

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

January 25, 2021 (6:30 p.m.)

NOTICE: THIS MEETING WILL BE HELD IN ACCORDANCE WITH EXECUTIVE ORDER N-29-20, ISSUED BY CALIFORNIA GOVERNOR GAVIN NEWSOM ON MARCH 17, 2020, THE RALPH M. BROWN ACT (CALIFORNIA GOVERNMENT CODE SECTION 54950, ET SEQ.), AND THE FEDERAL AMERICANS WITH DISABILITIES ACT.

THIS MEETING WILL NOT BE PHYSICALLY OPEN TO THE PUBLIC. ALL MEMBERS OF THE PUBLIC MAY PARTICIPATE IN THE MEETING VIA VIDEO CONFERENCE OR BY TELEPHONE

Join Zoom Meeting

<https://us02web.zoom.us/j/89023344937?pwd=TXhtV2VwV0FzU2drUzNjQnRjaTZPZz09>

Meeting ID: 890 2334 4937

Passcode: 397140

Dial by your location

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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

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

December 21, 2020

The Board is being asked to approve the Minutes from the December 21, 2020 Regular Board Meeting.

3.2. Expenditures

The Finance & Administrative Committee recommends the Board approve the November Expenditures.

3.3. Financial Reports

The Finance & Administrative Committee recommends the Board approve the November Financial Reports.

4. REGULAR CALENDAR ITEMS FOR DISCUSSION AND ACTION

4.1. GM Report

4.1.1. The General Manager, Tim Shaw 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 2021-01, authorizing an internal loan expressly to reduce the CalPERS Unfunded Accrued Liability (UAL).

4.4. Consider authorizing the purchase of a number (to be stipulated by the Board) of Innov8 water meter registers for phase 2 pilot testing of customer consumption data program.

4.5. Consider customer request for Board review of billing issues.

4.6. Consider approving the Comprehensive Annual Financial Report (CAFR) for fiscal year 2019/2020.

4.7. 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. Conservation Report

5.1.3. Completed and Pending Items Report

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), Reisig

5.2.3. Sacramento Groundwater Authority (with RWA and SCGA) 3x3- Reisig

5.2.4. Executive Committee – Jason Green, Robert Reisig

5.2.5. ACWA/JPIA – Ridilla

6. DIRECTORS' AND GENERAL MANAGER COMMENTS

7. ADJOURNMENT

Upcoming meetings:

Executive Committee

February 8, 2021, Monday, 6:00pm remote meeting, no in-person attendance.

Board Meeting

February 22, 2021, Monday, 6:30 pm remote meeting, no in-person attendance.



**Consent Calendar
Agenda Item: 3.1**

Date: January 25, 2021

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 _____

Ridilla:____ Harris:____ Jason Green____ Gifford____ Reisig____.

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

**MINUTES OF THE
DECEMBER 21, 2020
BOARD OF DIRECTORS REGULAR MEETING
OF THE RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

1. CALL TO ORDER, ROLL CALL

The December 21, 2020 meeting of the Board of Directors of the Rio Linda/Elverta Community Water District called to order at 6:30 p.m. via Zoom Video Conference. This meeting was held in accordance with executive order n-29-20, issued by California governor Gavin Newsom on March 17, 2020, the Ralph M. Brown act (California government code section 54950, et seq.), and the federal Americans with disabilities act. General Manager Tim Shaw took roll call of the Board of Directors. President Jason Green, Director Robert Reisig, Director Mary Harris, Director Chris Gifford, Director Ridilla and General Manager Tim Shaw, and Legal Counsel Kerry Fuller were present.

2. ELECTION OF OFFICERS

2.1 The Board will elect officers, President and Vice President of the Board.

Director Reisig nominated Director Jason Green to stay as the Board President. Director Green accepted. Director Ridilla nominated Director Robert Reisig. Director Reisig declined the position.

The Board moved to nominate Director Jason Green as Board President. Directors Green, Reisig, Ridilla, Gifford and Harris voted yes. The motion carried with unanimous roll call vote of 5-0-0.

Director Ridilla nominated Director Robert Reisig as Vice-President.

The Board moved to nominate Director Robert Reisig as Board Vice-President. Directors Green, Reisig, Ridilla, Gifford and Harris voted yes. The motion carried with unanimous roll call vote of 5-0-0

2.2 Confirmation of Committee Appointments and other Board Member Assignments.

Executive Committee

It was moved by Director Ridilla and seconded by Director Reisig to nominate Director Jason Green and Director Robert Reisig for the Executive Committee. Directors Green, Reisig, Ridilla, Gifford and Harris voted yes. The motion carried with unanimous roll call vote of 5-0-0.

ACWA

ACWA JPIA

It was moved by Director Gifford and seconded by Director Reisig to nominate Director John Ridilla to ACWA and ACWA/JPA. Directors Green, Reisig, Ridilla, Gifford and Harris voted yes. The motion carried with unanimous roll call vote of 5-0-0.

3. PUBLIC COMMENT

4. CONSENT CALENDAR

4.1 Minutes – November 16, 2020

4.2 October Expenditures

4.3 October Financial Reports

No public comment.

It was moved by Director Harris and seconded by Director Green to approve the Consent Calendar. Directors Green, Reisig, Ridilla, Gifford and Harris voted yes. The motion carried with unanimous roll call vote of 5-0-0.

REGULAR CALENDAR

5. ITEMS FOR DISCUSSION AND ACTION

5.1 General Manager's Report

GM Shaw provided a written report.

No public comment on this item.

The Board made no action on this item

5.2 District Engineer's Report – Mike Vasquez

Mike Vasquez provided a written report to the Board of projects in the works since the last meeting of the Board. The report highlighted topics of General District Engineering and Well 16 Pumping Station Construction Project.

No public comment on this item.

The Board made no action on this item.

5.3 Annual Inflation Adjustment of RLECWD Capacity Fees

Ordinance 2016-01 stipulates an annual adjustment for the RLECWD capacity fees be implemented on January 1st each year. Adjustment of capacity fees for inflation of construction costs is standard practice and delineated in the Ordinance. The Board needs to review the construction cost index report provided by the Contract District Engineer at the December Board meeting, then authorize the adjustment of capacity fees for inflation via adopting revision 3 to Exhibits in Resolution 2018-03.

Failure to adjust capacity fees is a lapse in the District's obligation to the existing customers, customers already having paid the capacity fees. Capacity fees directly correlate to the cost of current and future infrastructure. Lapses in the administration of the capacity fee program threaten the viability of the program.

No public comment on this item.

It was moved by Director Harris and seconded by Director Ridilla to approve the adjustment for inflation of construction cost in the capacity fees by adopting Revision 3 to Exhibits 1 and 2 of Resolution 2018-03. Directors Reisig, Harris, Ridilla, Gifford and Green voted yes. The motion carried with unanimous roll call vote of 5-0-0.

5.4 Consider Approving a Request for Proposals (RFP) for Services to Replace Specified Portions of Distribution System Piping, and Further Authorize Solicitation for Responses.

The Executive Committee received a recommendation from the District Engineer to consider the Annual Pipe Replacement Project RFP at the 12/21/2021 Board meeting. The draft RFP was not reviewed at the 12/7/2020 Executive Committee meeting, therefore committee recommendation for Board approval is inappropriate. Nevertheless, it would be appropriate for the Board to review the draft RFP and approve the document if the Board deems it acceptable. The draft RFP was included with the Board packets.

Approval of the RFP enables the District to solicit responses for construction services for the Annual Pipe Replacement Project as referenced in the District's Capital Improvement Program (CIP) projects list.

It was moved by Director Harris and seconded by Director Green to approve the RFP for Annual Pipe Replacement Project construction services, and further recommend the Board direct staff to solicit responses to the RFP. Directors Reisig, Harris, Ridilla, Green, and Gifford voted yes. The motion carried with a roll call vote of 5-0-0.

5.5 Consider Designating Specified District Assets to be Surplus Pursuant to District Policy.

District policy requires formal designation by the Board of Directors to declare assets to be surplus, and District policy further stipulates how assets so declared to be surplus are to be dispositioned at fair market value.

The current list of assets worthy of Board consideration are:

- Three used workstation computers, approximately 5-7 years old, originally purchased for less than \$400 each (i.e. low-quality computers when new).
- One server computer formerly used with the Advanced Metering Infrastructure (AMI), which became worthy of surplus designation via Neptune (meters vendor) transitioning to a cloud-based system.
- Audio equipment originally purchased for RLECWD Board meetings. The equipment is designed for purposes other than the District’s intended use. The equipment requires hours of set up time before each meeting, which makes the equipment highly impractical under the District’s logistical constraints (regardless of COVID), where the meetings are held in rented space. The audio equipment is bulky, unnecessarily occupying storage space.

No public comment on this item.

It was moved by Director Ridilla and seconded by Director Reisig declare the above-described assets to be surplus, and further direct staff to disposition the surplus assets pursuant to District policy. Directors Reisig, Harris, Ridilla, Green, and Gifford voted yes. The motion carried with a roll call vote of 5-0-0.

5.6 Consider Continued Financial Participation in the Water Bank study via approving the Water Bank Phase 2 MOU.

The Board approved the District’s participation in phase 1 of the Water Bank MOU in April 2019. At that time, the District was a member agency in the Regional Water Authority (RWA). A little more than a year later, the District withdrew membership in RWA.

Although establishing and certifying the Water Bank is a worthwhile, defensible endeavor, it is likely less practical to continue formal participation and cost sharing with the other Water Bank participants. As a non-member in RWA, the District’s continued participation will entail an additional 20% administrative cost. To illustrate; instead of paying the minimum participation cost of \$10,000, the District would pay an additional 20% or \$12,000.

Another option worthy of Board consideration is to informally participate in the Water Bank proliferation. The District could attend meetings and could correspond to support the ultimate objective of establishing the Water Bank. When/if the Water Bank is established, membership in the project will not be established as a prerequisite for Water Banking participation.

No public comment on this item.

It was moved by Director Harris and seconded by Director Green decline continued financial participation in the Water Bank efforts, and further direct staff to convey the District’s position regarding Water Bank participation to Regional Water Authority staff. Directors Reisig, Harris, Ridilla, Gifford and Green voted yes. The motion carried with unanimous roll call vote of 5-0-0.

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

No public comment on this item - **The Board took no action on this item.**

6 INFORMATION ITEMS

6.1. DISTRICT ACTIVITY REPORT

- 6.1.1. Water Operations - Report provided.
- 6.1.2. Conservation - Report Provided.
- 6.1.3 Completed and Pending Items Report- Report provided.

6.2. BOARD REPORTS

- 6.2.1. Report any ad hoc committees dissolved by requirements in Policy 2.01.065
- 6.2.2. Sacramento Groundwater Authority – Harris, Reisig. Agenda provided.
- 6.2.3. Sacramento Groundwater Authority (with RWA and SCGA) 3x3- Reisig- Minutes provided.
- 6.2.4 Executive Committee – Green, Reisig - Minutes provided.
- 6.2.4. ACWA/JPIA – Ridilla - No Report

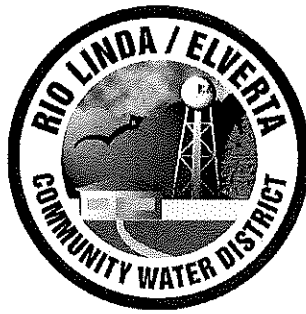
7. DIRECTORS' AND GENERAL MANAGER COMMENTS – Director Reisig mentioned to the full Board that RCI Plumbing is building a new facility on Elverta/Sorento Rd. Would the District consider the idea of that location for offices? GM Shaw stated it could be added for consideration at the next Board Meeting.

8. ADJOURNMENT

Director Green adjourned the meeting at 7:48 p.m.
Respectfully submitted,

Timothy R. Shaw, Secretary

Jason Green, President of the Board



**Consent Calendar
Agenda Item: 3.2**

Date: January 25, 2021

Subject: Expenditures

Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Executive Committee recommends approval of the Expenditures for the month of November 2020.

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 November 2020.

Board Action / Motion

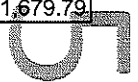
Motioned by: Director _____ Seconded by Director _____

Ridilla: _____ Harris: _____ Jason Green _____ Gifford _____ Reisig _____.

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

**Rio Linda Elverta Community Water District
Expenditure Report
November 2020**

Type	Date	Num	Name	Memo	Amount
Liability Check	11/04/2020	EFT	QuickBooks Payroll Service	For PP Ending 10/31/20 Pay date 11/5/20	17,542.44
Liability Check	11/05/2020	EFT	CalPERS	For PP Ending 10/31/20 Pay date 11/5/20	2,878.03
Liability Check	11/05/2020	EFT	CalPERS	For PP Ending 10/31/20 Pay date 11/5/20	1,106.49
Liability Check	11/05/2020	EFT	Internal Revenue Service	Employment Taxes	6,827.70
Liability Check	11/05/2020	EFT	Employment Development	Employment Taxes	1,321.82
Liability Check	11/05/2020	EFT	Empower	Deferred Compensation Plan: Employer & Employee Share	1,401.59
Bill Pmt -Check	11/05/2020	EFT	Comcast	Phone/Internet	236.19
Bill Pmt -Check	11/05/2020	EFT	Republic Services	Utilities	84.04
Bill Pmt -Check	11/05/2020	EFT	Voyager Fleet Commander	Transportation Fuel	240.31
Transfer	11/05/2020	EFT	RLECWD	Umpqua Bank Monthly Debt Service Transfer	16,500.00
Check	11/05/2020	1479	Customer	Hydrant Deposit Refund	897.80
Check	11/05/2020	1480	Customer	Hydrant Deposit Refund	988.10
Check	11/05/2020	1481	Customer	Hydrant Deposit Refund	873.10
Bill Pmt -Check	11/05/2020	1482	ABS Direct	Printing	233.89
Bill Pmt -Check	11/05/2020	1483	ACWAJPIA Powers Insurance Authority	EAP	25.70
Bill Pmt -Check	11/05/2020	1484	EKI Environment & Water	Engineering Fees	5,000.00
Bill Pmt -Check	11/05/2020	1485	Intermedia.net	Phone/Internet	96.26
Bill Pmt -Check	11/05/2020	1486	Lechowicz & Tseng Municipal Consultants	Rate Study Consulting Fees	1,845.00
Bill Pmt -Check	11/05/2020	1487	Oreilly Automotive	Transportation Maintenance	178.08
Bill Pmt -Check	11/05/2020	1488	Pacific Shredding	Office Expense	27.00
Bill Pmt -Check	11/05/2020	1489	Rio Linda Hardware & Building Supply	Shop Supplies	144.20
Bill Pmt -Check	11/05/2020	1490	RW Trucking	Distribution Supplies	677.75
Bill Pmt -Check	11/05/2020	1491	Sierra Chemical Company	Chemical Supplies	861.30
Bill Pmt -Check	11/05/2020	1492	SMUD	Utilities	22,955.68
Bill Pmt -Check	11/05/2020	1493	UniFirst Corporation	Uniforms	233.32
Bill Pmt -Check	11/05/2020	1494	Vanguard Cleaning Systems	Janitorial	195.00
Bill Pmt -Check	11/05/2020	1495	VOID	VOID	0.00
Bill Pmt -Check	11/05/2020	1496	EKI Environment & Water	Capital Improvement: Well 16	40,701.50
Bill Pmt -Check	11/16/2020	EFT	WageWorks	FSA Administration Fee	76.25
Bill Pmt -Check	11/17/2020	EFT	ARCO	Transportation Fuel	602.98
Liability Check	11/18/2020	EFT	QuickBooks Payroll Service	For PP Ending 11/14/20 Pay date 11/19/20	17,744.41
Liability Check	11/19/2020	EFT	CalPERS	For PP Ending 11/14/20 Pay date 11/19/20	2,878.03
Liability Check	11/19/2020	EFT	CalPERS	For PP Ending 11/14/20 Pay date 11/19/20	1,106.49
Bill Pmt -Check	11/19/2020	EFT	CalPERS	SSA 218 Annual Fee	300.00
Liability Check	11/19/2020	EFT	Internal Revenue Service	Employment Taxes	6,984.16
Liability Check	11/19/2020	EFT	Employment Development	Employment Taxes	1,356.34
Check	11/19/2020	EFT	Adept Solutions	Computer Maintenance	708.00
Liability Check	11/19/2020	EFT	Empower	Deferred Compensation Plan: Employer & Employee Share	1,493.84
Liability Check	11/19/2020	EFT	Kaiser Permanente	Health Insurance	2,271.32
Bill Pmt -Check	11/19/2020	EFT	PG&E	Utilities	61.73
Liability Check	11/19/2020	EFT	Principal	Dental & Vision Insurance	1,679.79



**Rio Linda Elverta Community Water District
Expenditure Report
November 2020**

Type	Date	Num	Name	Memo	Amount
Liability Check	11/19/2020	EFT	Western Health Advantage	Health Insurance	9,491.61
Bill Pmt -Check	11/19/2020	EFT	Umpqua Bank CC	Backflow, Computer, Const Eq Maint, Distribuion, Office, Permits, Postage	2,221.48
Liability Check	11/19/2020	EFT	Verizon	Field Communication, Field IT	541.68
Check	11/19/2020	EFT	RLECWD - Capital Improvement	Current Monthly Transfer	45,750.00
Liability Check	11/19/2020	1497	Teamsters Local	Union Dues-Employee Paid	668.00
Check	11/19/2020	1498	Customer	Final Bill Refund	85.32
Check	11/19/2020	1499	Customer	Final Bill Refund	91.59
Check	11/19/2020	1500	Customer	Final Bill Refund	40.05
Check	11/19/2020	1501	Customer	Final Bill Refund	76.64
Check	11/19/2020	1502	Customer	Final Bill Refund	22.09
Check	11/19/2020	1503	Customer	Final Bill Refund	19.54
Bill Pmt -Check	11/19/2020	1504	CoreLogic Solutions	Metro Scan	134.75
Bill Pmt -Check	11/19/2020	1505	County of Sacramento	Permits	726.00
Bill Pmt -Check	11/19/2020	1506	Energy Systems	Pumping Maintenance	2,001.44
Bill Pmt -Check	11/19/2020	1507	Quill	Office Expense	116.33
Bill Pmt -Check	11/19/2020	1508	Rio Linda Elverta Recreation & Park	Meeting Fee	50.00
Bill Pmt -Check	11/19/2020	1509	Sacramento County Utilities	Utilities	113.70
Bill Pmt -Check	11/19/2020	1510	Spok, Inc	Field Communication	15.31
Bill Pmt -Check	11/19/2020	1511	Churchwell White	Legal Fees	592.80
Total 10000 - Bank - Operating Account					<u>224,093.96</u>



Consent Calendar Agenda Item: 3.3

Date: January 25, 2021

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 November 2020.

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 in order to inform them of the District's current financial condition.

Conclusion:

I recommend the Board approve the Financial Reports for November 2020.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____
Ridilla: _____ Harris: _____ Jason Green _____ Gifford _____ Reisig _____.
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

Rio Linda Elverta Community Water District

Balance Sheet

As of November 30, 2020



ASSETS

Current Assets

Checking/Savings

100 · Cash & Cash Equivalents

10000 · Operating Account

10020 · Operating Fund-Umpqua 715,757.91

Total 10000 · Operating Account 715,757.91

10475 · Capital Improvement

10480 · General 257,106.72

10485 · Vehicle Replacement Reserve 15,000.00

Total 10450 · Capital Improvement 272,106.72

10490 · Future Capital Imp Projects 1,396,773.24

Total 100 · Cash & Cash Equivalents 2,384,637.87

102 · Restricted Assets

102.2 · Restricted for Debt Service

10700 · ZIONS Inv/Surcharge Reserve 525,115.83

10300 · Surcharge 1 Account 838,462.39

10350 · Umpqua Bank Debt Service 31,287.73

10380 · Surcharge 2 Account 210,863.12

10385 · OpusBank Checking 2,180,391.32

Total 102.2 · Restricted for Debt Service 3,786,120.39

102.4 · Restricted Other Purposes

10600 · LAIF Account 319,931.23

10650 · Operating Reserve Fund 301,706.81

Total 102.4 · Restricted Other Purposes 621,638.04

Total 102 · Restricted Assets 4,407,758.43

Total Checking/Savings 6,792,396.30

Accounts Receivable 505,160.00

Other Current Assets

12000 · Water Utility Receivable 621,044.08

12200 · Accrued Revenue 0.00

12250 · Accrued Interest Receivable 2,013.77

15000 · Inventory Asset 68,727.94

16000 · Prepaid Expense 87,749.47

Total Other Current Assets 1,284,695.26

Total Current Assets 8,077,091.56

Fixed Assets

17000 · General Plant Assets 709,029.25

17100 · Water System Facilites 21,993,963.21

17300 · Intangible Assets 373,043.42

17500 · Accum Depreciation & Amort -9,894,836.59

18000 · Construction in Progress 2,498,738.27

18100 · Land 576,673.45

Total Fixed Assets 16,256,611.01

Other Assets

19000 · Deferred Outflows 227,638.00

19900 · Suspense Account 0.00

Total Other Assets 227,638.00

TOTAL ASSETS 24,561,340.57

Rio Linda Elverta Community Water District

Balance Sheet

As of November 30, 2020

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable	917,637.08
Credit Cards	60.00
Other Current Liabilities	836,004.93

Total Current Liabilities	1,753,702.01
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Long Term Liabilities

23000 · OPEB Liability	115,693.00
23500 · Lease Buy-Back	656,542.27
25000 · Surcharge 1 Loan	3,833,912.47
25050 · Surcharge 2 Loan	2,790,040.16
26000 · Water Rev Refunding	1,806,855.00
27000 · Community Business Bank	244,415.94
29000 · Net Pension Liability	1,055,771.00
29500 · Deferred Inflows-Pension	20,431.00
29600 · Deferred Inflows-OPEB	82,332.00

Total Long Term Liabilities	10,605,992.84
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Total Liabilities	12,359,694.85
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Equity

31500 · Invested in Capital Assets, Net	8,842,880.46
32000 · Restricted for Debt Service	705,225.24
38000 · Unrestricted Equity	2,121,845.12
Net Income	531,694.90

Total Equity	12,201,645.72
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TOTAL LIABILITIES & EQUITY	24,561,340.57
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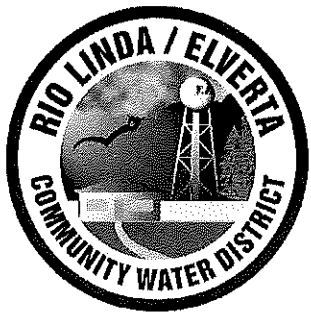
**Rio Linda Elverta Community Water District
Operating Profit & Loss Budget Performance
As of November 30, 2020**



	<u>Annual Budget</u>	<u>Nov 20</u>	<u>Jul-Nov 20</u>	<u>% of Annual Budget</u>	<u>YTD Annual Budget Balance</u>
Ordinary Income/Expense					
Income					
Total 40000 · Operating Revenue	2,719,575.00	321,452.38	1,214,101.69	44.64%	1,505,473.31
41000 · Nonoperating Revenue					
41110 · Investment Revenue					
41112 · Interest Revenue	400.00	34.37	109.96	27.49%	290.04
Surcharg Total 41110 · Investment Revenue	400.00	34.37	109.96	27.49%	290.04
41120 · Property Tax	88,500.00	0.00	2,418.40	2.73%	86,081.60
Total 41000 · Nonoperating Revenue	88,900.00	34.37	2,528.36	2.84%	86,371.64
Total Income	<u>2,808,475.00</u>	<u>321,486.75</u>	<u>1,216,630.05</u>	<u>43.32%</u>	<u>1,591,844.95</u>
Gross Income	2,808,475.00	321,486.75	1,216,630.05	43.32%	1,591,844.95
Expense					
60000 · Operating Expenses					
60010 · Professional Fees	135,000.00	7,437.80	48,425.86	35.87%	86,574.14
60100 · Personnel Services					
60110 · Salaries & Wages	729,867.00	53,900.15	269,385.81	36.91%	460,481.19
60150 · Employee Benefits & Expense	489,145.00	31,815.84	157,679.89	32.24%	331,465.11
Total 60100 · Personnel Services	<u>1,219,012.00</u>	<u>85,715.99</u>	<u>427,065.70</u>	<u>35.03%</u>	<u>791,946.30</u>
60200 · Administration	205,010.00	13,579.94	97,913.93	47.76%	107,096.07
64000 · Conservation	300.00	0.00	0.00	0.00%	300.00
65000 · Field Operations	436,400.00	26,152.84	176,627.12	40.47%	259,772.88
Total 60000 · Operating Expenses	1,995,722.00	132,886.57	750,032.61	37.58%	1,245,689.39
69000 · Non-Operating Expenses					
69010 · Debt Service					
69100 · Revenue Bond					
69105 · Principle	145,736.00	59,736.00	59,736.00	40.99%	86,000.00
69110 · Interest	57,490.00	29,191.24	29,191.24	50.78%	28,298.76
Total 69100 · Revenue Bond	<u>203,226.00</u>	<u>88,927.24</u>	<u>88,927.24</u>	<u>43.76%</u>	<u>114,298.76</u>
69125 · AMI Meter Loan					
69130 · Principle	48,281.00	0.00	24,703.02	51.17%	23,577.98
69135 · Interest	10,233.00	0.00	4,553.94	44.50%	5,679.06
Total 69125 · AMI Meter Loan	<u>58,514.00</u>	<u>0.00</u>	<u>29,256.96</u>	<u>50.00%</u>	<u>29,257.04</u>
Total 69010 · Debt Service	<u>261,740.00</u>	<u>88,927.24</u>	<u>118,184.20</u>	<u>45.15%</u>	<u>143,555.80</u>
69400 · Other Non-Operating Expense	2,000.00	0.00	0.00	0.00%	2,000.00
Total 69000 · Non-Operating Expenses	<u>263,740.00</u>	<u>88,927.24</u>	<u>118,184.20</u>	<u>44.81%</u>	<u>145,555.80</u>
Total Expense	<u>2,259,462.00</u>	<u>221,813.81</u>	<u>868,216.81</u>	<u>38.43%</u>	<u>1,391,245.19</u>
Net Ordinary Income	<u>549,013.00</u>	<u>99,672.94</u>	<u>348,413.24</u>		
Net Income	<u><u>549,013.00</u></u>	<u><u>99,672.94</u></u>	<u><u>348,413.24</u></u>		

Rio Linda Elverta Community Water District
CAPITAL BUDGET VS ACTUAL FISCAL YEAR 2020-21
 As of November 30, 2020

	GENERAL		VEHICLE REPLACEMENT		FUTURE CAPITAL IMPROVEMENT PROJECTS	
	Annual Budget	YTD Actual	Annual Budget	YTD Actual	Annual Budget	YTD Actual
FUNDING SOURCES						
Fund Transfers						
Operating Fund Transfers In	549,013.00	228,750.00	-	-	-	-
CIP Fund Intrafund Transfers	(456,670.00)	-	75,000.00	-	381,670.00	-
Beginning Balance Redistribution	(1,396,338.00)	(1,396,338.00)	-	-	1,396,338.00	1,396,338.00
Surcharge 2 Surplus Repayment	107,171.00	-	-	-	-	-
Investment Revenue	-	54.20	-	-	3,500.00	435.24
PROJECTS						
A · WATER SUPPLY	-					
A-1 · Miscellaneous Pump Replacements	40,000.00	-				
Total A · WATER SUPPLY	40,000.00	-	-	-	-	-
B · WATER DISTRIBUTION						
B-1 · Service Replacements	30,000.00	9,114.98	-	-	-	-
B-2 · Small Meter Replacements	120,000.00	40,210.47				
B-3 · Large Meter Replacements	5,000.00	-	-	-	-	-
Total B · WATER DISTRIBUTION	155,000.00	49,325.45	-	-	-	-
TOTAL BUDGETED PROJECT EXPENDITURES	195,000.00	49,325.45	-	-	-	-



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

Date: January 25, 2021
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 _____

Ridilla:____ Harris:____ Jason Green ____ Gifford ____ Reisig____.
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent



Date: January 25, 2021

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: Holiday observances and associated staffing levels impacted the District resources for the reporting period. The continued practice of encouraging eligible employees to work remotely compounds holidays staffing effect even further.

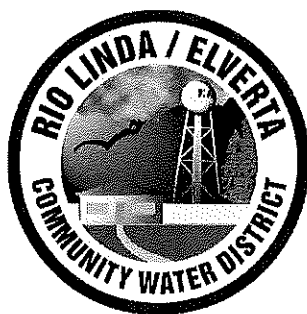
1. On Jan 6th (morning), I met with Daupler software representative to explore the benefits of automated customer outreach software. I have received many such outreach efforts by similar software companies. The most significant impediment precluding such service of being a value to the District is the incomplete, out-of-date, or inaccurate data we have for customer contact information. The disproportionately large percentage of retail properties with high turnover rates further exacerbates the usefulness of such software.
2. On Jan 6th (afternoon), I participated in Water Forum II, Water Caucus meeting. The meeting was extremely slow as the mediator engaged by the RWA Executive Director spent in inordinate amount of time on Zoom meeting basics.
3. On Jan 11th, I participated in a special session of the RLECWD Executive Committee. Normally, I do not list Executive Committee meetings, which have posted agendas and minutes, in this report. However, I list it here because it was a special session deliberately scheduled in response to the third-Monday disruption in routine the District navigates every January (and February).
4. On Jan 11th (afternoon) the scheduled meeting of the Sacramento Regional Water Utilities Collaboration group was cancelled due to one of the participating agencies experiencing significant challenges in staffing and performance caused by COVID staffing shortage.
5. On Jan 12th, I participated in the “optional” pre-bid meeting for the annual pipe replacement RFP. Normally, I don’t create a redundancy where the Contract District Engineer’s report covers the same meeting. This entry, however, is to balance the absence of detail in the Engineer’s written report. There was only one interested respondent in attendance of the pre-bid meeting. This may be (hopefully) because the meeting was optional in recognition of COVID and hopefully does not convey a lack of interested respondents.

6. On Jan 13th, the Operations Superintendent and I participated in a meeting with Tesco and Adept Solutions on steps needed to configure the new Supervisory Control and Data Acquisition (SCADA) workstation. The instigator for the meeting was Tesco, and the meeting tone reflected that Tesco is aware of the District annoyance with the Tesco billing practices and level of service.

Additional items of interest:

As the District addresses the appropriate sequence of items impacting a rate restructuring (i.e. first things first), including cost of service associated with Unfunded Accrued Liability (UAL) and scalable hardware/software for consumption data, the District's natural progression will shift toward finalizing the rate study and beginning customer outreach. An illustrative example of such outreach will include providing side-by-side comparisons of current rate structure bills to bills under the proposed new rate structure. This effort foreseeably will lead to the need to show our large Commercial Industrial Institutional (CII, terminology used in existing SB 606 and AB 1668 water efficiency mandates) how small investments in automated consumption data and associated tech-based irrigation controllers will help mitigate the higher bills and effectively feature a rapid return on investment (ROI).

I have been monitoring the sunset attributes to the federal and state COVID supplemental sick leave laws. Both the feds and the state laws expired on December 31, 2020. I reached out to the Legislative Advocate at SGA for insights on plans to extend. Unfortunately, the RWA/SGA Executive Director curtailed any response from the Legislative Advocate citing, "such matters are not within the strategic plan of SGA". Such an interpretation by the Executive Director is difficult to comprehend given that virtually all SGA member agencies have employees that are impacted by the cessation of COVID supplemental sick leave. Further, all SGA member agencies would presumably be concerned about the consequences of a COVID outbreak influenced by employees leaning toward coming to work due to an insufficient amount of paid time off for the employee.



Items for Discussion and Action
Agenda Item: 4.2

Date: January 25, 2021
Subject: District Engineer's Report
Staff Contact: Mike Vasquez, District Engineer

Recommended Committee Action:

N/A this item is not discussed at committees.

Current Background and Justification:

The District Engineer will provide a written report to the Board of Directors on engineering activities since the previous monthly meeting. The Board may ask for clarifications and may also provide direction in response to the report.

Conclusion:

There is no Board action anticipated for this item.

20 January 2021

DISTRICT ENGINEER'S REPORT

To: Tim Shaw, General Manager, Rio Linda / Elverta Community Water District

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

Subject: **District Engineer's Report for the 25 January 2021 Board of Directors Meeting**

The District Engineer is pleased to submit this brief update of duties and tasks performed for the period of 17 December 2020 to 20 January 2021:

1. General District Engineering:

- Electric Avenue Development (7 Lots between Cypress Street and Elverta Road): The District is currently waiting for final improvement plans from the developer for signature and approval of the water facilities design.
- Fox Hollow Development (28 lots 6th Street between Q Street and S Street): The District is currently waiting for the developer to pay District plan check and construction inspection fees and for submittal of revised improvement plans.
- 428 West Delano Street Development (5 lots, between El Rio Avenue and Marindell Street): This is the same developer as the Electric Avenue Development. The developer has not submitted improvement plans to the District for review.
- 6515 & 6533 14th Street Development (2 lots, between Elkhorn Boulevard and K Street): The District has responded to the developer with two improvement plan submittal reviews, and is currently waiting for the developer to respond to the latest set of review comments.
- Archway Avenue Extension (2 lots, west of Paladin Way): A developer submitted draft improvement plans for the extension of water main facilities. The District provided comments and is waiting for the developer to resubmit plans.

2. Well 16 Pump Station Construction Project:

- Over the past month, the construction contractor continued installation of electrical and operational controls components. SMUD installed the electrical meter on 1/5/2021, and performed a "self-inspection" of the electrical meter that same day. SMUD activated full electrical power to the site on 1/6/2021.
- Performance testing on the pump, motor, VFD, and control system was performed on 1/19/2021, and attended by the Operations Superintendent and District Engineer. Performance testing was inclusive of flowrate, pressure, amperage, well water level, and motor vibration testing. Preliminary results are that the well will perform as designed. Visual inspection of the water pumped from the well to drainage facilities indicated clear water, good results for a well that hasn't been pumped in over 3 years.

- Water quality samples will be taken on 1/26/2021 by BSK Associates. Full test results are expected to be received the week of 2/15/2021 and will be submitted to the State Water Resources Control Board's Division of Drinking Water for final review and approval of Well 16's connection to the District's distribution system.
- To date, have responded to 82 contractor submittals.
- To date, have responded to 41 contractor Request for Information letters.
- Continue to perform ongoing and daily construction management services.

3. 2020/2021 CIP Pipeline Replacement Project RFP (Dry Creek Road North):

- The RFP was advertised on 12/23/2020. A pre-proposal conference was conducted on 1/12/2021 and attended by the General Manager and Operations Superintendent. Proposals are due at 2 PM on 1/26/2021.

Please contact me directly at the office (650) 292-9112, cell phone (530) 682-9597, or email at 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: January 25, 2021

Subject: Resolution 2021-01 Internal Loan to Reduce CalPERS Unfunded Accrued Liability

Staff Contact: Timothy R. Shaw

Recommended Committee Action:

The Executive Committee forwarded this item onto the January 25th Board agenda with the Committee's recommendation for Board approval.

Current Background and Justification:

The 1-11-2021 Executive Committee received a presentation from Dr. Anna Sarabian of Fieldman Rolapp. The presentation provided detailed analysis of 8 scenarios, all with the objective of reducing the CalPERS Unfunded Accrued Liability (UAL), thereby reducing the District's annual UAL payments to CalPERS and reducing the total amount of interest charged to the District over the amortized period for the UAL.

The discussion at the Executive Committee was comprehensive. The Committee thoroughly explored the pros and cons of each scenario. In the end, the Committee agreed with Dr. Sarabian's recommended scenario, Scenario # 2 in the Fieldman Rolapp presentation included with your Board packets.

Scenario #2 is a one-time, upfront, \$500,000 additional discretionary payment to CalPERS. The source of the funding would be from the current funding for the District's Capital Improvement Projects fund. The most symbiotic project in the Board approved Capital Improvement Projects for this purpose is the Well 12A project, which has accumulated a substantive level of funding and is scheduled to begin construction 15 years from now. The Fieldman Rolapp presentation includes additional details on the financial benefits to the District and quantifies the projected reduction in UAL subject to the assumptions utilized in the analysis and the currently known CalPERS assumptions, which may change in the future.

The Executive Committee further discussed the mechanisms necessary to execute Scenario #2. The Committee directed staff to draft Resolution 2021-01 for Board consideration. Resolution 2021-01 authorizes the internal loan, further authorizes and directs staff on the prescribed additional

discretionary payment to CalPERS, and stipulates the terms of the internal loan via Exhibit A to Resolution 2021-01. This Resolution has been reviewed by Legal Counsel and Legal Counsel's suggested edits have been incorporated into the Resolution.

Conclusion:

I recommend the Board adopt Resolution 2021-01.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Ridilla: _____ Harris: _____ Green: _____ Gifford: _____ Reisig: _____.

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

RLECWD Agenda Item Checklist

Item 4.3

Date

Initial Potential Meeting Date

1/25/2021

Circle High/Medium/Low priority of Item and Identify if in line with Mission/
Goal/Strategic Planning issues or state of emergency

Consider adopting Resolution 2021-01, authorizing an internal loan expressly to reduce the CalPERS Unfunded Accrued Liability (UAL).

1/07/2021

Staff Work Completed

(Includes reviewing, researching item with other resources (ACWA, JPIA, RWA, SGA, other Water or special districts, District Engineer, Legal Counsel then laying out business cases, pros and cons, options and recommendations based on best information available, etc.

Committee Review of Item and Staff Work

01/11/2021

Review by appropriate Executive or Ad Hoc Committees, to prepare board recommendations

Formal Legal Counsel Review

Legal Counsel should have enough time to review all potential legal matters for correctness and legality

N/A 1-19-21

GM Review

01/21/2021

Actual Meeting Date Set for Agenda Item

01/25/2021

RESOLUTION NO. 2021-01

**A RESOLUTION OF THE BOARD OF DIRECTORS OF THE RIO LINDA/ ELVERTA
COMMUNITY WATER DISTRICT AUTHORIZING AN INTERNAL LOAN
EXPRESSLY FOR THE PURPOSE OF REDUCING THE EXISTING CALPERS
UNFUNDED ACCRUED LIABILITY**

WHEREAS, the existing California Public Employees Retirement System (CalPERS) pension unfunded accrued liability (UAL) for Rio Linda Elverta Community Water District (District) exceeds \$1,100,000; and

WHEREAS, the District is currently charged seven percent (7%) interest amortized through the year 2044 on the UAL, which now results in considerable increases in annual UAL payments by the District to CalPERS; and

WHEREAS, under the current assumptions, the District will pay in excess of \$900,000 in interest over the term of the UAL amortization; and

WHEREAS, the District funding for long-term capital improvements includes improvements which are scheduled to begin construction in fifteen (15) years; and

WHEREAS, the District currently receives less than one percent (1%) interest on the account used to accumulate the long-term funding for capital improvement projects; and

WHEREAS, the District wishes to reduce the UAL, lower the annual UAL payments to CalPERS, and decrease the amount the District will pay in interest over the amortized period of the UAL.

NOW THEREFORE, BE IT RESOLVED AS FOLLOWS:

1. The Board of Directors hereby authorizes an internal loan from the existing funding accrued in the capital improvement projects fund for the express purpose of making a five hundred thousand dollar (\$500,000) additional discretionary payment to CalPERS.
2. The funds accrued in the capital improvement projects fund used for the internal loan shall not include funds that are collected through the Surcharge 2 Rate.
3. The terms of the internal loan are detailed in Exhibit A to this Resolution, 2021-01.
4. The Board of Directors further authorizes the General Manager, in consultation with the engaged, Registered Municipal Advisor, to execute and submit all pertinent documents associated with the CalPERS additional discretionary payment. Such authorization includes, but is not limited to, designation of the amortization basis or bases for which CalPERS is to apply the additional discretionary payment.

APPROVED AND ADOPTED by the Board of Directors of the Rio Linda / Elverta Community Water District on this 25th day of January 2021 By the following vote:

AYES:
NAYS:
ABSENT:
ABSTAIN:

ATTEST:

Jason Green
President, Board of Directors

Timothy R. Shaw
Secretary of the Board of Directors

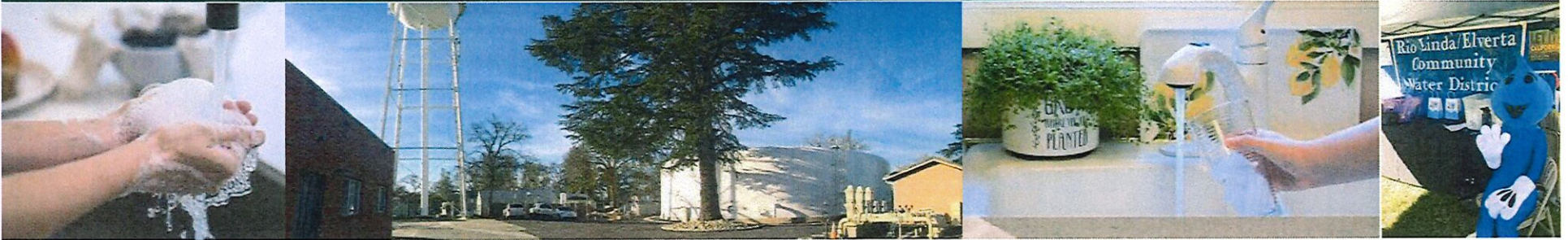
Exhibit A
Internal Loan Terms

Rev. 0, 1-25-2021

Source of Funds	Capital Improvement Projects Funding
Term of Loan	15-years
Interest rate and basis	0.37% (based on 2020 average treasury bills interest)
Frequency of Payments	Annual
First Scheduled payment	June 1, 2022

Note: The above stipulated terms may be revised through formal Board action at a properly posted public meeting if deemed necessary and appropriate by the District Board of Directors. If these terms require future modifications, the Board will consider revisions to Exhibit A of this Resolution No. 2021-01.

DRAFT



Pension Liability Funding Options (Miscellaneous Plan)

January 11, 2021

Anna Sarabian, Principal

(949) 660-7308 direct

asarabian@fieldman.com



Funding Scenarios for Miscellaneous Plan

Advance Funding Plan (“AFP”) Scenarios

- Scenario 1 - \$500k Internal Loan, Repaid Over 10 Years
- Scenario 2 - \$500k Internal Loan, Repaid Over 15 Years
- Scenario 3 - \$243k Internal Loan, Repaid Over 10 Years
- Scenario 4 - \$25k Additional Annual Payments
- Scenario 5 - \$30k Additional Annual Payments
- Scenario 6 - \$500k Internal Loan, Repaid Over 15 Years + \$15k Additional Annual Payments
- Scenario 7 - \$500k Internal Loan, Repaid Over 15 Years + \$25k Additional Annual Payments
- Scenario 8 - \$500k Internal Loan, Repaid Over 15 Years + \$50k Additional Annual Payments



Scenario 1: \$500k Internal Loan, Repaid Over 10 Years

UAL Assumptions

- \$500,000 one-time payment applied towards principal with CalPERS re-amortizing remaining UAL payment schedule on a pro-rata basis
- Annual cost savings in proportion to current UAL payments
- Current UAL balance does not incorporate future adjustments from CalPERS

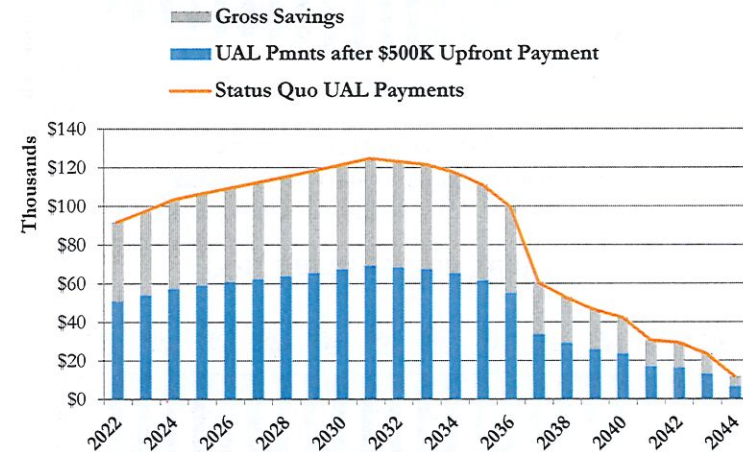
\$500k Loan Assumptions

- Repaid over 10 years
- Interest rate based on 1-Year Treasury average in 2020 of 0.37%
 - ✓ 1-Year Treasury as of January 4, 2021 is 0.10%

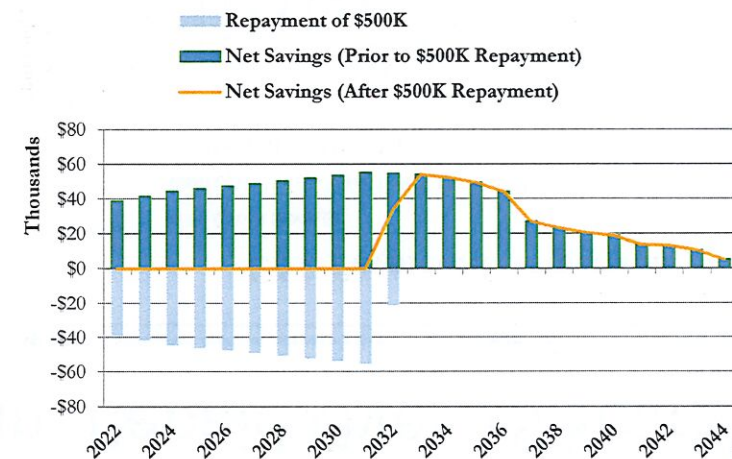
Savings Summary

- No change in repayment term (2044)
- Aggregate Gross Savings: \$877,747
- Aggregate Net Savings: \$366,459
 - ✓ Net of loan repayment and foregone investment earnings

UAL Payment Comparison



Net Savings Per Year





Scenario 2: \$500k Internal Loan, Repaid Over 15 Years

UAL Assumptions

- \$500,000 one-time payment applied towards principal with CalPERS re-amortizing remaining UAL payment schedule on a pro-rata basis
- Annual cost savings in proportion to current UAL payments
- Current UAL balance does not incorporate future adjustments from CalPERS

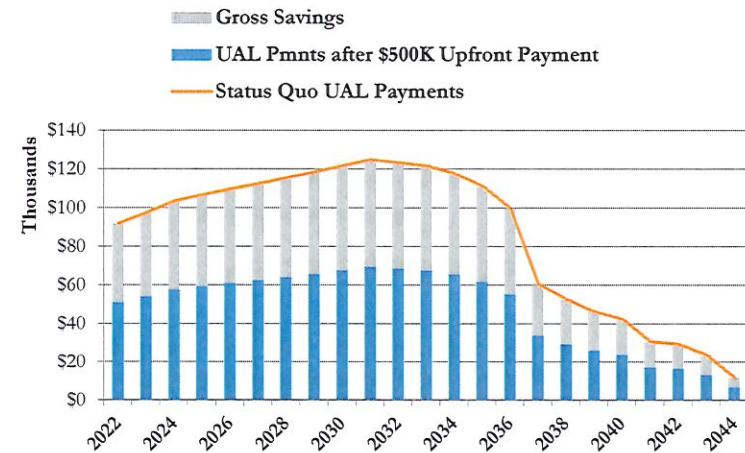
\$500k Loan Assumptions

- Repaid over 15 years
- Interest rate based on 1-Year Treasury average in 2020 of 0.37%
 - ✓ 1-Year Treasury as of January 4, 2021 is 0.10%

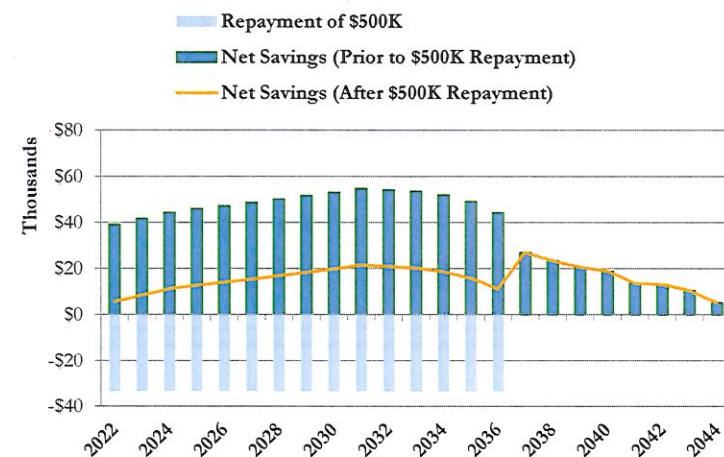
Savings Summary

- No change in repayment term (2044)
- Aggregate Gross Savings: \$877,747
- Aggregate Net Savings: \$362,606
 - ✓ Net of loan repayment and foregone investment earnings

UAL Payment Comparison



Net Savings Per Year





Scenario 3: \$243k Internal Loan, Repaid Over 10 Years

UAL Assumptions

- \$243,000 one-time payment applied towards principal with CalPERS re-amortizing remaining UAL payment schedule on a pro-rata basis
- Annual cost savings in proportion to current UAL payments
- Current UAL balance does not incorporate future adjustments from CalPERS

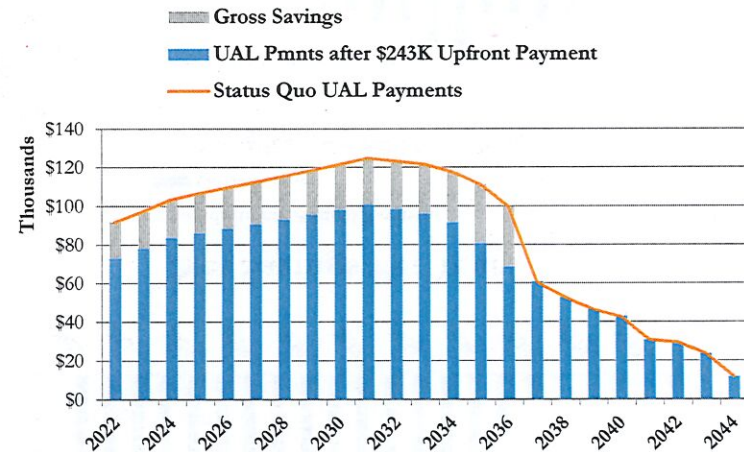
\$243k Loan Assumptions

- Repaid over 10 years
- Interest rate based on 1-Year Treasury average in 2020 of 0.37%
 - ✓ 1-Year Treasury as of January 4, 2021 is 0.10%

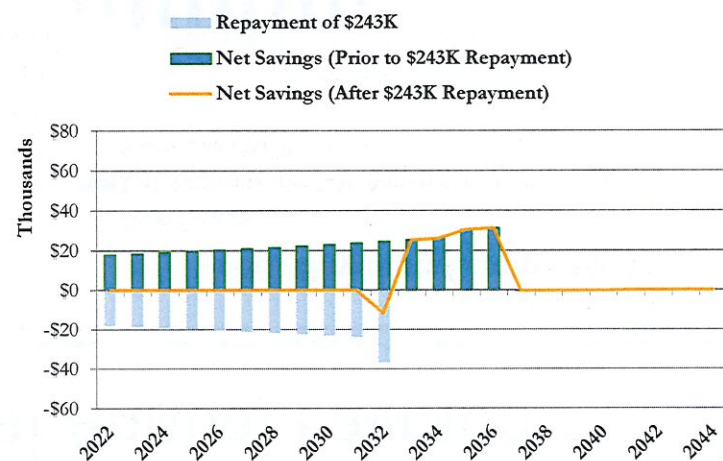
Savings Summary

- No change in repayment term (2044)
- Aggregate Gross Savings: \$350,343
- Aggregate Net Savings: \$100,608
 - ✓ Net of loan repayment and foregone investment earnings

UAL Payment Comparison



Net Savings Per Year





Scenario 4: \$25k Additional Annual Payments

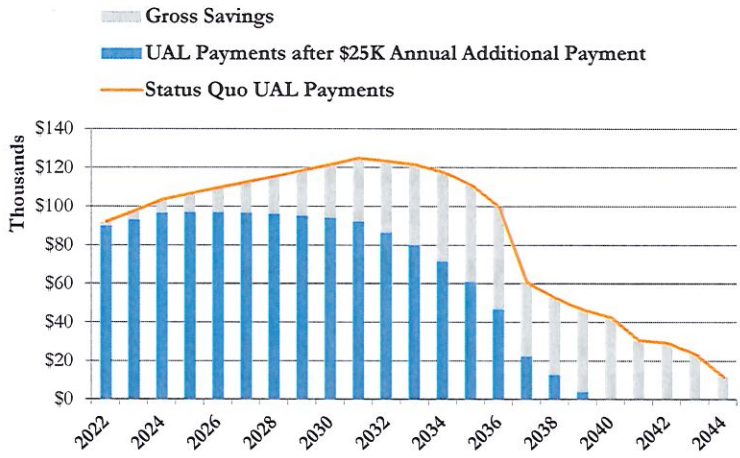
UAL Assumptions

- \$25,000 annual payments applied towards principal with CalPERS re-amortizing remaining UAL payment schedule on a pro-rata basis
- Annual cost savings in proportion to current UAL payments
- Current UAL balance does not incorporate future adjustments from CalPERS

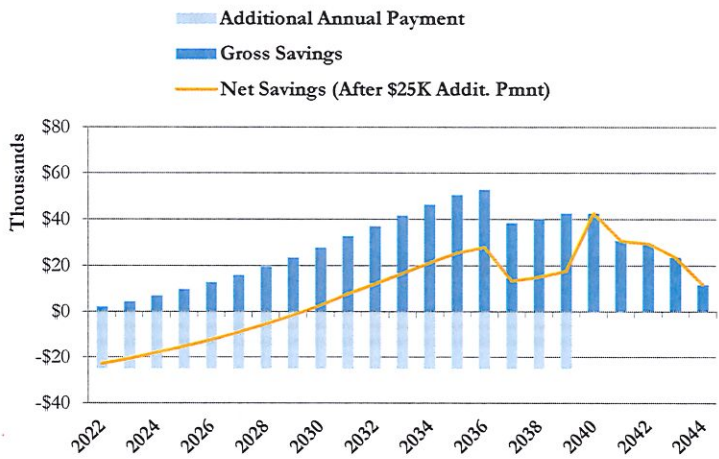
Savings Summary

- Shorter repayment term (2039)
- Aggregate Gross Savings: \$642,366
- Aggregate Net Savings: \$192,366
 - ✓ Net of \$25k additional annual payments

UAL Payment Comparison



Net Savings Per Year





Scenario 5: \$30k Additional Annual Payments

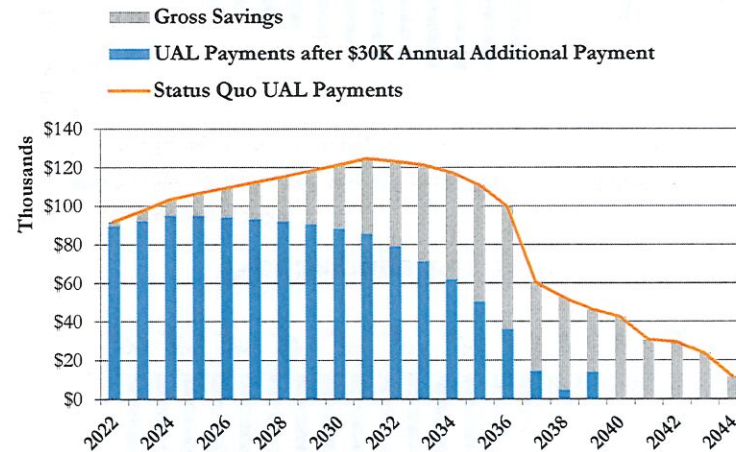
UAL Assumptions

- \$30,000 annual payments applied towards principal with CalPERS re-amortizing remaining UAL payment schedule on a pro-rata basis
- Annual cost savings in proportion to current UAL payments
- Current UAL balance does not incorporate future adjustments from CalPERS

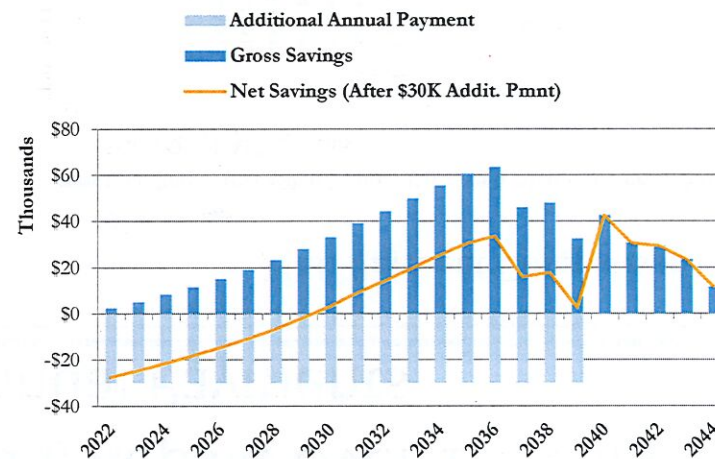
Savings Summary

- Shorter repayment term (2039)
- Aggregate Gross Savings: \$724,606
- Aggregate Net Savings: \$184,606
 - ✓ Net of \$30k additional annual payments

UAL Payment Comparison



Net Savings Per Year





Scenario 6: \$500k Internal Loan, Repaid Over 15 Years + \$15k Additional Annual Payments

UAL Assumptions

- \$500,000 one-time payment and annual payments of \$15,000 applied towards principal with CalPERS re-amortizing remaining UAL payment schedule on a pro-rata basis
- Annual cost savings in proportion to current UAL payments
- Current UAL balance does not incorporate future adjustments from CalPERS

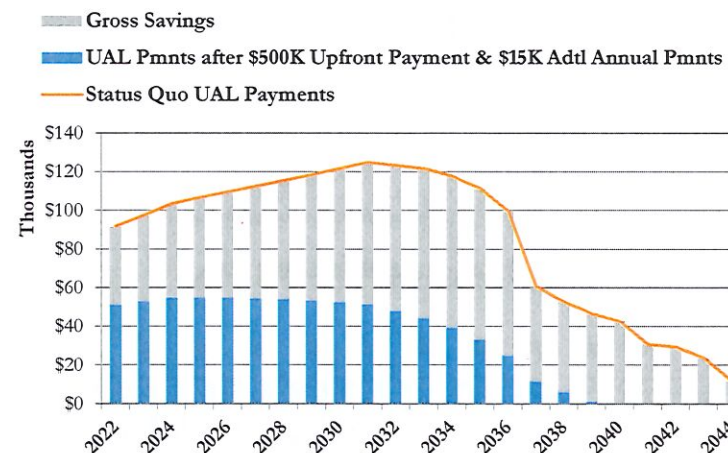
\$500k Loan Assumptions

- Repaid over 15 years
- Interest rate based on 1-Year Treasury average in 2020 of 0.37%
 - ✓ 1-Year Treasury as of January 4, 2021 is 0.10%

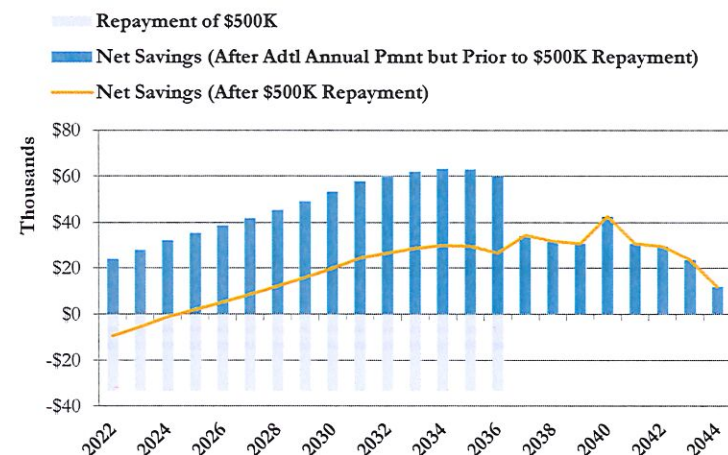
Savings Summary

- Shorter repayment term (2039)
- Aggregate Gross Savings: \$1,232,446
- Aggregate Net Savings: \$447,305
 - ✓ Net of additional annual payments, repayment of loan and foregone investment earnings

UAL Payment Comparison



Net Savings Per Year





Scenario 7: \$500k Internal Loan, Repaid Over 15 Years + \$25k Additional Annual Payments

UAL Assumptions

- \$500,000 one-time payment and annual payments of \$25,000 applied towards principal with CalPERS re-amortizing remaining UAL payment schedule on a pro-rata basis
- Annual cost savings in proportion to current UAL payments
- Current UAL balance does not incorporate future adjustments from CalPERS

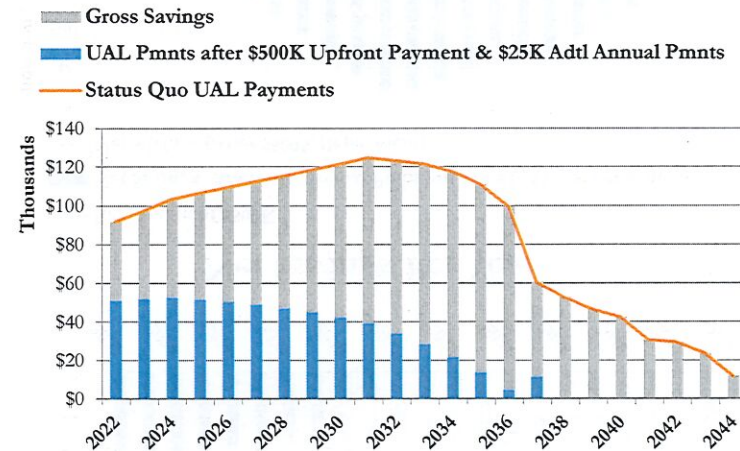
\$500k Loan Assumptions

- Repaid over 15 years
- Interest rate based on 1-Year Treasury average in 2020 of 0.37%
 - ✓ 1-Year Treasury as of January 4, 2021 is 0.10%

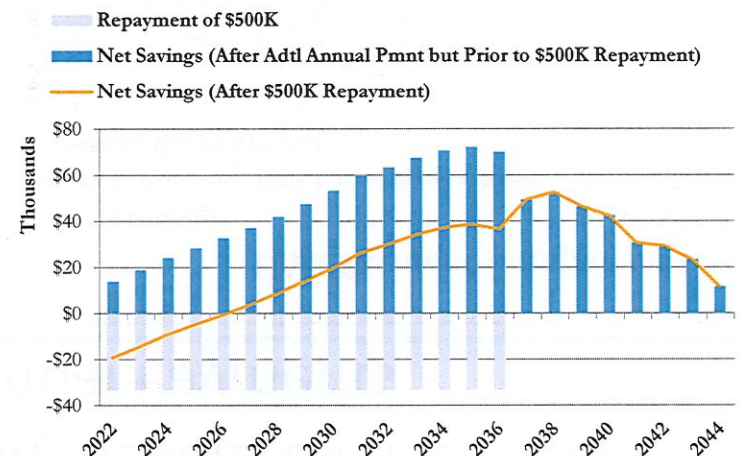
Savings Summary

- Shorter repayment term (2037)
- Aggregate Gross Savings: \$1,377,871
- Aggregate Net Savings: \$487,730
 - ✓ Net of additional annual payments, repayment of loan and foregone investment earnings

UAL Payment Comparison



Net Savings Per Year





Scenario 8: \$500k Internal Loan, Repaid Over 15 Years + \$50k Additional Annual Payments

UAL Assumptions

- \$500,000 one-time payment and annual payments of \$50,000 applied towards principal with CalPERS re-amortizing remaining UAL payment schedule on a pro-rata basis
- Annual cost savings in proportion to current UAL payments
- Current UAL balance does not incorporate future adjustments from CalPERS

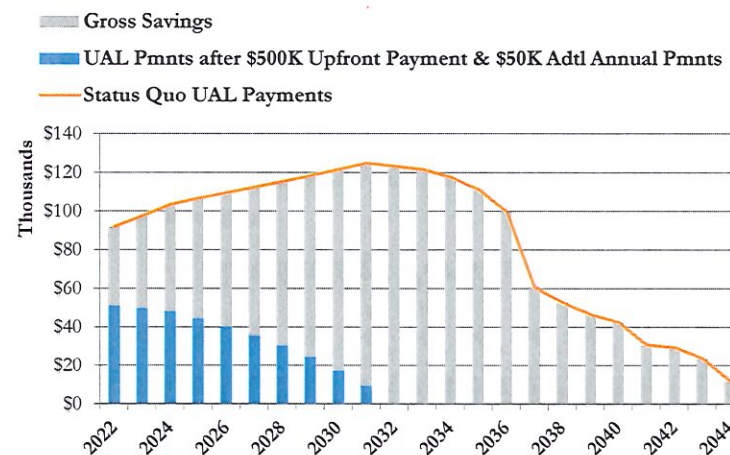
\$500k Loan Assumptions

- Repaid over 15 years
- Interest rate based on 1-Year Treasury average in 2020 of 0.37%
 - ✓ 1-Year Treasury as of January 4, 2021 is 0.10%

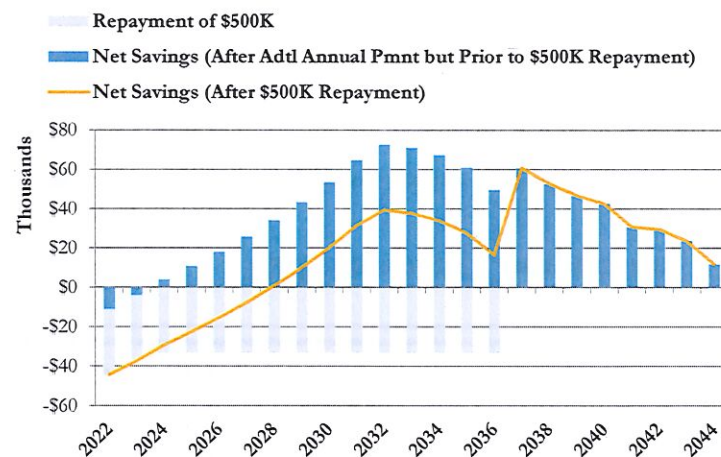
Savings Summary

- Shorter repayment term (2031)
- Aggregate Gross Savings: \$1,622,292
- Aggregate Net Savings: \$357,151
 - ✓ Net of additional annual payments, repayment of loan and foregone investment earnings

UAL Payment Comparison



Net Savings Per Year





Items for Discussion and Action

Agenda Item: 4.4

Date: January 25, 2021

Subject: Purchase Innov8 Water Meter Registers for Phase 2 Pilot Study of Consumption Data

Staff Contact: Timothy R. Shaw

Recommended Committee Action:

The Executive Committee forwarded this item onto the January 25th Board agenda with the Committee's recommendation for Board approval.

Current Background and Justification:

Phase 1 of the Innov8 / Waterscope pilot test continues to be an overwhelming success. The 5 devices already purchased have performed as promised and this scalable consumption data option appears to be a good fit for the District's needs as the foreseeable increased focus on consumption draws nearer.

The next phase of the pilot testing is needed to evaluate the Innov8 / Waterscope compatibility with the District's current billing software, Continental Utility Solutions Inc. (CUSI). A substantial degree of resources will be expended for the billing software integration. This makes the economy of scale relevant, i.e., doing so for only 5-customers is irrational.

Accordingly, the Board should consider authorizing the upfront purchase of additional units for Phase 2. Each unit costs \$300 and includes 10-years of software (Waterscope) usage. To illustrate, if the District authorizes the purchase of 50-units, at a cost of \$15,000, the District will have 10-years of service from the 55 units (5 from Phase 1). If the billing software integration is satisfactory and the District proceeds to the full implementation phase, those 55-units would be the first units offered to customers who enroll in the consumption data service and agree to pay the recurring fee, e.g. \$5 per billing cycle. At that fee, the District would be repaid for the initial investment in 10-years, which is the life expectancy of each unit. If more than 55 customers enroll, the District will need to purchase additional units. Ergo the scalability of the Innov8 option vs. the non-scalability of WaterSmart and DropCountr, both of which charge full price regardless of the number of customers enrolled.

Included with the Board packets is the Innov8 Warranty including Terms and Conditions. If the Board authorizes the purchase of additional units, the Board should also accept the Terms and Conditions.

The link below is a YouTube video of a customer testimonial of the Innov8 / Waterscope performance.
https://www.youtube.com/watch?v=kHyiCfo_hk0

Conclusion:

I recommend the Board authorize the purchase of 50 additional Innov8 registers, and further accept the terms and conditions stipulated in the Innov8 Warranty document included with Board packets.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Ridilla:_____ Harris:_____ Green: _____ Gifford:_____ Reisig:_____.
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent

RLECWD Agenda Item Checklist

Item 4.4

Date

Initial Potential Meeting Date1/25/2021

Circle High/Medium/Low priority of Item and Identify if in line with Mission/
Goal/Strategic Planning issues or state of emergency

Consider authorizing the purchase of a number (to be stipulated by the Board) of Innov8 water meter registers for phase 2 pilot testing of customer consumption data program.

1/07/2021**Staff Work Completed**

(Includes reviewing, researching item with other resources (ACWA, JPIA, RWA, SGA, other Water or special districts, District Engineer, Legal Counsel then laying out business cases, pros and cons, options and recommendations based on best information available, etc.

Committee Review of Item and Staff Work01/11/2021

Review by appropriate Executive or Ad Hoc Committees, to prepare board recommendations

Formal Legal Counsel ReviewN/A

Legal Counsel should have enough time to review all potential legal matters for correctness and legality

GM Review01/21/2021**Actual Meeting Date Set for Agenda Item**01/25/2021



Virtual Network

Product Warranty and Licensing

Transparent Technologies (hereafter called “T2”) offers the Virtual Network (VN) System for smart water metering. This includes the VN CDMA endpoints (innov8-VN Register and innov8-VNr Remote), the VN Meter Data Management System and all associated Windows™/web software applications. The use of the system is governed by the following ownership and licensing terms and conditions.

Innov8-VN Register and Innov8-VNr Remote

Hardware Property

Upon purchase of an innov8-VN register or innov8-VNr remote (hereafter called VN endpoint), the purchaser owns the electronic hardware unit wholly. The VN endpoints are covered by the limited warranty defined herein. The warranties are made only to persons purchasing from Transparent Technologies (“T2”) or its authorized dealers. The warranties set forth in this document are made by T2 only to those entities that purchase the *VN Endpoints* directly from T2 or its formally authorized dealers. The warranties set forth are non-transferable and T2 makes no implied warranties, guarantees or representations for product obtained other than directly through its authorized sales channels.

Electronics & Batteries

From the date of original shipment, T2 warrants that all VN endpoint electronics and batteries to be free from defects in Materials and Workmanship for a period of fifteen (15) years (“Warranty Period”). During the Warranty Period, T2, at its discretion, will repair or replace any defective product at no-cost during the first seven (7) years from the date of shipment. Beyond the initial seven years, T2 will issue a replacement credit against the current list price (at the time of replacement) of the hardware only based on the following table:

innov8-VN Register - Covered Claim

Year 8 – Year 9	40% Discount off of then current list price
Year 10 – Year 11	30% Discount off of then current list price
Year 12 – Year 13	20% Discount off of then current list price
Year 14 – Year 15	10% Discount off of then current list price

innov8-VNr Remote - Covered Claim

Year 11 – Year 12	30% Discount off of then current list price
Year 13 – Year 14	20% Discount off of then current list price
Year 15	10% Discount off of then current list price

Replacement units are warranted for the balance of the original coverage warranty. Lack or surplus of bundled wireless service will be resolved at the time of replacement.

Extended warranties may be offered at an additional fee negotiated between customer and Metron Farnier.

BASE WARRANTY IS EXTENDED TO 10 YEARS FROM DATE OF SHIPMENT TO RIO LINDA ELVERTA CWD FOR ALL PURCHASED BEFORE 12/31/21.



Term of Wireless Service

The wireless service is bundled with the VN Endpoints. The initial term of the wireless service will be sold with a specific number of years at the time of hardware purchase. T2, or its authorized reseller, will notify the purchaser when any VN Endpoint enters its final year of bundled service. Payment will be due at the end-of-year to continue the wireless service. If payment is not paid, the wireless service will be suspended until payment is received.

Refer to the Term of Wireless Service document for resolution options for remaining bundled service on warranty units.

Note: Without wireless service, the VN Endpoints will still be operational as a register or remote.

Wireless Network Coverage

The wireless network is run by a major wireless carrier which strives for the maximum coverage. However, there is no guarantee of coverage within the purchaser's area. T2 has additional AMI/AMR solutions for areas outside the wireless carrier's coverage.

Exercise of Warranty

No employee, agent or other representative of T2 or an authorized distributor of T2 product is authorized to make any warranty, guarantee or representation until (a) the VN Endpoint unit is delivered to a T2 service center, (b) the VN Endpoint unit is accompanied by a Return Authorization (RA) number obtained through the T2 offices, and (c) all costs of delivery to the T2 service center are assumed by the purchaser. Service center locations can be determined by calling the primary T2 toll free number or through the T2 website.

Exclusions

The warranty on Materials & Workmanship specifically excludes failures or compromised performance due to uncontrollable causes. Warranties shall not apply to products exposed to conditions outside the normal working conditions of a typical water distribution system including, but not limited to, extreme weather or unusually harsh or uncommon installation environments. Warranties also shall not apply under circumstances beyond T2's reasonable control including, but not limited to, acts of God, vandalism, negligent misuse or misapplication, product tampering, alternation, improper handling, installation or repair

The VN Endpoints are available with mutiple output options which may effect the warranty terms. T2 will provide specific warranty documents for these models.

Limitation of Liability

The above warranties are exclusive. THE WARRANTIES SET FORTH IN THIS CERTIFICATE OF LIMITED WARRANTY ARE IN LIEU OF ANY OTHER WARRANTY, GUARANTEE OR REPRESENTATION, WHETHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, THE WARRANTY OF MERCHANTABILITY AND THE WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE. No warranties are made through or by any other means of communication other than this Limited Warranty.

T2's liability is limited to its costs of replacement or repair of the defective unit or part or part thereof. Incidental and consequential damages, including, but not limited to, incorrect billings, damages from delays or miscalculations in reading, or the costs of field labor for auditing or replacement are not recoverable from T2.

VN Meter Data Management System (MDMS)

Scope of License



This license is a limited, non-exclusive, non-transferable license to use the VN Meter Data Management System (hereafter called the MDMS). The use of the MDMS is intended for data collection and storage of T2-based products for typical water utility usage only. The purchaser may not rent, lease, lend, sell, redistribute or sublicense the MDMS or utilize it in any non-intended manner without the specific, prior written permission from T2. Commercial copying or reverse engineering of the form, content or function of the software components is prohibited under this license.

Data Integrity and Security

The VN MDMS will have isolated data for the purchaser's data. The data will be secured via advanced authentication methods. The data is stored on redundant local servers and will also have geo-redundancy on a different data center to guard against catastrophic failures. T2 will store 3 years of high resolution data under the standard SAMS fees. T2 will offer data compaction and transfer services after the 3 year mark.

MDMS Availability

The VN MDMS is hosted on a commercial cloud Platform-as-a-Service/Infrastructure-as-a-Service which strives for maximum availability. However, there is no guarantee of continuous uptime on the MDMS. The cloud environment is backed by a 99.95% monthly service level agreement under the VN MDMS configuration.

Ownership of Data

The purchaser has full right of ownership for all data collected within the VN MDMS with no limitations other than the terms within the scope of license.

Consent to Use Data

By using the VN System, the purchaser understands and agrees that T2 has rights to the raw, unlabeled consumption data within the MDMS. This specifically does not include any personally-identifiable account data from the purchaser's account data.

Limitation of Liability

The above warranties are exclusive. THE WARRANTIES SET FORTH IN THIS CERTIFICATE OF LIMITED WARRANTY ARE IN LIEU OF ANY OTHER WARRANTY, GUARANTEE OR REPRESENTATION, WHETHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, THE WARRANTY OF MERCHANTABILITY AND THE WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE. No warranties are made through or by any other means of communication other than this Limited Warranty.

T2's liability is limited to its costs of fixing the defective software component. Incidental and consequential damages, including, but not limited to, incorrect billings, damages from delays or miscalculations in reading, or the costs of field labor for auditing or correction are not recoverable from T2.

Windows™ and Web Software Applications

Scope of License

This license is a limited, non-exclusive, non-transferable license to use the VN Windows and Web applications (hereafter called the VN Software). The use of the VN Software is intended for the acquisition, viewing, and reporting of data collected via the VN MDMS system for typical water utility and end-consumer usage only. The purchaser may not rent, lease, lend, sell, redistribute or sublicense the MDMS or utilize it in any non-intended manner without the specific, prior written permission from T2. Commercial copying or reverse engineering of the form, content or function of the software components is prohibited under this license.



Windows Applications

T2 does not warrant that the operation of this product will be uninterrupted or error-free and does not make any guarantee of performance. T2 does not warrant the operation of the associated computer, its operating system, add-in applications, drivers or any other portion of software not produced directly by T2. Separate software licenses and warranties for these products will be provided to the purchaser who is then wholly responsible for the exercise of such warranties. T2 is not responsible for damage to or loss of any programs, data or removable storage media.

Web Applications

T2 does not warrant that the operation of this product will be uninterrupted or error-free and does not make any guarantee of performance. The performance of the web applications will be partially dependent upon the speed of the internet connection at the purchaser's location, which is not the responsibility of T2.

The VN Web applications are designed and tested to work with most common browsers and will continuously test against new releases, but cannot guarantee compatibility with all browsers.

Web Availability

The VN Web applications are hosted on a commercial cloud Platform-as-a-Service/Infrastructure-as-a-Service which strives for maximum availability. However, there is no guarantee of continuous uptime on the web service. The cloud environment is backed by a 99.95% monthly service level agreement under the VN software configuration.

Limitation of Liability

The above warranties are exclusive. THE WARRANTIES SET FORTH IN THIS CERTIFICATE OF LIMITED WARRANTY ARE IN LIEU OF ANY OTHER WARRANTY, GUARANTEE OR REPRESENTATION, WHETHER EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, THE WARRANTY OF MERCHANTABILITY AND THE WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE. No warranties are made through or by any other means of communication other than this Limited Warranty.

T2's liability is limited to its costs of fixing the defective software component. Incidental and consequential damages, including, but not limited to, incorrect billings, damages from delays or miscalculations in reading, or the costs of field labor for auditing or correction are not recoverable from T2.

Tim Shaw

Subject: FW: WaterScope - Daily Water Alert -

From: WaterScope Notification Services <notificationsservices@waterscope.us>

Sent: Friday, October 23, 2020 6:37 AM

To: Customer Name Withheld

Subject: WaterScope - Daily Water Alert – John Q. Public



Rio Linda

Hello

We have detected following condition(s) on your meter - 3064078:

• Leak (A drip or trickle leak is evident)

Set On 10/22/2020, Thursday, your meter's leak rate was 0.013713769497307 GPM.

Thanks,

WaterScope

[Click here to login into WaterScope](#)

Note: This email is sent through an automated service. Please do not reply to this email. If you have any concerns, please contact your Utility person in-charge for further support. To unsubscribe for daily notifications, please visit Notifications menu after you login into your WaterScope Account.

This email was generated for your time zone Mountain Standard Time today.

WaterScope Notification Services ©2020

Your Account Information: Account Number, Consumer Name, Address, Location, Rio Linda CA 95673, VNI ID: 3064074, Water Budget Efficient

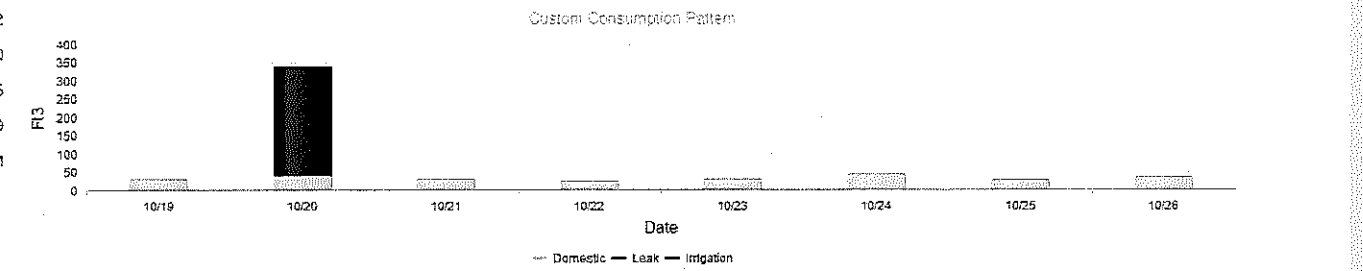
Meter: Innov8-VN LTE Neptune 5/8 x 3/4" LCD Read: 001477.6F3 @10/29/20... Billing Read: 14 F3 x 100 Conditions: 5%

Usage Overview: Last Updated Thu Oct 01 2020 08:46:21

Time Interval: Custom Date interval: From Date 10/19/2020 To Date 10/26/2020 Go

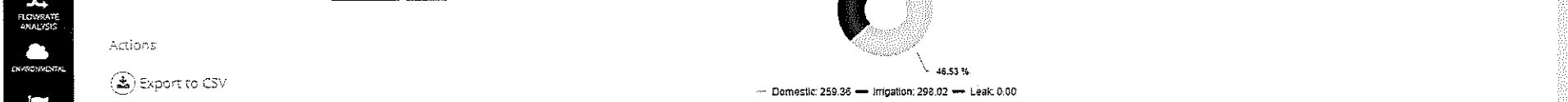
Custom Consumption Analysis: Displaying 19 Oct - 26 Oct Custom PDF

Irrigation	298.02
Leak	0.00
Domestic	259.36
Total	557.39
Leak Rate	0GPM

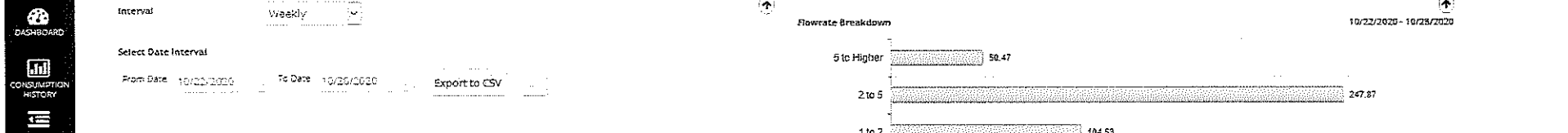


Settings

Irrigation Threshold:

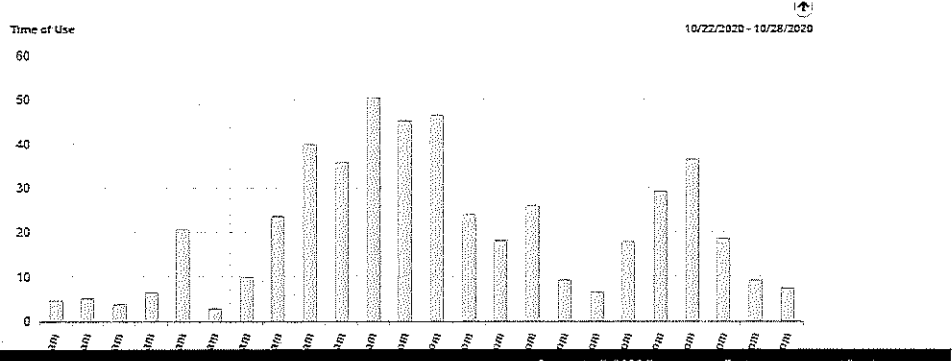
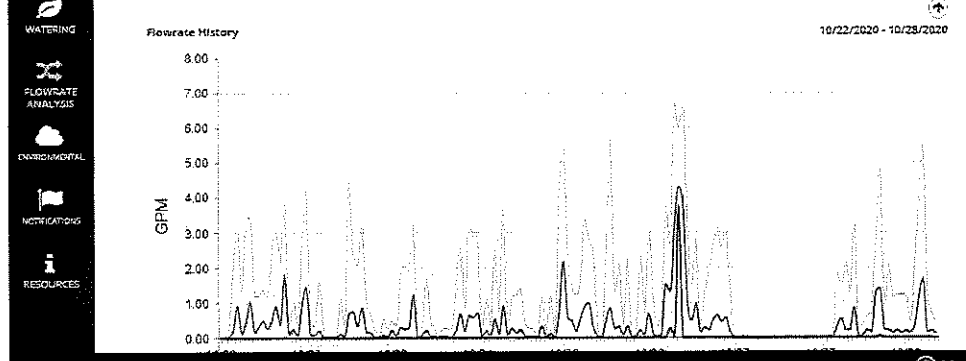


Actions: Export to CSV



Flowrate Statistics	
Maximum Flowrate:	6.797 GPM at 10:25 AM on 10/26/2020
Average Flowrate:	0.369 GPM
Minimum Flowrate:	-0.003 GPM at 02:30 AM on 10/24/2020

Consumption Statistics	
Peak Hour:	34.246
Peak Day:	165,484 on 10/26/2020
Total Consumption:	497.562





Items for Discussion and Action
Agenda Item: 4.5

Date: January 25, 2021

Subject: Customer(s) Request for Board Consideration of Billing Issues

Staff Contact: Timothy R. Shaw

Recommended Committee Action:

N/A this item was not discussed at Committee

Current Background and Justification:

Current District policy stipulates that the full Board consider customer's request for waivers, reversal of charges, refunds etc. Included with your Board packets are the customers' request forms (plural).

This request for waiver of the \$5 reminder notice fee. In and of itself, the request is innocuous. However, the handwritten letter attached to the request is another matter.

Conclusion:

Review this customer's request, seek feedback from Legal Counsel and staff, then consider Board action as appropriate.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Ridilla:____ Harris:____ Jason Green ____ Gifford ____ Reisig ____.

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

RLECWD Agenda Item Checklist

Item 4.5

Date

Initial Potential Meeting Date

1/25/2021

Circle High/Medium/low priority of Item and Identify if in line with Mission/
Goal/Strategic Planning issues or state of emergency

Consider customer request for Board review of billing issues.

1/20/2021

Staff Work Completed

(Includes reviewing, researching item with other resources (ACWA, JPIA, RWA, SGA, other Water or special districts, District Engineer, Legal Counsel then laying out business cases, pros and cons, options and recommendations based on best information available, etc.

Committee Review of Item and Staff Work

N/A

Review by appropriate Executive or Ad Hoc Committees, to prepare board recommendations

Formal Legal Counsel Review

N/A

Legal Counsel should have enough time to review all potential legal matters for correctness and legality

GM Review

01/21/2021

Actual Meeting Date Set for Agenda Item

01/25/2021



**Rio Linda Elverta Community Water District
Request for Consideration of Billing Issues by the Board of Directors**

Account Holder: _____ Account #: 4433100
Service Address: _____

Check the appropriate box(s) and specify which fees you are requesting the Board to waive:

- Account Deposit Amount: \$ _____
- Delinquency Notice Fee Amount: \$ 5⁰⁰
- 48 Hour Notice Fee Amount: \$ _____
- Service Charges Amount: \$ _____
- Shutoff Fee Amount: \$ _____
- Tampering Fee Amount: \$ _____
- Other Amount: \$ _____

Notice: This request may be considered at a public Board Meeting. This document may become a part of the Board meeting agenda which is accessible to the public by request or via the District website. However, the District will make reasonable attempts to preserve customer privacy via redaction, e.g. addresses, phone, email etc.

Total: \$ _____

Justifying Information to Support Your Request: _____

(Attached additional sheets if necessary)

By signing below you are; attesting to the accuracy of the information you have provided and fraudulent submittal may result in Board denial, you acknowledge that all correspondence between yourself and the District is subject to California Public Records Act laws, and you further acknowledge the Board of Directors' rulings are final.

Signed: _____ Date: _____

Account Holder Contact Information:
In case you are unable to attend the Board Meeting, please provide with your preferred method for us to contact you regarding the Board's decision.
Email Address: _____
Phone Number: _____
US Mail (provide mailing address): _____

Business Office

Account History – This includes all transactions up to the date form is signed

 1 Number of times Delinquency Notice sent in the past 12 months

 0 Number of times 48 Hour Notice sent in the past 12 months

 0 Number of times service was terminated for non-payment over the past 12 months

Amortization Agreement on File: YES X NO

Additional Information: Since the customer has had a late
fee in the last 12 months, this request must
go before the GM or Board

Resolution of the Issue and Feedback to Customer:

Board Action Taken: _____

Customer was contacted by Phone, US mail, Email.

Date: Initials:

Appropriate adjustments made to the account: Date: Initials:

Notes added to the account: Date: Initials:

12-28-2020

To The Manager of The Water District

My name is Richard Davis. I live at 6624 West 2nd Street Rio Linda. I bought this home in 1989 and lived here with my family until 2002. I moved back to this address February 2010. Since that time I have had nothing but problems getting my water bill from your office. You always manage to get my "Late notice" here with a "Late Charge" but nothing else. I have gone to your office on several occasions and spoke with your staff and one time with someone in the back. Your office suggested two other ways besides the mail. Either I give you my bank information and you would take it out automatically or your office will email me my bill. Number 7 I was out of the question so I said email. And I gave your office my email. Well I went ahead and had my bank send a monthly amount of \$90.00. Two years went by and your office finally sent me an bill by email and it stated that I was over paid by \$500.00. So I contacted your office again. I went in person as before and all your staff could do is give me the deer in the headlight look, as before. I am tired of your incompetence and I am forwarding this letter to my County and State representatives.

I am a retired Business Manager for the Iron Workers Union Local 118. If I ran the Union like you running this, I would have been fired and my staff also. Maybe that needs to be done there

!!!
Sincerely, One Pissed Customer

Going forward I would like my bill inserted
to my home at [redacted] ^{Agenda Item 4.5} set
[redacted] 95693

[redacted] do



Items for Discussion and Action
Agenda Item: 4.6

Date: January 25, 2021
Subject: Comprehensive Annual Financial Report (CAFR)
Staff Contact: Timothy R. Shaw, General Manager

Recommended Committee Action:

The Executive Committee did not review the fiscal year 2019/2020 CAFR because it is a recurring annual item.

Current Background and Justification:

The CAFR is a report that discloses data on the District's financial position and operations in a manner designed to enable the reader to gain an understanding of the District's financial activities. This report includes the independent auditor's report, management discussion, statistical data, regional economic data and compliance report. Several members of staff and management compiled the information being represented in this report and we feel it fairly represents the financial position of the District.

Conclusion:

I recommend the Board approve the CAFR, and further recommend directing staff submit the CAFR to the Government Finance Officers Association (GFOA) for consideration of District recognition for its financial reporting.

Board Action / Motion

Motioned by: Director _____ Seconded by Director _____

Ridilla: _____ Harris: _____ Green: _____ Gifford: _____ Reisig: _____.

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

RLECWD Agenda Item Checklist

Item 4.6

Date

Initial Potential Meeting Date

1/25/2021

Circle High/Medium/Low priority of Item and Identify if in line with Mission/
Goal/Strategic Planning issues or state of emergency

Consider approving the Comprehensive Annual Financial Report (CAFR) for fiscal year 2019/2020.

1/20/2021

Staff Work Completed

(Includes reviewing, researching item with other resources (ACWA, JPIA, RWA, SGA, other Water or special districts, District Engineer, Legal Counsel then laying out business cases, pros and cons, options and recommendations based on best information available, etc.

Committee Review of Item and Staff Work

N/A

Review by appropriate Executive or Ad Hoc Committees, to prepare board recommendations

Formal Legal Counsel Review

N/A

Legal Counsel should have enough time to review all potential legal matters for correctness and legality

GM Review

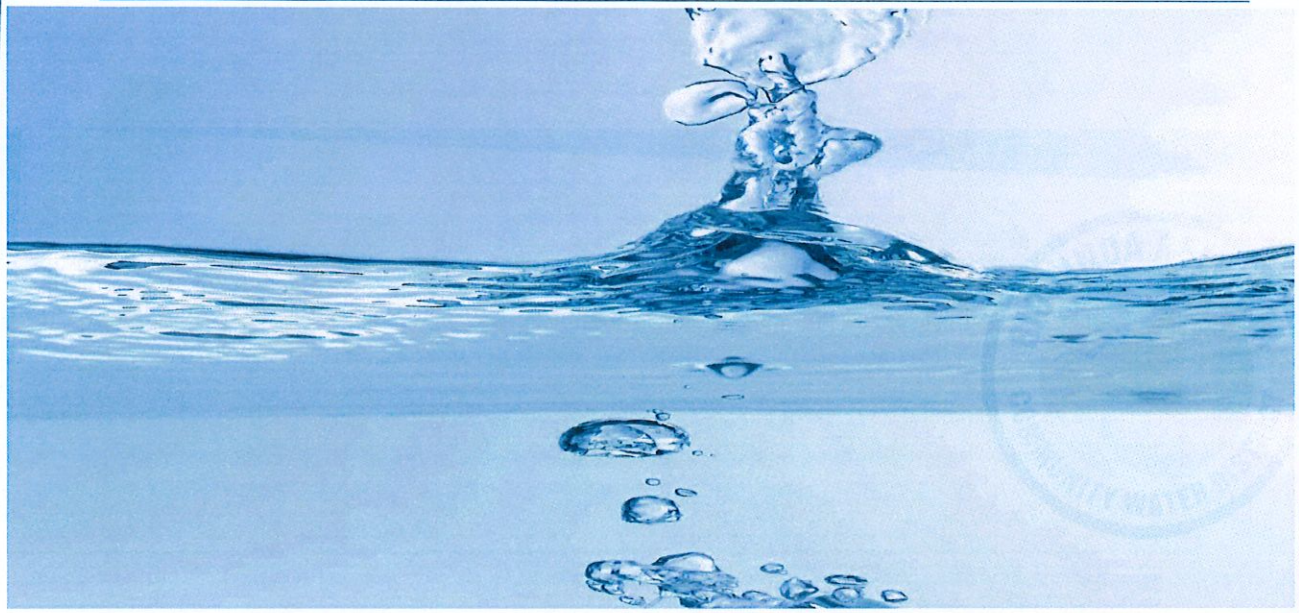
01/21/2021

Actual Meeting Date Set for Agenda Item

01/25/2021



Rio Linda/Elverta Community Water District



Comprehensive

Annual Financial Report

For the Fiscal Year July 1, 2019 to June 30, 2020

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**RIO LINDA/ELVERTA
COMMUNITY WATER DISTRICT**



Rio Linda, California

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR
JULY 1, 2019 - JUNE 30, 2020**

Prepared by
Timothy R. Shaw, General Manager

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RIO LINDA / ELVERTA COMMUNITY WATER DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 2020

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RIO LINDA / ELVERTA COMMUNITY WATER DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 2020

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INTRODUCTORY SECTION

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WWW.RLECWD.COM
QUESTIONS@RLECWD.COM

COMMUNITY WATER DISTRICT

Telephone:
(916) 991-1000

39

RLECWD
730 L Street
Rio Linda, CA 95673-3433

January 11, 2021

The Board of Directors
Rio Linda/Elverta Community Water District

The Rio Linda/Elverta Community Water District hereby submits the Comprehensive Annual Financial Report (CAFR) for the fiscal year end June 30, 2020. 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 Comprehensive Annual 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 12 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 2.0 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 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 form some planned mitigation measures. Throughout 2020, the state has remained on track with their workshops and public comment processes associated with re-establishing the Hexavalent Chromium MCL.

The District has five wells in the District that do not meet the 10-ppb I MCL for Hexavalent Chromium. The District has nearly completed construction of a new pumping station (Well #16), which is expected to be operational in January 2021. The Well 16 Pumping Station has relatively high productivity and water quality, which will enable the District to downgrade its reliance on existing wells which contain Cr6 above the anticipated MCL (if re-adopted). Funding for the Well #16 pumping station is a municipal loan with debt service via Surcharge #2, which was part of the 2016 adopted rate structure.

In September of 2016, the District was awarded Prop 84 funding in the amount of \$530,000 for Well 10 Cr6 Treatment Mitigation. Due to the delays in the state re-adoption of the Cr6 MCL, the District applied for and received approval from the grant administrator to reallocate the grant to the Well #16 project.

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

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, will shift its conservation efforts to be compliant with the requirements of SB-606 and AB-1668. A rate study/cost of service analysis is underway, which will lead to Board consideration of a rates restructuring via the Proposition 218 process. The District is 100 % metered which aids in the evaluation and monitoring of customer usage and will 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 Sacramento Regional Utilities Collaboration Group. 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, 2020, the Budget was adopted by the Board at the August 19, 2019 public hearing. The budget adopted in August 2019 featured the first capital budget based directly on a

Board adopted capital improvement projects list. 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. Fechter & Company has been selected to conduct the annual audit. The auditor's report is included in the financial section of the Comprehensive Annual Financial Report.

The preparation of the comprehensive annual 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 Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

BOARD OF DIRECTORS

Jason Green, President

Robert Reisig, Vice-President

John Ridilla, Director

Chris Gifford, Director

Mary Harris, Director

EMPLOYEES

Tim Shaw, General Manager

Pat Goyet, Operations Superintendent

Renita Lehman, Admin. Assistant

Deborah Denning, Accounting Specialist

Kimberly Bassett, Customer Service Tech I

Sara Cater, Conservation Coordinator

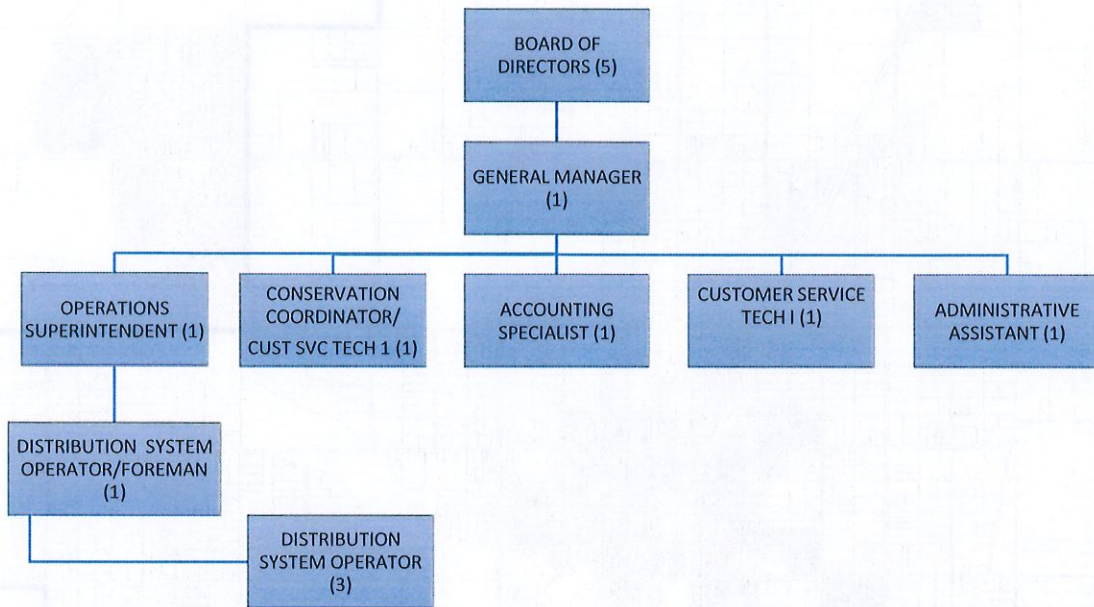
Justin Davis, Dist. System Op 3 / Forman

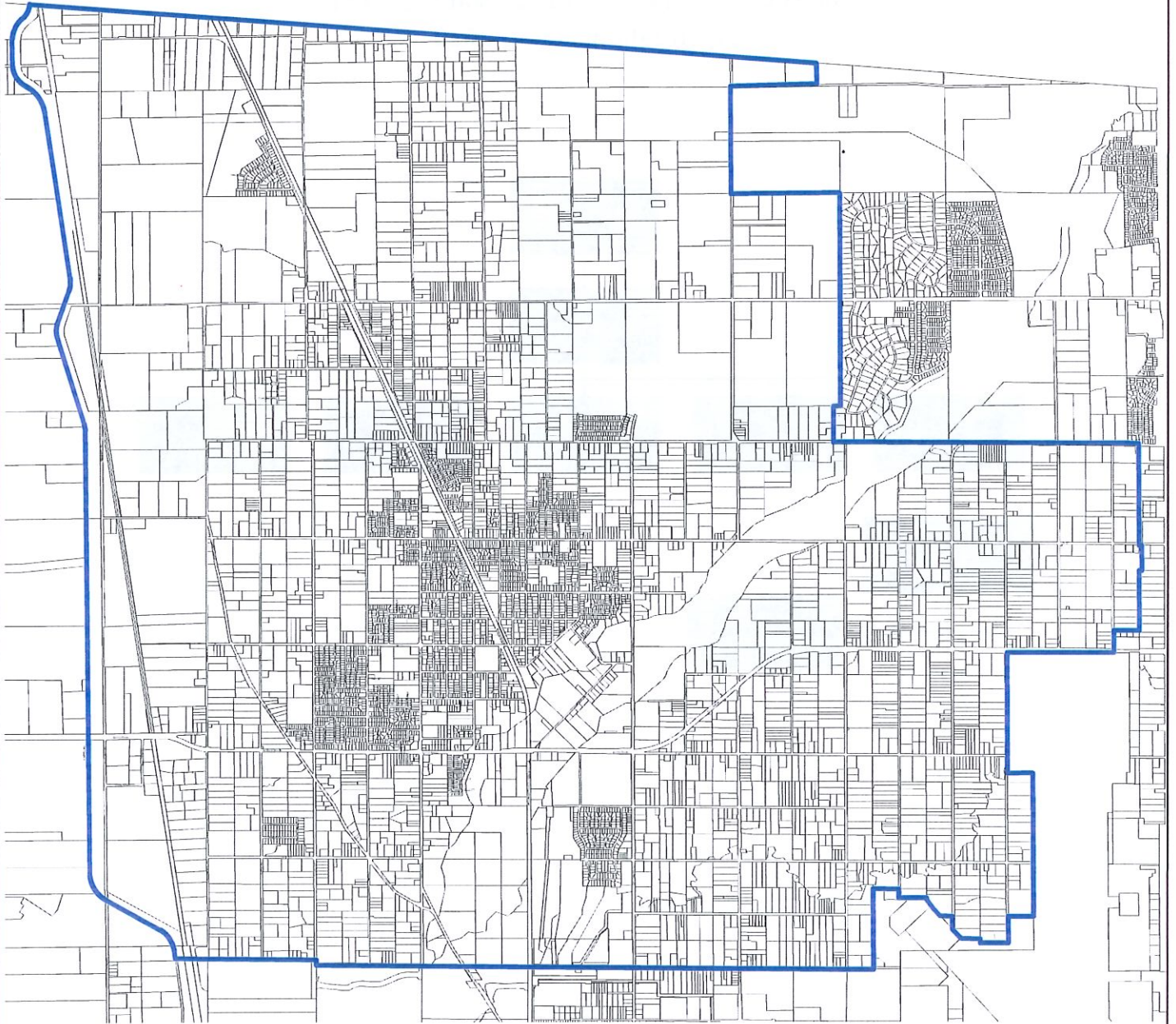
Frank Chacon, Dist. System Op 3

Richard Hayes, Dist. System Op 1

Jamaal Pete, Dist. System Op 1

Rio Linda Elverta Community Water District
Organizational Chart 2020





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

Exhibit A

MAY 2018

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



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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Rio Linda/Elverta Community Water District (the District), which comprise the balance sheet as of June 30, 2020 and 2019, and the related statements of revenues, expenses, changes in net position, and cash flows for the years then ended and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2020, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Directors
Rio Linda/Elverta Community Water District

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information, the schedule of the District's proportionate share of the net pension liability, and the schedule of contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied to the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

Fechter & Company
Certified Public Accountants



Sacramento, California
September 22, 2020



**MANAGEMENTS'S DISCUSSION
AND ANALYSIS**

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RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

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Management's Discussion and Analysis June 30, 2020 and 2019

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, 2020 (FY 2019-20).

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 2019-20 and its financial position at the close of FY 2019-20.

- ❖ The District's assets exceeded its liabilities by \$11,545,161 as of June 30, 2020, which is an increase of \$1,717,999 compared to June 30, 2019. Total assets increased by \$4,656,687 while total liabilities increased by \$2,973,814. The deferred outflow decreased to \$227,638 and deferred inflows increased to \$102,763 as of June 30, 2020. The District's net investment in capital assets, \$8,842,880, 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. Unrestricted net assets totaled \$2,121,930, an increase of \$447,308 from the end of FY 2018-19.
- ❖ The District's operating revenues were \$2,800,111 and non-operating revenues were \$1,151,861, totaling \$3,951,972. Water sales to customers totaled 67% of all revenues.
- ❖ The District's total net long-term liabilities were \$10,503,230 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, 2020 and 2019

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, 2020, the total net position of the District was \$11,670,036. The following table summarizes assets, liabilities and net position at June 30, 2020, 2019, and 2018:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Current Assets, Unrestricted	\$ 3,402,506	\$ 2,916,941	\$ 1,992,373
Restricted Cash and Cash Equivalents	5,136,746	1,479,705	1,533,974
Capital assets, net	15,022,960	14,473,753	14,847,090
Total Assets	<u>23,562,212</u>	<u>18,870,399</u>	<u>18,373,437</u>
Total Deferred Outflows	227,638	262,764	347,606
Total Assets and Deferred Outflows	<u>23,789,850</u>	<u>19,133,163</u>	<u>18,721,043</u>
Current Liabilities	1,513,821	701,609	618,177
Long-Term Liabilities	10,503,230	8,341,628	9,198,981
Total Liabilities	<u>12,017,051</u>	<u>9,043,237</u>	<u>9,817,158</u>
Total Deferred Inflows	102,763	32,003	41,572
Total Liabilities and Deferred Inflows	<u>12,119,814</u>	<u>9,075,240</u>	<u>9,858,730</u>
Net Position			
Net investment in capital assets	8,842,880	7,681,068	7,519,910
Restricted debt service reserves	705,226	702,233	699,787
Unrestricted	2,121,930	1,674,622	642,616
Total Net Position	<u>\$ 11,670,036</u>	<u>\$ 10,057,923</u>	<u>\$ 8,862,313</u>

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

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

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Management's Discussion and Analysis
June 30, 2020 and 2019

Below is a summary analysis of changes:

Summary Analysis of Changes	2020 & 2019	2019 & 2018
Total Assets and Deferred Outflows	24.34%	2.20%
Total Liabilities and Deferred Inflows	33.55%	-7.95%
Total Net Position	16.03%	13.49%

Changes in Net Position

The following table summarizes the changes in net position for the fiscal years ended June 30, 2020, 2019, and 2018:

	2020	2019	2018
Operating Revenues:			
Water sales	\$ 2,665,072	\$ 2,560,294	\$ 2,499,949
Other operating revenues	135,039	156,924	137,403
Total Operating Revenues	2,800,111	2,717,218	2,637,352
Operating Expenses:			
Personnel services	1,228,884	1,065,785	1,061,163
Professional services	102,556	149,693	177,479
Field operations	492,255	422,419	379,372
Conservation	-	5,844	5,946
Administration	207,356	236,116	230,626
Depreciation and Amortization	636,432	637,022	654,174
Total Operating Expenses	2,667,483	2,516,879	2,508,760
Net Income from Operations	132,628	200,339	128,592
Non-Operating Revenues (Expenses):			
Surcharge	962,068	949,903	743,152
Other non-operating revenues	189,793	156,217	108,561
Non-operating expenses	(268,276)	(252,635)	(228,634)
Net Non-Operating Revenues	883,585	853,485	623,079
Net income before capital contributions	1,016,213	1,053,824	751,671
Capital Contributions			
Capacity fees	90,900	51,705	129,808
Capital grants	505,000	-	-
Contributed assets	-	90,081	22,833
Total Capital Contributions	595,900	141,786	152,641
Change in net position	1,612,113	1,195,610	904,312
Net position, beginning of year	10,057,923	8,862,313	8,218,372
Prior period adjustment	-	-	(260,371)
Beginning net position, restated	10,057,923	8,862,313	7,958,001
Net position, end of year	\$ 11,670,036	\$ 10,057,923	\$ 8,862,313

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management's Discussion and Analysis
June 30, 2020 and 2019

Changes from Fiscal Year 2018/2019 to Fiscal Year 2019/2020:

Total net position increased \$1,612,113 or 16.03% from fiscal year 2019 to 2020.

Total operating revenues increased \$82,893 or 3.05% from fiscal year 2019 to 2020. Operating revenue exceeded operating expenses by \$132,628. Operating expenses increased by \$150,604, a 5.98% increase from fiscal year 2019 to 2020.

Changes from Fiscal Year 2017/2018 to Fiscal Year 2018/2019:

Total net position increased \$1,195,610 or 13.49% from fiscal year 2018 to 2019.

Total operating revenues increased \$79,866 or 3.03% from fiscal year 2018, to 2019. Operating revenue exceeded operating expenses by \$200,339. Operating expenses increased by \$8,119, a 0.32% increase from fiscal year 2018 to 2019.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2020, the District's net investment in capital assets was \$8,842,880 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 2019-20, principal on its collective debt was reduced by \$139,015 during the year. The District's total debt from its 2016 issuance now stands at approximately \$1.95 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 2019-20, principal on its collective debt was reduced by \$351,402 during the year. The District's total debt from the SRF Loan now stands at approximately \$4.01 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 \$48,281 during the year. The District's total debt from the Meter Replacement Loan now stands at approximately \$294,205.

During FY 18-19, the District entered into an installment sale agreement with Opus Bank for \$3.87 million. During FY 19-20, the District drew down \$3,210,040 and paid principal of \$210,000 on this debt. As of June 30, 2020, the District's total debt from the Opus Bank loan was \$3.00 million.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

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Management's Discussion and Analysis
June 30, 2020 and 2019

Compensated absences, composed of vacation hours earned by employees that are payable upon termination or retirement, are valued at \$44,121 at the end of 2019-20, an increase of \$7,163 from the 2018-19 year-end amount of \$36,958.

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 2020-21 (\$2.8 M revenue and \$2.3 M expenses) with a 0.38% increase in income, a 3.31% decrease in expense, and a 19.1% increase in net income compared with the FY 2019-20 Operating Budget.

The District implemented a multi-year Water Rate adjustment and Capacity Fee increase in calendar year 2016 to fund repairs/renovation projects addressing aging infrastructure and regulatory changes. This included Chromium 6 (Cr6) compliance and adding new supply facilities to consolidate and replace less efficient aging wells. The District engaged a rates study consultant for another multi-year rates restructuring but does not include capacity fees review. The adoption of new laws (SB 555, SB 606, AB 1668) have created new requirements for water efficiency and limits on water loss. These laws also compel the District to modify the existing rate structure.

A significant portion of the District's budget continues to be repayment of 15-year long-term debt consolidated financing of Water Revenue Bonds in the amount of approximately \$200,000 per year.

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. The increase in the annual payment the District will pay in July 2021 is at least 16% higher than the \$68,000 payment the District paid in July 2020. The District will consider exploring mitigation measures to offset the dramatic annual UAL payments it would otherwise incur.

In September 2017, the District was awarded Prop 84 funding in the amount of \$530,000 for Well 10 Cr6 Treatment Mitigation. The District recently 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 is scheduled to be complete in October 2020.

Large-scale residential development remains on the horizon, but not in the financial planning range. Additionally, infill projects and some small commercial development is likely to continue if the economic conditions remain favorable. 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 adds to housing demand in the District. Sacramento County has recently approved increased density for a project within the District boundaries, yet there are no financial agreements or definitive plans in place. SB 13 was signed by the Governor, which may lead to a new form of development via accessory dwelling units. It is likely that any significant projects which would increase the number of connections or water demand will not occur until FY 2021-22.

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BASIC FINANCIAL STATEMENTS

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RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2020
(WITH COMPARATIVE DATA FOR JUNE 30, 2019)

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	2020	2019
ASSETS		
Current Assets:		
Cash and investments	\$ 2,261,229	\$ 2,259,237
Accounts receivable	1,059,373	568,838
Accrued interest receivable	1,034	-
Inventory	68,728	58,009
Prepaid expenses	12,142	30,857
Total current assets	3,402,506	2,916,941
Restricted Assets		
Restricted cash and investments	5,136,746	1,479,705
Capital Assets, Net		
Capital assets	15,022,960	14,473,753
TOTAL ASSETS	23,562,212	18,870,399
DEFERRED OUTFLOWS OF RESOURCES		
Deferred pension outflows	227,638	262,764
LIABILITIES		
Current Liabilities:		
Accounts payable	636,506	114,191
Accrued salaries and benefits	51,272	31,701
Accrued interest payable	34,330	10,423
Deposits payable	113,716	97,206
Unearned revenue	49,255	49,255
Current portion of compensated absences liability	44,121	36,958
Current portion of long-term liabilities	584,621	361,875
Total current liabilities	1,513,821	701,609
Long-Term Liabilities:		
Unearned revenue	656,542	705,797
Bonds and loans payable	8,675,224	6,436,628
OPEB liability	115,693	211,573
Net pension liability	1,055,771	987,630
Total long-term liabilities	10,503,230	8,341,628
TOTAL LIABILITIES	12,017,051	9,043,237
DEFERRED INFLOWS OF RESOURCES		
Deferred pension inflows	20,431	5,192
Deferred OPEB inflows	82,332	26,811
TOTAL DEFERRED INFLOWS OF RESOURCES	102,763	32,003
NET POSITION		
Net investment in capital assets	8,842,880	7,681,068
Restricted for debt service reserves	705,226	702,233
Unrestricted	2,121,930	1,674,622
TOTAL NET POSITION	\$ 11,670,036	\$ 10,057,923

The accompanying notes are an integral part of these financial statements.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2019)

	2020	2019
Operating revenues:		
Water sales	\$ 2,665,072	\$ 2,560,294
Account service charges	105,426	100,494
Other water service fees	29,613	56,430
Total operating revenues	2,800,111	2,717,218
Operating expenses:		
Personnel services	1,228,884	1,065,785
Professional services	102,556	149,693
Field operations:		
Transmission and distribution	162,156	128,878
Pumping	227,899	197,723
Transportation	15,334	17,144
Treatment	22,269	16,779
Other	64,597	61,895
Conservation	-	5,844
Administration	207,356	236,116
Depreciation	636,432	637,022
Total operating expenses	2,667,483	2,516,879
Operating income	132,628	200,339
Non-operating revenues and (expenses):		
Surcharge	962,068	949,903
Interest income	39,129	16,113
Property tax	95,164	87,964
Rental income	49,255	49,255
Loss on disposition of assets	6,245	2,885
Interest expense	(266,121)	(197,730)
Other non-operating expenses	(2,155)	(54,905)
Total non-operating revenues and (expenses)	883,585	853,485
Income before capital contributions	1,016,213	1,053,824
Capital Contributions		
Capacity fees	90,900	51,705
Capital grants	505,000	-
Contributed assets	-	90,081
Total capital contributions	595,900	141,786
Change in net position	1,612,113	1,195,610
Beginning net position	10,057,923	8,862,313
Ending net position	\$ 11,670,036	\$ 10,057,923

The accompanying notes are an integral part of these financial statements.

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2019)**

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	2020	2019
Cash flows from operating activities:		
Receipts from customers	\$ 2,326,086	\$ 2,637,880
Payments to suppliers	(271,856)	(793,189)
Payments to employees	(1,124,003)	(1,067,801)
Net cash provided by operating activities	930,227	776,890
Cash Flows from non-capital financing activities:		
Property taxes received	95,164	87,964
Net cash provided by non-capital financing activities	95,164	87,964
Cash flows from capital and related financing activities:		
Surcharge revenue received	962,068	949,903
Capacity fees	90,900	51,705
Capital grant	505,000	
Payments on long-term debt	(748,698)	(983,538)
Purchase and construction of capital assets	(1,185,639)	(170,719)
Proceeds from sale of asset	6,245	-
Abandonment of well project	-	(54,905)
Proceeds from the issuance of long-term debt	3,210,040	361,875
Interest and fees paid on long-term debt	(244,369)	(198,394)
Net cash provided (used) by capital and related financing activities	2,595,547	(44,073)
Cash flows from investing activities:		
Investment income received	38,095	17,746
Net cash provided by investing activities	38,095	17,746
Net increase in cash and cash equivalents	3,659,033	838,527
Cash and cash equivalents, beginning of year	\$ 3,738,942	\$ 2,900,415
Cash and cash equivalents, end of year	\$ 7,397,975	\$ 3,738,942
Cash and cash equivalents consist of the following:		
Unrestricted	\$ 2,261,229	\$ 2,259,237
Restricted	5,136,746	1,479,705
	\$ 7,397,975	\$ 3,738,942

The accompanying notes are an integral part of these financial statements.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED JUNE 30, 2019
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2019)

	2020	2019
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 132,628	\$ 200,339
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	636,432	637,022
Changes in assets and liabilities:		
Accounts receivable	(490,535)	(84,012)
Inventory	(10,719)	38,785
Prepaid expenses	18,715	11,822
Accounts payable	522,315	(29,724)
Accrued salaries and benefits	19,571	4,596
Deposits payable	16,510	4,674
Compensated absences	7,163	14,816
OPEB liability	(40,359)	(78,863)
Net pension liability	118,506	57,435
	\$ 930,227	\$ 776,890
 Supplemental Disclosure of Non-Cash Activities		
Donated capital assets	\$ -	\$ 90,081

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements
June 30, 2020 and 2019

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.

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 4,640 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.

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.

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

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Notes to Basic Financial Statements
June 30, 2020 and 2019

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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.

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.

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.

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.

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.

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.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements
June 30, 2020 and 2019

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets: (continued)

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 two years. 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.

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.

Deferred Outflows and Inflows of Resources: Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, the District recognizes deferred outflows and inflows of resources.

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the District that is applicable to a future reporting period. The District has one item which qualifies for reporting in this category. Please refer to Note 7 for a detailed listing of the deferred outflows of resources the District has recognized.

In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period. The District has two items which qualify for reporting in this category. Please refer to Notes 7 and 8 for a detailed listing of the deferred inflows of resources.

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

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.

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

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

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Notes to Basic Financial Statements
June 30, 2020 and 2019

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Property Taxes: (continued)

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.

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, except for those that have contracts that specifically state that sick leave will be paid out upon termination.

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of June 30, 2020 and 2019, are classified in the accompanying financial statements as follows:

	2020	2019
Cash and cash equivalents	\$ 2,261,229	\$ 2,259,237
Restricted cash and investments	5,136,746	1,479,705
Total Cash and Investments	\$ 7,397,975	\$ 3,738,942

Cash and investments as of June 30, 2020 and 2019, consisted of the following:

	2020	2019
Deposits with financial institutions		
Total Cash	\$ 6,568,892	\$ 3,028,707
Investments in Local Agency Investment Fund (LAIF)	304,201	205,000
Held by Bond Trustee:		
Money market mutual fund	64,694	201,027
Negotiable certificates of deposits	460,188	254,368
Government agency securities	-	49,840
Total Investments	829,083	710,235
Total Cash and Investments	\$ 7,397,975	\$ 3,738,942

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements

June 30, 2020 and 2019

NOTE 2: CASH AND INVESTMENTS - CONTINUED

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, 2020, the District’s permissible investments included the following instruments:

- Investment pool authorized under \$50 million Liquid CA Account Statutes 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.

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.

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.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

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Notes to Basic Financial Statements
June 30, 2020 and 2019

NOTE 2: CASH AND INVESTMENTS – CONTINUED

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:

	Total	12 Months or Less	13-24 Months	25-60 Months
Local Agency Investment Fund Held by Bond Trustee:	\$ 304,201	\$ 304,201	\$ -	\$ -
Money market mutual fund	64,694	64,694	-	-
Negotiable certificates of deposits	460,188	156,709	52,178	251,301
Total Investments	<u>\$ 829,083</u>	<u>\$ 525,604</u>	<u>\$ 52,178</u>	<u>\$ 251,301</u>

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

	Minimum Legal Rating	Total	Ratings as of Year End	
			AAA	Not Rated
Local Agency Investment Fund Held by Bond Trustee:	N/A	\$ 304,201	\$ -	\$ 304,201
Money market mutual fund	N/A	64,694	-	64,694
Negotiable certificates of deposits	N/A	460,188	-	460,188
Total Investments		<u>\$ 829,083</u>	<u>\$ -</u>	<u>\$ 829,083</u>

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.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements

June 30, 2020 and 2019

NOTE 2: CASH AND INVESTMENTS - CONTINUED

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, 2020, the carrying amount of the District's deposits were \$6,873,093 and the balances in financial institutions were \$6,850,815. Of the balance in financial institutions, \$1,054,201 was covered and \$5,796,614 was not covered by federal depository insurance. As of June 30, 2020, 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	\$ 64,694
Negotiable certificates of participation	460,188

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.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

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Notes to Basic Financial Statements
June 30, 2020 and 2019

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deletions/ Transfers	Balance June 30, 2020
Nondepreciable:				
Land	\$ 576,673	\$ 1,185,639	\$ -	\$ 1,762,312
Construction in progress	1,313,099	-	-	1,313,099
Total nondepreciable assets	<u>1,889,772</u>	<u>1,185,639</u>	<u>-</u>	<u>3,075,411</u>
Depreciable:				
Water system facilities	20,760,312	-	-	20,760,312
General plant assets	733,399	-	(24,369)	709,030
Intangible assets	373,043	-	-	373,043
Total depreciable assets	<u>21,866,754</u>	<u>-</u>	<u>(24,369)</u>	<u>21,842,385</u>
Less: Accumulated depreciation				
Water system facilities	(8,541,014)	(572,827)	-	(9,113,841)
General plant assets	(480,627)	(46,895)	24,369	(503,153)
Intangible assets	(261,132)	(16,710)	-	(277,842)
Total accumulated depreciation	<u>(9,282,773)</u>	<u>(636,432)</u>	<u>24,369</u>	<u>(9,894,836)</u>
Net assets being depreciated	<u>12,583,981</u>	<u>(636,432)</u>	<u>-</u>	<u>11,947,549</u>
Total capital assets	<u>\$ 14,473,753</u>	<u>\$ 549,207</u>	<u>\$ -</u>	<u>\$ 15,022,960</u>

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements
June 30, 2020 and 2019

NOTE 3: CAPITAL ASSETS – CONTINUED

Capital asset activity for the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Deletions/ Transfers	Balance June 30, 2019
Nondepreciable:				
Land	\$ 496,673	\$ 80,000	\$ -	\$ 576,673
Construction in progress	1,250,106	84,085	(21,092)	1,313,099
Total nondepreciable assets	<u>1,746,779</u>	<u>164,085</u>	<u>(21,092)</u>	<u>1,889,772</u>
Depreciable:				
Water system facilities	20,717,060	43,252	-	20,760,312
General plant assets	712,767	80,252	(59,620)	733,399
Intangible assets	373,043	-	-	373,043
Total depreciable assets	<u>21,802,870</u>	<u>123,504</u>	<u>(59,620)</u>	<u>21,866,754</u>
Less: Accumulated depreciation				
Water system facilities	(7,965,838)	(575,176)	-	(8,541,014)
General plant assets	(492,299)	(45,136)	56,808	(480,627)
Intangible assets	(244,422)	(16,710)	-	(261,132)
Total accumulated depreciation	<u>(8,702,559)</u>	<u>(637,022)</u>	<u>56,808</u>	<u>(9,282,773)</u>
Net assets being depreciated	<u>13,100,311</u>	<u>(513,518)</u>	<u>(2,812)</u>	<u>12,583,981</u>
Total capital assets	<u>\$ 14,847,090</u>	<u>\$ (349,433)</u>	<u>\$(23,904)</u>	<u>\$ 14,473,753</u>

Depreciation expense in the amount of \$636,432 and \$637,022 was recorded for the years ended June 30, 2020 and 2019, respectively, and is included with depreciation expense on the Statement of Revenues, Expenses, and Changes in Net Position.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

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Notes to Basic Financial Statements
June 30, 2020 and 2019

NOTE 4: LONG-TERM LIABILITIES

2015 Water Revenue Refunding Bonds: 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, 2020, the District's loan balance was \$1,952,591.

Safe Drinking Water State Revolving Fund Loan: 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, 2020, the District's loan balance was \$4,013,009.

Water Meter Replacement Loan: 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, 2020, the District's loan balance was \$294,205.

Installment Sale Agreement: On March 1, 2018, the District entered into an installment sale agreement with 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, 2020, the District's loan balance was \$3,000,040.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements
June 30, 2020 and 2019

NOTE 4: LONG-TERM LIABILITIES - CONTINUED

The activity of the District's long-term liabilities during the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
State safe drinking water loan	\$ 4,364,411	\$ -	\$ (351,402)	\$ 4,013,009	\$ 179,096
2015 water revenue refunding	2,091,606	-	(139,015)	1,952,591	145,736
Water meter replacement loan	342,486	-	(48,281)	294,205	49,789
Opus Bank loan	-	3,210,040	(210,000)	3,000,040	210,000
Subtotal bonds and loans payable	6,798,503	3,210,040	(748,698)	9,259,845	584,621
Compensated absences	36,958	42,585	(35,422)	44,121	44,121
Net pension liability	987,630	68,141	-	1,055,771	-
Other post-employment benefits	211,573	10,035	(105,915)	115,693	-
	\$ 8,034,664	\$ 3,330,801	\$ (890,035)	\$ 10,475,430	\$ 628,742

The activity of the District's long-term liabilities during the year ended June 30, 2019, was as follows:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due Within One Year
State safe drinking water loan	\$ 4,706,952	\$ -	\$ (342,541)	\$ 4,364,411	\$ 174,579
2015 water revenue refunding	2,224,769	-	(133,163)	2,091,606	139,015
Water meter replacement loan	389,304	-	(46,818)	342,486	48,281
Opus Bank loan	99,141	-	(99,141)	-	-
Subtotal bonds and loans payable	7,420,166	-	(621,663)	6,798,503	361,875
Compensated absences	22,142	36,958	(22,142)	36,958	36,958
Net pension liability	1,033,555	-	(45,925)	987,630	-
Other post-employment benefits	262,349	22,178	(72,954)	211,573	-
	\$ 8,738,212	\$ 59,136	\$ (762,684)	\$ 8,034,664	\$ 398,833

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

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Notes to Basic Financial Statements
June 30, 2020 and 2019

NOTE 4: LONG-TERM LIABILITIES - CONTINUED

The annual requirements to amortize the outstanding debt as of June 30, 2020, are as follows:

	Principal	Interest	Total
2021	\$ 594,621	\$ 214,393	\$ 809,014
2022	789,630	245,888	1,035,518
2023	809,796	222,914	1,032,710
2024	835,776	199,380	1,035,156
2025	862,931	175,035	1,037,966
2026-2030	4,434,509	500,339	4,934,848
2031-2032	932,582	26,478	959,060
	<u>\$9,259,845</u>	<u>\$1,584,427</u>	<u>\$10,844,272</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 \$2,323,254 and \$2,523,985 at June 30, 2020 and 2019, respectively.

The District pledged surcharge fee revenues, to repay the 2011 State Safe Drinking Water Loan in the amount up to \$7,499,045. 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 \$461,355 and \$461,355 for the years ended June 30, 2020 and 2019, respectively. The total surcharge fee revenues were \$525,183 and \$524,907 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019. Total principal and interest remaining to be paid on the Bonds was \$4,571,598 and \$5,032,952 at June 30, 2020 and 2019, respectively.

The District pledged surcharge fee revenues, to repay the installment sale agreement with Opus 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 \$270,312 and \$197,158 for the years ended June 30, 2020 and 2019, respectively. The total surcharge fee revenues were \$436,885 and \$424,996 for the years ended June 30, 2020 and 2019, 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, 2020 and 2019. Total principal and interest remaining to be paid on the Bonds was \$3,000,040 and \$0 at June 30, 2020 and 2019, respectively.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements
June 30, 2020 and 2019

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, 2020 and 2019.

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, 2020, was \$705,797.

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:

	2020	2019
Debt service reserve on 2015 Water Revenue Refunding Bonds	\$ 243,871	\$ 240,878
Debt service reserve on State Loan	461,355	461,355
Total Cash and Investments	\$ 705,226	\$ 702,233

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 comprehensive annual financial report. Copies of the PERS' annual financial report may be obtained from the PERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy: The District has two tiers of participants, classic and PEPRAs. Active classic plan members were required to contribute 7% of their annual covered salary. Starting in December 2011, the District contributed 3.5% on behalf of the employees. Active PEPRAs plan members are required pay all of their employee share currently at 6.75%. The District is required to contribute at an actuarially determined rate. The required employer contribution rate for the classic plan for fiscal year 2019/2020, 2018/2019, and 2017/2018 was 9.680%, 8.892%, and 8.418%, respectively. The required employer contribution rate for the PEPRAs plan for fiscal year 2019/2020, 2018/2019, and 2017/2018 was 6.985%, 6.842%, and 6.533%, 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, 2020, 2019, and 2018, were \$119,688, \$137,446, and \$126,796, respectively, which were equal to the required contributions each year.

At June 30, 2020, the District reported a liability of \$1,055,771 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, 2019, 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, 2020 and 2019

NOTE 7: DEFINED BENEFIT PENSION PLAN – CONTINUED

Actuarial Assumptions

The total pension liability in the June 30, 2019, 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 – 7.0%
- 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, 2019 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	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years > 10(b)
Global equity	50.0%	4.80%	5.98%
Global fixed income	28.0%	1.00%	2.62%
Inflation sensitive	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%
	<u>100.00%</u>		

(a) An expected inflation of 2.5% used for this period

(b) An expected inflation of 3.0% used for this period

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

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Notes to Basic Financial Statements
June 30, 2020 and 2019

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 in 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:

	Discount Rate		
	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
Plan's net pension liability	\$ 1,642,844	\$ 1,055,771	\$ 571,182

For the fiscal year ended June 30, 2020, the District recognized a pension expense of \$238,194 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, 2020 and 2019

NOTE 7: DEFINED BENEFIT PENSION PLAN – CONTINUED

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ 32,497	\$ -
Differences between Expected and Actual Experience	67,647	-
Differences between Projected and Actual Investment Earnings	-	18,458
Differences between Employer's Contributions and Proportionate Share of Contributions	594	259
Change in Employer's Proportion	7,212	1,714
Pension Contributions Made Subsequent to Measurement Date	119,688	-
Totals	\$ 227,638	\$ 20,431

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.

\$119,688 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2021	\$ 81,562
2022	(7,654)
2023	9,881
2024	3,730
Totals	\$ 87,519

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

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Notes to Basic Financial Statements
June 30, 2020 and 2019

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, 2019
Measurement Date June 30, 2020
Measurement Period July 1, 2019 to June 30, 2020

Plan Description: The District administers a single-employer, defined-benefit, postemployment healthcare 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. The District provides funding in varying amounts to eligible retirees to assist eligible retirees with their cost of maintaining healthcare insurance. 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: 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, 2020 and 2019

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY – CONTINUED

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 management employee is receiving benefits being provided according to special arrangements not expected to be repeated in the future. The retired management employee is receiving District-paid benefits equal to elected healthcare coverage; the retired management employee is receiving District-paid benefits not to exceed \$1,050 per month for retiree and spouse coverage.

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, 2019, consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	2
Active plan members	9

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, 2020 were \$36,563.

Net OPEB Liability: The District's net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2019. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

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Notes to Basic Financial Statements
June 30, 2020 and 2019

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 cost method	Entry Age, Level Percent of Pay
Recognition of deferred inflows and outflows of resources	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB
Salary increases	3.00 percent
Inflation rate	3.00 percent
Investment rate of return	5.75 percent, net of OPEB plan investment expense
Healthcare cost trend rate	5.90 percent for 2020; 5.80 percent for 2021; 5.70 percent for 2022; and decreasing 0.10 percent per year to an ultimate rate of 5.00 percent for 2029 and later 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, 2018 valuation were based on a review of plan experience during the period July 1, 2018 to June 30, 2019.

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	Assumed Asset Allocation	Real Rate of Return
Global ex-U.S. Equity	40%	5.5%
U.S. Fixed	43%	1.5%
TIPS	5%	1.2%
Real Estate	8%	3.7%
Commodities	4%	0.6%

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements
June 30, 2020 and 2019

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 Return of Plan Investments (if any)	Fidelity GO AA 20 Years Municipal Index	Discount Rate
June 30, 2019	June 30, 2019	5.75%	3.13%	5.01%
June 30, 2020	June 30, 2020	5.75%	2.45%	5.75%

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, 2020 for the District.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

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Notes to Basic Financial Statements
June 30, 2020 and 2019

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY - CONTINUED

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (c) = (a) - (b)
Balance at June 30, 2018	\$ 262,349	\$ -	\$ 262,349
Changes recognized for the service period:			
Service cost	1,649	-	1,649
Interest	9,099	-	9,099
Changes of assumptions	(22,885)	-	(22,885)
Employer contributions	-	38,534	(38,534)
Net investment income	-	105	(105)
Benefit payments	(22,178)	(22,178)	-
Net Changes	(34,315)	16,461	(50,776)
Balance at June 30, 2019	\$ 228,034	\$ 16,461	\$ 211,573
Changes recognized for the service period:			
Service cost	\$ 1,179	-	\$ 1,179
Interest	8,856	-	8,856
Difference between expected and actual experience	(57,042)	-	(57,042)
Changes of assumptions	(9,986)	-	(9,986)
Employer contributions	-	36,563	(36,563)
Net investment income	-	2,324	(2,324)
Benefit payments	(16,563)	(16,563)	-
Net Changes	(73,556)	22,324	(95,880)
Balance at June 30, 2020	\$ 154,478	\$ 38,785	\$ 115,693

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:

	1% Decrease 4.75%	Discount Rate 5.75%	1% Increase 6.75%
Net OPEB liability	\$ 125,935	\$ 115,693	\$ 106,387

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements

June 30, 2020 and 2019

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY – CONTINUED

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:

	<u>Healthcare Cost Trend - 1%</u>	<u>Healthcare Cost Trend Assumed</u>	<u>Healthcare Cost Trend + 1%</u>
Net OPEB liability	\$ 113,230	\$ 115,693	\$ 117,580

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

At June 30, 2020, the District’s deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 50,251
Change in assumptions	-	31,093
Differences between projected and actual return on plan investments	-	988
Totals	<u>\$ -</u>	<u>\$ 82,332</u>

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. The amortization period for the change in assumptions is 8.4 years.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

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Notes to Basic Financial Statements
June 30, 2020 and 2019

NOTE 8: OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY – CONTINUED

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

Year Ending June 30,	Amount
2021	\$ (12,672)
2022	(12,672)
2023	(12,672)
2024	(12,369)
2025	(10,991)
2026	(9,788)
2027	(7,980)
2028	(3,188)
Totals	\$ (82,332)

Net OPEB Expense

For the year ended June 30, 2020, the District's OPEB expense was \$(3,796). Detail of the expense is shown below:

Service cost	\$ 1,179
Interest cost	8,856
Expected return on assets	(1,159)
Recognition of deferred outflows and inflows:	
Differences between expected and actual experience	(6,791)
Changes of assumptions	(5,630)
Differences between projected and actual experience	(251)
Total	(12,672)
Net OPEB Expense	\$ (3,796)

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.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements
June 30, 2020 and 2019

NOTE 9: INSURANCE – CONTINUED

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

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

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

NOTE 10: SUBSEQUENT EVENT

Management has evaluated subsequent events through September 22, 2020, the date which the financial statements were available to be issued. Based upon this evaluation, except for the following, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.

In January 2020, the virus SARS-CoV-2 was transmitted to the United States from overseas sources. This virus, responsible for the Coronavirus disease COVID-19 has proven to be extremely virulent with transmission rates as yet unknown. The economic impact in the State of California and the County of Sacramento as yet has not been determined and therefore any potential impact on the District is not yet known.

For information of the Board of Directors, the following information is being provided to the Board of Directors:

Item	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Item 1	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Item 2	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Item 3	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Item 4	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Item 5	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000



ADDITIONAL INFORMATION

Item	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Item 1	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000
Item 2	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000	200,000
Item 3	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000	300,000
Item 4	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Item 5	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000

* Budget was adopted June 10, 2013 and the first year of implementation. Additional years will be provided as they become available.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
Required Supplementary Information
Pensions
June 30, 2020

Rio Linda/Elverta Community Water District – Schedule of the District’s proportionate share of the Net Pension Liability:

Last 10 Fiscal years*

Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Proportion of the net pension liability	0.02621%	0.02621%	0.02599%	0.02490%	0.02825%	0.02825%
Proportionate share of the net pension liability	\$1,055,771	\$987,630	\$1,033,555	\$902,961	\$611,042	\$611,042
Covered payroll	567,137	605,031	523,983	516,107	377,098	377,098
Proportionate share of the net pension liability as a percentage of its covered payroll	186.16%	163.24%	197.25%	174.96%	162.04%	162.04%
Plan Fiduciary net position as a percentage of the total pension liability	75.81%	77.02%	75.87%	81.32%	78.76%	78.76%

CALPERS - Schedule of District contributions:

Last 10 Fiscal Years*

Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarially determined contribution	\$ 137,446	\$ 126,796	\$ 118,924	\$ 95,128	\$ 70,003	\$ 70,003
Contributions in relation to the actuarially determined contribution	137,446	126,796	118,924	95,128	70,003	70,003
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District’s covered payroll	\$ 567,137	\$ 605,031	\$ 523,983	\$ 516,107	\$ 377,098	\$ 377,098
Contributions as a percentage of covered payroll	24.24%	20.96%	22.70%	18.43%	18.56%	18.56%

* Fiscal year ended June 30, 2015 was the first year of implementation. Additional years will be presented as they become available.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
 Required Supplementary Information
 Other Post-Employment Benefits
 June 30, 2020

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Last 10 Fiscal years*

	2020	2019	2018
Net OPEB liability			
Service cost	\$ 1,179	\$ 1,649	\$ 1,739
Interest	8,856	9,099	8,526
Plan contributions	(36,563)	(38,534)	(21,017)
Investment earnings	(2,324)	(105)	-
Differences between expected and actual experience	(57,042)	-	-
Change in assumptions	(9,986)	(22,885)	(9,723)
Net change in Net OPEB liability	(95,880)	(50,776)	(20,475)
Net OPEB liability - beginning	211,573	262,349	282,824
Net OPEB liability - ending	<u>\$ 115,693</u>	<u>\$ 211,573</u>	<u>\$ 262,349</u>
Covered payroll	\$ 703,736	\$ 668,161	\$ 604,181
Net OPEB liability as a percentage of covered payroll	16.44%	31.66%	43.42%
Plan fiduciary net position as a percentage of the total OPEB liability	25.11%	7.22%	0.00%

* Fiscal year ended June 30, 2018 was the first year of implementation. Additional years will be presented as they become available.



STATISTICAL SECTION

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

Contents

This part of the Rio Linda/Elverta Community Water District's comprehensive annual 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.

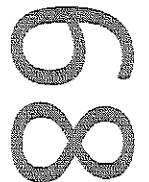
RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
Schedule of Net Position by Component
(Accrual Basis of Accounting)
Last Ten Years

Net Position:	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net Investment in Capital Assets	\$5,516,600	\$5,348,202	\$4,314,977	\$4,964,131	\$4,418,605	\$6,292,818	\$6,698,923	\$7,519,910	\$7,681,068	\$8,842,880
Restricted	386,433	999,879	1,328,912	1,949,873	2,146,937	699,145	699,787	699,787	702,233	705,226
Unrestricted	86,424	198,124	971,432	-233,673	540,312	705,527	819,662	642,616	1,674,622	2,121,930
Total Net Position	<u>\$5,989,457</u>	<u>\$6,546,205</u>	<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>

* 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

	2011	2012	2013 (Restated)	2014 (Restated)	2015	2016	2017	2018	2019	2020
OPERATING REVENUE										
Water Sales	\$ 1,546,497	\$ 1,948,287	\$ 2,165,708	\$ 2,318,307	\$ 2,308,047	\$ 2,173,094	\$ 2,289,627	\$ 2,499,949	\$ 2,560,294	\$ 2,665,072
Account Service Charges	136,453	113,820	102,306	108,628	102,983	95,530	102,660	102,010	100,494	105,426
Other Water Service Fees	13,688	81,951	17,193	8,153	17,467	31,735	45,202	35,393	56,430	29,613
Total Operating Revenues	1,696,638	2,144,058	2,285,207	2,435,088	2,428,497	2,300,359	2,437,489	2,637,352	2,717,218	2,800,111
OPERATING EXPENSES										
Personnel Services	698,360	658,431	696,810	740,854	762,133	733,073	986,515	1,061,163	1,065,785	1,228,884
Professional Services	478,968	613,868	531,433	187,460	146,459	138,340	175,449	177,479	149,693	102,556
Field Operations										
Transmission & Distribution	53,781	31,166	64,170	19,377	77,694	67,778	101,896	96,154	128,878	162,156
Pumping	190,191	202,394	209,235	190,788	174,093	198,706	192,760	187,256	197,723	227,899
Transportation	16,450	25,381	24,595	22,964	18,112	15,484	14,869	16,660	17,144	15,334
Treatment	20,198	19,580	17,512	12,923	13,005	14,562	16,579	17,487	16,779	22,269
Other	168,342	76,906	90,707	37,637	52,491	60,127	42,038	61,815	61,895	64,597
Conservation	1,896	925	7,551	10,041	11,549	14,545	11,544	5,946	5,844	-
Administrative Expenses	217,313	172,595	255,943	189,048	235,369	218,905	228,942	230,626	236,116	207,356
Depreciation and Amortization	321,697	306,646	278,118	1,456,071	978,027	609,090	624,455	654,174	637,022	636,432
Total Operating Expenses	2,167,196	2,107,892	2,176,074	2,867,163	2,468,932	2,070,610	2,395,047	2,508,760	2,516,879	2,667,483
Operating Income (Loss)	(470,558)	36,166	109,133	(432,075)	(40,435)	229,749	42,442	128,592	200,339	132,628
NON-OPERATING INCOME (EXPENSES)										
Surcharge	462,681	510,577	517,201	523,538	565,286	481,329	729,739	743,152	949,903	962,068
Interest Income	575	464	797	5,628	7,577	14,513	3,935	3,703	16,113	39,129
Miscellaneous Income	3,319	284	2,626	259	-	-	-	-	-	-
Property Taxes	63,296	60,439	71,198	67,410	78,620	46,454	75,951	81,653	87,964	95,164
Rental Income	69,464	75,406	77,608	80,299	58,405	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
Lawsuit	102,057	-	-	-	-	-	-	-	-	-
Interest Expense	(186,898)	(210,838)	(181,774)	(178,249)	(225,190)	(238,303)	(224,195)	(209,540)	(197,730)	(266,121)
Other Non-Operating Expenses	(2,658)	(1,700)	(1,865)	(1,800)	(65,803)	(2,103)	(207,253)	(19,094)	(54,905)	(2,155)
Total Non-Operating Revenues (Expenses)	511,836	434,632	125,456	497,085	425,750	305,246	413,384	623,079	853,485	883,585
Income (Loss) Before Capital Contributions	41,278	470,798	234,589	65,010	385,315	534,995	455,826	751,671	1,053,824	1,016,213
Capital Contributions										
Capacity Fees	-	-	-	-	27,610	48,420	36,650	129,808	51,705	90,900
Capital Grants	-	-	-	-	-	-	-	-	-	505,000
Contributed Assets	-	85,950	-	-	12,598	20,222	28,593	22,833	90,081	-
Development Fees	-	-	-	-	-	-	-	-	-	-
Total Capital Contributions	-	85,950	-	-	40,208	68,642	65,243	152,641	141,786	595,900
Change in Net Position	41,278	556,748	234,589	65,010	425,523	603,637	521,069	904,312	1,195,610	1,612,113



RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
Revenue Capacity (Unaudited)
Retail Water Rates
Last 10 years

Meter Sizes	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Flat Bi-Monthly Service Charge (600 cu ft. Usage Charge Included)										
5/8" Meter	\$ 41.18	\$ 42.54	\$ 49.79	\$ 51.47	\$ 53.22	\$ 55.04	\$ 56.73	\$ 57.75	\$ 58.80	\$ 59.86
3/4" Meter	\$ 49.38	\$ 51.02	\$ 59.70	\$ 61.72	\$ 63.82	\$ 66.00	\$ 56.73	\$ 57.75	\$ 58.80	\$ 59.86
1" Meter	\$ 73.98	\$ 76.44	\$ 89.45	\$ 92.47	\$ 95.62	\$ 98.88	\$ 94.55	\$ 96.26	\$ 98.00	\$ 99.77
1 1/2" Meter	\$ 143.68	\$ 148.44	\$ 173.71	\$ 179.47	\$ 185.69	\$ 192.03	\$ 189.10	\$ 192.51	\$ 195.99	\$ 199.53
2" Meter	\$ 229.78	\$ 237.40	\$ 277.81	\$ 287.20	\$ 296.97	\$ 307.11	\$ 302.55	\$ 308.02	\$ 313.59	\$ 319.25
3" Meter	\$ 430.66	\$ 444.96	\$ 520.70	\$ 538.30	\$ 556.61	\$ 575.61	\$ 661.84	\$ 673.79	\$ 685.97	\$ 698.37
4" Meter	\$ 717.64	\$ 741.46	\$ 867.68	\$ 897.01	\$ 927.52	\$ 959.18	\$ 1,191.31	\$ 1,212.83	\$ 1,234.74	\$ 1,257.06
Tier Schedule Bi-Monthly (\$ / 100 cubic feet (CCF))										
5/8" Meter										
Tier 1 (601 - 2,600)	\$ 0.54	\$ 0.56	\$ 0.58	\$ 0.60	\$ 0.62	\$ 0.64	N/A	N/A	N/A	N/A
Tier 2 (2,601 - 15,600 CCF)	\$ 0.68	\$ 0.70	\$ 0.73	\$ 0.75	\$ 0.78	\$ 0.80	N/A	N/A	N/A	N/A
Tier 3 (15,601 +)	\$ 0.86	\$ 0.88	\$ 0.91	\$ 0.94	\$ 0.98	\$ 1.01	N/A	N/A	N/A	N/A
3/4 - 1 1/2" Meter										
Tier 1 (601 - 5,800)	\$ 0.54	\$ 0.56	\$ 0.58	\$ 0.60	\$ 0.62	\$ 0.64	N/A	N/A	N/A	N/A
Tier 2 (5,801 - 44,800 CCF)	\$ 0.68	\$ 0.70	\$ 0.73	\$ 0.75	\$ 0.78	\$ 0.80	N/A	N/A	N/A	N/A
Tier 3 (44,801 +)	\$ 0.86	\$ 0.88	\$ 0.91	\$ 0.94	\$ 0.98	\$ 1.01	N/A	N/A	N/A	N/A
2" to 4" Meter										
Tier 1 (601 - 55,200)	\$ 0.54	\$ 0.56	\$ 0.58	\$ 0.60	\$ 0.62	\$ 0.64	N/A	N/A	N/A	N/A
Tier 2 (55,201 - 286,000 CCF)	\$ 0.68	\$ 0.70	\$ 0.73	\$ 0.75	\$ 0.78	\$ 0.80	N/A	N/A	N/A	N/A
Tier 3 (286,001 +)	\$ 0.86	\$ 0.88	\$ 0.91	\$ 0.94	\$ 0.98	\$ 1.01	N/A	N/A	N/A	N/A
Inactive Meter Charge: Fixed Rate	N/A	N/A	\$44.63	\$ 46.01	\$ 47.34	\$ 48.98	\$ 52.34	\$ 51.63	\$ 52.50	\$ 53.39
Capital Improvement Surcharge (Restricted Funds)	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00
CR6 Surcharge (Restricted Funds)								\$ 7.90	\$ 15.80	\$ 15.80
Cubic Feet Used 601+ Meter Sizes 5/8" - 4"										
Non-Drought Rate Vol. Rate	N/A	N/A	N/A	N/A	N/A	N/A	\$ 0.55	\$ 0.77	\$ 0.79	\$ 0.81
Drought Rate										
Stage : 30%	N/A	N/A	N/A	N/A	N/A	N/A	\$ 0.63	\$ 0.88	\$ 0.90	\$ 0.92
Stage : 40%	N/A	N/A	N/A	N/A	N/A	N/A	\$ 0.73	\$ 1.02	\$ 1.05	\$ 1.08
Stage : 50%	N/A	N/A	N/A	N/A	N/A	N/A	\$ 0.88	\$ 1.23	\$ 1.26	\$ 1.29

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT
Revenue Capacity (Unaudited)
Water Sales by Type of Customers
Last 10 years

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Water Sales:										
Residential	\$ 1,294,125	\$ 1,647,916	\$ 1,837,442	\$ 2,011,151	\$ 1,973,254	\$ 1,926,866	\$ 2,009,517	\$ 2,138,326	\$ 2,215,321	\$ 2,400,347
Non-Residential (A)	402,513	496,142	447,765	307,156	334,793	246,228	280,110	361,623	344,973	264,724
Total Water Sales	<u>\$ 1,696,638</u>	<u>\$ 2,144,058</u>	<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>
Total Water Deliveries (AF)	2,543.3	2,857.1	3,052.3	2,449.4	2,109.5	2,097.7	2,233.0	2,488.2	2,445.5	2,595.3
Rate per Acre Foot (AF)	\$ 667.10	\$ 750.43	\$ 748.68	\$ 946.48	\$ 1,094.12	\$ 1,035.94	\$ 1,025.36	\$ 1,004.72	\$ 1,046.94	\$ 1,026.87

(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 10 years

Fiscal Year 2020

Revenue Generated from 7/1/2019 to 6/30/2020

Ratepayer	Revenues Collected	Percent of Total Water Sales
Rio Linda Jr High School	\$ 24,232.26	0.91%
Rio Linda Senior High School	\$ 20,553.24	0.77%
Westside Park-RLERPD	\$ 14,468.78	0.54%
Bell Aqua Apartments	\$ 9,876.46	0.37%
Rio Linda School District	\$ 9,804.02	0.37%
Orchard Elementary School	\$ 9,455.46	0.35%
Comm. Cntr RLERPD	\$ 7,604.09	0.29%
Larane Investments, LLC	\$ 7,288.71	0.27%
Babe Best Park RLERPD	\$ 7,287.13	0.27%
Elverta School	\$ 6,138.75	0.23%
Total	\$ 116,708.90	4.38%

Total Water Sales \$ 2,665,072.00

Fiscal Year 2011

Revenue Generated from 7/1/2010 to 6/30/2011

Ratepayer	Revenues Collected	Percent of Total Water Sales
Rio Linda Jr. High School	\$14,451.49	0.85%
Westside Park - RLERPD	\$7,788.46	0.46%
Rio Linda Senior High School	\$6,939.97	0.41%
CRP Properties, Inc.	\$5,902.14	0.35%
Babe Best Park RLERPD	\$4,689.30	0.28%
Orchard Elementary School	\$4,540.66	0.27%
SYAR Concrete LLC	\$4,156.79	0.25%
Bell Aqua Apartments	\$3,584.32	0.21%
RLSD Dry Creek Elementary	\$3,482.99	0.21%
Comm. Cntr RLERPD	\$3,188.79	0.19%
Total	\$58,724.91	3.46%

\$ 1,696,638

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Net Revenue	\$ 41,278	\$ 556,748	\$ 234,589	\$ 65,010	\$ 425,523	\$ 603,637	\$ 521,069	\$ 904,312	\$ 1,195,610	\$ 1,612,113
Debt Service	3,310,000	5,327,267	6,454,132	6,705,345	9,673,174	8,322,613	7,829,402	7,420,165	6,798,503	9,259,845
Coverage	1%	10%	4%	1%	4%	7%	7%	12%	18%	17%

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

Debt:	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Water Revenue Refunding Bonds	\$ 3,310,000	\$ 3,215,000	\$ 3,120,000	\$ 3,020,000	\$ 2,688,622	\$ 2,478,622	\$ 2,353,846	\$ 2,224,769	\$ 2,091,606	\$ 1,952,591
State Safe Drinking Water Loan	-	2,112,267	3,334,132	3,685,345	6,984,552	5,365,497	5,040,853	4,706,952	4,364,411	4,013,009
Surcharge Z Loan	-	-	-	-	-	-	-	99,141	-	3,000,040
Meter Replacement Loan	-	-	-	-	-	478,494	434,703	389,304	342,486	294,205
Legal Settlement	-	-	89,000	53,400	17,800	-	-	-	-	-
Total Debt	\$ 3,310,000	\$ 5,327,267	\$ 6,543,132	\$ 6,758,745	\$ 9,690,974	\$ 8,322,613	\$ 7,829,402	\$ 7,420,166	\$ 6,798,503	\$ 9,259,845
Number of Service Connections	4616	4616	4617	4617	4618	4622	4628	4636	4637	4640
Debt Per Capita	717.07	1154.09	1417.18	1463.88	2098.52	1800.65	1691.75	1600.55	1466.14	1995.66

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Personal Income (1)	\$ 57,564,251	\$ 60,721,694	\$ 62,440,643	\$ 65,126,187	\$ 69,870,482	\$ 72,878,458	\$ 76,832,120	\$ 80,969,087	85,775,621	unavailable
Population (1)	1,435,601	1,448,771	1,463,149	1,482,026	1,501,335	1,514,460	1,530,615	1,540,975	1,541,301	1,555,365
Per Capita Personal Income (1)	\$ 40,098	\$ 41,913	\$ 42,676	\$ 43,944	\$ 47,811	\$ 48,850	\$ 50,197	\$ 52,544	\$ 55,266	unavailable
Unemployment Rate (2)	12.1%	10.5%	8.9%	7.3%	5.5%	4.6%	4.0%	3.80%	3.70%	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.

Source:

- (1) Bureau of Economic Analysis, US Department of Commerce
- (2) California State Employment Development Department

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

Company	Fiscal Year					
	2019			2010		
	Average Number of Employees	Rank	Percentage of Total County Employment	Average Number of Employees - (a)	Rank	Percentage of Total County Employment
State of California	76,131	1	10.73%	72,120	1	12.26%
UC Davis Health System	12,674	2	1.79%	8,580	3	1.08%
Kaiser Permanente	11,404	3	1.61%	6,367	7	1.46%
Sacramento County	11,330	4	1.60%	11,300	2	1.92%
US Government	10,227	5	1.44%			
Sutter Health Sacramento Sierra Region	8,809	6	1.24%	6,958	4	1.18%
Dignity Health	7,000	7	0.99%			
Elk Grove Unified School District	6,381	8	0.90%	5,619	8	0.00%
Intel Corp	6,200	9	0.87%	6,515	6	1.11%
San Juan Unified School District	5,190	10	0.73%	4,600	9	
Sacramento City Unified School District				4,500	10	0.77%
Mery/Catholic Healthcare West				6,942	5	1.18%
	155,346		21.90%	133,501		20.96%
Total Employed in Sacramento County	709,300			588,200		

* 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, Book of Lists 2019 Vol. 36 No. 45 and Book of List 2011 Vol. 28 No. 43

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Operating Information

Capital Assets

Last Ten Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Capital Assets Not Being Depreciated										
Land	\$ 410,723	\$ 496,673	\$ 496,673	\$ 496,673	\$ 496,673	\$ 496,673	\$ 496,673	\$ 496,673	\$ 576,673	\$ 576,673
Construction in Progress	1,019,082	3,090,786	138,976	1,167,567	631,834	588,994	637,767	1,250,106	1,313,099	2,498,738
Total Not Being Depreciated	1,429,805	3,587,459	635,649	1,664,240	1,128,507	1,085,667	1,134,440	1,746,779	1,889,772	3,075,411
Capital Assets Being Depreciated										
Water System Facilities	11,285,184	11,303,047	15,059,075	15,192,373	19,096,450	20,039,978	20,562,699	20,717,060	20,760,312	20,760,312
General Plant Assets	792,013	792,013	721,407	727,008	603,967	594,236	606,507	712,767	733,399	709,030
Intangible Assets	363,185	373,865	407,225	407,225	407,225	403,145	373,043	373,043	373,043	373,043
Less Accumulated Depreciation	(5,560,487)	(5,859,049)	(6,054,247)	(6,702,352)	(7,144,370)	(7,638,607)	(8,241,348)	(8,702,559)	(9,282,773)	(9,894,836)
Total Not Being Depreciated, Net	6,879,895	6,609,876	10,133,460	9,624,254	12,963,272	13,398,752	13,300,901	13,100,311	12,583,981	11,947,549
Capital Assets, Net	\$ 8,309,700	\$ 10,197,335	\$ 10,769,109	\$ 11,288,494	\$ 14,091,779	\$ 14,484,419	\$ 14,435,341	\$ 14,847,090	\$ 14,473,753	\$ 15,022,960

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
WATER SERVICES										
Number of Service Connections	4,616	4,616	4,617	4,617	4,618	4,622	4,628	4,636	4,637	4,640
Annual Demand in AF	2,543.3	2,857.1	3,052.3	2,449.4	2,109.5	2,097.5	2,285.9	2,488.1	2,488.5	2,690.0
Max Monthly Demand in Gallons	122,432,020	142,225,142	149,404,660	115,965,570	87,014,897	97,962,392	107,432,399	120,549,805	120,520,384	118,923,764
Maximum Day Demand in Gallons	2,270,541	2,586,101	2,762,771	2,217,013	1,909,354	3,265,413	3,465,561	3,888,703	3,757,658	3,964,125
METERS										
New Installations	0	0	0	0	0	4	7	7	1	2
Replacement	0	0	60	349	179	1,087	377	475	325	381
HYDRANTS										
New Installations	0	0	0	0	0	1	0	0	0	4
Replacement	0	0	0	0	2	0	0	0	1	0
LEAKS										
Water Main	2	0	0	1	2	3	2	0	8	1
Service	58	71	75	76	82	66	66	80	70	83
MAIN LINE VALVES										
New Installations	0	0	0	0	0	0	0	0	0	11
Replacement	0	0	3	0	0	0	2	0	0	2
SERVICES										
New Installations	0	0	0	0	3	4	7	7	0	2
Replacement	0	0	0	1	0	10	29	34	19	10
MAJOR FACILITIES										
Wells	9	11	11	11	11	11	11	11	11	11
Tank	1	1	1	1	2	2	2	2	2	2
Booster Station	1	1	1	1	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	61.72	61.72	62.10	62.10	62.10	62.10	62.10	62.43
PERSONNEL										
Management	1	1	1	1	1	1	1	1	1	1
Administration	4	3	3	4	4	4	4	4	4	4
Field Operations	5	3	3	5	5	5	5	5	5	5
	10	7	7	10	10	10	10	10	10	10



COMPLIANCE SECTION

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September 22, 2020

Board of Directors
Rio Linda/Elverta Community Water District
730 L Street
Rio Linda, California 95673

We have audited the financial statements of the Rio Linda/Elverta Community Water District (the District) for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated July 9, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the District's financial statements was:

Management's estimate of the net pension liability is based on CalPERS actuarial reports. We evaluated the key factors and assumptions used to develop the estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the District's financial statements taken as a whole.

Board of Directors
Rio Linda/Elverta Community Water District

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 22, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Required Supplementary Information related to pensions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of Board of Directors and management of the Rio Linda/Elverta Community Water District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Fechter & Company,
Certified Public Accountants

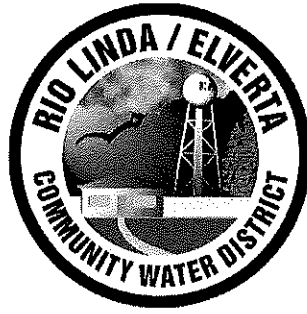


Sacramento, California



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COMMUNITY WATER DISTRICT
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Rio Linda, CA 95673**

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www.rlecwd.com**



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Items for Discussion and Action
Agenda Item: 4.7

Date: January 25, 2021

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

Current Background and Justification:

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

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 _____

Ridilla:____ Harris:____ Jason Green ____ Gifford ____ Reisig ____.

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



Information Items Agenda Item: 5.1

Date: January 25, 2021

Subject: District Reports

Staff Contact: Timothy R. Shaw, General Manager

1. DISTRICT ACTIVITY REPORT

1. Operations Report
2. Conservation Report
3. Completed and Pending Items Report

RIO LINDA/ELVERTA C.W.D. 2020

REPORT OF DISTRICT OPERATIONS

SOURCE WATER DATA

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Water Production (Million Gallons)

January	February	March	April	May	June	Year To Date
37.6	40	45.5	57.9	95.9	118.9	
37,607,740	40,007,134	45,529,919	57,951,598	95,888,048	118,923,764	
July	August	Sept.	Oct.	Nov.	Dec.	
130.7	119.2	108.1	82.8	56.9	42.7	936,20
130,737,920	119,197,727	108,134,465	82,804,644	56,919,396	42,726,668	
			Monthly Total			
Gallons = Multiply M.G. by:			1,000,000	Gallons		936,429,023
Cubic Feet = Divide gallons by:			7.48	Cubic Feet		125,191,046
Hundred Cu Ft. = Divide cu. ft. by:			100	Hundred Cubic Feet		1,251,910
Acre Ft.= Divide gallons by:			325,829	Acre Ft.		2,874

DISTRIBUTION SYSTEM DATA

Water Quality Complaints

Complaints Total (Low Psi Complaints)

January	February	March	April	May	June	Year To Date
0	1 (1)	1 (1)	4 (4)	2 (2)	5 (5)	
July	August	Sept.	Oct.	Nov.	Dec.	
1 (1)	0	2 (2)	2 (2)	1 (1)	1 (1)	20

New Services

New Construction	0	0
Existing Homes	0	2
Paid prior to increase. (2 not installed)	0	0
Total of Service Connections to Date ----->		4642

Distribution System Failures/Repairs

Deterioration December 1 thru 31	3	92
Damaged December 1 thru 31	0	4

Bacteriological Sampling

Routine Bacteriological Samples (Distribution System)	20	208
Raw Water Bacteriological Samples (at Wells)	13	46

December 1, 2020 - December 31, 2020

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

Work Orders Issued - 12	Work Orders Completed - 35	USA's Issued - 69
Backflow Test - 1	Backflow test - 1	
Change Out Meter - 1	Change Out Meter - 20	
Get Current Read - 4	Get Current Read - 4	
Install New Service - 1	Possible Leak - 6	
Possible Leak - 2	Pressure Complaint - 1	
Pressure Complaint - 1	New Service Quote - 1	
Tag Property - 1	Tag Property - 1	
Turn Off Service - 1	Turn Off Service - 1	

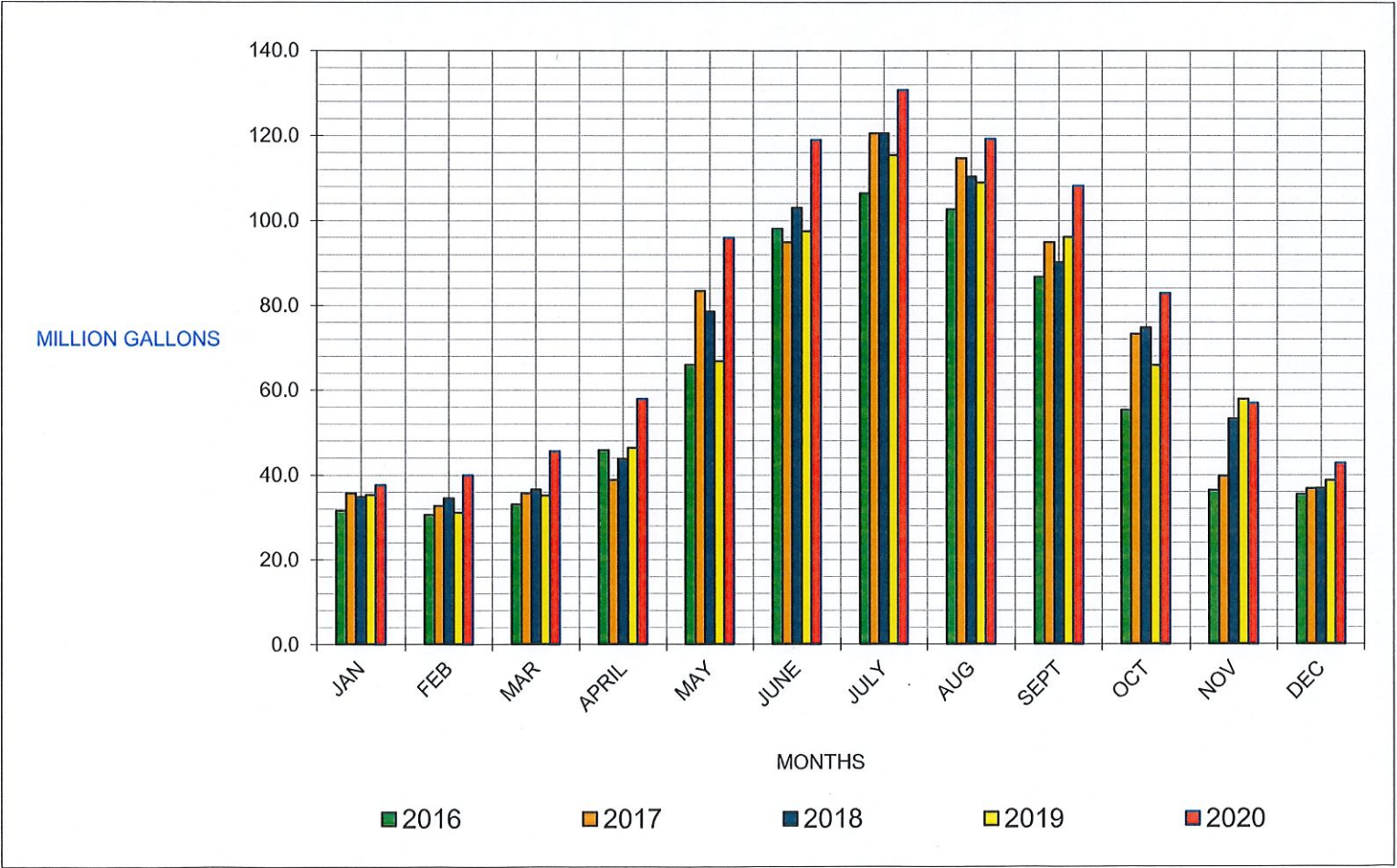
As of December 31, 2020 District field staff has tested all 532 active backflow devices in the backflow program. (568 total devices in the program, 32 currently inactive and noted in billing to test prior to service initiation)

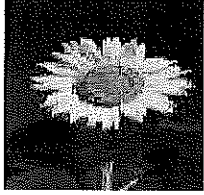
RIO LINDA/ELVERTA C.W.D.

WATER PRODUCTION

2016 \ 2020

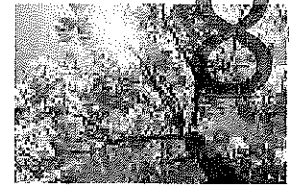
Month	Water Production in Million Gallons						SSWD Water Purchases				
	2016	2017	2018	2019	2020	Avg.	2016	2017	2018	2019	2020
JAN	31.5	35.6	34.8	35.3	37.6	35.0	0.0	0.0	0.0	0.0	0.0
FEB	30.5	32.7	34.5	31.1	40.0	33.8	0.0	0.0	0.0	0.0	0.0
MAR	33.0	35.6	36.5	35.1	45.5	37.1	0.0	0.0	0.0	0.0	0.0
APRIL	45.8	38.8	43.7	46.3	57.9	46.5	0.0	0.0	0.0	0.0	0.0
MAY	65.9	83.4	78.5	66.8	95.9	78.1	0.0	0.0	0.0	0.0	0.0
JUNE	98.0	94.9	102.9	97.5	118.9	102.4	0.0	0.0	0.0	0.0	0.0
JULY	106.4	120.5	120.5	115.4	130.7	118.7	0.0	0.0	0.0	0.0	0.0
AUG	102.6	114.6	110.3	108.9	119.2	111.1	0.0	0.0	0.0	0.0	0.0
SEPT	86.7	94.9	90.1	96.1	108.1	95.2	0.0	0.0	0.0	0.0	0.0
OCT	55.2	73.2	74.7	65.8	82.8	70.3	0.0	0.0	0.0	0.0	0.0
NOV	36.3	39.7	53.1	57.8	56.9	48.8	0.0	0.0	0.0	0.0	0.0
DEC	35.4	36.7	36.8	38.7	42.7	38.1	0.0	0.0	0.0	0.0	0.0
TOTAL	727.3	800.6	816.4	794.8	936.2	784.8	0.0	0.0	0.0	0.0	0.0





Conservation Report

December 2020



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Supplies (kits):	Shower heads(0) Kitchen Aerators(0) Bathroom Aerators(0) Shower Timer(0) Nozzle(0) Toilet Tabs(2) Moisture Meters(0) Water Bottles(0) Toilet Tummy(0) Retro-Fit Kits(0) Welcome Kits(0) Kids Kit(0)
Water Waste (calls, emails, letter, leaks detected, and fixed):	0 Water Waste Call(s) 20 contacts about possible leaks using the AMI system - 3 were called, 0 was mailed, 17 was emailed 5 was confirmed resolved
Water Schedule:	given to customers with all violation letters and new applications
Surveys	0
Workshops, Webinar, Meetings:	None
Fines:	None
Other Tasks:	<ul style="list-style-type: none">● Assisted with payments and new customers● Processed Payments● Created/completed work orders● Disconnect properties with no service application● Notified and offered customers the ACH payment method● Closed accounts and final billed customers● Printed stamps● Mailed out application requests to new owners● Scanned and uploaded documents into UMS● reached put to customers with higher than normal water usage● Verbal Demands
Grant Updates:	None



**PENDING AND COMPLETED ITEMS
1-25-2021 BOARD OF DIRECTORS MEETING**

1. **Rate Study / Cost of Service Analysis.** The Fieldman Rolapp presentation and corresponding Resolution 2021-01 is on this (January 25th) agenda for board consideration. If/when the Board adopts Resolution 2021-01 to address the cost of service rapid escalations from CalPERS Unfunded Accrued Liability, the District can resume consideration of finalizing the rate study/cost of service analysis
Pending
2. **SB-606 and AB-1668 planning for compliance** – See status of pending item 1, which is directly prerequisite to completing this item. **Pending**
3. **Evaluate options for mitigating the upward spiral in annual payments to CalPERS for UAL** – see status of item 1. **Pending**
4. **Hexavalent Chromium MCL economic feasibility** all meetings, workshops and public participation process are proceeding according to the state’s current schedule. The anticipated re-adoption of a Hexavalent Chromium Maximum Contaminant Level (MCL) is anticipated to be complete later this year. **Pending**
5. **Annual inflation adjustment to capacity fees** – The Board approved the adjustment pursuant to the Ordinance. **Completed**
6. **Replace the 7-year-old Supervisory Control and Data Acquisition (SCADA) workstation** – The new SCADA workstation has been installed. Adept Solutions and Tesco are working on restoring structure and data to the new workstation. A factor contributing to the challenge is that the old workstation computer had a Windows 7 operating system. **Pending**
7. **District outreach to customers in anticipation of implementing a new rate structure focused on consumption in compliance with SB 606 / AB 1668 requirements** – If the Board adopts Resolution 2021-01 to address (partially mitigate) the rising pension costs and the Board further promulgates the scalable solution for providing consumption data accessible to the customers, the District needs to begin focusing on customer outreach ahead of the currently proposed implementation for rate structure adjustment in July 2021. **Pending**
8. **Procuring a replacement for the existing 25-year-old dump truck** – the District needs to begin the process of procuring a replacement for the existing dump truck, which has reached the end of its service life. **Pending**
9. **Disposition of recently declared surplus assets** – Staff needs to complete the process of posting the surplus assets on the Government Surplus website. Subtly limiting the process is the current remote working configuration, where it’s more challenging that one might expect to complete routine items remotely, e.g. photographing assets and destroying the hard drives. **Pending**



Information Items Agenda Item: 5.2

Date: January 25, 2021

Subject: Board Reports

Staff Contact: Timothy R. Shaw, General Manager

2. BOARD REPORTS

1. Report ad hoc committee(s) dissolved by requirements in Policy 2.01.065
2. Sacramento Groundwater Authority – Harris (Primary), Reisig
3. Sacramento Groundwater Authority (with RWA and SCGA) 3x3-Reisig
4. Executive Committee – Green, Reisig
5. ACWA/JPIA –Ridilla

Minutes
Rio Linda / Elverta Community Water District
Executive Committee (Special Session)

January 11, 2021
6:00 P.M.

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Minutes: The meeting was called to order at 6:00 P.M. The meeting was attended by Director Reisig (via Zoom), Director Green (via Zoom), General Manager Tim Shaw (via Zoom) and Contract District Engineer Mike Vasquez (via Zoom) and Anna Sarabian of Fieldman Rolapp (via Zoom).

Call to Order 6:00 P.M.

Public Comment. None

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

Items for Discussion:

1.	Update from Contract District Engineer
	<i>The Contract District Engineer summarized his written report and expounded on the Well 16 Pumping Station construction final stages.</i>
2.	Presentation from Fieldman Rolapp on options for reducing Unfunded Accrued Liability (CalPERS).
	<i>Dr. Anna Sarabian of Fieldman Rolapp presented findings and recommendation for eight separate options the District could deploy for reducing the annual CalPERS Unfunded Accrued Liability (UAL) payments. The Executive Committee members engaged in thorough discussion in obtaining a firm understanding of the pros and cons of each option.</i>
	<i>The Executive Committee forwarded the item onto the January 25th Board agenda with the Committee's recommendation that the District approve Scenario #2, \$500,000 lump sum payment via an internal loan from the Capital Improvement Projects funding with a 15-year term. The Committee further directed the General Manager to prepare a Resolution for Board consideration. Such Resolution to include the terms of the internal loan via an Exhibit to the Resolution.</i>
3.	Review and discuss the expenditures of the District for the month of November 2020.
	<i>Director Green requested additional information on the expenditure to "Energy Systems" for "Pumping Maintenance" The General Manager speculated that the maintenance/repair was associated with a recent power supply issue. However, the follow up with the Operations Superintendent on January 12th identified the charge as being associated with an emergency diesel generator coolant leak.</i>
	<i>The Executive Committee forwarded this item onto the January 25th Board agenda with the Committee's recommendation for Board approval.</i>
4.	Review and discuss the financial reports for the month of November 2020.
	<i>Director Reisig requested confirmation that a change of approximately \$930,000 in assets was due to Well #16 Pumping Station. The General Manager confirmed it was due to Well #16.</i>
	<i>The Executive Committee forwarded this item onto the January 25th Board agenda with the Committee's recommendation for Board approval.</i>
5.	Next steps and timing for Innov8 registers and WaterScope software for customer consumption data.
	<i>The General Manager reviewed the big-picture perspective of what we hope to achieve through evaluating a scalable option for customer access to consumption data. Phase 1 has met or exceeded the District's expectation. The next phase needs to evaluate the service provider's (Metron Farnier) assertions</i>

that Innov8 registers and Waterscope data are readily integrated into CUSI billing software. There is an economy of scale for the integration process, i.e. integrating more than just the 5-accounts in phase 1. Essentially, the District would pay the upfront cost of \$300 per unit, which includes 10-years of Waterscope software use license. For example, if the District purchases 50-units, the upfront cost would be \$15,000 (50 X \$300). It should be considered that in the final stage (assuming the District moves forward), those units purchased in phase 2 would transition into the final, implemented program. The District would use those 55 units (5 units in phase 1 and 50 units in the example phase 2) as the first units issued to customers who enroll in the consumption data program and agree to pay the bi-monthly fee. If the bimonthly fee is properly sized (e.g., \$5 per billing cycle) the upfront costs the District expends will be recovered though the service life term of each unit (10-years).

The Executive Committee further discussed timing and District outreach to customers with respect to timing of the rate restricting already underway. The Executive Committee recommends the District begin outreach to customers in March-April with the expectation that customer response may be relatively weak until the rate restructuring, which discontinues the disproportionate charges to already efficient use consumers, is in full effect (July).

The Executive Committee forwarded this item onto the January 25th Board agenda with the Committee's recommendation for Board approval. The Board item will entail Board approval of the up-front costs for phase 2. Metron Farnier has some zero percent financing options. However, the Executive Committee did not base their recommendation on the potential for zero interest financing. Metron has not provided any written detail on terms and conditions for such financing.

6. Discuss ongoing rate study and cost of service analysis.

The General Manager advised the Committee that the final draft of the rate study /cost of service analysis is complete. Further, the final draft of the study contemplates the funding needed for the cost of service increase associated with increased cost for UAL payments and internal loan payments within the parameters of scenarios 1 and 2 of the Fieldman Rolapp UAL reduction study. Accordingly, it would be premature to have the Board consider adopting the rate study until the Board has considered authorizing options for UAL reduction.

The General Manager suggested that; if the Board approves UAL reductions pursuant to Fieldman Rolapp scenario 1 or 2 at the January 25th Board meeting, The General Manager can distribute the final draft of the rate study / cost of services analysis on the following day (Jan 26th). This would enable Board Members a more thorough review of the draft rate study / cost of service analysis prior to Board consideration of approving the rate study as early as February 22, 2021.

The Executive Committee agreed with the General Manager's planned approach and timing.

Directors' and General Manager Comments:

The timing of the February Executive Committee was discussed in light of the similar circumstances in February as were in January, i.e., the holiday moves the Board meeting to the 4th Monday. Accordingly, the Executive committee directed the General Manager to schedule a special session of the Executive Committee for February 8, 2021 at 6:00 P.M. and cancel the February 1st regularly meeting of the Executive Committee.

Items Requested for Next Month's Committee Agenda

Adjournment 7:40 P.M.

Next Executive Committee meeting: Monday, February 8, 2021 at 6:00 p.m. Remote (no in-person attendance)