Revision for Fiscal Year 2022-2023

**Staff Contact:** Timothy R. Shaw, General Manager

**Recommended Committee Action:**

The February 6<sup>th</sup> Executive Committee did not discuss this item.

**Current Background and Justification:**

Although this item was on the February 6<sup>th</sup> Executive Committee agenda, the discussion on this item was inadvertently skipped. Further details are included in the minutes of the February 6<sup>th</sup> meeting.

Current District policy stipulates that the General Manager is authorized to perform “minor budget revisions” defined as a revision which does not increase overall spending, e.g., moving funding from one line item to another. This proposed budget revision entails increases in overall spending. As such, this budget revision requires Board approval.

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 \$46,600.
- Elections – Decrease from \$3,000 to \$1,887.
- Net Income – Decrease from \$600,795 to \$583,508.

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:**

The Board should authorize the proposed budget revision to preclude the inability to pay future invoices.

**Board Action / Motion**

Motioned by: Director \_\_\_\_\_ Seconded by Director \_\_\_\_\_

Cline \_\_\_\_\_ Gifford \_\_\_\_\_ Green \_\_\_\_\_ Harris \_\_\_\_\_ Young \_\_\_\_\_

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

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

Agenda Item 4.7 February 21, 2023

Budget Revision 1, February 21, 2023

|                                       |                              | 2022-2023<br>BUDGET   | 2022-2023<br>BUDGET<br>REVISION | DIFFERENCE  | EXPLANATION |
|---------------------------------------|------------------------------|-----------------------|---------------------------------|-------------|-------------|
| <b>REVENUE</b>                        |                              |                       |                                 |             |             |
| <b>40000 OPERATING REVENUE</b>        |                              |                       |                                 |             |             |
| <b>40100 Water Service Rates</b>      |                              |                       |                                 |             |             |
| 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        |             |
| <b>Total Water Service Rates</b>      |                              | <b>2,917,300.00</b>   | <b>2,917,300.00</b>             | <b>0.00</b> |             |
| <b>40200 Water Service Fees</b>       |                              |                       |                                 |             |             |
| 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        |             |
| <b>Total Water Services</b>           |                              | <b>103,500.00</b>     | <b>103,500.00</b>               | <b>0.00</b> |             |
| <b>40300 Other Water Service Fees</b> |                              |                       |                                 |             |             |
| 40301                                 | New Construction QC          | 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        |             |
| <b>Total Other Water Service Fees</b> |                              | <b>20,000.00</b>      | <b>20,000.00</b>                | <b>0.00</b> |             |
| <b>TOTAL OPERATING REVENUE</b>        |                              | <b>3,040,800.00</b>   | <b>3,040,800.00</b>             | <b>0.00</b> |             |
| <b>41000 NON-OPERATING REVENUES</b>   |                              |                       |                                 |             |             |
| 41110                                 | Investment Revenue           | 35.00                 | 35.00                           | 0.00        |             |
| 41120                                 | Property Taxes & Assessments | 109,100.00            | 109,100.00                      | 0.00        |             |
| <b>TOTAL NON-OPERATING REVENUE</b>    |                              | <b>109,135.00</b>     | <b>109,135.00</b>               | <b>0.00</b> |             |
| <b>TOTAL REVENUE</b>                  |                              | <b>\$3,149,935.00</b> | <b>\$3,149,935.00</b>           | <b>0.00</b> |             |

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**RIO LINDA ELVERTA COMMUNITY WATER DISTRICT  
OPERATING BUDGET  
2022-2023  
Budget Revision 1, February 21, 2023**

|   |                             | 2022-2023<br>BUDGET   | 2022-2023<br>BUDGET<br>REVISION | DIFFERENCE      | EXPLANATION  |
|---|-----------------------------|-----------------------|---------------------------------|-----------------|--|
| <b>OPERATING EXPENSE</b>                    |                             |                       |                                 |                 |  |
| <b>60010 PROFESSIONAL FEES</b>              |                             |                       |                                 |                 |  |
| 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            |  |
| <b>TOTAL PROFESSIONAL FEES</b>              |                             | <b>108,200.00</b>     | <b>116,000.00</b>               | <b>7,800.00</b> |  |
| <b>60100 PERSONNEL SERVICES</b>             |                             |                       |                                 |                 |  |
| <b>60110 Salaries &amp; Wages</b>           |                             |                       |                                 |                 |  |
| 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            |  |
| <b>Total Salaries &amp; Wages</b>           |                             | <b>810,243.00</b>     | <b>810,243.00</b>               | <b>0.00</b>     |  |
| <b>60150 Employee Benefits and Expenses</b> |                             |                       |                                 |                 |  |
| 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            |  |
| <b>Total Employee Benefits and Expenses</b> |                             | <b>496,340.00</b>     | <b>496,340.00</b>               | <b>0.00</b>     |  |
| <b>TOTAL PERSONNEL SERVICES</b>             |                             | <b>\$1,306,583.00</b> | <b>\$1,306,583.00</b>           | <b>\$0.00</b>   |  |

**RIO LINDA ELVERTA COMMUNITY WATER DISTRICT  
OPERATING BUDGET  
2022-2023  
Budget Revision 1, February 21, 2023**

|                             |  |  | 2022-2023<br>BUDGET | 2022-2023<br>BUDGET<br>REVISION | DIFFERENCE        | EXPLANATION  |
|-----------------------------|--|--|---------------------|---------------------------------|-------------------|--|
| <b>60200 ADMINISTRATION</b> |  |  |                     |                                 |                   |  |
| 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                       | <b>Building Expenses</b>                     |  |                     |                                 |                   |  |
| 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              |  |
|                             | <b>Total Building Expenses</b>               |  | <b>13,065.00</b>    | <b>13,065.00</b>                | <b>0.00</b>       |  |
| 60220                       | <b>Computer &amp; Equipment Maint.</b>       |  |                     |                                 |                   |  |
| 60221                       | Computer Systems                             |  | 25,000.00           | 25,000.00                       | 0.00              |  |
| 60222                       | Office Equipment                             |  | 875.00              | 875.00                          | 0.00              |  |
|                             | <b>Total Computer &amp; Equipment Maint.</b> |  | <b>25,875.00</b>    | <b>25,875.00</b>                | <b>0.00</b>       |  |
| 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                       | <b>Insurance</b>                             |  |                     |                                 |                   |  |
| 60431                       | General Liability                            |  | 31,176.00           | 31,176.00                       | 0.00              |  |
| 60432                       | Property                                     |  | 11,800.00           | 11,800.00                       | 0.00              |  |
|                             | <b>Total Insurance</b>                       |  | <b>42,976.00</b>    | <b>42,976.00</b>                | <b>0.00</b>       |  |
| 60500                       | <b>Water Memberships</b>                     |  |                     |                                 |                   |  |
| 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              |  |
|                             | <b>Total Water Memberships</b>               |  | <b>51,538.00</b>    | <b>51,538.00</b>                | <b>0.00</b>       |  |
| 60550                       | Permits & Fees                               |  | 37,500.00           | 46,600.00                       | 9,100.00          | To increase \$9,100 for annual permit fees; GL 60560 budget surplus of \$1,113. Total increase is 24%.                 |
| 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              |  |
| <b>TOTAL ADMINISTRATION</b> |  |  | <b>\$236,251.00</b> | <b>\$245,738.00</b>             | <b>\$9,487.00</b> |  |

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

Agenda Item 4.7 February 21, 2023

Budget Revision 1, February 21, 2023

|  |                                    | 2022-2023<br>BUDGET | 2022-2023<br>BUDGET<br>REVISION | DIFFERENCE | EXPLANATION |
|--|------------------------------------|---------------------|---------------------------------|------------|-------------|
| <b>64000 CONSERVATION</b>                    |                                    |                     |                                 |            |             |
| 64001  | Community Outreach                 | 300.00              | 300.00                          | 0.00       |             |
| 64005  | Other Conservation Programs        | 0.00                | 0.00                            | 0.00       |             |
| <b>TOTAL CONSERVATION</b>                    |                                    | 300.00              | 300.00                          | 0.00       |             |
| <b>65000 FIELD OPERATIONS</b>                |                                    |                     |                                 |            |             |
| <b>65100 Other Field Operations</b>          |                                    |                     |                                 |            |             |
| 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       |             |
| <b>Total Other Field Operations</b>          |                                    | 87,400.00           | 87,400.00                       | 0.00       |             |
| 65200  | Treatment                          | 25,000.00           | 25,000.00                       | 0.00       |             |
| <b>65300 Pumping</b>                         |                                    |                     |                                 |            |             |
| 65310  | Maintenance                        | 25,000.00           | 25,000.00                       | 0.00       |             |
| 65320  | Electricity and Fuel               | 260,000.00          | 260,000.00                      | 0.00       |             |
| <b>Total Pumping</b>                         |                                    | 285,000.00          | 285,000.00                      | 0.00       |             |
| <b>65400 Transmission &amp; Distribution</b> |                                    |                     |                                 |            |             |
| 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       |             |
| <b>Total Transmission &amp; Distribution</b> |                                    | 185,230.00          | 185,230.00                      | 0.00       |             |
| <b>65500 Transportation</b>                  |                                    |                     |                                 |            |             |
| 65510  | Fuel                               | 16,000.00           | 16,000.00                       | 0.00       |             |
| 65520  | Maintenance                        | 5,000.00            | 5,000.00                        | 0.00       |             |
| <b>Total Transportation</b>                  |                                    | 21,000.00           | 21,000.00                       | 0.00       |             |
| <b>TOTAL FIELD OPERATIONS</b>                |                                    | \$603,630.00        | \$603,630.00                    | \$0.00     |             |

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

Agenda Item 4.7 February 21, 2023

Budget Revision 1, February 21, 2023

|                                     |  | 2022-2023<br>BUDGET   | 2022-2023<br>BUDGET<br>REVISION | DIFFERENCE           | EXPLANATION   |
|-------------------------------------|--|-----------------------|---------------------------------|----------------------|---|
| <b>TOTAL OPERATING EXPENSES</b>     |  | \$2,254,964.00        | \$2,272,251.00                  | \$17,287.00          |   |
| <b>NON OPERATING EXPENSES</b>       |  |                       |                                 |                      |   |
| <b>69010 Debt Service</b>           |  |                       |                                 |                      |   |
| 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                 |   |
|                                     | <b>Total Revenue Bond 2015</b>           | <b>200,923.00</b>     | <b>200,923.00</b>               | <b>0.00</b>          |   |
| 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                 |   |
|                                     | <b>Total AMI Meter Loan</b>              | <b>58,514.00</b>      | <b>58,514.00</b>                | <b>0.00</b>          |   |
| 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                 |   |
|                                     | <b>Total PERS ADP Loan</b>               | <b>31,739.00</b>      | <b>31,739.00</b>                | <b>0.00</b>          |   |
|                                     | <b>69400 Other Non Operating Expense</b> | <b>3,000.00</b>       | <b>3,000.00</b>                 | <b>0.00</b>          |   |
| <b>TOTAL NON OPERATING EXPENSES</b> |  | <b>\$294,176.00</b>   | <b>\$294,176.00</b>             | <b>0.00</b>          |   |
| <b>TOTAL EXPENSE</b>                |  | <b>\$2,549,140.00</b> | <b>\$2,566,427.00</b>           | <b>\$17,287.00</b>   |   |
| <b>NET INCOME (Income-Expense)</b>  |  | <b>\$600,795.00</b>   | <b>\$583,508.00</b>             | <b>(\$17,287.00)</b> | Net income decreased 2.88% for legal expense,<br>board member compensation, & permits |

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**Items for Discussion and Action  
Agenda Item: 4.8**

**Date:** February 21, 2023

**Subject:** Consensus to Support Re-Certification of the General Manager for Distribution Operator and Water Treatment Operator

**Staff Contact:** Timothy R. Shaw, General Manager

**Recommended Committee Action:**

The Executive Committee directed staff to place this item on the February 21<sup>st</sup> Board agenda with the Committee’s recommendation for Board approval.

**Current Background and Justification:**

The February 6th Executive Committee meeting discussed succession planning and policies (lack thereof) in the event of a sudden / unanticipated loss of key District personnel.

In the event of a sudden loss of key personnel, it would be beneficial to enable the General Manager to perform operational duties. The General Manager has been licensed as a Distribution System Operator and a Water Treatment Operator, the licenses require a stipulated number of continuing education hours to renew the licenses. The General Manager intentionally allowed his licenses to expire due to priorities and the lack of need for maintaining operating licenses. To re-license, the General Manager would need to take and pass the certification tests. The application and certification fees for both license is \$250 total (\$125 for each license).

The District policy and California Labor Code 2802 stipulates the District pay for job related expenses. Therefore, what is needed is the Board’s consensus that re-establishing the General Manager’s operating licenses is a job-related expense.

California Health & Safety Code, Division 104 (document associated with this item) establishes severe penalties for both the person and the entity (agency) for allowing operation of water distribution systems without proper licenses.

**Conclusion:**

The Board should establish a consensus that water distribution and water treatment licenses are job related expenses for the RLECWD General Manager.

**Board Action / Motion**

Motioned by: Director \_\_\_\_\_ Seconded by Director \_\_\_\_\_  
Cline \_\_\_\_\_ Gifford \_\_\_\_\_ Green \_\_\_\_\_ Harris \_\_\_\_\_ Young \_\_\_\_\_

(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

Health and Safety Code - HSC

DIVISION 104. ENVIRONMENTAL HEALTH [106500 - 119406] ( Division 104 added by Stats. 1995, Ch. 415, Sec. 6. )

PART 1. ENVIRONMENTAL HEALTH PERSONNEL [106500 - 107175] ( Part I added by Stats. 1995, Ch. 415, Sec. 6. )

CHAPTER 4. Professional Certification [106600 - 107175] ( Chapter 4 added by Stats. 1995, Ch. 415, Sec. 6. )

ARTICLE 3. Operator Certification Program: Water Treatment Plants and Water Distribution Systems [106875 - 106910] ( Heading of Article 3 amended by Stats. 1999, Ch. 755, Sec. 1. )

106875.

(a) The state board shall examine and certify persons as to their qualifications to operate water treatment plants. The certification shall indicate the classification of water treatment plant that the person is qualified to operate.

(b) The state board shall examine and certify persons as to their qualifications to operate a water distribution system. The certification shall indicate the classification of distribution system that the person is qualified to operate.

(Amended by Stats. 2016, Ch. 305, Sec. 1. (AB 2890) Effective January 1, 2017.)

106876.

As used in this article, unless the context otherwise requires, the following definitions apply:

(a) "Community water system" has the same meaning as defined in Section 116275.

(b) "Local primacy agency" has the same meaning as defined in Section 116275.

(c) "Nontransient noncommunity water system" has the same meaning as defined in Section 116275.

(d) "Operates a water distribution system" means actions or decisions to control the quality or quantity of drinking water in a water distribution system and includes both of the following:

(1) Supervision of other persons operating a water distribution system.

(2) Any activity designated by the state board, in its regulations to implement this article, as an activity that may only be performed by a person with a water distribution operator certificate.

(e) "Operates a water treatment plant" means actions or decisions to control the performance of one or more drinking water treatment processes and includes both of the following:

(1) Supervision of other persons operating a water treatment plant.

(2) Any activity designated by the state board, in its regulations to implement this article, as an activity that may only be performed by a person with a water treatment operator certificate.

(f) "Wastewater certificate" has the same meaning as defined in Section 13625 of the Water Code.

(g) "Wastewater treatment plant" has the same meaning as defined in Section 13625 of the Water Code.

(h) "Water distribution operator certificate" means a certificate of competency issued by the state board stating that a person has met the requirements to be certified to operate a water distribution system for a specified grade level.

(i) "Water distribution system" has the same meaning as defined in Section 116275.

(j) "Water recycling treatment plant" has the same meaning as defined in Section 13625 of the Water Code.



(k) “Water treatment operator certificate” means a certificate of competency issued by the state board stating that a person has met the requirements to be certified to operate a water treatment plant for a specific classification and grade level.

(l) “Water treatment plant” has the same meaning as defined in Section 116275.

(m) “Water treatment process” means a process that improves the physical, chemical, biological, or radiological quality of water in order to render the water acceptable for use as drinking water and includes all of the following:

- (1) Aeration.
- (2) Blending.
- (3) Chemical addition.
- (4) Contaminant removal.
- (5) Conventional treatment.
- (6) Demineralization.
- (7) Disinfection.
- (8) Filtration.
- (9) Fluoridation.
- (10) Ion exchange.
- (11) pH adjustment.
- (12) Pre- and post-treatment.
- (13) Reverse osmosis.

(Added by Stats. 2016, Ch. 305, Sec. 3. (AB 2890) Effective January 1, 2017.)  
106877.

(a) The state board may suspend, revoke, or refuse to grant or renew any water treatment operator certificate to operate a water treatment plant or may place on probation or reprimand the certificate holder upon any reasonable grounds, including, but not limited to, any of the following:

- (1) The submission of false or misleading information on an application for a water treatment operator certificate or an examination for a water treatment operator certificate.
- (2) The use of fraud or deception in the course of operating a water treatment plant or a water recycling treatment plant.
- (3) The failure to use reasonable care or judgment in the operation of a water treatment plant or a water recycling treatment plant.
- (4) The inability to perform operating duties properly in a water treatment plant or a water recycling treatment plant.
- (5) Engaging in dishonest conduct during an examination for a water treatment operator certificate.
- (6) The conduct of willful or negligent acts that cause or allow the violation of the federal Safe Drinking Water Act (Subchapter XII (commencing with Section 300f) of Chapter 6A of Title 42 of the United States Code), the California Safe Drinking Water Act (Chapter 4 (commencing with Section 116270) of Part 12), or the regulations and standards adopted pursuant to either act.
- (7) Willfully or negligently violating or causing or allowing the violation of waste discharge requirements or permits issued pursuant to the Clean Water Act (33 U.S.C. Sec. 1251 et seq.) or the Porter-Cologne Water Quality Control Act (Division 7 (commencing with Section 13000) of the Water Code) while operating a water recycling treatment plant.

(b) The state board may suspend, revoke, or refuse to grant or renew any water distribution operator certificate to operate a water distribution system or may place on probation or reprimand the certificate holder upon any reasonable grounds, including, but not limited to, any of the following:

- (1) The submission of false or misleading information on an application for a water distribution operator certificate or an examination for a water distribution operator certificate.
- (2) The use of fraud or deception in the course of operating a water distribution system.
- (3) The failure to use reasonable care of judgment in the operation of a water distribution system.
- (4) The inability to perform operating duties properly in a water distribution system.
- (5) Engaging in dishonest conduct during an examination for a water distribution operator certificate.
- (6) The conduct of willful or negligent acts that cause or allow the violation of the federal Safe Drinking Water Act (Subchapter XII (commencing with Section 300f) of Chapter 6A of Title 42 of the United States Code), the California Safe Drinking Water Act (Chapter 4 (commencing with Section 116270) of Part 12), or the regulations and standards adopted pursuant to either act.

(c) Prior to suspension or revocation of a valid operator certificate, the state board shall provide the certificate holder with an opportunity for a hearing before the state board, in accordance with rules adopted pursuant to Section 185 of the Water Code.

(Added by renumbering Section 106876 by Stats. 2016, Ch. 305, Sec. 2. (AB 2890) Effective January 1, 2017.)

106878.

(a) Any person who commits either of the following violations is guilty of a misdemeanor and may be liable civilly in an amount not to exceed one hundred dollars (\$100) for each day of violation:

- (1) Operates a water treatment plant but does not hold a valid, unexpired water treatment operator certificate of the appropriate grade in accordance with regulations adopted pursuant to Section 106910.
- (2) Operates a water distribution system but does not hold a valid, unexpired water distribution operator certificate of the appropriate grade in accordance with the regulations adopted pursuant to Section 106910.

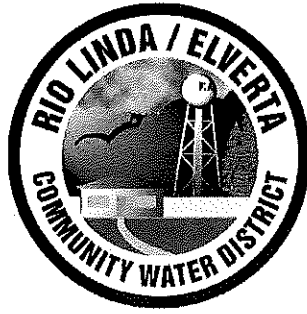
(b) (1) Any person or entity who is in responsible charge of a water treatment plant and allows the employment of any person as a water treatment operator who does not hold a valid, unexpired water treatment operator certificate of the appropriate grade in accordance with the regulations adopted pursuant to Section 106910 is guilty of a misdemeanor and may be liable civilly in an amount not to exceed one hundred dollars (\$100) for each day of violation.

(2) Any person or entity who is in responsible charge of a water distribution system and allows the employment of any person as a water distribution operator who does not hold a valid, unexpired water distribution operator certificate of the appropriate grade in accordance with the regulations adopted pursuant to Section 106910 is guilty of a misdemeanor and may be liable civilly in an amount not to exceed one hundred dollars (\$100) for each day of violation.

(c) Any person or entity that commits an act described in paragraph (2), (3), (5), or (6) of subdivision (a) of, or paragraph (2), (3), (5), or (6) of subdivision (b) of, Section 106877, may be liable civilly in an amount not to exceed five thousand dollars (\$5,000) for each violation.

(d) Any person that commits an act described in paragraph (1) of subdivision (a) of, or paragraph (1) of subdivision (b) of, Section 106877 may be liable civilly in an amount not to exceed five thousand dollars (\$5,000) for each violation.

(Added by Stats. 2016, Ch. 305, Sec. 4. (AB 2890) Effective January 1, 2017.)



**Items for Discussion and Action  
Agenda Item: 4.9**

**Date:** February 21, 2023

**Subject:** Authorize any new Board Member Assignments (committees and other) announced by the Chair pursuant to District Policy 2.01.065

**Staff Contact:** Timothy R. Shaw

**Recommended Committee Action:**

N/A, this is a standing item on all regular meeting agendas.

**Current Background and Justification:**

District policy and various statutes stipulate Board approval of any Board Member assignments.

This is a standing item, which occurs on every regular meeting agenda.

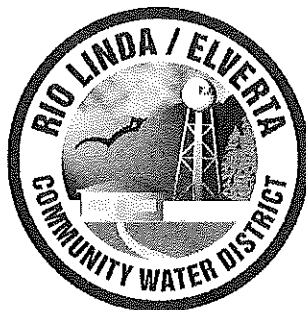
**Conclusion:**

I recommend the Board consider approving any specific nominations and assignments as may be deemed necessary and appropriate.

**Board Action / Motion**

Motioned by: Director \_\_\_\_\_ Seconded by Director \_\_\_\_\_

Cline \_\_\_\_\_ Gifford \_\_\_\_\_ Green \_\_\_\_\_ Harris \_\_\_\_\_ Young \_\_\_\_\_  
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent



## **Information Items Agenda Item: 5.1**

**Date:** February 21, 2023

**Subject:** District Reports

**Staff Contact:** Timothy R. Shaw, General Manager

### **DISTRICT ACTIVITY REPORTS**

1. Operations Report
2. Completed and Pending Items Report
3. Leak Repair Status Report
4. California Water Use Efficiency and Water Loss Laws
5. Comparison of RLECWD Water Rates to Neighboring Water District Rates
6. Fair Political Practices Commission Form 806

# RIO LINDA/ELVERTA C.W.D. 2023

## REPORT OF DISTRICT OPERATIONS

### SOURCE WATER DATA

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#### Water Production (Million Gallons)

| January  | February  | March | April         | May                | June | <b>Year To Date</b> |  |  |  |               |  |  |  |                             |           |  |            |         |  |            |                                 |      |  |           |            |  |           |                                     |     |  |        |                    |  |        |                               |         |  |        |          |  |     |
|--|-----------|-------|---------------|--------------------|------|---------------------|--|--|--|---------------|--|--|--|-----------------------------|-----------|--|------------|---------|--|------------|---------------------------------|------|--|-----------|------------|--|-----------|-------------------------------------|-----|--|--------|--------------------|--|--------|-------------------------------|---------|--|--------|----------|--|-----|
| 42   |           |       |               |                    |      |                     |  |  |  |               |  |  |  |                             |           |  |            |         |  |            |                                 |      |  |           |            |  |           |                                     |     |  |        |                    |  |        |                               |         |  |        |          |  |     |
| 42,034,558   |           |       |               |                    |      |                     |  |  |  |               |  |  |  |                             |           |  |            |         |  |            |                                 |      |  |           |            |  |           |                                     |     |  |        |                    |  |        |                               |         |  |        |          |  |     |
| July   | August    | Sept. | Oct.          | Nov.               | Dec. |                     |  |  |  |               |  |  |  |                             |           |  |            |         |  |            |                                 |      |  |           |            |  |           |                                     |     |  |        |                    |  |        |                               |         |  |        |          |  |     |
|  |           |       |               |                    |      | 42,000              |  |  |  |               |  |  |  |                             |           |  |            |         |  |            |                                 |      |  |           |            |  |           |                                     |     |  |        |                    |  |        |                               |         |  |        |          |  |     |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="3"></th> <th style="text-align: center;">Monthly Total</th> <th colspan="3"></th> </tr> </thead> <tbody> <tr> <td style="width: 33%;">Gallons = Multiply M.G. by:</td> <td style="width: 33%;">1,000,000</td> <td style="width: 33%;"></td> <td style="text-align: center;">42,034,558</td> <td style="width: 33%;">Gallons</td> <td style="width: 33%;"></td> <td style="text-align: center;">42,034,558</td> </tr> <tr> <td>Cubic Feet = Divide gallons by:</td> <td>7.48</td> <td></td> <td style="text-align: center;">5,619,593</td> <td>Cubic Feet</td> <td></td> <td style="text-align: center;">5,619,593</td> </tr> <tr> <td>Hundred Cu Ft. = Divide cu. ft. by:</td> <td>100</td> <td></td> <td style="text-align: center;">56,196</td> <td>Hundred Cubic Feet</td> <td></td> <td style="text-align: center;">56,196</td> </tr> <tr> <td>Acre Ft. = Divide gallons by:</td> <td>325,829</td> <td></td> <td style="text-align: center;">129.01</td> <td>Acre Ft.</td> <td></td> <td style="text-align: center;">129</td> </tr> </tbody> </table> |           |       |               |                    |      |                     |  |  |  | Monthly Total |  |  |  | Gallons = Multiply M.G. by: | 1,000,000 |  | 42,034,558 | Gallons |  | 42,034,558 | Cubic Feet = Divide gallons by: | 7.48 |  | 5,619,593 | Cubic Feet |  | 5,619,593 | Hundred Cu Ft. = Divide cu. ft. by: | 100 |  | 56,196 | Hundred Cubic Feet |  | 56,196 | Acre Ft. = Divide gallons by: | 325,829 |  | 129.01 | Acre Ft. |  | 129 |
|  |           |       | Monthly Total |                    |      |                     |  |  |  |               |  |  |  |                             |           |  |            |         |  |            |                                 |      |  |           |            |  |           |                                     |     |  |        |                    |  |        |                               |         |  |        |          |  |     |
| Gallons = Multiply M.G. by:  | 1,000,000 |       | 42,034,558    | Gallons            |      | 42,034,558          |  |  |  |               |  |  |  |                             |           |  |            |         |  |            |                                 |      |  |           |            |  |           |                                     |     |  |        |                    |  |        |                               |         |  |        |          |  |     |
| Cubic Feet = Divide gallons by:  | 7.48      |       | 5,619,593     | Cubic Feet         |      | 5,619,593           |  |  |  |               |  |  |  |                             |           |  |            |         |  |            |                                 |      |  |           |            |  |           |                                     |     |  |        |                    |  |        |                               |         |  |        |          |  |     |
| Hundred Cu Ft. = Divide cu. ft. by:  | 100       |       | 56,196        | Hundred Cubic Feet |      | 56,196              |  |  |  |               |  |  |  |                             |           |  |            |         |  |            |                                 |      |  |           |            |  |           |                                     |     |  |        |                    |  |        |                               |         |  |        |          |  |     |
| Acre Ft. = Divide gallons by:  | 325,829   |       | 129.01        | Acre Ft.           |      | 129                 |  |  |  |               |  |  |  |                             |           |  |            |         |  |            |                                 |      |  |           |            |  |           |                                     |     |  |        |                    |  |        |                               |         |  |        |          |  |     |

### DISTRIBUTION SYSTEM DATA

#### Water Quality Complaints

Complaints Total (Low Psi Complaints)

| January | February | March | April | May  | June | <b>Year To Date</b> |
|---------|----------|-------|-------|------|------|---------------------|
| 0       |          |       |       |      |      |                     |
| July    | August   | Sept. | Oct.  | Nov. | Dec. |                     |
|         |          |       |       |      |      | 0                   |

#### New Services

|   |   |             |
|---|---|-------------|
| New Construction                                      | 0 | 0           |
| Existing Homes  | 0 | 0           |
| Paid prior to increase. (2 not installed)             | 0 | 0           |
| <b>Total of Service Connections to Date -----&gt;</b> |   | <b>4668</b> |

#### Distribution System Failures/Repairs

|                                 |   |   |
|---------------------------------|---|---|
| Deterioration January 1 thru 31 | 1 | 1 |
| Damaged January 1 thru 31       | 0 | 0 |

#### Bacteriological Sampling

|   |    |    |
|---|----|----|
| Routine Bacteriological Samples (Distribution System) | 20 | 20 |
| Raw Water Bacteriological Samples (at Wells)          | 0  | 0  |

#### January 1, 2023 - January 31, 2023

**1 - Distribution leaks repaired by District staff, 0 - by Contractor or with Contractor assistance.**

| Work Orders Issued - 48    | Work Orders Completed - 25 | USA's Issued - 97 |
|----------------------------|----------------------------|-------------------|
| Change Out Meter - 34      | Backflow Test - 1          |                   |
| Disconnect Service - 2     | Change Out Meter - 4       |                   |
| Flow Test - 1              | Disconnect Service - 2     |                   |
| Line Leak - 1              | Flow Test - 1              |                   |
| Possible Leak - 4          | Get Current Read - 1       |                   |
| Raise Existing Service - 1 | Line Leak - 1              |                   |
| Repair - 2                 | Other Work - 2             |                   |
| Tag Property - 1           | Possible Leak - 5          |                   |
| Turn Off Service - 1       | Pressure Complaint - 2     |                   |
| Turn on Service - 1        | Raise Existing Service - 1 |                   |
|                            | Repair - 2                 |                   |
|                            | Tag Property - 2           |                   |
|                            | Turn Off Service - 1       |                   |

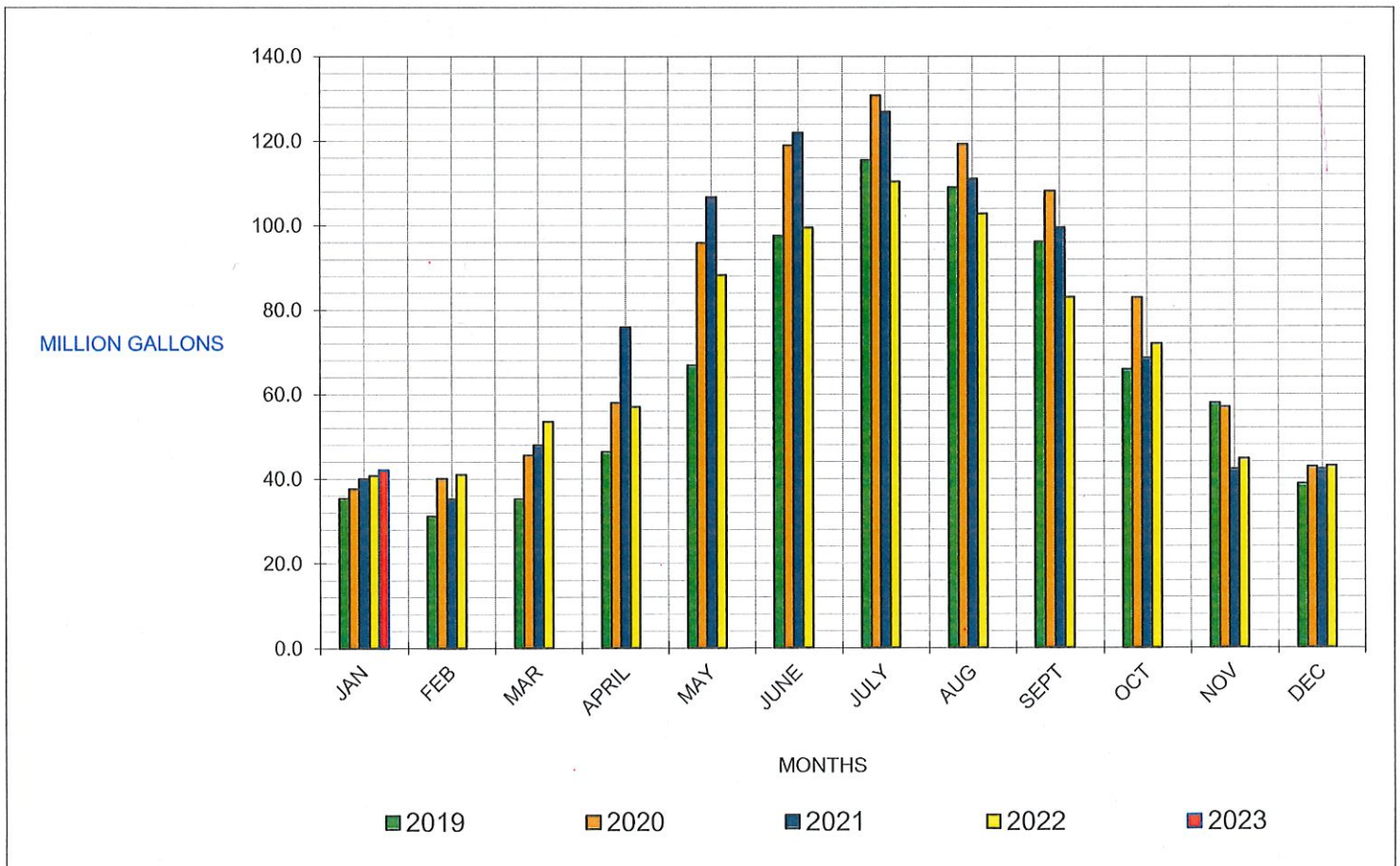


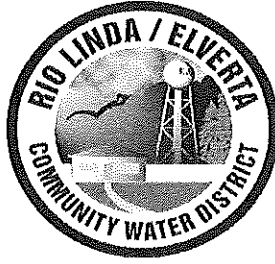
## RIO LINDA/ELVERTA C.W.D.

### WATER PRODUCTION

2018 \ 2022

| Month        | Water Production in Million Gallons |              |              |              |             | Avg.         | SSWD Water Purchases |            |            |            |            |
|--------------|-------------------------------------|--------------|--------------|--------------|-------------|--------------|----------------------|------------|------------|------------|------------|
|              | 2019                                | 2020         | 2021         | 2022         | 2023        |              | 2019                 | 2020       | 2021       | 2022       | 2023       |
| JAN          | 35.3                                | 37.6         | 39.9         | 40.7         | 42.0        | 39.1         | 0.0                  | 0.0        | 0.0        | 0.0        | 0.0        |
| FEB          | 31.1                                | 40.0         | 35.2         | 40.9         |             | 36.8         | 0.0                  | 0.0        | 0.0        | 0.0        | 0.0        |
| MAR          | 35.1                                | 45.5         | 47.9         | 53.5         |             | 45.5         | 0.0                  | 0.0        | 0.0        | 0.0        | 0.0        |
| APRIL        | 46.3                                | 57.9         | 75.8         | 57.0         |             | 59.3         | 0.0                  | 0.0        | 0.0        | 0.0        | 0.0        |
| MAY          | 66.8                                | 95.9         | 106.6        | 88.2         |             | 89.4         | 0.0                  | 0.0        | 0.0        | 0.0        | 0.0        |
| JUNE         | 97.5                                | 118.9        | 121.9        | 99.4         |             | 109.4        | 0.0                  | 0.0        | 0.0        | 0.0        | 0.0        |
| JULY         | 115.4                               | 130.7        | 126.8        | 110.3        |             | 120.8        | 0.0                  | 0.0        | 0.0        | 0.0        | 0.0        |
| AUG          | 108.9                               | 119.2        | 110.9        | 102.7        |             | 110.4        | 0.0                  | 0.0        | 0.0        | 0.0        | 0.0        |
| SEPT         | 96.1                                | 108.1        | 99.4         | 82.9         |             | 96.6         | 0.0                  | 0.0        | 0.0        | 0.0        | 0.0        |
| OCT          | 65.8                                | 82.8         | 68.5         | 71.9         |             | 72.3         | 0.0                  | 0.0        | 0.0        | 0.0        | 0.0        |
| NOV          | 57.8                                | 56.9         | 42.2         | 44.6         |             | 50.4         | 0.0                  | 0.0        | 0.0        | 0.0        | 0.0        |
| DEC          | 38.7                                | 42.7         | 42.2         | 42.9         |             | 41.6         | 0.0                  | 0.0        | 0.0        | 0.0        | 0.0        |
| <b>TOTAL</b> | <b>794.8</b>                        | <b>936.2</b> | <b>917.3</b> | <b>835.0</b> | <b>42.0</b> | <b>870.8</b> | <b>0.0</b>           | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> | <b>0.0</b> |





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**PENDING AND COMPLETED ITEMS  
02-21-2023 BOARD OF DIRECTORS MEETING**

1. **SB-606 and AB-1668 planning for compliance** –RLECWD water use efficiency numbers continue trending in the right direction. The District conserved nearly 11% in 2022 compared to the amount of water used by District customers in 2020. The next milestone is due less than 10-month, when all water purveyors must submit their Water Efficiency Objectives to the State. **Pending**
2. **Hexavalent Chromium MCL economic feasibility** The State Water Resources Control Board submitted their Standardized Regulatory Impact Analysis (SRIA), The Notice of Proposed Rulemaking is now scheduled for this month. **Pending**
3. **District outreach to customers following implementation of a new rate structure focused on consumption in compliance with SB 606 / AB 1668 requirements** – The Customer Service / Conservation Coordinator continues to be unavailable on disability leave. **Pending**
4. **Change in designated meeting days** –. The Board with consider adopting a resolution to change the days for regular public meetings. **Pending.**
5. **Annual Independent Audit** – The audit is complete, and the Board with consider accepting the annual reports at the 2-21-2023 meeting. **Pending**
6. **Preparing for and negotiating a 2022 Cost of Living Adjustment (COLA) for General Unit employees** –Teamster Local 150 emailed a counter proposal and the Ad Hoc Committee responded accordingly A closed session item is on the agenda for the 2-21-2023 meeting. **Pending**
7. **Fair Political Practices Act, Statement of Economic Interests** – The General Manager followed up with the affected Board Members to offer any assistance they may need in complying with the Fair Political Practices Act. **Pending**
8. **Cost of Service Reductions to Mitigate Inflation** – Staff has completed applications and other documents associated with transitioning to ACWA JPIA for Worker’s Compensation Insurance. Two resolutions on the agenda for the 2-21-2023 meeting, which are necessary for the transition. Cancelling the Districts California Special District Association membership and transferring coverage to ACWA with save the District’s ratepayers \$10,808 in the first year. **Pending**
9. **Encouraging paperless billing** – a resolution to consider providing a \$1 per billing cycle credit for those customers who opt into paperless billing is on the 2-21-2023 agenda. **Pending**
10. **Update of Fair Political Practices Commission (FPPC) Form 806** – Completed the updates to FPPC Form 806 for the Board Member committees and assignments for calendar year 2023. **Completed.**

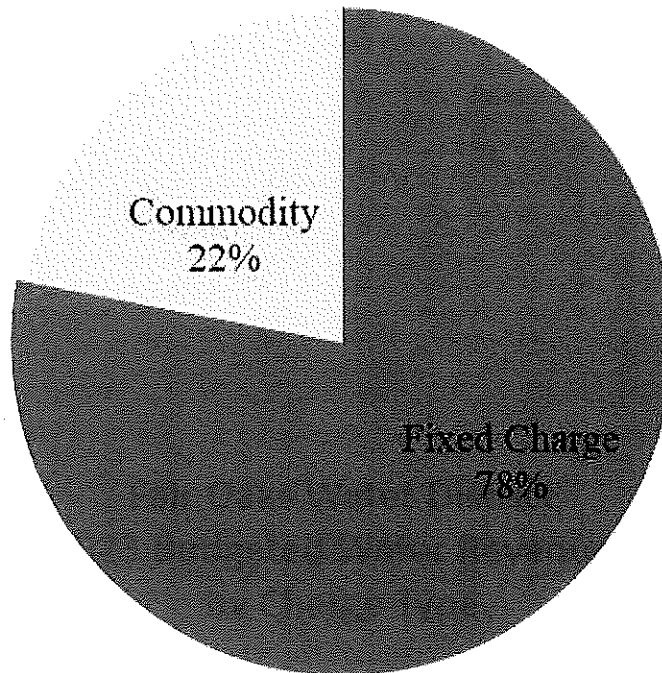
2023 Leak - Repair Tracking

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|    | Work Order # | Leak Type    | Street              | Date Reported | Date Repaired | Days |
|----|--------------|--------------|---------------------|---------------|---------------|------|
| 1  | 23759        | Service Line | Silver Crest Circle | 1/13/2023     | 1/18/2023     | 5    |
| 2  |              |              |                     |               |               |      |
| 3  |              |              |                     |               |               |      |
| 4  |              |              |                     |               |               |      |
| 5  |              |              |                     |               |               |      |
| 6  |              |              |                     |               |               |      |
| 7  |              |              |                     |               |               |      |
| 8  |              |              |                     |               |               |      |
| 9  |              |              |                     |               |               |      |
| 10 |              |              |                     |               |               |      |
| 11 |              |              |                     |               |               |      |
| 12 |              |              |                     |               |               |      |
| 13 |              |              |                     |               |               |      |
| 14 |              |              |                     |               |               |      |
| 15 |              |              |                     |               |               |      |
| 16 |              |              |                     |               |               |      |
| 17 |              |              |                     |               |               |      |
| 18 |              |              |                     |               |               |      |
| 19 |              |              |                     |               |               |      |
| 20 |              |              |                     |               |               |      |
| 21 |              |              |                     |               |               |      |
| 22 |              |              |                     |               |               |      |
| 23 |              |              |                     |               |               |      |
| 24 |              |              |                     |               |               |      |
| 25 |              |              |                     |               |               |      |
| 26 |              |              |                     |               |               |      |
| 27 |              |              |                     |               |               |      |
| 28 |              |              |                     |               |               |      |
| 29 |              |              |                     |               |               |      |
| 30 |              |              |                     |               |               |      |
| 31 |              |              |                     |               |               |      |
| 32 |              |              |                     |               |               |      |
| 33 |              |              |                     |               |               |      |
| 34 |              |              |                     |               |               |      |
| 35 |              |              |                     |               |               |      |
| 36 |              |              |                     |               |               |      |
| 37 |              |              |                     |               |               |      |
| 38 |              |              |                     |               |               |      |
| 39 |              |              |                     |               |               |      |
| 40 |              |              |                     |               |               |      |
| 41 |              |              |                     |               |               |      |
| 42 |              |              |                     |               |               |      |
| 43 |              |              |                     |               |               |      |
| 44 |              |              |                     |               |               |      |



## Fair Oaks Water District 2023 Budgeted Water Revenues by Charge Type



| Fair Oaks Water District<br>2023 Annual Budget<br>Revenue Summary |  |                     |                     |                     |                     |                     |                      |
|---|--|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Description   | Acct #   | Actual<br>2019      | Actual<br>2020      | Actual<br>2021      | Budget<br>2022      | Estimated<br>2022   | Budget<br>2023       |
| <b>Operating Revenues:</b>  |  |                     |                     |                     |                     |                     |                      |
| <b>Water sales</b>  |  |                     |                     |                     |                     |                     |                      |
| Fixed service charge  | ALL CUSTOMERS                                    | \$ 6,747,832        | \$ 6,783,759        | \$ 6,813,277        | \$ 6,795,600        | \$ 6,846,700        | \$ 7,529,300         |
| Commodity charge  | ALL CUSTOMERS                                    | 1,916,723           | 2,155,213           | 2,064,453           | 2,038,500           | 1,897,500           | 2,146,100            |
| <b>Total Water Sales</b>  |  | <b>8,664,555</b>    | <b>8,938,972</b>    | <b>8,877,730</b>    | <b>8,834,100</b>    | <b>8,744,200</b>    | <b>9,675,400</b>     |
| Water Transfer  | 4016   | 24,037              | 133,475             | -                   | -                   | 376,600             | 304,400              |
| San Juan Family Groundwater Supply <sup>1</sup>                   | 4014   | 230,660             | 115,330             | -                   | -                   | -                   | -                    |
| <b>Water Services &amp; Other Revenues</b>                        |  |                     |                     |                     |                     |                     |                      |
| Delinquencies & late fees   | 4050/4055/4060                                   | 132,938             | 97,020              | 73,836              | 66,000              | 93,000              | 90,000               |
| Fire service fees   | 4038   | 52,308              | 51,719              | 53,576              | 54,000              | 54,000              | 62,800               |
| Meter downsizing  | 4186   | 250                 | 500                 | 750                 | 500                 | 500                 | 500                  |
| Revenues from reimbursement                                       | 4095/4096/4156                                   | 143,587             | 44,926              | 18,218              | 37,200              | 37,200              | 37,200               |
| Change of ownership processing fee                                | 4190   | -                   | -                   | -                   | -                   | 37,500              | 37,500               |
| Miscellaneous revenue   | 4015/4170/4175/4186/4189/4<br>310/4042/4315/4330 | 20,463              | 47,822              | 70,944              | 20,000              | 25,200              | 20,000               |
| Developer paid fees for service <sup>5</sup>                      | 4130   | 19,851              | 30,130              | 23,355              | 50,000              | 50,000              | 45,000               |
| <b>Total Water Services &amp; Other Revenues</b>                  |  | <b>369,397</b>      | <b>272,117</b>      | <b>240,679</b>      | <b>227,700</b>      | <b>297,400</b>      | <b>292,500</b>       |
| <b>Total Operating Revenues</b>                                   | <b>4014</b>                                      | <b>\$ 9,288,649</b> | <b>\$ 9,459,894</b> | <b>\$ 9,118,409</b> | <b>\$ 9,061,800</b> | <b>\$ 9,418,200</b> | <b>\$ 10,272,300</b> |

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<br>FY 2021 | September<br>15, 2021 | Proposed on or after |                 |                 |                 |
|---|--------------------|-----------------------|----------------------|-----------------|-----------------|-----------------|
|   |                    |                       | July 1,<br>2022      | July 1,<br>2023 | July 1,<br>2024 | July 1,<br>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         |
| <b>Single Family Residential Inoperable Meter Fees</b> (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  |                    |                       |                      |                 |                 |                 |
| <b>Volume Rates \$/ccf</b>  |                    |                       |                      |                 |                 |                 |
| 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 <sup>(1)</sup>  |   |
| <b>Bi-Monthly Fixed Service Charges</b>   |   |
| 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  |
| <b>Commodity Rate per CCF<sup>(2)</sup></b>   |   |
|   | 2023  |
|   | \$ 0.55   |
| <b>Shared Metered Services:</b>   |   |
| User Category   | 2023  |
| Shared meter service(s) - multiple parcel community residential domestic <sup>(3)</sup>   | \$78.77 per parcel + consumption <sup>(4)</sup> |
| Shared meter service(s) - multiple parcel offices commercial domestic   | Meter service rate <sup>(5)</sup>               |
| <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> |   |

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### 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."

**61% Lower** than the Sacramento Region Average

**117% Lower** than the Sacramento Region High

**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.*

Entering 2023 the FOWD has:  
 Zero Existing Debt  
 Zero Debt Payment  
 Cash Reserve of \$8,500,000

| 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   |
| <b>2023 Capital Project List</b>         |               |
| 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   |

**Agency Report of:  
Public Official Appointments**

A Public Document

California Form **806**

For Official Use Only

|   |                         |                           |   |
|---|-------------------------|---------------------------|---|
| <b>1. Agency Name</b><br>Rio Linda Elverta Community Water District         |                         | Page <u>1</u> of <u>2</u> | Date Posted:<br><u>2-16-2023</u><br><small>(Month, Day, Year)</small> |
| Division, Department, or Region (If Applicable)<br>N/A                      |                         |                           |   |
| Designated Agency Contact (Name, Title)<br>Timothy R. Shaw, General Manager |                         |                           |   |
| Area Code/Phone Number<br>916 991-1000                                      | E-mail<br>GM@RLECWD.COM |                           |   |

**2. Appointments**

| Agency Boards and Commissions    | Name of Appointed Person  | Appt Date and Length of Term  | Per Meeting/Annual Salary/Stipend  |
|----------------------------------|---|---|--|
| Sacramento Groundwater Authority | ▶ Name <u>Harris, Mary</u><br><small>(Last, First)</small><br><br>Alternate, if any _____<br><small>(Last, First)</small> | ▶ <u>9 / 24 / 19</u><br><small>Appt Date</small><br><br>▶ <u>4-years</u><br><small>Length of Term</small> | ▶ Per Meeting: \$ <u>100</u><br><br>▶ Estimated Annual:<br><input checked="" type="checkbox"/> \$0-\$1,000 <input type="checkbox"/> \$2,001-\$3,000<br><input type="checkbox"/> \$1,001-\$2,000 <input type="checkbox"/> Other |
| Water Forum                      | ▶ Name <u>Harris, Mary</u><br><small>(Last, First)</small><br><br>Alternate, if any _____<br><small>(Last, First)</small> | ▶ <u>1 / 1 / 23</u><br><small>Appt Date</small><br><br>▶ <u>1-year</u><br><small>Length of Term</small>   | ▶ Per Meeting: \$ <u>100</u><br><br>▶ Estimated Annual:<br><input type="checkbox"/> \$0-\$1,000 <input checked="" type="checkbox"/> \$2,001-\$3,000<br><input type="checkbox"/> \$1,001-\$2,000 <input type="checkbox"/> Other |
| Pressing Matters Ad Hoc          | ▶ Name <u>Harris, Mary</u><br><small>(Last, First)</small><br><br>Alternate, if any _____<br><small>(Last, First)</small> | ▶ <u>1 / 1 / 23</u><br><small>Appt Date</small><br><br>▶ <u>6-months</u><br><small>Length of Term</small> | ▶ Per Meeting: \$ <u>100</u><br><br>▶ Estimated Annual:<br><input checked="" type="checkbox"/> \$0-\$1,000 <input type="checkbox"/> \$2,001-\$3,000<br><input type="checkbox"/> \$1,001-\$2,000 <input type="checkbox"/> Other |
| Pressing Matters Ad Hoc          | ▶ Name <u>Young, Vicky</u><br><small>(Last, First)</small><br><br>Alternate, if any _____<br><small>(Last, First)</small> | ▶ <u>1 / 1 / 23</u><br><small>Appt Date</small><br><br>▶ <u>6-months</u><br><small>Length of Term</small> | ▶ Per Meeting: \$ <u>100</u><br><br>▶ Estimated Annual:<br><input checked="" type="checkbox"/> \$0-\$1,000 <input type="checkbox"/> \$2,001-\$3,000<br><input type="checkbox"/> \$1,001-\$2,000 <input type="checkbox"/> Other |

**3. Verification**

I have read and understand FPPC Regulation 18702.5. I have verified that the appointment and information identified above is true to the best of my information and belief.

|  |   |  |   |
|--|---|--|---|
| _____<br><small>Signature of Agency Head or Designee</small> | <u>Timothy R. Shaw</u><br><small>Print Name</small> | <u>General Manager</u><br><small>Title</small> | <u>2-13-2023</u><br><small>(Month, Day, Year)</small> |
|--|---|--|---|

Comment: \_\_\_\_\_

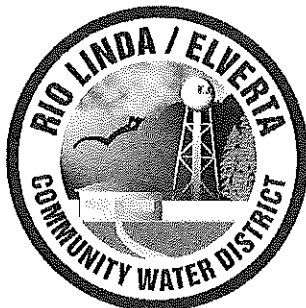
**Print**      **Clear**

**Agency Report of:  
Public Official Appointments  
Continuation Sheet**

|   |   |
|---|---|
| <b>1. Agency Name</b><br>Rio Linda Elverta Community Water District | <b>Date Posted:</b> <u>2-16-2023</u><br><small>(Month, Day, Year)</small> |
|---|---|

**2. Appointments**

| Agency Boards and Commissions | Name of Appointed Person  | Appt Date and Length of Term  | Per Meeting/Annual Salary/Stipend  |
|-------------------------------|---|---|--|
| Executive Committee           | ▶ Name <u>Gifford, Chris</u><br><small>(Last, First)</small><br><br>Alternate, if any _____<br><small>(Last, First)</small> | ▶ <u>1 / 1 / 23</u><br><small>Appt Date</small><br><br><u>1-year</u><br><small>Length of Term</small> | ▶ Per Meeting: \$ <u>100</u><br><br>▶ Estimated Annual:<br><input type="checkbox"/> \$0-\$1,000 <input checked="" type="checkbox"/> \$2,001-\$3,000<br><input type="checkbox"/> \$1,001-\$2,000 <input type="checkbox"/> Other |
| Executive Committee           | ▶ Name <u>Cline, Anthony</u><br><small>(Last, First)</small><br><br>Alternate, if any _____<br><small>(Last, First)</small> | ▶ <u>1 / 1 / 23</u><br><small>Appt Date</small><br><br><u>1-year</u><br><small>Length of Term</small> | ▶ Per Meeting: \$ <u>100</u><br><br>▶ Estimated Annual:<br><input type="checkbox"/> \$0-\$1,000 <input checked="" type="checkbox"/> \$2,001-\$3,000<br><input type="checkbox"/> \$1,001-\$2,000 <input type="checkbox"/> Other |
| ACWA                          | ▶ Name <u>Cline, Anthony</u><br><small>(Last, First)</small><br><br>Alternate, if any _____<br><small>(Last, First)</small> | ▶ <u>1 / 1 / 23</u><br><small>Appt Date</small><br><br>_____<br><small>Length of Term</small>         | ▶ Per Meeting: \$ <u>100</u><br><br>▶ Estimated Annual:<br><input checked="" type="checkbox"/> \$0-\$1,000 <input type="checkbox"/> \$2,001-\$3,000<br><input type="checkbox"/> \$1,001-\$2,000 <input type="checkbox"/> Other |
|                               | ▶ Name _____<br><small>(Last, First)</small><br><br>Alternate, if any _____<br><small>(Last, First)</small>                 | ▶ _____<br><small>Appt Date</small><br><br>_____<br><small>Length of Term</small>                     | ▶ Per Meeting: \$ _____<br><br>▶ Estimated Annual:<br><input type="checkbox"/> \$0-\$1,000 <input type="checkbox"/> \$2,001-\$3,000<br><input type="checkbox"/> \$1,001-\$2,000 <input type="checkbox"/> Other                 |
|                               | ▶ Name _____<br><small>(Last, First)</small><br><br>Alternate, if any _____<br><small>(Last, First)</small>                 | ▶ _____<br><small>Appt Date</small><br><br>_____<br><small>Length of Term</small>                     | ▶ Per Meeting: \$ _____<br><br>▶ Estimated Annual:<br><input type="checkbox"/> \$0-\$1,000 <input type="checkbox"/> \$2,001-\$3,000<br><input type="checkbox"/> \$1,001-\$2,000 <input type="checkbox"/> Other                 |
|                               | ▶ Name _____<br><small>(Last, First)</small><br><br>Alternate, if any _____<br><small>(Last, First)</small>                 | ▶ _____<br><small>Appt Date</small><br><br>_____<br><small>Length of Term</small>                     | ▶ Per Meeting: \$ _____<br><br>▶ Estimated Annual:<br><input type="checkbox"/> \$0-\$1,000 <input type="checkbox"/> \$2,001-\$3,000<br><input type="checkbox"/> \$1,001-\$2,000 <input type="checkbox"/> Other                 |



## Information Items Agenda Item: 5.2

**Date:** February 21, 2023

**Subject:** Board Reports

**Staff Contact:** Timothy R. Shaw, General Manager

### BOARD REPORTS

- 5.2.1. Report any ad hoc committees dissolved by requirements in Policy 2.01.065
- 5.2.2. Sacramento Groundwater Authority – Harris (primary)
- 5.2.3. Executive Committee – Gifford, Cline
- 5.2.4. ACWA/JPIA – Cline
- 5.2.5. Water Forum - Harris
- 5.2.6. Ad Hoc – COLA Committee (Green / Gifford)

**SACRAMENTO GROUNDWATER AUTHORITY**  
REGULAR MEETING OF THE BOARD OF DIRECTORS

108

**Thursday, February 9, 2023**  
**at 9:00 a.m.**

**5620 Birdcage Street, Suite 110**  
**Citrus Heights, CA 95610**  
**(916) 967-7692**

The Board will discuss all items on this agenda, and may take action on any of those items, including information items and continued items. The Board may also discuss other items that do not appear on this agenda but will not act on those items unless action is urgent, and a resolution is passed by a two-thirds (2/3) vote declaring that the need for action arose after posting of this agenda.

The public shall have the opportunity to directly address the Board on any item of interest before or during the Board's consideration of that item. Public comment on items within the jurisdiction of the Board is welcomed, subject to reasonable time limitations for each speaker. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection on SGA's website. In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact [aflores@rwah2o.org](mailto:aflores@rwah2o.org). Requests must be made as early as possible, and at least one full business day before the start of the meeting.

**Virtual Meeting Information:**

**Join the meeting from your computer, tablet or smartphone**

<https://us06web.zoom.us/j/89873994001?pwd=UGVDZUNQTE1PaWg0UnFrTzdPSEZrdz09>

**Phone: 1-669-900-6833**

**Meeting ID: 898 7399 4001    Passcode: 184537**

**AGENDA**

**1. CALL TO ORDER AND ROLL CALL**

**2. PUBLIC COMMENT:** Members of the public who wish to address the Board may do so at this time. Please keep your comments to less than three minutes.

**3. CONSENT CALENDAR**

All items listed under the Consent Calendar are considered and acted upon by one motion. Anyone may request an item be removed for separate consideration.

- 3.1 Extend Resolution 2021-02, including requisite findings, to renew authorization to hold meetings of the Board of Directors via teleconference pursuant to Assembly Bill 361 until such time as the State of Emergency resulting from the COVID-19 pandemic no longer impacts the ability of Board members and the public to safely meet in person.
- 3.2 Approve the draft meeting minutes of December 8, 2022 regular SGA Board meeting.
- 3.3 Adoption of the 2023 SGA board meeting calendar.

**Action: Approve Consent Calendar Items as presented**

**4. APPOINTMENT OF BOARD SECRETARY**

Discussion/Action: Jim Peifer, Executive Director

**Action: Appoint Ashley Flores as Board Secretary**

**5. SGA 2023 STRATEGIC PRIORITIES**

Discussion: Jim Peifer, Executive Director and Trevor Joseph, Manager of Technical Services

**Action: Approve SGA 2023 Strategic Priorities**

**6. DEVELOPMENT OF SGA FISCAL YEAR 2023 – 2024 BUDGET**

Information and Presentation: Josette Reina-Luken, Finance and Administrative Services Manager

**Action: Chair to Appoint Budget Subcommittee for Fiscal Year 2023 – 2024**

**7. EXECUTIVE DIRECTOR'S REPORT**

**8. DIRECTORS' COMMENTS**

**ADJOURNMENT**

**Next SGA Board of Director's Meetings:**

April 13, 2023, 9:00 a.m. at the RWA/SGA office, 5620 Birdcage Street, Ste. 110, Citrus Heights, the location is subject to change depending on the COVID-19 emergency.

Notification will be emailed when the SGA electronic packet is complete and posted on the SGA website at <https://www.sgah2o.org/meetings/board-meetings/>



**Minutes**  
**Rio Linda / Elverta Community Water District**  
**Executive Committee**

February 6, 2023 @ 6:00 P.M.  
**109**

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

The meeting was called to order at 6:00 P.M. The meeting was attended by Director Gifford, Director Cline, General Manager Tim Shaw, Accounting Specialist Deborah Denning, and Contract District Engineer Mike Vasquez.

**Call to Order:** 6:00 P.M.

**Public Comment:** *Public Members Stephanie Suela and Debi Rittenhouse attended the meeting and indicated their comments were for items on the agenda and would speak when those items were discussed.*

**Items for Discussion:**

|  |   |
|--|---|
| 1.   | Review Annual Independent Auditor's Report and Annual Comprehensive Financial Report (ACFR) |
| <i>The General Manager presented his written report. The Executive Committee, staff and the public members in attendance engaged in <b>robust</b> discussion on the annual audit report and the Annual Comprehensive Financial Report (ACFR, formerly known as the CAFR). The Directors and the public members expressed appreciation for the attendance of the Accounting Specialist.</i>   |   |
| <i>The Executive Committee forwarded the Auditors Report and the ACFR onto the February 21<sup>st</sup> Board agenda with the Committee's recommendation for Board acceptance.</i>   |   |
| 2.   | Review FY 2022/2023 Budget Revision.  |
| <i>This item was inadvertently bypassed by the Committee due, in part, to the confusion and length of discussion entailed in the previous agenda item. Nevertheless, this item is being forwarded to the February 21<sup>st</sup> Board agenda due to the straightforward nature of this item and the time constraints whereby failure to revise the budget may lead to inability to pay near-future invoices.</i>   |   |
| 3.   | Discuss Expenditures for December 2022  |
| <i>The General Manager presented his written report. The Directors, public members and the Accounting Specialist engaged in discussion on the expenditures report. Dialog included some of the basic concepts of reporting expenditures for the perspective of a relatively less experienced Board Member.</i>   |   |
| <i>The Executive Committee forwarded the Expenditures Report onto the February 21<sup>st</sup> Board agenda with the Committee's recommendation for Board approval.</i>  |   |
| 4.   | Discuss Financial Reports for December 2022.  |
| <i>The General Manager presented his written report. The Directors, public members and the Accounting Specialist engaged in discussion on the Financial Reports, including the practice of providing an expanded version of the report once each quarter. Some continued discussion on the Budget Performance section of the report was discussed, e.g., half way through the fiscal year (after two of the four quarters) some line items and the revenue should be at approximately 50% of budget. The Accounting Specialist departed the meeting after this item was completed.</i> |   |
| <i>The Executive Committee forwarded this item onto the February 21<sup>st</sup> Board agenda with the Committee's recommendation for Board approval.</i>  |   |
| 5.   | Engineers Update.   |
| <i>The Contract District Engineer presented his written report and provided additional details on the DWR grant retention continuing to be held up due to the protracted permitting process at the Air Quality Management District, which has taken 8-months and counting. The Engineer also discussed the annual pipe replacement program. Director Cline asked whether the recent storm damage and localized flooding had any impact of the pipe replacement project. The Engineer responded there was no significant impacts.</i>   |   |

|   |  |
|---|--|
| 6.  | Discuss Resolution 2023-01, Establishing an Offset of Billing Cost for Customers Opting for Paperless Billing. |
| <p><i>The General Manager presented his written report and explained that staff continues to work out the details for implementation with the District's billing software services provider, Continental Utility Service Inc (CUSI). As such, the Board could either wait until the details are fully addressed or consider adopting the Resolution with the stipulation that it will not go into effect until the details with CUSI are resolved.</i></p> <p><i>The Executive Committee forwarded the Resolution AND the decision on options onto the February 21<sup>st</sup> agenda, The later issue may benefit from Legal Counsel advice.</i></p>  |  |
| 7.  | Discuss Succession Planning.   |
| <p><i>The General Manager presented his written report. Directors, public members and staff engaged in discussion on what is and is not currently addressed in policies. The General Manager provided context and perspective on what could happen with a sudden loss of key personnel. The General Manager also provided limitations to implementing the current policy on default Interim General Manger (policy stipulates the Contract District Engineer becomes the Interim General Manager. The preliminary review of examination and certification costs is \$125 or each license (total of \$250).</i></p> <p><i>The Executive Committee forwarded an item onto the February 21<sup>st</sup> agenda to have the Board consider establishing a consensus that the District would pay for application fees and certification fees to enable the General Manager to re-certify as a Water Treatment Plant Operator and re-certify as a Distribution System Operator. Reference – California Labor Code section 2802.</i></p> |  |
| 8.  | Review California Water Use Efficiency and Water Loss Laws (SB 606, AB 1668 and SB 555).                       |
| <p><i>The General Manager presented his written report and further explained that this item is in response to a pattern of public comments and Board Member comments at Board meetings essentially disputing the impact of water use efficiency laws and water loss standards. Typically, such comments were limited by the absence of an agenda item allowing discussion under the Brown Act.</i></p> <p><i>The Executive Committee forward this item onto the February 21<sup>st</sup> Board agenda as in informational item (an item where there is no anticipated need for Board action)</i></p>  |  |
| 9.  | Compare RLECWD Rate Structure to Other Water Purveyors in the Area.  |
| <p><i>The General Manager presented his written report, which has a similar relationship to the prior item, wherein discussion at the prior Board meeting was limited due to the absence of a corresponding agenda item. Director Gifford commented that there are a number of relevant and interesting elements in the documents associated with this item.</i></p> <p><i>The Executive Committee forwarded this item onto the February 21<sup>st</sup> Board agenda as an informational item (an item where there is no anticipated need for Board action).</i></p>   |  |
| 10.   | Review Impact to RLECWD from Hexavalent Chromium Maximum Contaminant Level (MCL).                              |
| <p><i>The General Manager presented his written report and engaged in a summary of key milestones from 2014 until present. The General Manager indicated a similar Board Member indoctrination was performed when Directors, Green, Reisig and Gifford were appointed to the Board. Public Member Suela asked about the hexavalent chromium lawsuit, to which the General Manager explained the limitation for discussion in open session due to ongoing litigation and attorney-client privilege.</i></p>  |  |

**Directors' and General Manager Comments:**

None.

**Items Requested for Next Month's Committee Agenda:**

- Update / Revise Capacity Fee Program.

**Adjournment 8:07 P.M.**



## **Agenda Item: 6**

**Date:** February 21, 2023

**Subject:** Public Comment for Closed Session

**Staff Contact:** Timothy R. Shaw, General Manager

### **6. PUBLIC COMMENT FOR CLOSED SESSION**

Public comment for closed session items only. The public is invited to comment on any item listed on the closed session agenda. Each speaker is limited to 2 minutes.



**Closed Session  
Agenda Item: 7.1**

**Date:** February 21, 2023

**Subject:** Closed Session

**Staff Contact:** Timothy R. Shaw, General Manager

7. **CLOSED SESSION** - The Board of Directors will convene to Closed Session to discuss the following item.

**7.1 CONFERENCE WITH LABOR NEGOTIATORS** - (Pursuant to Government Code Section 54957.6) District Negotiators; Shaw, Gifford, and Green.

RLECWD Employee General Unit, Teamster Local 150 regarding collective bargaining agreement 2022 COLA negotiations.