

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

October 11, 2023 @ 6:00 P.M.

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

THIS MEETING WILL BE PHYSICALLY OPEN TO THE PUBLIC.

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

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

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

**Call to Order**

**Public Comment**

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

**Items for Discussion:**

1. Engineer's Update.
2. Discuss the Transition in Professional Services Agreements for Engineering Services.
3. Discuss Addendum to the Employment Agreement. with the General Manager.
4. Discuss the Need to Form an Ad Hoc Committee to Negotiate Cost of Living Adjustment for 2023.
5. Discuss the Independent Auditor's Report for Fiscal Year Ending June 30, 2023.
6. Continue Reviewing the Capital Improvement Projects List Adopted April 2020.
7. Discuss Alternative Dates and Locations for December 2023 Public Meetings.
8. Discuss Expenditures for August 2023.
9. Discuss Financial Reports for August 2023.

**Directors' and General Manager Comments:**

X – Update on Board Member Mandatory Training.

Y - Water Loss Audit for Calendar Year 2022 (due for submittal by 12/31/2023).

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

**Adjournment**

Next Executive Committee meeting: Wednesday, November 8, 2023, Visitors / Depot Center.

**ADA COMPLIANCE STATEMENT**

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



## Executive Committee Agenda Item: 1

**Date:** October 11, 2023

**Subject:** General District Engineering Status Update

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

**Recommended Committee Action:**

Receive a status report on specific District Engineering focus items currently being addressed by Staff.

**Current Background and Justification:**

Subjects anticipated for discussion include:

1. Contract District Engineer Transition
2. EKI Late Invoices Payment
3. Dry Creek Road Pipe Replacement Project
4. Well 15 Hexavalent Chromium Treatment

**Conclusion:**

I recommend the Executive Committee receive the status report from Staff. Then, if necessary and appropriate, forward an item(s) onto the October 23, 2023 Board of Directors Meeting agenda with recommendations as necessary.



## Executive Committee Agenda Item: 2

**Date:** October 11, 2023

**Subject:** Discuss the Transition in Professional Services Agreements for Engineering Services

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

### **Recommended Committee Action:**

Receive a report from Staff regarding the transition in professional services agreements for engineering services, engage in discussion, and forward an item or items onto the October 23, 2023 Board of Directors Meeting Agenda with recommendations as necessary.

### **Current Background and Justification:**

The District selected EKI Environment & Water, Inc. (EKI) as its Contract District Engineer through the Request for Qualifications (RFQ) process in October 2018. The agreement between parties was executed on November 20, 2018, placing EKI consultant Mike Vasquez, PE, PLS as the Contract District Engineer. The District has been notified that Mr. Vasquez has resigned from EKI and that EKI can no longer fulfill its role as Contract District Engineer. EKI wishes to amend its agreement with the District to exclude Contract District Engineering Services, while maintaining an ability to perform Task Order Protocol services for the District. A draft agreement amendment is included with this agenda item.

Mr. Vasquez, through Vasquez Engineering (VE) has expressed considerable interest in continuing his role as Contract District Engineer through a new entity. The Executive Committee may consider an engagement with VE for Contract District Engineering Services through a finding that District Policy 3.08.600, Section 5, Special Circumstances applies (the policy excerpt is included with this agenda item), or recommending that VE be named Interim Contract District Engineer while the District proceeds with the RFQ process to select a permanent Contract District Engineer. Being named Interim Contract District Engineer would not prohibit VE from submitting a response to the RFQ.

**Conclusion:**

I recommend the Executive Committee receive the report from Staff, discuss as needed, and forward items onto the October 23, 2023 Board of Directors Meeting agenda recommending:

1. Amend the agreement between the District and EKI to exclude Contract District Engineering Services, while maintaining EKI's ability to perform Task Order Protocol services, **and**;
2. Engage VE as the District's Contract District Engineer through a finding that District Policy 3.08.600, Section 5, Special Circumstances applies, **or**;
3. Engage VE as Interim Contract District Engineer while the District proceeds with the RFQ process to select a permanent Contract District Engineer, with a caveat that being named Interim Contract District Engineer would not prohibit VE from submitting a response to the RFQ.

05 October 2023

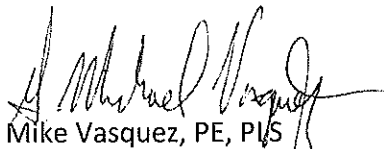
Timothy R. Shaw  
General Manager  
Rio Linda Elverta Community Water District  
730 L Street  
Rio Linda, CA 95673

Subject: Conflict of Interest Declaration between EKI Environment & Water, Inc. and Mike Vasquez

Dear Mr. Shaw:

Please accept this letter as declaration that there is no conflict of interest between EKI Environment & Water, Inc. (EKI) and Mike Vasquez as a result of the proposed amendment to the current agreement between EKI and the Rio Linda / Elverta Community Water District (District), which will exclude Contract District Engineering Services, while continuing to include EKI's ability to perform engineering services pursuant to task order protocol. Mike Vasquez has no incentive and will not receive any compensation from EKI due to processing of the aforementioned amendment, nor will Mike Vasquez receive any compensation from EKI for the District's payment of the invoices for EKI's construction management work on the Well 16 Pumping Station Project.

Sincerely,



Mike Vasquez, PE, PLS  
Principal, Vasquez Engineering  
Email: [gmvasquez@vasquez-engineering.com](mailto:gmvasquez@vasquez-engineering.com)  
Phone: 530-682-9597

ATTESTATION AS TO NO CONFLICT OF INTEREST



Michelle King  
President, EKI Environment & Water, Inc.  
Email: [mkking@ekiconsult.com](mailto:mkking@ekiconsult.com)  
Phone: 650-292-9100

- F. The specific method and techniques to be employed by the consultant on the project or problem.
- G. Ability of the consultant to provide appropriate insurance in adequate amounts, including errors and omissions if applicable.
- H. Responsiveness to the RFP/RFQ.

The report to the Board shall summarize the basis for staff's consultant selection recommendation and the ranking of the consultants based upon these criteria.

### 3. Renewal of Contracts for Professional Services

The District may, after following required consultant selection procedures, enter into Professional Services agreements which contain provisions authorizing their extension or renewal. Recommendations to extend or renew an existing a Professional Services agreement should include a written evaluation of the work performed by the consultant as well as a determination that the rationale for providing for the renewal option in the existing contract remains valid and that the fees being charged are comparable to fees for similar services offered by other consultants at the time of renewal or extension. A contract renewal recommendation shall be entered on the contract amendment. If the total amount of the contract renewal does not exceed \$25,000, the Purchasing Agent or his/her authorized designee may execute a contract amendment to formalize the renewal. If the total amount of the original agreement and any amendments exceed \$25,000, prior Board approval must be obtained.

### 4. Conflict of Law

These procedures are not applicable where superseded by local, state or federal law, where the terms of grant funding provide for the use of other consultant selection procedures, or where the District is obligated to select consultants through the use of different procedures, such as the requirements of an insurance or self-insurance program.

### 5. Special Circumstances

These professional consultant selection procedures are not applicable when if it is appropriate and in the best interest of the District under the specific circumstances of the project at issue, to limit the number of consultants solicited. Examples of such specific circumstances may include the following: (a) the need to take immediate action on a project precludes the District's ability to follow these procedures; (b) the absence of any fiscal or competitive advantage in following these procedures; (c) only one consultant is known to be available and capable of providing needed services within the required time; (d) the services to be provided are so unique that only one known consultant is qualified and available to perform them; or (e) the terms of a legal mandate or negotiated agreement require the use of a particular consultant. The basis for such action shall be documented in writing and noted in the contract and approved by the Purchasing Agent or designee. When Board approval is required, the documented basis for such action shall be included in the report to the Board.

### 6. Prequalified Consultant File

District staff may maintain a current file of consultants in their appropriate professional services categories after the selection procedures have been followed in this policy and a determination made that a consultant is qualified and competent. District staff may maintain this "prequalified consultant" file for a period of two (2) years from determination of the qualification of such consultant. District may select a prequalified consultant from this file for services.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT  
PROJECT: ~~District~~ Engineering Services  
EKI PROJECT NO.: TBDB80130.00

**AGREEMENT FOR CONSULTING SERVICES**

**THIS ENGINEERING SERVICES AGREEMENT** (“Agreement”) is made and entered ~~into this 23<sup>rd</sup> Day of October 2023 as an amendment to the agreement executed -into this on 20<sup>th</sup> day of~~ November, 2018, by and between the Rio Linda Elverta Community Water District, a county water district of the State of California (“District”) and EKI Environment & Water, Inc., (“Consultant”) (each individually a “Party” and collectively the “Parties”). There are no other parties to this Agreement.

**RECITALS**

A. This agreement amends the agreement entered by and between the District and Consultant on 20 November 2018 to exclude services as District Engineer.

B. This agreement shall only include project specific time and materials engineering services and shall be provided by task order and approved by the District prior to any services provided (“Task Order”), as more fully described in the Services, attached as **Exhibit A**.

A.C. Consultant represents to District that it is a duly qualified and licensed firm experienced in providing professional engineering consulting services in support of various District water supply projects ~~and as District Engineer~~.

B.D. In the judgment of the Board of Directors of District, it is necessary and desirable to employ the services of Consultant to perform consulting services on water supply projects (the “Project”).

E. Consultant ~~has been~~ was selected as the most qualified to perform the services as District Engineer ~~and general Engineering Services through a Request for Qualifications process in October 2018~~.

~~C.~~

~~D.~~ In addition to monthly administrative support for a fixed charge as District Engineer, Project specific time and materials engineering services shall be provided by task order and approved by the District prior to any services provided (“Task Order”), as more fully described in the Services, attached as **Exhibit A**.

**NOW, THEREFORE**, in consideration of the promises and covenants set forth below, the Parties agree as follows:

**AGREEMENT**

{CW064664.1}

**Section 1. Recitals.** The recitals set forth above (“Recitals”) are true and correct and are hereby incorporated into and made part of this Agreement by this reference. In the event of any inconsistency between the Recitals and Sections 1 through 18 of this Agreement, Sections 1 through 18 shall prevail.

**Section 2. Term.** This Agreement shall commence on the Effective Date and continue for three (3) years (“Term”), provided that either Party may terminate the Agreement by providing thirty (30) days written notice to the other Party.

**Section 3. Effective Date.** This Agreement shall only become effective once all of the Parties have executed the Agreement (the “Effective Date”). Consultant, however, shall not commence the performance of the Services until it has been given notice by District (“Notice to Proceed”).

**Section 4. Work.**

(a) *Services.* Subject to the terms and conditions set forth in this Agreement, Consultant shall perform the Services as described in **Exhibit A** and as provided in approved Task Orders. Consultant shall not receive additional compensation for the performance of any services unless they are approved by the District in writing.

(b) *Modification of Services.* Only the District’s General Manager may authorize extra or changed work. Failure of Consultant to secure such a written authorization for extra or changed work shall constitute a waiver of any and all right to adjustment in the Agreement price or Agreement time due to such unauthorized work and thereafter Consultant shall be entitled to no compensation whatsoever for the performance of such work. Consultant further waives any and all right or remedy by way of restitution or quantum meruit for any and all extra work performed without such express and prior written authorization of the General Manager.

**Section 5. Time of Performance.** Consultant warrants that it will commence performance of the Services within thirty (30) calendar days of the Notice to Proceed, and shall conform to the requirements of the ~~District-Engineering~~ Engineering Services provided in **Exhibit A** ~~or~~ as provided in an approved Task Order. The time of performance is a material term of this Agreement relied on by District in entering into this Agreement.

**Section 6. Payment.** ~~The In addition to the monthly administrative services charge associated with the District Engineer Services provided in Exhibit A, the~~ District shall pay Consultant for all Services described in an approved Task Order, which are performed and invoiced by Consultant.

Consultant shall submit monthly invoices to District for Services performed and expenses incurred during the preceding month. District shall pay Consultant within 30 days of receipt of each invoice. Each invoice shall identify all services performed and any expenses for which reimbursement is requested. Prior to payment, District may require Consultant to furnish supporting information and documentation for all charges for which payment is sought.

**Section 7. Representations of Consultant.** District relies upon the following representations by Consultant in entering into this Agreement:

{CW064664.1}



(a) *Standard of Care.* District has relied upon the professional ability and training of Consultant as a material inducement to enter into this Agreement. Consultant hereby warrants that it is qualified to perform the Services as provided in the Task Orders and that all of its services will be performed in accordance with the generally accepted hydrogeologie-engineering consultant practices and standards, in compliance with all applicable federal, state and local laws.

(b) *Independent Consultant.* In performing the services hereinafter specified, Consultant shall act as an independent Consultant and shall have control of the work and the manner in which it is performed. Consultant is not to be considered an agent or employee of District, and is not entitled to participate in any pension plan, insurance, bonus, or similar benefits District provides its employees. In the event District exercises its right to terminate this Agreement, Consultant expressly agrees that it shall have no recourse or right of appeal under rules, regulations, ordinances, or laws applicable to employees. Nothing contained herein shall be construed as creating an employment, agency or partnership relationship between District and Consultant.

(c) *Authority.* Consultant represents that it possesses the necessary licenses, permits and approvals required to perform the Services or will obtain such licenses, permits or approvals prior to the time such licenses, permits or approvals are required. Consultant shall also ensure that all sub-consultants are similarly licensed and qualified. Consultant represents and warrants to District that Consultant shall, at Consultant's sole cost and expense, keep in effect or obtain at all times during the Term of this Agreement, any licenses, permits, and approvals which are legally required for Consultant to practice Consultant's profession at the time the Services are rendered including registration for public works projects with the Department of Industrial Relations.

(d) *No Conflict of Interest.* Consultant represents that no conflict of interest will be created under state or federal law by entering into or in carrying out this Agreement. Consultant further promises that in the performance of this Agreement, no person having such interest will be knowingly employed. If requested to do so by District, Consultant shall complete and file, and shall cause any person doing work under this Agreement to complete and file, a "Statement of Economic Interest" with the Sacramento County Clerk disclosing their financial interests.

(e) *Prevailing Wage.* Consultant agrees to pay all craftsmen and laborers required as part of the consulting services at least the minimum prevailing wage required by the Department of Industrial Relations of the State of California. Consultant understands and agrees that it is Consultant's responsibility to determine the minimum prevailing wage and to report compliance as required under California law.

**Section 8. Conformity with Law and Safety.** Consultant shall observe and comply with all applicable laws, ordinances, codes and regulations of governmental agencies, including federal, state, municipal and local governing bodies having jurisdiction over any or all of the scope of Services, including all provisions of the Occupational Safety and Health Act of 1979 as amended, all California Occupational Safety and Health Regulations, the California Building Code, the American with Disabilities Act, and all other applicable federal, state, municipal and local safety regulations, appropriate trade association safety standards, and appropriate equipment  
{CW064664.1}

manufacturer instructions. Consultant's failure to comply with any laws, ordinances, codes or regulations applicable to the performance of the Services hereunder shall constitute a breach of contract. In cases where standards conflict, the standard providing the highest degree of protection shall prevail.

If a death, serious personal injury or substantial property damage occurs in connection with the performance of this Agreement, Consultant shall immediately notify the District's risk manager by telephone. If any accident occurs in connection with this Agreement, Consultant shall promptly submit a written report to District, in such form as the District may require. This report shall include the following information: (a) name and address of the injured or deceased persons; (b) name and address of Consultant's sub-consultant, if any; (c) name and address of Consultant's liability insurance carrier; and (d) a detailed description of the accident, including whether any of District's equipment, tools or materials were involved.

If a release of a hazardous material, substance, or waste occurs in connection with the performance of this Agreement, Consultant shall immediately notify District. Consultant shall not store hazardous materials or hazardous waste within the District limits without a proper permit from District.

**Section 9. Excusable Delays.** Consultant shall not be in breach of this Agreement in the event that performance of Services is temporarily interrupted or discontinued due to a "Force Majeure" event which is defined as: riots, wars, sabotage, civil disturbances, insurrections, explosion, natural disasters such as floods, earthquakes, landslides, fires, strikes, lockouts and other labor disturbances or other catastrophic events, which are beyond the reasonable control of Consultant. Force Majeure does not include: (a) Consultant's financial inability to perform; (b) Consultant's failure to obtain any necessary permits or licenses from other governmental agencies; or (c) Consultant's failure to obtain the right to use the facilities of any public utility where such failure is due solely to the acts or omissions of the Consultant.

**Section 10. Assignment Prohibited.** No Party to this Agreement may assign any right or obligation pursuant to this Agreement. Any attempt or purported assignment of any right or obligation pursuant to this Agreement shall be void and of no effect.

**Section 11. Ownership and Disclosure of Work Product.** District shall be the owner of and shall be entitled to immediate possession of accurate reproducible copies of any design computations, plans, specifications, surveys, copies of correspondence, maps, or other pertinent data and information gathered or computed by Consultant ("Work Product") in the performance of and prior to termination of this Agreement by District or upon completion of the work pursuant to this Agreement. Consultant may retain copies of the above-described documents but agrees not to disclose or discuss any information gathered, discovered, or generated in any way through this Agreement without the express written permission of District, during the term of this Agreement and for a period of one hundred eighty (180) days following expiration of the term of the Agreement.

When this Agreement is terminated, Consultant agrees to return to District all documents, drawings, photographs and other written or graphic material, however produced, that it received

{CW064664.1}

from District, its Consultants or agents, in connection with the performance of its Services under this Agreement. All materials shall be returned in the same condition as received.

**Section 12. Termination by Default.** If a Party should fail to perform any of its obligations hereunder, within the time and in the manner herein provided, or otherwise violates any of the terms of this Agreement (the “Defaulting Party”), the other Party shall give notice to the Defaulting Party and allow such Party ten (10) days to correct such deficiency. If the Defaulting Party does not correct such deficiency, the other Party may immediately terminate this Agreement by giving written notice of such termination, stating the reason for such termination. In such event, Consultant shall be entitled to receive payment for all services satisfactorily rendered, provided, however, there shall be deducted from such amount the amount of damage, if any, sustained by virtue of any breach of this Agreement by Consultant. If payment under this Agreement is based upon a lump sum in total or by individual task, payment for services satisfactorily rendered shall be an amount which bears the same ratio to the total fees specified in the Agreement as the services satisfactorily rendered hereunder by Consultant bear to the total services otherwise required to be performed for such total fee, provided, however, that there shall be deducted from such amount the amount of damage, if any sustained by District by virtue of any breach of this Agreement by Consultant.

(a) Consultant shall deliver copies of all Work Product prepared by it pursuant to this Agreement.

(b) If District terminates this Agreement before District issues the Notice to Proceed to Consultant or before Consultant commences any Services hereunder, whichever last occurs, District shall not be obligated to make any payment to Consultant. If District terminates this Agreement after District has issued the Notice to Proceed to Consultant and after Consultant has commenced performance under this Agreement, District shall pay Consultant the reasonable value of the Services rendered by Consultant pursuant to this Agreement prior to termination of this Agreement. District shall not in any manner be liable for Consultant's actual or projected lost profits had Consultant completed the Services. Consultant shall furnish to District such financial information, as in the judgment of the District Manager, is necessary to determine the reasonable value of the Services rendered by Consultant prior to termination.

(c) Except as provided in this Agreement, in no event shall District be liable for costs incurred by or on behalf of Consultant after the date of the notice of termination.

**Section 13. Liability for Breach.** Neither Party waives the right to recover damages against the other for breach of this Agreement including any amount necessary to compensate District for all detriment proximately caused by Consultant's failure to perform its obligations hereunder or which in the ordinary course of things would be likely to result therefrom. District reserves the right to offset such damages against any payments owed to Consultant. District shall not in any manner be liable for Consultant's actual or projected lost profits had Consultant completed the Services required by this Agreement. In the event of Termination by either Party, copies of all finished or unfinished Work Product shall become the property of District. Notwithstanding the above, in no event shall District be liable, regardless of whether any claim is based on contract or tort, for any special, consequential, indirect or incidental damages, including, but not limited to, lost profits or

{CW064664.1}

revenue, arising out of or in connection with this Agreement or the Services performed in connection with this Agreement.

**Section 14. Insurance Coverage.** During the Term, the Consultant shall maintain in full force and effect policies of insurance set forth herein, which shall be placed with insurers with a current A. M. Best's rating of no less than A VII, and will provide the District with written proof of said insurance. Consultant shall maintain coverage as follows:

(a) *Professional Liability:* professional liability insurance for damages incurred by reason of any actual or alleged negligent act, error or omission by sub-consultant in the amount of One Million Dollars (\$1,000,000.00) combined single limit each occurrence and annual aggregate. If the Consultants prime agreement requires the sub-consultant to carry additional Professional Liability insurance the sub-consultant shall increase their Professional Liability insurance to meet the prime agreement's requirements for the duration of the Project.

(b) *General Liability.* Consultant shall carry commercial general liability insurance in an amount no less than Two Million Dollars (\$2,000,000.00) combined single limit for each occurrence, covering bodily injury and property damage. If commercial general liability insurance or another form with a general aggregate limit is used, either the general aggregate limit shall apply separately to each Project or the general aggregate shall be no less than Two Million Dollars (\$2,000,000.00).

(c) *Worker's Compensation Insurance and Employer's Liability.* Consultant shall carry workers' compensation insurance as required by the State of California under the Labor Code.

(d) *Automobile Liability Insurance.* Consultant shall carry Automobile liability insurance covering bodily injury and property damage in an amount no less than One Million Dollars (\$1,000,000) combined single limit for each occurrence. Said insurance shall include coverage for owned, hired, and non-owned vehicles.

(e) *Policy Obligations.* Consultant's indemnity and other obligations shall not be limited by the foregoing insurance requirements.

(f) *Material Breach.* If Consultant, for any reason, fails to maintain insurance coverage that is required pursuant to this Agreement, such failure shall be deemed a material breach of this Agreement. District, at its sole option, may terminate this Agreement and obtain damages from Consultant resulting from said breach. Alternatively, District may purchase such required insurance coverage, and without further notice to Consultant, District may deduct from sums due to Consultant any premium costs advanced by District for such insurance. These remedies shall be in addition to any other remedies available to District.

**Section 15. Indemnification.** To the fullest extent permitted by law (including, without limitation, California Civil Code Sections 2782 and 2782.8), Consultant shall defend, indemnify hold harmless and release District, and District's elected and appointed councils, commissions, directors, officers, employees, agents, and representatives ("District's Agents") from and against any and all actions, claims, loss, cost, damage, injury (including, without limitation, disability, {CW064664.1}

injury or death of an employee of Consultant or its sub-consultants), expense and liability of every kind, nature and description that arise out of, pertain to or relate to the negligence, recklessness or willful misconduct of Consultant, or any direct or indirect sub-consultant, employee, Consultant, representative or agent of Consultant, or anyone that Consultant controls (collectively "Liabilities"). Such obligations to defend, hold harmless and indemnify District and District's Agents shall not apply to the extent that such Liabilities are caused in whole by the sole negligence, active negligence, or willful misconduct of District or District's Agents, or any third parties. With respect to third party claims against the Consultant, the Consultant waives any and all rights of any type of express or implied indemnity against District and District's Agents. This indemnification obligation is not limited in any way by any limitation on the amount or type of damages or compensation payable to or for Consultant or its agents under Workers' Compensation acts, disability benefits acts or other employee benefit acts.

**Section 16. Notices.** Any notice or communication required hereunder between District and Consultant must be in writing, and may be given either personally, by registered or certified mail (return receipt requested), or by Federal Express, UPS or other similar couriers providing overnight delivery. If personally delivered, a notice or communication shall be deemed to have been given when delivered to the Party to whom it is addressed. If given by registered or certified mail, such notice or communication shall be deemed to have been given and received on the first to occur of (a) actual receipt by any of the addressees designated below as the party to whom notices are to be sent, or (b) five (5) days after a registered or certified letter containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail. If given by Federal Express or similar courier, a notice or communication shall be deemed to have been given and received on the date delivered as shown on a receipt issued by the courier. Any Party hereto may at any time, by giving ten (10) days written notice to the other Party hereto, designate any other address in substitution of the address to which such notice or communication shall be given. Such notices or communications shall be given to the Parties at their addresses set forth below:

If to District:

Rio Linda/Elverta Community Water District  
730 L Street  
Rio Linda, California 95673  
Attention: Timothy R. Shaw, General Manager  
Tel: (916) 991-8891

With courtesy copy to:

~~Churchwell~~-White Brenner LLP  
1414 K Street, Third Floor  
Sacramento, California, 95814  
Attention: Barbara A. Brenner, Esq.  
Tel: (916) 468-0950

If to Consultant:

EKI Environment & Water, Inc.

2001 Junipero Serra Boulevard, Suite 300

Daly City, CA 94014

Tel: (650) 292-9100/1750 Creekside Oaks Drive, Suite 220

Sacramento, CA 95833

Tel: (916) 905-2388

**Section 17. Exhibits.** All “Exhibits” referred to below or attached to herein are by this reference incorporated into this Agreement:

Exhibit Designation

Exhibit Title

**Exhibit A:**

**Scope of Services**

**Section 18. General Provisions.**

(a) *Modification.* No alteration, amendment, modification, or termination of this Agreement shall be valid unless made in writing and executed by all of the Parties to this Agreement.

(b) *Waiver.* No covenant, term, or condition or the breach thereof shall be deemed waived, except by written consent of the Party against whom the waiver is claimed, and any waiver of the breach of any covenant, term, or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term, or condition.

(c) *Severability.* If this Agreement in its entirety is determined by a court to be invalid or unenforceable, this Agreement shall automatically terminate as of the date of final entry of judgment. If any provision of this Agreement shall be determined by a court to be invalid and unenforceable, or if any provision of this Agreement is rendered invalid or unenforceable according to the terms of any federal or state statute, which becomes effective after the Effective Date of this Agreement, the remaining provisions shall continue in full force and effect and shall be construed to give effect to the intent of this Agreement.

(d) *Counterparts.* This Agreement may be executed simultaneously and in several counterparts, each of which shall be deemed an original, but which together shall constitute one and the same instrument.

(e) *Audit.* District shall have access at all reasonable times to all reports, contract records, contract documents, contract files, and personnel necessary to audit and verify Consultant's charges to District under this Agreement.

(f) *Entire Agreement.* This Agreement, together with its specific references, attachments and exhibits, constitutes the entire agreement of the Parties with respect to the subject matters hereof, and supersedes any and all prior negotiations, understanding and agreements with respect hereto, whether oral or written.

(g) *Attorney's Fees and Costs.* If any action at law or in equity, including action for declaratory relief, is brought to enforce or interpret provisions of this Agreement, the prevailing Party shall be entitled to reasonable attorney's fees and costs, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which such Party may be entitled.

(h) *Time is of the Essence.* Time is of the essence in this Agreement for each covenant and term of a condition herein.

IN WITNESS WHEREOF, this Agreement has been entered into by and between District and Consultant as of the Effective Date.

**DISTRICT:**

Rio Linda Elverta Community Water District,  
a county water district of the State of  
California

By: \_\_\_\_\_  
Timothy R. Shaw, General Manager

Date: \_\_\_\_\_

~~Approved as to Form:~~

By: \_\_\_\_\_  
~~Barbara A. Brenner, District Counsel~~

**CONSULTANT:**

EKI Environment & Water, Inc.

By: \_\_\_\_\_  
~~TBD~~ Stephen A. Tarantino, PE, Vice  
President

Date: \_\_\_\_\_



## EXHIBIT A

## SCOPE OF SERVICES

Consultant shall perform and complete the following (or attached) Scope of Services in accordance with the details and specifications described below, which shall include a Completion Schedule and description of the Compensation:

**Extent of Services**

EKI Environment & Water, Inc. will ~~serve as the District~~ provide Engineering Services. Under this agreement MSA, engineering services will be limited to the following activities:

~~1. General Engineering Support – \$5,000/month Lump Sum~~

~~The General Engineering Support shall include:~~

- ~~• General
 
  - ~~○ Correspondence with developers, customers, regulators, product salesman, engineers, or others that relate to the District~~
  - ~~○ Attend technical meetings (i.e. SGA, River Arc, RWA)~~~~
- ~~• Planning Committee
 
  - ~~○ Attend the planning committee~~
  - ~~○ Prepare agenda item supporting documentation~~~~
- ~~• Monthly Board Meetings
 
  - ~~○ Prepare engineering report~~
  - ~~○ Attend monthly board meetings~~
  - ~~○ Present report and respond to questions~~
  - ~~○ Follow up to questions raised at board meetings~~~~
- ~~• Engineering consultations regarding
 
  - ~~○ Operations (operating issues, efficiency, safety, chemical handling)~~
  - ~~○ Water quality (contamination, monitoring)~~
  - ~~○ Regulatory compliance (DDW and NPDES compliance)~~
  - ~~○ Legal (respond to attorney, input to legal issues)~~
  - ~~○ Strategic planning (attend strategic meetings and provide input)~~
  - ~~○ Budget planning (respond to CIP questions and cost estimates, document future needs to be added to future budgets)~~~~
- ~~• Attend coordination meetings with General Manager twice per month~~

~~2.1. Planning – Subject to Task Order Protocol~~

~~Master Planning, Urban Water Management Plan, Water Use Efficiency Reports, Facility Assessments, Preliminary Facility Designs (e.g. project descriptions and application submittals), CEQA Documentation, Capital Budget Projections, Capital Budget Justifications and Descriptions.~~

~~3.2. Minor Improvements – Subject to Task Order Protocol~~

~~(Estimated less than \$50,000 in construction costs or \$5,000 for engineering design costs, whichever is least) Design Documents.~~

{CW064664.1}

Project: District Engineering Services

EKI Project No.: TBDB80130.00

Page 11 of 11

4.3. Project Support – Subject to Task Order Protocol

Engineering Design, Studies, Reports, Project Management, Bidding, Services during Construction, Startup and Testing, Project Closeout including as-builts.

~~Expressly prohibited scope: The District Engineer shall not perform any engineering design work on public works project described in or evolved from capital facilities plans of which the District Engineer has been involved, consulted or served in any capacity for recommending projects to the Board of Directors.~~

**Task Order Protocol**

All services provided ~~with the exception of General Engineering Support~~ must be approved in advance by the General Manager in the form of an executed task order as shown in Exhibit A – Task Order. Task Orders for more than \$10,000 must additionally be approved by the Board of Directors.

Client/Address: Rio Linda/Elverta Community Water District  
 Proposal – Contract District Engineer  
 Attn: Timothy R. Shaw, General Manager  
 730 L Street, Rio Linda, CA 95673



Proposal/Agreement Date: 25 October 2018

EKI Project # B8-187

**SCHEDULE OF CHARGES FOR EKI ENVIRONMENT & WATER, INC.**

<u>Personnel Classification</u>	<u>Rio Linda/Elverta Community Water District Discounted Hourly Rate</u>
District Engineer	210
Project Manager	205
Project Engineer – Senior	195
Project Engineer – Staff	175
Project Engineer - Associate	135
Construction Manager	195
Construction Inspector	150
CAD Designer	105
Administrative	95

**Expert Support Staff:**

EKI has expert support staff consisting of hazardous waste remediation, water resources, and municipal engineering experts that can be available to support the District on an as-needed basis. Rates for expert staff or expert witnesses for legal proceedings are not included in this rate schedule and can be negotiated on a case by case basis.

**Sub-Consultants Rate Schedule:**

Sub-consultant budgets will be negotiated with the District on a case by case project basis as-needed.

**Direct Expenses**

Reimbursement for direct expenses, as listed below, incurred in connection with the work will be at cost plus ten percent (10%) for items such as:

- a. Maps, photographs, reproductions, printing, equipment rental, and special supplies related to the work.
- b. Consultants, soils engineers, surveyors, drillers, laboratories, and contractors.
- c. Rented vehicles, local public transportation and taxis, travel and subsistence.
- d. Special fees, insurance, permits, and licenses applicable to the work.
- e. Outside computer processing, computation, and proprietary programs purchased for the work.

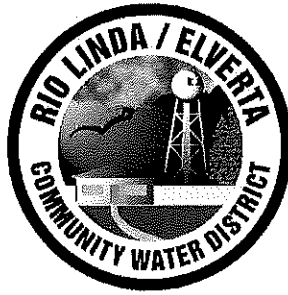
Large volume copying of project documents, e.g., bound reports for distribution or project-specific reference files, will be charged as a project expense as described above.

Reimbursement for mileage for vehicles used in connection with the work will be at the rate of sixty cents (\$0.60) per mile.

The foregoing Schedule of Charges is incorporated into the Agreement for the Services of EKI Environment & Water, Inc. and may be updated annually.

**Standard Rates for Task Order Protocol**

Rates used shall be standard rates based on the current EKI Schedule of Charges. Each Task Order shall have an established not to exceed budget.



**Executive Committee  
Agenda Item: 3**

**Date:** October 11, 2023  
**Subject:** GM Employment Agreement Addendum  
**Contact:** Timothy R. Shaw, General Manager

**Recommended Committee Action:**

The Executive Committee should engage staff in discussion regarding the need for an addendum to the Employment Agreement with the General Manager.

**Current Background and Justification:**

At the September 25<sup>th</sup> Board Meeting, following the closed session for the annual performance evaluation of the General Manager, the announcement in open session was provided in recognition of the Board finding of satisfactory performance:

- A 2% increase in base salary.
- An increase in vacation accrual rate of 5 days per year ( increase from 15 days to 20 days per year).

It is necessary and established protocol to implement Board approved changes to the General Manager's compensation via addendums to the General Manager's Employment Agreement.

**Conclusion:**

I recommend the Executive Committee engage staff in discussions regarding the need for an addendum to the General Manager's Employment Agreement.



**Executive Committee  
Agenda Item: 4**

**Date:** October 11, 2023  
**Subject:** Forming a Negotiations Ad Hoc Committee for 2023 COLA  
**Contact:** Timothy R. Shaw, General Manager

**Recommended Committee Action:**

The Executive Committee should engage staff in discussion on the appropriateness of forming a Negotiations Ad Hoc Committee for negotiating the 2023 Cost of Living Adjustment (COLA).

**Current Background and Justification:**

An element in the settlement of the 2022 COLA negotiations was another reopener for COLA negotiations for 2023 if the Unit was precluded from using their banked COLA percentage credits from previous years, i.e., the stipulated Consumer Price Index (CPI) is greater than 3% for the 12-months period ending October 2023.

Although the CPI for October is not published until around November 15<sup>th</sup>, all preliminary indications are that the CPI will again exceed 3%.

It is reasonable to anticipate that Teamsters Local 150 will soon submit a formal request to begin the 2023 COLA negotiations. However, it is not necessary to wait for their request for the Board to appoint a COLA Negotiations Ad Hoc Committee.

**Conclusion:**

I recommend the Executive Committee forward an item onto the October 23<sup>rd</sup> Board agenda to enable Board consideration of appointing a 2023 COLA Negotiations Ad Hoc Committee.



**Executive Committee  
Agenda Item: 5**

**Date:** October 11, 2023  
**Subject:** Fiscal Year 2022-2023 Independent Auditor's Report  
**Contact:** Timothy R. Shaw, General Manager

**Recommended Committee Action:**

The Executive Committee should review the Independent Auditor's Report and forward it onto the October 23<sup>rd</sup> Board agenda with the Committee's recommendation for Board acceptance.

**Current Background and Justification:**

The annual report by the Independent Auditor is ready for Board consideration.

Unlike most Board action items, the Board does not approve or adopt the report. The Board either accepts or rejects the report. If the Board opts to reject the report, it is necessary to stipulate the justification for such. However, in this case as has been the case for the past decade, there is no plausible reason to reject an audit report.

The Committee's role in the process is to review the report and seek any clarifications the Committee deems necessary.

**Conclusion:**

I recommend the Executive Committee review the Independent Auditor's report and forward the report onto the October 23<sup>rd</sup> Board agenda.

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

**June 30, 2023 and 2022**

This Page Intentionally Left Blank



RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Annual Financial Report  
June 30, 2023 and 2022

17

**Table of Contents**

	<u>Page</u>
<i>Independent Auditor's Report</i> .....	1
<i>Management's Discussion and Analysis</i> .....	5
<i>Basic Financial Statements:</i>	
Statement of Net Position.....	12
Statement of Revenues, Expenses and Changes in Net Position.....	13
Statement of Cash Flows.....	14
Notes to Basic Financial Statements.....	17
<i>Required Supplementary Information:</i>	
Pension Plan:	
Schedule of the Plan's Proportionate Share of the Net Pension Liability and Related Ratios as of the Measurement Date.....	44
Schedule of Contributions.....	44
Other Post-Employment Benefits Plan:	
Schedule of Changes in the District's Net OPEB Liability and Related Ratios.....	45
Schedule of Contributions.....	46

This Page Intentionally Left Blank



## INDEPENDENT AUDITOR'S REPORT

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

### *Opinion*

We have audited the accompanying financial statements of the business-type activities of the Rio Linda/Elverta Community Water District (District), California, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the District as of June 30, 2023, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

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

### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

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

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

#### ***Other Information***

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

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

#### ***Report on Summarized Comparative Information***

We have previously audited the District's June 30, 2022 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated January 23, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Pleasant Hill, California  
2023

This Page Intentionally Left Blank

## RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management's Discussion and Analysis  
June 30, 2023 and 2022

# 20

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, 2023 (FY 2022-23).

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

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

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

### ***Financial Highlights***

The following items are, in the opinion of District management, among the most significant in assessing the District's overall financial activities and financial position at the close of FY 2022-23.

- ❖ The District's assets exceeded its liabilities by \$15,375,901 as of June 30, 2023, which is an increase of \$670,391 compared to June 30, 2022. Total assets increased by \$730,355 while total liabilities increased by \$59,964. The deferred outflow increased \$627,124 to \$1,106,047 and deferred inflows increased \$81,196 to \$142,087 as of June 30, 2023. The District's net investment in capital assets, \$9,494,326, 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 position totaled \$6,140,309, an increase of \$551,935 from the end of FY 2021-22.
- ❖ The District's operating revenues were \$3,037,804 and non-operating revenues were \$1,158,234, totaling \$4,196,038. Water sales to customers totaled 70% of all revenues.
- ❖ The District's total net long-term liabilities were \$7,598,921 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, 2023 and 2022

### 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, 2023, the total net position of the District was \$16,339,861. The following table summarizes assets, liabilities, and net position on June 30, 2023, 2022, and 2021:

	2023	2022	2021
Current Assets, Unrestricted	\$2,574,664	\$2,576,162	\$1,946,949
Restricted Cash and Cash Equivalents	5,778,333	4,894,831	4,471,165
Capital assets, net	15,809,931	15,961,580	16,501,597
Total Assets	24,162,928	23,432,573	22,919,711
Total Deferred Outflows	1,106,047	478,923	729,108
Total Assets and Deferred Outflows	25,268,975	23,911,496	23,648,819
Current Liabilities	1,188,106	1,031,507	1,019,223
Long-term Liabilities	7,598,921	7,695,556	9,682,257
Total Liabilities	8,787,027	8,727,063	10,701,480
Total Deferred Inflows	142,087	60,891	113,297
Total Liabilities and Deferred Inflows	8,929,114	8,787,954	10,814,777
<b>Net Position</b>			
Net investment in capital assets	9,494,326	8,829,942	8,593,770
Restricted debt service reserves	705,226	705,226	705,226
Unrestricted	6,140,309	5,588,374	3,535,046
Total Net Position	\$16,339,861	\$15,123,542	\$12,834,042

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



**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Management's Discussion and Analysis  
June 30, 2023 and 2022

21

Below is a summary analysis of changes:

<b>Summary Analysis of Changes</b>	<b>2022/2021</b>	<b>2021/2020</b>
Total Assets and Deferred Outflows	1.11%	-0.59%
Total Liabilities and Deferred Inflows	-18.74%	-10.77%
Total Net Position	17.84%	9.97%
<b>Summary Analysis of Changes</b>	<b>2023/2022</b>	<b>2022/2021</b>
Total Assets and Deferred Outflows	5.68%	1.11%
Total Liabilities and Deferred Inflows	1.61%	-18.74%
Total Net Position	8.04%	17.84%

***Changes in Net Position***

The following table summarizes the changes in net position for the fiscal years ended June 30, 2023, 2022, and 2021:

	<b>2023</b>	<b>2022</b>	<b>2021</b>
Operating Revenues:			
Water sales	2,931,440	2,832,861	2,748,710
Other operating revenues	106,364	145,750	123,528
Total Operating Revenues	<u>3,037,804</u>	<u>2,978,611</u>	<u>2,872,238</u>
Operating Expenses:			
Personnel services	1,457,145	220,703	1,191,017
Professional services	110,585	87,992	112,714
Field operations	460,630	377,740	467,761
Conservation	-	-	-
Administration	243,925	213,456	202,119
Depreciation and Amortization	750,561	754,396	622,225
Total Operating Expenses	<u>3,022,846</u>	<u>1,654,287</u>	<u>2,595,836</u>
Net Income from Operations	14,958	1,324,324	276,402
Non-Operating Revenues(Expenses)			
Surcharge	968,683	965,073	963,729
Other non-operating revenues	189,551	167,252	161,363
Non-Operating Expenses	<u>(218,007)</u>	<u>(245,342)</u>	<u>(266,602)</u>
Net Non-Operating Revenues	940,227	886,983	858,490
Net Income before capital contributions	<u>955,185</u>	<u>2,211,307</u>	<u>1,134,892</u>
Capital Contributions			
Capacity Fees	261,134	78,193	90,900
Capital Grants	-	-	505,000
Total Capital Contributions	<u>261,134</u>	<u>78,193</u>	<u>595,900</u>
Change in net position	1,216,319	2,289,500	1,730,792
Net position, beginning of year	<u>15,123,542</u>	<u>12,834,042</u>	<u>10,057,923</u>
Net positions, end of year	<u>16,339,861</u>	<u>15,123,542</u>	<u>12,834,042</u>

## RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management's Discussion and Analysis  
June 30, 2023 and 2022

### **Changes from Fiscal Year 2021-2022 to Fiscal Year 2022-2023:**

Total net position increased \$1,216,319 or 8.04%.

Total operating revenues increased \$59,193 or 1.99%. Operating revenue exceeded operating expenses by \$14,958. Operating expenses increased by \$1,368,559, a 82.73% increase.

### **Changes from Fiscal Year 2020-2021 to Fiscal Year 2021-2022:**

Total net position increased \$2,289,500 or 17.84%.

Total operating revenues increased \$106,373 or 3.7% Operating revenue exceeded operating expenses by \$1.324.324. Operating expenses decreased by \$941,549, a 36.27% decrease.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### *Capital Assets*

As of June 30, 2023, the District's net investment in capital assets was \$9,494,326 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 2022-23, principal on its collective debt was reduced by \$152,273 during the year. The District's total debt from its 2016 issuance now stands at approximately \$1.5 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 2022-23, principal on its collective debt was reduced by \$380,377 during the year. The District's total debt from the SRF Loan now stands at approximately \$2.9 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 \$53,330 during the year. The District's total debt from the Meter Replacement Loan now stands at approximately \$139,741.

## RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Management's Discussion and Analysis  
June 30, 2023 and 2022

# 22

During FY 18-19, the District entered into an installment sale agreement (Surcharge 2) with Opus Bank, now Pacific Premier Bank for \$3.87 million. During FY 22-23, the District paid principal of \$230,000 on this debt. As of June 30, 2023, the District's total debt from the Pacific Premier Bank loan was \$2.32 million.

Compensated absences, composed of vacation hours earned by employees that are payable upon termination or retirement, are valued at \$65,683 at the end of 2022-23, an increase of \$8,681 from the 2021-22 year-end amount of \$57,001.

*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 2023-24 (\$3.26 M revenue and \$2.64 M expenses) with a 3.64% increase in income, a 2.93% increase in expense, and a 6.77% increase in net income compared with the FY 2022-23 Operating Budget.

The trend of historical levels of inflation experienced in FY 2022-23 have leveled off but the District anticipates a moderate pace throughout FY 2023-24. One of the mitigations to inflation approved by the Board was to reallocate funding for the annual capital improvement projects budget back into the operating budget. The trend of inflation seems to have peaked but remains higher than long-term assumptions. The multi-year rate study operating costs and CalPERS pension costs both assume a maximum inflation of 3%. Other forms of mitigation for inflation have included cost cutting efforts such as switching to lower cost service providers and/or terminating services and memberships entailing annual dues.

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

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

## **RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Management's Discussion and Analysis  
June 30, 2023 and 2022

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, the increase in the first two years following a change is approximately 2% to 3%. The increase in the subsequent 18-years is in the 15% to 20% range. To illustrate; the increase in the annual payment the District would have paid in July 2021 is at least 16% higher than the \$68,000 payment the District paid in July 2020. As such, The District executed mitigation measures to offset the dramatic annual UAL payments it would otherwise incur. The mitigation was an internal loan from the long-term capital improvement funding to fund an Additional Discretionary Payment to CalPERS to reduce the Unfunded Accrued Liability.

The State Water Board published its Notice of Proposed Rulemaking for re-adoption of the Hexavalent Chromium (Cr6) MCL on June 16, 2023, with final adoption anticipated by the end of calendar year 2023. The District will incur costs associated with treating drinking water for Hexavalent Chromium. Funding for capital improvements for treating Hexavalent Chromium has been established. Operating costs associated with Hexavalent Chromium are addressed in the multi-year rate restructuring described above. Operating costs for Hexavalent Chromium include but are not limited to employment of properly licensed operators, consumable treatment materials and facilities insurance.

Large-scale residential development remains on the horizon, but not in the financial planning range. Additionally, infill projects in the form of Accessory Dwelling Units and some small commercial development are beginning to materialize. Rio Linda is strategically located directly between the large new commercial development in the Airport Industrial Park and the McClellan Business Park. Both areas are bringing additional jobs into the region, which may increase housing demand in the District. However, Sacramento County's planning documents, which preclude a net increase in groundwater pumping, continue to limit the District's capacity to accommodate housing demand.

**BASIC FINANCIAL STATEMENTS**

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT  
STATEMENTS OF NET POSITION  
JUNE 30, 2023  
(WITH COMPARATIVE DATA FOR JUNE 30, 2022)

ASSETS	2023	2022
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$1,902,758	\$1,805,244
Accounts receivable	601,193	689,008
Accrued interest receivable	2,071	699
Inventory	49,574	52,627
Prepaid expenses	19,068	28,584
Total current assets	2,574,664	2,576,162
<b>NON-CURRENT ASSETS</b>		
Restricted cash and investments	5,778,333	4,894,831
Capital assets:		
Nondepreciable	1,449,703	1,000,961
Depreciable, net of accumulated depreciation	14,360,228	14,960,619
Total capital assets, net	15,809,931	15,961,580
Total non-current assets	21,588,264	20,856,411
<b>TOTAL ASSETS</b>	24,162,928	23,432,573
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension related	1,097,457	470,063
OPEB related	8,590	8,860
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	1,106,047	478,923
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	241,901	107,317
Accrued salaries and benefits	38,538	36,665
Accrued interest payable	26,572	29,217
Deposits payable	121,287	128,346
Unearned revenue	49,255	49,255
Accrued compensated absences - current portion	65,683	57,002
Current portion of bonds and loans payable	644,870	623,705
Total current liabilities	1,188,106	1,031,507
<b>NON-CURRENT LIABILITIES</b>		
Unearned revenue	508,777	558,032
Bonds and loans payable	6,228,638	7,065,785
OPEB Liability	37,482	66,836
Net pension liability	824,024	4,903
Total non-current liabilities	7,598,921	7,695,556
<b>TOTAL LIABILITIES</b>	8,787,027	8,727,063
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension related	97,916	4,280
OPEB related	44,171	56,611
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	142,087	60,891
<b>NET POSITION</b>		
Net investment in capital assets	9,494,326	8,829,942
Restricted for debt service	705,226	705,226
Unrestricted	6,140,309	5,588,374
<b>TOTAL NET POSITION</b>	\$16,339,861	\$15,123,542

See accompanying notes to financial statements

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 FOR THE YEARS ENDED JUNE 30, 2023  
 (WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2022)

24

	2023	2022
<b>OPERATING REVENUES</b>		
Water sales	\$2,931,440	\$2,832,861
Account service charges	79,296	109,735
Other water service fees	27,068	36,015
Total operating revenues	3,037,804	2,978,611
<b>OPERATING EXPENSES</b>		
Personnel services	1,457,145	220,703
Professional services	110,585	87,992
Field operations:		
Transmission and distribution	128,601	45,038
Pumping	228,008	240,800
Transportation	20,293	15,997
Treatment	31,244	22,943
Other	52,484	52,962
Administration	243,925	213,456
Depreciation	750,561	754,396
Total operating expenses	3,022,846	1,654,287
<b>OPERATING INCOME (LOSSES)</b>	14,958	1,324,324
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Surcharge	968,683	965,073
Interest income	22,079	(16,757)
Property tax	118,217	109,104
Rental income	49,255	49,255
(Loss) gain on disposition of assets		25,650
Interest expense	(215,823)	(240,450)
Other non-operating revenues and (expenses)	(2,184)	(4,892)
Total nonoperating revenues (expenses), net	940,227	886,983
<b>INCOME BEFORE CAPITAL CONTRIBUTIONS</b>	955,185	2,211,307
<b>CAPITAL CONTRIBUTIONS</b>		
Capacity fees	261,134	78,193
Total capital contributions	261,134	78,193
<b>CHANGE IN NET POSITION</b>	1,216,319	2,289,500
<b>NET POSITION, BEGINNING OF YEAR</b>	15,123,542	12,834,042
<b>NET POSITION, END OF YEAR</b>	\$16,339,861	\$15,123,542

See accompanying notes to financial statements

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2023  
(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2022)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$3,116,505	\$2,870,807
Payments to suppliers	(675,046)	(686,403)
Payments to employees and related benefits	(1,202,752)	(1,157,584)
Net cash provided by operating activities	1,238,707	1,026,820
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Receipt of taxes	118,217	109,104
Net cash provided by noncapital financing activities	118,217	109,104
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Surcharge revenue received	968,683	965,073
Capacity fees	261,134	78,193
Payments on long-term debt	(815,982)	(794,336)
Purchase and construction of capital assets	(598,912)	(214,382)
Retirement of utility plant and equipment	-	(25,650)
Interest and fees paid on long-term debt	(218,007)	(245,342)
Net cash used for capital and related financing activities	(403,084)	(236,444)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Rental income	49,255	49,255
Interest received	(22,079)	16,757
Net cash provided by investing activities	27,176	66,012
<b>NET INCREASE (DECREASE) IN CASH</b>	981,016	965,492
Cash, beginning of year	6,700,075	5,734,583
Cash, end of year	\$7,681,091	\$6,700,075
Cash and cash equivalents consist of the following:		
Unrestricted	\$1,902,758	\$1,805,244
Restricted	5,778,333	4,894,831
	\$7,681,091	\$6,700,075

(Continued)

See accompanying notes to financial statements



RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT  
 STATEMENTS OF CASH FLOWS  
 FOR THE YEARS ENDED JUNE 30, 2023  
 (WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2022)

25

	2023	2022
Reconciliation of operating (loss) to net cash provided by operating activities:		
Operating income (losses)	\$14,958	\$1,324,324
Adjustments to reconcile operating losses to cash flows from operating activities:		
Depreciation	750,561	754,396
Changes in assets and liabilities:		
Receivables, net	78,701	(107,804)
Inventory	3,053	(14,952)
Prepaid expenses	9,516	1,321
Accounts payable	134,584	(9,906)
Accrued payroll and related expenses	1,873	(10,555)
Refundable deposits	(7,059)	16,322
Compensated absences	8,681	3,533
Net pension liability	285,363	(888,993)
Net OPEB liability	(41,524)	(40,866)
Net cash provided (used) by operating activities	\$1,238,707	\$1,026,820

See accompanying notes to financial statements

**NOTES TO BASIC FINANCIAL STATEMENTS**

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

26

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

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

**A. Reporting Entity**

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

**B. Basis of Presentation – Fund Accounting**

The District’s resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

**C. Basis of Accounting**

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

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

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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

**C. *Basis of Accounting (Continued)***

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

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

**D. *Use of Estimates***

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

**E. *Cash and Cash Equivalents***

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

**F. *Restricted Assets***

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

**G. *Investments***

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

**H. *Inventory***

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

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (Continued)*****I. Capital Assets***

Capital assets are recorded at historical cost. Donated assets are valued at acquisition value on the date received. Self-constructed assets are recorded based on the amount of direct labor, material, and certain overhead charged to the asset construction. Depreciation is calculated using the straight-line method over estimated useful lives of 8 to 60 years for transmission and distribution, and 3 to 50 years for general plant assets. Maintenance and repairs are charged to operations when incurred. It is the District's policy to capitalize all capital assets with an initial cost of more than \$5,000 and an estimated useful life in excess of one year. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

***J. Accounts Receivable***

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

***K. Deferred Outflows and Inflows of Resources***

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

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

***L. Unearned Revenues***

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

***M. Contributed Facilities***

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

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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

***N. Property Taxes***

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

***O. Compensated Absences***

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

***P. Lease Accounting***

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

***Q. Prior Year Summarized Comparative Information***

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District’s financial statement for the year ended June 30, 2022 from which the summarized information was derived.

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

28

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 2 – CASH AND INVESTMENTS**

Cash and investments as of June 30, 2023 and 2022, are classified in the accompanying financial statements as follows:

	2023	2022
Cash and cash equivalents	\$1,902,758	\$1,805,244
Restricted cash and cash equivalents	5,778,333	4,894,831
Total District Cash and Investments	\$7,681,091	\$6,700,075

Cash and investments as of June 30, 2023 and 2022, consisted of the following:

	2023	2022
Deposits with financial institutions		
Total Cash	\$6,363,353	\$5,785,766
Local Agency Investment Fund	813,182	410,813
Held by Bond Trustee:		
Money Market Mutual Fund	44,108	53,937
Negotiable Certificates of Deposit	135,109	259,672
Government Agency Securities	325,339	189,887
Total Investments	1,317,738	914,309
Total District Cash and Investments	\$7,681,091	\$6,700,075

**A. Investment Policy**

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

This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District’s investment policy. During the year ended June 30, 2023, the District’s permissible investments included the following instruments:

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

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

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

**B. Investments Authorized by Debt Agreements**

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

**C. Interest Rate Risk**

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

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

Investment Type	12 Months or less	13 to 24 Months	25 to 60 Months	Total
Local Agency Investment Fund	\$813,182			\$813,182
Held by Bond Trustee:				
Money Market Mutual Fund	44,108			44,108
Negotiable Certificates of Deposit		\$89,874	\$45,235	135,109
Government Agency Securities	49,507	92,770	183,062	325,339
Total Investments	<u>\$906,797</u>	<u>\$182,644</u>	<u>\$228,297</u>	<u>\$1,317,738</u>

**D. Credit Risk**

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



RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

29

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

	Minimum Legal Rating	Total	Ratings as of Year End	
			AAA	Not Rated
Local Agency Investment Fund	N/A	\$813,182		\$813,182
Held by Bond Trustee				
Money Market Mutual Fund	N/A	44,108		44,108
Negotiable Certificates of Deposit	N/A	135,109		135,109
Government Agency Securities	A	325,339	\$325,339	
Total Investments		\$1,317,738	\$325,339	\$992,399

**E. Custodial Credit Risk**

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

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

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

At June 30, 2023, the carrying amount of the District’s deposits were \$6,363,353. Of that balance, \$750,000 was covered and \$5,613,353 was not covered by federal depository insurance. As of June 30, 2023, 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	\$44,108
Negotiable Certificates of Deposit	135,109
Government Agency Securities	325,339

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 2 – CASH AND INVESTMENTS (Continued)**

***F. Investment in LAIF***

LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. At June 30, 2023, the average life on investments funds invested by LAIF was 260 days.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

30

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023
<b>Nondepreciable:</b>				
Land	\$576,673			\$576,673
Construction in progress	424,288	\$448,742		873,030
Total nondepreciable assets	<u>1,000,961</u>	<u>448,742</u>		<u>1,449,703</u>
<b>Depreciable:</b>				
Water system facilities	25,039,860	100,170		25,140,030
General plant assets	685,857		(\$472)	685,385
Intangible assets	373,043	50,000	(39,960)	383,083
Total capital assets being depreciated	<u>26,098,760</u>	<u>150,170</u>	<u>(40,432)</u>	<u>26,208,498</u>
<b>Less: Accumulated depreciation</b>				
Water system facilities	(10,383,905)	(690,472)	472	(11,073,905)
General plant assets	(450,909)	(41,920)		(492,829)
Intangible assets	(303,327)	(18,169)	39,960	(281,536)
Total accumulated depreciation	<u>(11,138,141)</u>	<u>(750,561)</u>	<u>40,432</u>	<u>(11,848,270)</u>
Net capital assets being depreciated	<u>14,960,619</u>	<u>(600,391)</u>		<u>14,360,228</u>
Total capital assets	<u>\$15,961,580</u>	<u>(\$151,649)</u>		<u>\$15,809,931</u>

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

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

Depreciation expense in the amount of \$750,561 and \$754,396 was recorded for the years ended June 30, 2023 and 2022, respectively, and is included with depreciation expense on the Statement of Revenues, Expenses, and Changes in Net Position.

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 4 – LONG-TERM LIABILITIES**

***Safe Drinking Water State Revolving Fund Loan – Direct Borrowing:*** On June 30, 2011, the District finalized the Safe Drinking Water Loan funding agreement in the amount of \$7,499,045 at an interest rate of 2.57% to be paid over 20 years. The loan proceeds will assist the District in complying with the State safe drinking water standards. The project was completed in June 2015, and the actual borrowed by the District was only \$7,179,073. Semi-annual loan payments of \$230,677 are due on January 1 and July 1, through July 1, 2035. As of June 30, 2023, the District's loan balance was \$2,902,303.

***2015 Water Revenue Refunding Bonds – Direct Borrowing:*** On April 1, 2015, the District entered into a loan agreement with Umpqua Bank to issue Series 2015 Water Revenue Refunding Bonds at an interest rate of 3.61%, the proceeds of which were used to provide financing for the refunding and defeasance of the District's 2003 Water Revenue Refunding Bonds. These 2003 Bonds were issued to refund debt used to finance certain capital improvements to the District's water system. Semi-annual principal payments, ranging from \$48,776 to \$136,000, and semi-annual interest payments, ranging from \$1,210 to \$40,642, are due on May 1 and November 1, through November 1, 2031. As of June 30, 2023, the District's loan balance was \$1,506,424.

***Water Meter Replacement Loan – Direct Borrowing:*** In July 2015, the District entered into an installment purchase agreement with Holman Capital Corporation for \$499,835 at an interest rate of 3.10% to be paid over 10 years. The agreement is for the acquisition and installation of 813 meters and solar-powered data collectors that will electronically connect to the existing automatic meter reading system, and installation of a dashboard system that will provide water data analytics to detect leaks, high water users, and overall system performance. Semi-annual loan payments of \$29,257 are due on January 23 and July 23, through July 23, 2025. As of June 30, 2023, the District's loan balance was \$139,471.

***Installment Sale Agreement – Direct Borrowing:*** On March 1, 2018, the District entered into an installment sale agreement with Pacific Premier Bank, formerly Opus Bank, for \$3,870,000 at an interest rate of 3.28%. Proceeds from the agreement are for the construction of Well 16 and future wellhead treatment. Semi-annual principal payments, ranging from \$110,000 to \$155,000, and semi-annual interest payments, ranging from \$2,706 to \$49,201, are due on April 1 and October 1, through April 1, 2032. As of June 30, 2023, the District's loan balance was \$2,325,040.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

31

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

**NOTE 4 – LONG-TERM LIABILITIES (Continued)**

The activity of the District’s long-term liabilities during the year ended June 30, 2023, was as follows:

	Balance June 30, 2022	Additions	Retirements	Balance June 30, 2023	Amount due within one year
State Safe Drinking Water Loan	\$3,282,681		(\$380,378)	\$2,902,303	\$193,360
2015 Water Revenue Refunding Bond	1,658,697		(152,273)	1,506,424	156,908
Water Meter Replacement Loan	193,072		(53,331)	139,741	54,602
Pacific Premier Bank Loan	2,555,040		(230,000)	2,325,040	240,000
<b>Total bonds and loans payable</b>	<b>7,689,490</b>		<b>(815,982)</b>	<b>6,873,508</b>	<b>644,870</b>
Compensated Absences	57,002	\$50,850	(42,169)	65,683	65,683
Net Pension Liability	4,903	819,121		824,024	
Other Post-Employment Benefits	66,836		(29,354)	37,482	
<b>Total long-term debt, net</b>	<b>\$7,818,231</b>	<b>\$869,971</b>	<b>(\$71,523)</b>	<b>\$7,800,697</b>	<b>\$710,553</b>

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

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

The annual requirements to amortize the outstanding debt as of June 30, 2023 are as follows:

For the Year Ending June 30	Principal	Interest	Total
2024	\$840,715	\$194,443	\$1,035,158
2025	867,999	169,968	1,037,967
2026	862,672	144,705	1,007,377
2027	858,811	120,184	978,995
2028	885,500	95,305	980,805
2029 - 2033	2,557,811	136,821	2,694,632
<b>Totals</b>	<b>\$6,873,508</b>	<b>\$861,426</b>	<b>\$7,734,934</b>



**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 4 – LONG-TERM LIABILITIES (Continued)**

**Pledged Revenue:** The District pledged future water system revenues, net of specified expenses, to repay the 2015 Water Revenue Refunding Bonds in the original amount of \$2,688,622. Proceeds of the refunded bonds funded the acquisition and construction of certain facilities, as indicated above. The Bonds are payable solely from water customer net revenues and are payable through November 2031. Annual principal and interest payments on the Bonds are expected to require less than 80% of net revenues. Total principal and interest remaining to be paid on the Bonds was \$1,717,838 and \$1,918,760 254 at June 30, 2023 and 2022, respectively.

The District pledged surcharge fee revenues, to repay the 2011 State Safe Drinking Water Loan in the amount up to \$7,299,045. Annual principal and interest payments on the Loan are expected to be fully recovered by the surcharge fees from customers. Total principal and interest paid on the loan from surcharge fees was \$462,343 and \$461,367 for the years ended June 30, 2023 and 2022, respectively. The total surcharge fee revenues were \$428,927 and \$526,912 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022. Total principal and interest remaining to be paid on the Bonds was \$3,186,934 and \$3,649,277 at June 30, 2023 and 2022, respectively.

The District pledged surcharge fee revenues, to repay the installment sale agreement with Pacific Premier Bank in the amount up to \$4,094,662. Annual principal and interest payments on the Loan are expected to be fully recovered by the surcharge fees from customers. Total principal and interest paid on the loan from surcharge fees was \$311,920 and \$314,382 for the years ended June 30, 2023 and 2022, respectively. The total surcharge fee revenues were \$439,756 and \$438,161 for the years ended June 30, 2023 and 2022, 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, 2023 and 2022. Total principal and interest remaining to be paid on the Bonds was \$2,684,259 and \$2,996,179 at June 30, 2023 and 2022, respectively.

**Arbitrage Rebate Liability:** Section 148(f) of the Internal Revenue Code requires issuers of tax-exempt state and local bonds to remit to the federal government amounts equal to (a) the excess of the actual amounts earned on all "Non-Purpose Investments" allocable to "Gross Proceeds" of an issue of municipal obligations less the amount that would have been earned if the investments bore a rate equal to the amount that would have been earned if the investments bore a rate equal to the yield on the issue, plus (b) all income attributable to the excess. Issuers must make rebate payments at least once every five years and upon final retirement or redemption of the bonds. There was no arbitrage liability at June 30, 2023 and 2022.

**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, 2023, was \$49,255.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

33

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

**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:

	2023	2022
Debt service reserve on 2015 Water Revenue Refunding Bonds	\$243,871	\$243,871
Debt service reserve on State Loan	461,355	461,355
Total Investments	<u>\$705,226</u>	<u>\$705,226</u>

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

**NOTE 7 – DEFINED BENEFIT PENSION PLAN**

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

**Funding Policy** – The District has two tiers of participants, classic and PEPRA. Active classic plan members were required to contribute 7% of their annual covered salary. Starting in December 2011, the District contributed 3.5% on behalf of the employees. Active PEPRA plan members are required pay all of their employee share currently at 6.75%. The District is required to contribute at an actuarially determined rate. The required employer contribution rate for the classic plan for fiscal year 2022/2023 and 2021/2022 was 10.32%. The required employer contribution rate for the PEPRA plan for fiscal year 2022/2023 and 2021/2022 was 7.47%. 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, 2023 and 2022, were \$123,604 and \$109,967, respectively, which were equal to the required contributions each year.



**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)**

At June 30, 2023, the District reported a liability of \$824,024 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, 2022, 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.

The Plan’s provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of eligible compensation	1.426% - 2.418%	1.000% - 2.50%
Required employee contribution rates	7.00%	6.75%
Required employer contribution rates	10.32%	7.47%

**Contributions** – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates from all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by the employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements are classified as plan member contributions.

For the year ended June 30, 2023, the District’s total contributions to the plan were \$123,604

**Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions** – For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/reductions from the Plan’s fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported as fair value.

As of June 30, 2023, the District reported net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$824,024

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

34

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)**

The District’s net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District’s proportionate share of the net pension liability for the Plan as of the June 30, 2021 and 2022 was as follows:

	Miscellaneous
Proportion - June 30, 2021	0.0003%
Proportion - June 30, 2022	<u>0.0176%</u>
Change - Increase (Decrease)	0.0173%

At June 30, 2023, the District recognized pension expense of \$285,363 as of June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$123,604	
Differences between expected and actual experience	16,548	(\$11,083)
Changes of assumptions	84,438	
Changes in employer's proportion	520,743	
Change in proportion and differences between employer contributions and proportionate share of contributions	201,185	(86,833)
Net difference between projected and actual earnings on pension plan investments	<u>150,939</u>	
Total	<u>\$1,097,457</u>	<u>(\$97,916)</u>

\$123,604 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	<u>Annual Amortization</u>
2024	\$347,755
2025	297,970
2026	137,894
2027	92,318

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

<b>NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)</b>
--

*Actuarial Assumptions* – For the measurement period ended June 30, 2022, the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2023 total pension liabilities were based on the following actuarial methods and assumptions for all benefit tiers:

	Miscellaneous
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
<b>Actuarial Assumptions:</b>	
Discount Rate	6.90%
Inflation	2.30%
Payroll Growth	3.00%
Projected Salary Increases	Varies by Entry-Age and Service
Investment Rate of Return	6.90%
Mortality Rate Table <sup>1</sup>	Derived using CalPERS Membership Data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more detail on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions Report from November 2021 that can be found on the CalPERS website.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2021 valuation were based on the results of a November 2021 actuarial experience study for the period 2001 to 2019. Further details of the Experience study can be found on the CalPERS website.

**Discount Rate** – The discount rate used to measure the total pension liability for the plan was 6.90%. The projections of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

35

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)**

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds’ asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted for assumed administrative expenses of 10 basis points.

The expected real rates of return by asset class are as follows:

Asset Class (a)	New Strategic Allocation	Real Return (a,b)
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	<u>100%</u>	

(a) An expected inflation of 2.30% used for this period.

(b) Figures are based on the 2021 Asset Liability Management study.

**Changes of Assumptions** – Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)**

*Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes to the Discount Rate* – The following presents what the District’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as 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 or 1-percentage point higher than the current rate:

	Miscellaneous
1% Decrease	5.90%
Net Pension Liability	\$1,538,067
Current Discount Rate	6.90%
Net Pension Liability	\$824,024
1% Increase	7.90%
Net Pension Liability	\$236,544

*Pension Plan Fiduciary Net Position* – Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial Reports.

**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, 2022
Measurement date	June 30, 2023
Measurement period	July 1, 2022 - June 30, 2023

**A. Plan Description**

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

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

36

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

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

*A. Plan Description (Continued)*

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

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

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

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

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.

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

<b>NOTE 8 – OTHER POST EMPLOYMENT BENEFITS (OPEB) LIABILITY (Continued)</b>
---

**A. Plan Description (Continued)**

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

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

Plan membership as of July 1, 2022 consisted of the following:

Active employees	9	
Inactive employees or beneficiaries currently receiving benefit payments	2	
Inactive employees entitled to but not yet receiving benefit payments	0	
Total	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;">11</td> </tr> </table>	11
11		

**Contributions:** The contribution requirements of Plan members and the District are established and amended by the District. Assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. Contributions made on behalf of the plan members for the year ended June 30, 2023 were \$35,525.

**Net OPEB Liability:** The District’s net OPEB liability was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2022. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

37

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

**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:

	<u>Actuarial Assumptions</u>
Valuation Date	July 1, 2021
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023
Actuarial Assumptions:	
Asset Valuation Method	Market value of assets
Discount Rate	5.75%
Inflation	3.00% annually
Salary Increases	3.00% per year
Investment Rate of Return	5.75% net of OPEB plan investment expense
Mortality Rate	Pre-retirement Mortality Rates for Public Agency Miscellaneous from 2021 CalPERS Experience Study. Post-retirement Mortality Rates for Public Agency Miscellaneous from 2021 CalPERS Experience Study.
Healthcare Trend Rate	5.50% for 2023, 5.20% for 2024 -2069 and 4.50% for 2070 and later years; Medicare ages: 4.5 % for all years

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

Actuarial assumptions used in the July 1, 2021 valuation were based on a review of plan experience during the period July 1, 2022 to June 30, 2023.

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).

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Rate of Return</u>
Global Equity	34.0%	4.80%
Fixed Income	41.0%	1.80%
Treasury Inflation Protected S	5.0%	1.60%
Real Estate	17.0%	3.70%
Commodities	3.0%	1.90%
Total	<u>100.0%</u>	





**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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

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

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

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

Reporting Date	Measurement Date	Long-Term Expected Rate of Plan Investments	Fidelity GO AA 20 Years Municipal Index	Discount Rate
June 30, 2022	June 30, 2022	5.75%	3.69%	5.75%
June 30, 2023	June 30, 2023	5.75%	3.86%	5.75%

**B. Changes in the Net OPEB Liability**

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position, and the net OPEB liability during the measurement period ending on June 30, 2023 for the District.

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at June 30, 2021 (June 30, 2020 Measurement Date)	\$144,990	\$78,154	\$66,836
Changes Recognized for the Measurement Period:			
Service Cost	972		972
Interest on the total OPEB liability	7,953		7,953
Changes in benefit terms			
Differences between expected and actual experience			
Changes of assumptions			
Contributions from the employer		35,525	(35,525)
Other income - adjustment			
Net investment income		2,822	(2,822)
Benefit payments	(15,525)	(15,525)	
Trustee fees		(29)	29
Administrative expenses		(39)	39
Net changes	(6,600)	22,754	(29,354)
Balance at June 30, 2022 ( June 30, 2021 Measurement Date)	<u>\$138,390</u>	<u>\$100,908</u>	<u>\$37,482</u>

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

39

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

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

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

Net OPEB Liability/(Asset)		
Discount Rate -1%	Discount Rate	Discount Rate +1%
4.75%	5.75%	6.75%
\$45,063	\$37,482	\$30,497

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

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

Net OPEB Liability/(Asset)		
Healthcare Trend Rate		
1% Decrease	Current Trend	1% Increase
\$35,305	\$37,482	\$39,042

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

At June 30, 2023, the District’s deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience		(\$29,968)
Changes of assumptions	\$1,635	(14,203)
Net differences between projected and actual earnings on plan investments	6,955	-
Total	\$8,590	(\$44,171)

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

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

**F. Recognition of Deferred Outflows and Deferred Inflows of Resources**

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

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

Year Ended June 30	Annual Amortization
2024	(\$10,129)
2025	(8,753)
2026	(6,459)
2027	(7,313)
2028	(2,927)
Thereafter	-
Total	<u><u>(\$35,581)</u></u>

**G. Net OPEB Expense**

For the year ended June 30, 2023, the District's OPEB expense was (\$5,999). Detail of the expense is shown below:

Service Cost	\$972
Interest Cost	7,953
Expected return on assets	(4,527)
Administrative expense	39
Recognition of deferred outflows and inflows:	
Differences between expected and actual experience	(6,810)
Changes of assumptions	(5,290)
Differences between projected and actual investment	1,664
Total recognition of deferred outflows and inflows	<u><u>(10,436)</u></u>
Net OPEB expense	<u><u>(\$5,999)</u></u>

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2023 AND 2022

40

**NOTE 9 – INSURANCE**

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

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

Type of Coverage	ACWA/JPIA Self- Insured Retention	Re-Insurance/ Excess Commercial Insurance	Deductible
Liability – General, Auto, & Public		\$5,000,000 -	
Officials Errors & Omissions	\$5,000,000	55,000,000	None
Property Program	10,000,000	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.

This Page Intentionally Left Blank

**REQUIRED SUPPLEMENTARY INFORMATION**

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

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022
Plan's proportion of the Net Pension Liability (Asset)	0.0283%	0.0283%	0.0249%	0.0260%	0.0262%	0.0264%	0.0265%	0.0003%	0.0176%
Plan's proportion share of the Net Pension Liability (Asset)	\$611,042	\$611,042	\$902,961	\$1,033,555	\$987,630	\$1,055,771	\$1,117,944	\$4,903	\$824,024
Plan's Covered Payroll	377,098	377,098	516,107	523,983	605,031	567,137	634,435	667,672	664,160
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	162.04%	162.04%	174.96%	197.25%	163.24%	186.16%	176.21%	0.73%	124.07%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	78.76%	78.76%	81.32%	75.87%	77.02%	75.81%	77.71%	99.90%	84.27%

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

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

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

Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$70,003	\$70,003	\$95,128	\$118,924	\$126,796	\$137,446	\$131,713	\$109,967	\$123,604
Contributions in relation to the actuarially determined contributions	70,003	70,003	95,128	118,924	126,796	137,446	631,713	109,967	123,604
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	(\$500,000)	\$0	\$0
Covered payroll	\$377,098	\$516,107	\$523,983	\$605,031	\$567,137	\$634,435	\$667,672	\$664,160	\$692,136
Contributions as a percentage of covered payroll	18.56%	13.56%	18.15%	19.66%	22.36%	21.66%	94.61%	16.56%	17.86%

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



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

Measurement Date - June 30,	2018	2019	2020	2021	2022	2023
<b>Total OPEB Liability</b>						
Service Cost	\$1,739	\$1,649	\$1,179	\$1,213	\$944	\$972
Interest	8,526	9,099	8,856	8,493	8,281	7,953
Plan contributions	(21,017)	(22,178)	(16,563)	(16,200)		(15,525)
Investment earnings					(128)	
Administrative and trustee expenses					2,315	
Difference between expected and actual experiences			(57,042)			
Changes in assumptions	(9,723)	(22,885)	(9,986)		(14,406)	
<b>Net change in total OPEB liability</b>	(20,475)	(34,315)	(73,556)	(6,494)	(2,994)	(6,600)
<b>Total OPEB liability - beginning</b>	282,824	262,349	228,034	154,478	147,984	144,990
<b>Total OPEB liability - ending (a)</b>	<u>\$262,349</u>	<u>\$228,034</u>	<u>\$154,478</u>	<u>\$147,984</u>	<u>\$144,990</u>	<u>\$138,390</u>
<b>Plan fiduciary net position</b>						
Contributions - employer	\$16,200	\$38,534	\$36,563	\$36,200	\$35,405	\$35,525
Contributions - employee						
Net investment income		105	2,324	7,803	(9,339)	2,822
Benefit payments	(16,200)	(22,178)	(16,563)	(16,200)	(14,406)	(15,525)
Administrative expenses				(22)	(33)	(39)
Other expenses				(15)	(24)	(29)
<b>Net change in plan fiduciary net position</b>		16,461	22,324	27,766	11,603	22,754
<b>Plan fiduciary net position - beginning</b>			16,461	38,785	66,551	78,154
<b>Plan fiduciary net position - ending (b)</b>		<u>\$16,461</u>	<u>\$38,785</u>	<u>\$66,551</u>	<u>\$78,154</u>	<u>\$100,908</u>
<b>Net OPEB liability - ending (a)-(b)</b>	<u>\$262,349</u>	<u>\$211,573</u>	<u>\$115,693</u>	<u>\$81,433</u>	<u>\$66,836</u>	<u>\$37,482</u>
Plan fiduciary net position as a percentage of the total OPEB liability	0%	7%	25%	45%	54%	73%
<b>Covered-employee payroll</b>	<u>\$604,181</u>	<u>\$668,161</u>	<u>\$703,736</u>	<u>\$724,458</u>	<u>\$768,054</u>	<u>\$768,190</u>
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	<u>43.42%</u>	<u>31.66%</u>	<u>16.44%</u>	<u>11.24%</u>	<u>8.70%</u>	<u>4.88%</u>

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

**SCHEDULE OF CONTRIBUTIONS**

CERBT Agent Multiple-Employer Plan

Last 10 fiscal years\*

Fiscal Year Ended June 30,	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contribution	\$16,200	\$38,534	\$36,563	\$36,200	\$35,405	\$35,525
Contributions in relation to the actuarially determined contribution	<u>16,200</u>	<u>8,088</u>	<u>8,521</u>	<u>8,776</u>	<u>5,064</u>	<u>5,216</u>
Contribution deficiency (excess)		<u>(\$30,446)</u>	<u>(\$28,042)</u>	<u>(\$27,424)</u>	<u>(\$30,341)</u>	<u>(\$30,309)</u>
Covered-employee payroll	<u>\$604,181</u>	<u>\$668,161</u>	<u>\$703,736</u>	<u>\$724,458</u>	<u>\$768,054</u>	<u>\$768,190</u>
Contributions as a percentage of covered-employee payroll	2.68%	1.21%	1.21%	1.21%	0.66%	0.68%

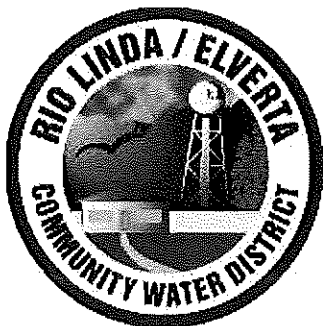
**Note to Schedule:** \* Fiscal year 2018 was the first year of implementation.

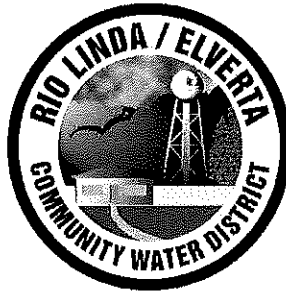
Methods and assumptions used to determine contribution rates:

Valuation date: 7/1/2021

Actuarial Assumptions:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Pay
Amortization period	20 Years remain
Asset valuation method	Market value
Inflation	3.00%
Salary increases	3.00%
Investment rate of return	5.75%
Healthcare cost trend rates	5.50% for 2023, 5.20% for 2024, and 4.50% for 2070 and later years; Medicare ages: 4.50% for all years
Mortality	Preretirement Mortality Rates for Public Agency Miscellaneous from 2021 CalPERS Experience Study.
Mortality improvement	Post-retirement Mortality Rates for Public Agency Miscellaneous from 2021 CalPERS Experience Study.





**Executive Committee  
Agenda Item: 6**

**Date:** October 11, 2023

**Subject:** Continue Reviewing the Capital Improvement Projects List

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

**Recommended Committee Action:**

The Executive Committee should provide direction to staff on next steps regarding a review of the Capital Improvement Projects (CIP) List originally adopted by the Board in April 2020.

**Current Background and Justification:**

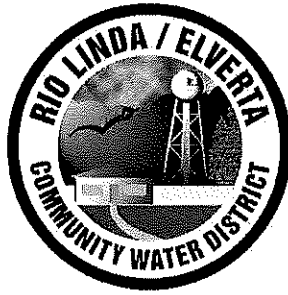
In August, the Board discussed a review of the CIP projects list and directed staff to bring back the item in October.

In the months leading up to August, the Executive Committee had discussed an update to the CIP List, essentially updating the costs and funding amounts (adjustments for inflation).

Unfortunately, the Board discussion did not align with the Committee's recommendation. The Board was divided over the appropriate next, best steps. Consequently, the item was tabled until this month.

**Conclusion:**

I recommend the Executive Committee review and discuss, then provide direction to staff as deemed appropriate.



45

## Executive Committee Agenda Item: 7

**Date:** October 11, 2023

**Subject:** Alternative Dates and Locations for District Public Meetings in December

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

### **Recommended Committee Action:**

The Executive Committee should discuss the need to select alternative meeting dates and locations for the public meetings in December, then forward an item onto the October 23<sup>rd</sup> Board agenda with recommendations for Board action.

### **Current Background and Justification:**

In February, the Board formally changed the regular public meetings to the second Wednesday of each month for the Executive Committee and the Board meeting to the fourth Monday of each month.

Coordination with the Parks District is required because the stipulated meeting place is the Visitors / Depot Center owned by the Parks District. In February, the Parks District disclosed that alternative dates and/or locations will be necessary in December due to the Parks District scheduled use of the Visitors / Depot Center in December.

The Parks District recently confirmed that the Community Center is available for the second Wednesday (Executive Committee meeting) and further confirmed a few days in December when the Visitors / Depot Center is available for a RLECWD Board meeting.

Another option to consider would be to cancel the December Executive Committee and reschedule the Board meeting in December to the second Wednesday. A December Calendar and the summary of available dates and facilities is included as a document associated with this item.

### **Conclusion:**

I recommend the Executive Committee review and discuss, then forward an item onto the October 23<sup>rd</sup> Board agenda with the Committee's recommendations.

# DECEMBER 2023

46

SUN	MON	TUE	WED	THU	FRI	SAT
26	27	28	29	30	1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31	1	2	3	4	5	6

 Default Board Meeting Date

 Default Executive Committee Date at Depot

Tim,

December 13, 2023 is still available in the community center.

Depot dates available Dec 18<sup>th</sup>, 20<sup>th</sup> & 29<sup>th</sup>

Let us know which date works for you.

Have a great day!

*Annette Hernandez*  
*Administrative Services Supervisor*  
*Rio Linda Flvarta Recreation and Park District*



**Executive Committee  
Agenda Item: 8**

**Date:** October 11, 2023

**Subject:** Expenditure Report

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

**Recommended Committee Action:**

The Executive Committee should review the Expenditures of the District for the month of August 2023, then forward the report onto the October 23, 2023 Board agenda with the Committee's recommendation for Board approval.

**Current Background and Justification:**

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

**Conclusion:**

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

**Rio Linda Elverta Community Water District  
Expenditure Report  
August 2023**

Type	Date	Num	Name	Memo	Amount
Liability Check	08/09/2023	EFT	QuickBooks Payroll Service	For PP Ending 08/5/23 Pay date 08/10/23	19,413.94
Liability Check	08/10/2023	EFT	CalPERS	For PP Ending 08/5/23 Pay date 08/10/23	3,413.79
Liability Check	08/10/2023	EFT	CalPERS	For PP Ending 08/5/23 Pay date 08/10/23	1,285.99
Liability Check	08/10/2023	EFT	Internal Revenue Service	Employment Taxes	7,460.92
Liability Check	08/10/2023	EFT	Employment Development	Employment Taxes	1,436.30
Bill Pmt -Check	08/10/2023	EFT	Adept Solutions	Computer Maintenance	1,333.00
Liability Check	08/10/2023	EFT	Empower	Deferred Compensation Plan: Employer & Employee Share	2,175.32
Bill Pmt -Check	08/10/2023	EFT	Comcast	Phone	104.95
Bill Pmt -Check	08/10/2023	EFT	PGE	Utilities	77.69
Bill Pmt -Check	08/10/2023	EFT	Ramos Oil Inc.	Transportation Fuel	372.18
Bill Pmt -Check	08/10/2023	EFT	Republic Services	Utilities	125.58
Bill Pmt -Check	08/10/2023	EFT	Umpqua Bank Credit Card	Backflow, Computer, Office, Postage, Pumping Maintenance, Uniforms	2,175.36
Bill Pmt -Check	08/10/2023	EFT	Verizon	Field Communication, Field IT	608.13
Transfer	08/10/2023	EFT	RLECWD	Umpqua Bank Monthly Debt Service Transfer	17,000.00
Transfer	08/10/2023	EFT	RLECWD - Capital Improvement	Current Monthly Transfer	50,984.00
Check	08/10/2023	2668	Customer	Final Bill Refund	83.96
Bill Pmt -Check	08/10/2023	2670	ABS Direct	Printing & Postage	1,079.01
Bill Pmt -Check	08/10/2023	2671	ACWA/JPIA Powers Insurance Authority	EAP	24.80
Bill Pmt -Check	08/10/2023	2672	BSK Associates	Lab Fees	509.00
Bill Pmt -Check	08/10/2023	2673	Corelogic Solutions	Subscription	100.00
Bill Pmt -Check	08/10/2023	2674	County of Sacramento	Permits	1,117.00
Bill Pmt -Check	08/10/2023	2675	DirectHit Pest Control	Building Maintenance	80.00
Bill Pmt -Check	08/10/2023	2676	EKI Enviornment & Water	Engineering	5,000.00
Bill Pmt -Check	08/10/2023	2677	Ferguson Enterprises	Annual Maintenance Fees	12,993.33
Bill Pmt -Check	08/10/2023	2678	Inductive Automation	Annual Maintenance Fees	2,472.00
Bill Pmt -Check	08/10/2023	2679	Intermedia.net	Telephone	78.59
Bill Pmt -Check	08/10/2023	2680	Rio Linda Hardware & Building Supply	Shop Supplies	290.52
Bill Pmt -Check	08/10/2023	2681	Sierra Chemical Company	Treatment	5,669.70
Bill Pmt -Check	08/10/2023	2682	SMUD	Utilities	27,550.73
Bill Pmt -Check	08/10/2023	2683	Spok Inc.	Field Communication	15.48
Bill Pmt -Check	08/10/2023	2684	UniFirst Corporation	Uniforms	477.14
Bill Pmt -Check	08/10/2023	2685	USA Bluebook	Pumping Maintenance	495.95
Bill Pmt -Check	08/10/2023	2686	Vanguard Cleaning Systems	Janitorial	195.00
Bill Pmt -Check	08/10/2023	2687	Verizon Wireless	Internet	45.18
Check	08/24/2023	EFT	Wageworks	FSA Administration Fee	76.25
Liability Check	08/23/2023	EFT	QuickBooks Payroll Service	For PP Ending 08/19/23 Pay date 08/24/23	18,710.58
Liability Check	08/24/2023	EFT	CalPERS	For PP Ending 08/19/23 Pay date 08/24/23	3,413.79
Liability Check	08/24/2023	EFT	CalPERS	For PP Ending 08/19/23 Pay date 08/24/23	1,285.99
Liability Check	08/24/2023	EFT	Internal Revenue Service	Employment Taxes	7,162.68
Liability Check	08/24/2023	EFT	Employment Development	Employment Taxes	1,333.86
Liability Check	08/24/2023	EFT	Empower	Deferred Compensation Plan: Employer & Employee Share	2,147.83





**Rio Linda Elverta Community Water District  
Expenditure Report  
August 2023**

Type	Date	Num	Name	Memo	Amount
Liability Check	08/24/2023	EFT	Kaiser Permanente	Health Insurance	2,186.97
Liability Check	08/24/2023	EFT	Principal	Dental & Vision Insurance	1,765.52
Bill Pmt -Check	08/24/2023	EFT	Ramos Oil Inc.	Transportation Fuel	889.61
Liability Check	08/24/2023	EFT	Western Health	Health Insurance	12,028.63
Check	08/24/2023	EFT	RLECWD - SURCHARGE ACCOUNT 1	Bi-monthly Transfer	88,202.42
Check	08/24/2023	EFT	RLECWD - SURCHARGE ACCOUNT 2	Bi-monthly Transfer	73,347.30
Check	08/24/2023	2688	Customer	Final Bill Refund	149.92
Check	08/24/2023	2689	Customer	Final Bill Refund	70.23
Check	08/24/2023	2690	Customer	Refund customer over payment	1,402.02
Check	08/24/2023	2691	Citizens Business Bank	Bank Fee	292.56
Bill Pmt -Check	08/24/2023	2692	DFA-Actuaries LLC	Auditor Fees	500.00
Bill Pmt -Check	08/24/2023	2693	Rio Linda Elverta Recreation & Park	Meeting Expense	100.00
Bill Pmt -Check	08/24/2023	2694	RW Trucking	Distribution	1,403.73
Bill Pmt -Check	08/24/2023	2695	Sierra Chemical Company	Treatment	1,386.00
Bill Pmt -Check	08/24/2023	2696	Tak Communications CA	Contract Repairs	29,057.02
Bill Pmt -Check	08/24/2023	2697	Tesco Controls	Annual Maintenance Agreement	7,250.00
<b>Total 10020 - Operating Account Budgeted Expenditures</b>					<b><u>420,377.45</u></b>
Check	08/10/2023	2669	Teamsters	Union Dues	748.00
Liability Check	08/10/2023	EFT	California State Disbursement Unit	Employee Garnishment	227.53
Liability Check	08/15/2023	EFT	AFLAC	Employee Funded Premiums	745.84
Liability Check	08/24/2023	EFT	California State Disbursement Unit	Employee Garnishment	227.53
EFT	08/31/2023	EFT	WageWorks	FSA Expenditures - Employee Funded	587.63
<b>Total 10020 - Operating Account Non-Budgeted Expenditures: Employee Paid Pass-throughs</b>					<b><u>2,536.53</u></b>



**Executive Committee  
Agenda Item: 9**

**Date:** October 11, 2023

**Subject:** Financial Statements

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

**Recommended Committee Action:**

The Executive Committee should review the Finance Reports of the District for the month of August 2023, then forward the report onto the October 23, 2023 Board agenda with the Committee's recommendation for Board approval.

**Current Background and Justification:**

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

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

**Conclusion:**

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

Rio Linda Elverta Community Water District

Balance Sheet

As of August 31, 2023

50

ASSETS

Current Assets	
100 · Cash & Cash Equivalents	
10000 · Operating Account	
10020 · Operating Fund-Umpqua	1,516,348.85
Total 10000 · Operating Account	<u>1,516,348.85</u>
10475 · Capital Improvement	
10480 · General	481,347.13
10485 · Vehicle Replacement Reserve	27,948.49
Total 10450 · Capital Improvement	<u>509,295.62</u>
<b>Total 100 · Non-Restricted Cash &amp; Cash Equivalents</b>	<b>2,025,644.47</b>
102 · Restricted Assets	
102.2 · Restricted for Debt Service	
10700 · ZIONS Inv/Surcharge 1 Reserve	504,556.26
10300 · Surcharge 1 Account	955,141.92
10350 · Umpqua Bank - Revenue Bond	71,414.60
10380 · Surcharge 2 Account	483,092.09
Total 102.2 · Restricted for Debt Service	<u>2,014,204.87</u>
102.4 · Restricted Other Purposes	
10385 · Available Funding Cr6 Projects #1	557,916.93
10481 · Available Funding Cr6 Projects #2	505,000.00
10490 · Future Capital Imp Projects	1,596,296.34
10600 · LAIF Account - Capacity Fees	819,566.66
10650 · Operating Reserve Fund	337,462.30
Total 102.4 · Restricted Other Purposes	<u>3,816,242.23</u>
<b>Total 102 · Restricted Assets</b>	<b><u>5,830,447.10</u></b>
Accounts Receivable	222.40
Other Current Assets	
12000 · Water Utility Receivable	75,208.60
12200 · Accrued Revenue	150,000.00
12250 · Accrued Interest Receivable	2,071.45
15000 · Inventory Asset	49,574.32
16000 · Prepaid Expense	82,068.17
Total Other Current Assets	<u>358,922.54</u>
<b>Total Current Assets</b>	<b>8,215,236.51</b>
Fixed Assets	
17000 · General Plant Assets	685,384.68
17100 · Water System Facilities	25,140,029.47
17300 · Intangible Assets	383,083.42
17500 · Accum Depreciation & Amort	-11,848,271.81
18000 · Construction in Progress	873,029.55
18100 · Land	576,672.45
Total Fixed Assets	<u>15,809,927.76</u>
Other Assets	
18500 · ADP CalPERS Receivable	440,000.00
19000 · Deferred Outflows	1,106,047.00
19900 · Suspense Account	0.00
Total Other Assets	<u>1,546,047.00</u>
<b>TOTAL ASSETS</b>	<b><u><u>25,571,211.27</u></u></b>

## Rio Linda Elverta Community Water District

## Balance Sheet

As of August 31, 2023

## LIABILITIES &amp; NET POSTION

Liabilities	
Current Liabilities	
Accounts Payable	59,658.46
Credit Cards	66.00
Other Current Liabilities	959,145.89
Total Current Liabilities	<u>1,018,870.35</u>
Long Term Liabilities	
23000 · OPEB Liability	37,482.00
23500 · Lease Buy-Back	508,777.27
25000 · Surcharge 1 Loan	2,708,943.73
25050 · Surcharge 2 Loan	2,085,040.16
26000 · Water Rev Refunding	1,349,516.00
26500 · ADP CalPERS Loan	410,000.00
27000 · AMI Meter Loan	85,138.71
29000 · Net Pension Liability	824,024.00
29500 · Deferred Inflows-Pension	97,916.00
29600 · Deferred Inflows-OPEB	44,171.00
Total Long Term Liabilities	<u>8,151,008.87</u>
Total Liabilities	9,169,879.22
Net Position	
31500 · Invested in Capital Assets, Net	9,494,326.46
32000 · Restricted for Debt Service	705,225.24
38000 · Unrestricted Equity	6,140,305.30
Net Income	61,475.05
Total Net Position	<u>16,401,332.05</u>
TOTAL LIABILITIES & NET POSTION	<u><u>25,571,211.27</u></u>

Rio Linda Elverta Community Water District  
 Operating Profit & Loss Budget Performance  
 As of August 31, 2023

51

	<u>Annual Budget</u>	<u>Aug 23</u>	<u>YTD Jul-Aug 23</u>	<u>% of Annual Budget</u>	<u>YTD Annual Budget Balance</u>
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
<b>Total 40000 · Operating Revenue</b>	3,146,600.00	163,053.01	377,489.06	12.00%	2,769,110.94
<b>41000 · Nonoperating Revenue</b>					
<b>41110 · Investment Revenue</b>					
<b>41112 · Interest Revenue</b>	35.00	3.42	6.70	19.14%	28.30
<b>Surcharge Total 41110 · Investment Revenue</b>	35.00	3.42	6.70	19.14%	28.30
<b>41120 · Property Tax</b>	138,263.00	3,421.07	3,421.07	2.47%	134,841.93
<b>Total 41000 · Nonoperating Revenue</b>	138,298.00	3,424.49	3,427.77	2.48%	134,870.23
<b>Total Income</b>	3,284,898.00	166,477.50	380,916.83	11.60%	2,903,981.17
<b>Gross Income</b>	3,284,898.00	166,477.50	380,916.83	11.60%	2,903,981.17
<b>Expense</b>					
<b>60000 · Operating Expenses</b>					
<b>60010 · Professional Fees</b>	160,300.00	6,392.80	6,392.80	3.99%	153,907.20
<b>60100 · Personnel Services</b>					
<b>60110 · Salaries &amp; Wages</b>	823,268.00	60,433.11	107,901.82	13.11%	715,366.18
<b>60150 · Employee Benefits &amp; Expense</b>	506,547.00	33,436.12	61,042.14	12.05%	445,504.86
<b>Total 60100 · Personnel Services</b>	1,329,815.00	93,869.23	168,943.96	12.70%	1,160,871.04
<b>60200 · Administration</b>	240,360.00	11,281.73	57,981.78	24.12%	182,378.22
<b>64000 · Conservation</b>	335.00	333.84	333.84	99.65%	1.16
<b>65000 · Field Operations</b>	539,900.00	78,256.88	116,506.83	21.58%	423,393.17
<b>Total 60000 · Operating Expenses</b>	2,270,710.00	190,134.48	350,159.21	15.42%	1,920,550.79
<b>69000 · Non-Operating Expenses</b>					
<b>69010 · Debt Service</b>					
<b>69100 · Revenue Bond</b>					
<b>69105 · Principle</b>	156,908.00	0.00	0.00	0.00%	156,908.00
<b>69110 · Interest</b>	44,087.00	0.00	0.00	0.00%	44,087.00
<b>Total 69100 · Revenue Bond</b>	200,995.00	0.00	0.00	0.00%	200,995.00
<b>69125 · AMI Meter Loan</b>					
<b>69130 · Principle</b>	54,602.00	0.00	27,076.91	49.59%	27,525.09
<b>69135 · Interest</b>	3,912.00	0.00	2,180.05	55.73%	1,731.95
<b>Total 69125 · AMI Meter Loan</b>	58,514.00	0.00	29,256.96	50.00%	29,257.04
<b>69200 · PERS ADP Loan</b>					
<b>69205 · Principle</b>	30,000.00	0.00	0.00	0.00%	30,000.00
<b>69210 · Interest</b>	1,628.00	0.00	0.00	0.00%	1,628.00
<b>Total 69100 · PERS ADP Loan</b>	31,628.00	0.00	0.00	0.00%	31,628.00
<b>Total 69010 · Debt Service</b>	291,137.00	0.00	29,256.96	10.05%	261,880.04
<b>69400 · Other Non-Operating Expense</b>	2,300.00	0.00	0.00	0.00%	2,300.00
<b>Total 69000 · Non-Operating Expenses</b>	293,437.00	0.00	29,256.96	9.97%	264,180.04
<b>Total Expense</b>	2,564,147.00	190,134.48	379,416.17	14.80%	2,184,730.83
<b>Net Ordinary Income</b>	720,751.00	-23,656.98	1,500.66		
<b>Net Income</b>	720,751.00	-23,656.98	1,500.66		

**Rio Linda Elverta Community Water District**  
**CAPITAL BUDGET VS ACTUAL FISCAL YEAR 2023-24**  
 As of August 31, 2023

	GENERAL		VEHICLE & LARGE EQUIPMENT REPLACEMENT		FUTURE CAPITAL IMPROVEMENT PROJECTS		HEXAVALENT CHROMIUM MITIGATION	
	Annual Budget	YTD Actual	Annual Budget	YTD Actual	Annual Budget	YTD Actual	Annual Budget	YTD Actual
<b>FUNDING SOURCES</b>								
Fund Transfers								
Operating Fund Transfers In	611,800.00	101,968.00	-	-	-	-	-	-
CIP Fund Intrafund Transfers	(362,645.00)	-	10,000.00	-	352,645.00	-	-	-
PERS ADP Loan Payment								
Principle					30,000.00	-	-	-
Interest					1,628.00	-	-	-
Investment Revenue	85.00	16.34	-	-	175.00	27.79	-	-
<b>PROJECTS</b>								
<b>A · WATER SUPPLY</b>								
A-1 · Miscellaneous Pump Replacements	40,000.00	-						
<b>Total A · WATER SUPPLY</b>	<b>40,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>B · WATER DISTRIBUTION</b>								
B-1 · Service Replacements	30,000.00	-	-	-	-	-	-	-
B-2 · Small Meter Replacements	120,000.00	-	-	-	-	-	-	-
B-3 · Large Meter Replacements	5,000.00	-	-	-	-	-	-	-
B-4 · Pipeline Replacement	-	-	-	-	211,200.00	810.50	75,000.00	-
B-5 · Cathodic Protection Replacement - L Street Tower	45,000.00	-	-	-	-	-	-	-
B-6 · Raising/Lowering Valve Covers	40,000.00	-	-	-	-	-	-	-
B-7 · Well 15 Cr6 Treatment-Design	-	-	-	-	-	-	-	-
<b>Total B · WATER DISTRIBUTION</b>	<b>240,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>211,200.00</b>	<b>810.50</b>	<b>75,000.00</b>	<b>-</b>
<b>TOTAL BUDGETED PROJECT EXPENDITURES</b>	<b>280,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>211,200.00</b>	<b>810.50</b>	<b>75,000.00</b>	<b>-</b>

2  
Assignments - Overdue  
Type: Assignments - Overdue  
Run Date: 10/8/2023 13:50

Shares: Not Shared

Filters: Days Overdue Less than 5000  
Users 5 selected  
Type All Assignments  
User Status Active, Offline

Last Name	Last Login	Assignment Name	Days Overdue	Course Status
Director 4	9/8/2023 16:41	CA Local Agency Ethics (AB1234)	257 day(s)	
Director 4	9/8/2023 16:41	Anti-Harassment Training - California (SB1343/AB1825)	257 day(s)	started
Director 5	9/27/2023 13:12	CA Local Agency Ethics (AB1234)	257 day(s)	started

Water Audit Report for: **Rio Linda Elverta Community Water District**  
 Audit Year: **2022** Jan 01 2022 - Dec 31 2022 **Calendar**

To access definitions, click the input name Click 'n' to add notes To edit water system info: [go to start page](#)  
Click 'g' to determine data validity grade  
 All volumes to be entered as: MILLION GALLONS (US) PER YEAR

**WATER SUPPLIED**

VOS	Volume from Own Sources:	<input type="text" value="n"/> <input type="text" value="g"/> <input type="text" value="3"/>	<input type="text" value="835.300"/>	MG/Yr	<input type="text" value="n"/> <input type="text" value="g"/> <input type="text" value="9"/>	<input type="text" value="percent"/>	VOSEA
WI	Water Imported:	<input type="text" value="n"/> <input type="text" value="g"/> <input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr			WIEA
WE	Water Exported:	<input type="text" value="n"/> <input type="text" value="g"/> <input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr			WEEA

Water Supplied Error Adjustments  
choose entry option:

**WATER SUPPLIED:  MG/Yr**

**AUTHORIZED CONSUMPTION**

BMAC	Billed Metered:	<input type="text" value="n"/> <input type="text" value="g"/> <input type="text" value="8"/>	<input type="text" value="690.800"/>	MG/Yr		
BUAC	Billed Unmetered:	<input type="text" value="n"/> <input type="text" value="g"/> <input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr		
UMAC	Unbilled Metered:	<input type="text" value="n"/> <input type="text" value="g"/> <input type="text" value="n/a"/>	<input type="text" value="0.000"/>	MG/Yr		choose entry option:
UUAC	Unbilled Unmetered:	<input type="text" value="n"/> <input type="text" value="g"/> <input type="text" value="3"/>	<input type="text" value="1.727"/>	MG/Yr	<input type="text" value="0.25%"/>	<input type="text" value="default"/>

Default option selected for Unbilled Unmetered, with automatic data grading of 3

**AUTHORIZED CONSUMPTION:  MG/Yr**

**WATER LOSSES**

**WATER LOSSES:  MG/Yr**

**Apparent Losses**  
 Default option selected for Systematic Data Handling Errors, with automatic data grading of 3

SDHE	Systematic Data Handling Errors:	<input type="text" value="n"/> <input type="text" value="g"/> <input type="text" value="3"/>	<input type="text" value="1.727"/>	MG/Yr	<input type="text" value="0.25%"/>	<input type="text" value="default"/>
CMI	Customer Metering Inaccuracies:	<input type="text" value="n"/> <input type="text" value="g"/> <input type="text" value="3"/>	<input type="text" value="10.520"/>	MG/Yr	<input type="text" value="1.50%"/>	<input type="text" value="percent"/>
UC	Unauthorized Consumption:	<input type="text" value="n"/> <input type="text" value="g"/> <input type="text" value="3"/>	<input type="text" value="1.727"/>	MG/Yr	<input type="text" value="0.25%"/>	<input type="text" value="default"/>

Default option selected for Unauthorized Consumption, with automatic data grading of 3

**Apparent Losses:  MG/Yr**

[under-registration](#)

**Real Losses**

**Real Losses:  MG/Yr**

**WATER LOSSES:  MG/Yr**

**NON-REVENUE WATER**

**NON-REVENUE WATER:  MG/Yr**

**SYSTEM DATA**

Lm	Length of mains:	<input type="text" value="n"/> <input type="text" value="g"/> <input type="text" value="10"/>	<input type="text" value="62.8"/>	miles	(including fire hydrant lead lengths)
Nc	Number of service connections:	<input type="text" value="n"/> <input type="text" value="g"/> <input type="text" value="10"/>	<input type="text" value="4,668"/>		(active and inactive)
	Service connection density:		<input type="text" value="74"/>	conn./mile main	

Are customer meters typically located at the curbstops/property line?

Lp

Average length of customer service line has been set to zero and a data grading of 10 has been applied

AOP Average Operating Pressure:     psi

**COST DATA**

CRUC	Customer Retail Unit Charge:	<input type="text" value="n"/> <input type="text" value="g"/> <input type="text" value="9"/>	<input type="text" value="\$2.02"/>	\$/100 cubic feet (ccf)	Total Annual Operating Cost
VPC	Variable Production Cost:	<input type="text" value="n"/> <input type="text" value="g"/> <input type="text" value="9"/>	<input type="text" value="1320.63"/>	\$/million gallons <<< Using CRUC as basis for VPC	<input type="text" value="\$2,194,432"/> \$/yr (optional input)

**WATER AUDIT DATA VALIDITY TIER:**

\*\*\* The Water Audit Data Validity Score is in Tier III (51-70). See Dashboard tab for additional outputs. \*\*\* [go to dashboard](#)

A weighted scale for the components of supply, consumption and water loss is included in the calculation of the Water Audit Data Validity Score

**PRIORITY AREAS FOR ATTENTION TO IMPROVE DATA VALIDITY:**

Based on the information provided, audit reliability can be most improved by addressing the following components:

- |   |
|---|
| 1: Volume from Own Sources (VOS)        |
| 2: Customer Metering Inaccuracies (CMI) |
| 3: Billed Metered (BMAC)                |

**KEY PERFORMANCE INDICATOR TARGETS:**

OPTIONAL: If targets exist for the operational performance indicators, they can be input below:

Unit Total Losses:	<input type="text"/>	gal/conn/day
Unit Apparent Losses:	<input type="text"/>	gal/conn/day
Unit Real Losses*:	<input type="text"/>	gal/conn/day
Unit Real Losses*:	<input type="text"/>	gal/mile/day

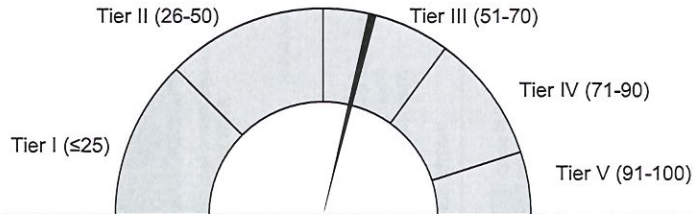
If entered above by user, targets will display on KPI gauges (see Dashboard)



## Data Validity

Data Validity Score: **57** Data Validity Tier: **Tier III (51-70)**

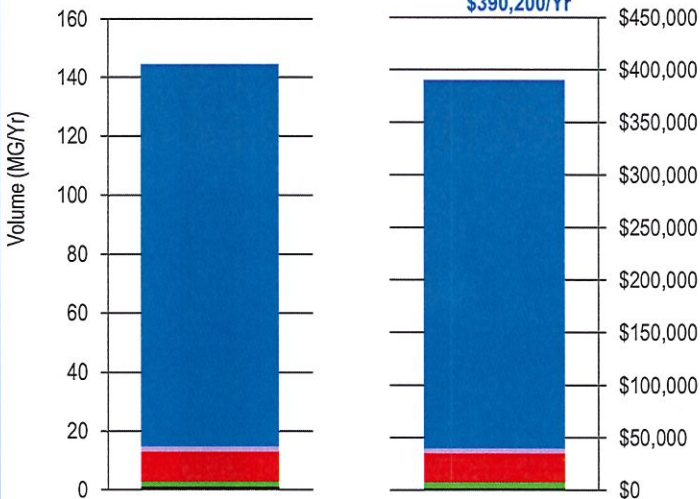
See [Loss Control Planning](#) for Tier Details



## NRW Components Summary

Total Volume of NRW = 145 MG/Yr

Total Cost of NRW = \$390,200/Yr



	Volume MG/Yr	Value \$/Yr	Basis of Valuation
Real Losses	145.0	\$390,200	CRUC
Systematic Data Handling Errors	0.0	\$0	CRUC
Customer Metering Inaccuracies	0.0	\$0	CRUC
Unauthorized Consumption	0.0	\$0	CRUC
Unbilled Unmetered Auth Cons	0.0	\$0	CRUC
Unbilled Metered Authorized Cons	0.0	\$0	CRUC

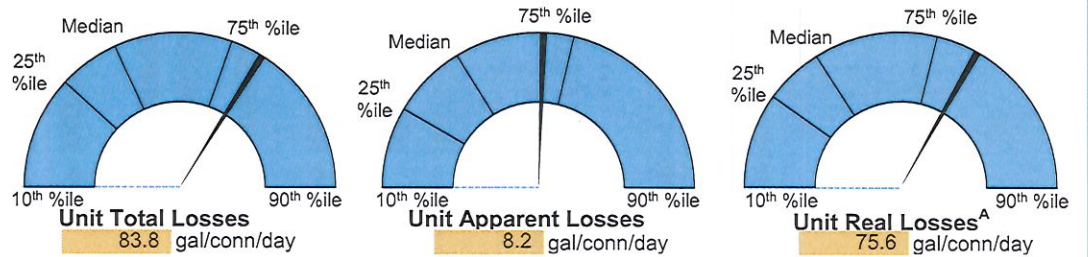
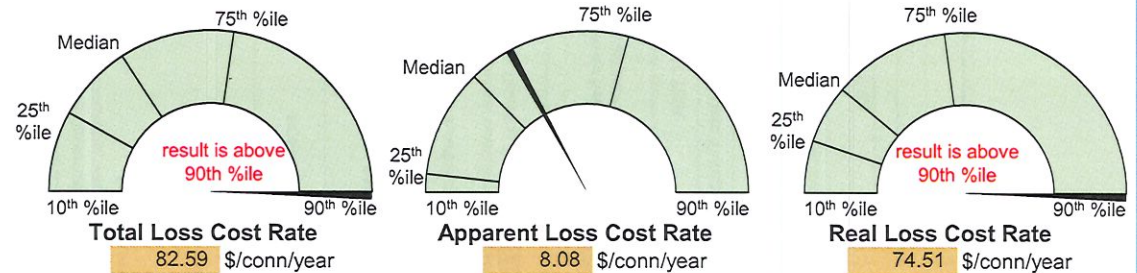
	Volume MG/Yr	Value \$/Yr	Basis of Valuation
Apparent Losses	14.0	\$37,734	CRUC
Real Losses	128.8	\$347,803	CRUC
Unbilled Authorized Cons	1.7	\$4,663	CRUC
Non-Revenue Water	144.5	\$390,200	CRUC

Actual KPI result

## Key Performance Indicators

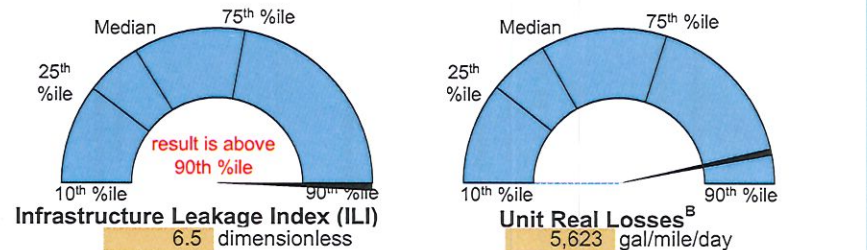
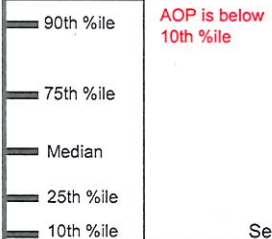
gauge %iles per validated industry ranges<sup>2</sup>

Target (see Worksheet)



## Average Operating Pressure

52 psi



See UARL definition for additional guidance on the ILI

(UARL) Unavoidable Annual Real Losses 19.7 MG/Yr 11.6 gal/conn/day

## Guidance Information for Key Performance

- The eight indicators shown are the recommended suite per the AWWA Water Loss Control Committee 2020 Position on KPIs<sup>1</sup>.
- A suite of KPIs is necessary, as no single KPI can holistically communicate water loss performance for a given water system.
- See Table 1 below for Uses and Limitations for each KPI, excerpted from the AWWA Water Loss Control Committee Report (2020)<sup>2</sup>, with naming conventions updated.
- Percentiles (%iles) shown on KPI gauges come from Level 1 validated data in the AWWA WLCC Reference Water Audit Dataset (2020)<sup>2</sup>.
- KPI %iles shown above are not segregated by cohorts. Limited KPI data by cohorts may be found in WRF 4695 Guidance Manual, Appendix B (2019)<sup>5</sup>.
- Actual KPI results that fall below 10<sup>th</sup> %ile or above 90<sup>th</sup> %ile do not necessarily imply error, but should be viewed with scrutiny.
- Percentiles not intended to imply targets. Targets may be input by user for operational KPIs, if desired, on Worksheet.
- See UARL and ILI in Definitions tab for discussion of size and pressure limitations.
- Systems that fall on the extreme ends of size or connection density should use caution when interpreting Unit Losses KPIs.

Table 1

Source: AWWA Water Loss Control Committee Report (2020)<sup>1</sup>, with naming conventions updated

## 2020 AWWA Water Audit Method – Water Audit Outputs and Key Performance Indicators: Uses and Limitations

Type	Indicator	Description	Suitable Purposes					Uses and Limitations	Principal Users
			Assessment	Bench-Marking	Target-Setting	Planning	Tracking		
Attribute	Apparent Loss Volume	Calculated by Free Water Audit Software	✓				✓	Assess loss level	Utility, Regulators
	Apparent Loss Cost	Calculated by Free Water Audit Software	✓				✓	Assess cost loss level	Utility, Regulators
	Real Loss Volume	Calculated by Free Water Audit Software	✓				✓	Assess loss level	Utility, Regulators
	Real Loss Cost	Calculated by Free Water Audit Software	✓				✓	Assess loss cost level	Utility, Regulators
	Unavoidable Annual Real Loss (UARL)	Calculated by Free Water Audit Software	✓				✓	Reveal theoretical technical low level of leakage	Utility, Regulators
Volume	Unit Apparent Losses (vol/conn/day)	Strong and understandable indicator for multiple users.	✓	✓	✓	✓	✓	Used for performance tracking and target-setting	Utility, Regulators
	Unit Real Losses <sup>A</sup> (vol/conn/day)	Strong and understandable indicator for multiple users.	✓	✓	✓	✓	✓	Used for performance tracking and target-setting	Utility, Regulators, Policy Makers
	Unit Real Losses <sup>B</sup> (vol/pipeline length/day)	Strong and understandable indicator for use by utilities with low connection density.	✓	✓	✓	✓	✓	Data collection and assessment of systems with “low” connection density	Utility, Regulators, Policy Makers
	Unit Total Losses (vol/conn/day) <b>New KPI</b>	Strong and understandable indicator, suitable for high-level performance measurement.	✓				✓	High level indicator for trending analysis. Not appropriate for target-setting or benchmarking	Utilities, Customers
	Infrastructure Leakage Index (ILI)	Robust, specialized ratio KPI; can be influenced by pressure and connection density.	✓	✓			✓	Benchmarking after pressure management is implemented	Utilities
Value	Apparent Loss Cost Rate (value/conn/year) <b>New KPI</b>	Indicators with sufficient technical rigor. Provide the unit financial value of each type of loss, which is useful for planning and assessment of cost efficiency of water loss reduction and control interventions and programs.	✓			✓	✓	Data collection and assessment on AWWA indicators or contextual parameters to use in conjunction with Loss Cost Rates	Utilities, Regulators, Customers
	Real Loss Cost Rate (value/conn/year) <b>New KPI</b>		✓			✓	✓		Utilities, Regulators, Customers
Validity	Data Validity Tier (DVT)	Strong indicator of water loss audit data quality, if data has been validated. Tier provides guidance on priority areas of activity.	✓	✓		✓	✓	Assess caliber of data inputs of the water audit	Regulators, Utilities

**AWWA Free Water Audit Software**  
**Water Balance**



Water Audit Report for: Rio Linda Elverta Community Water District

Audit Year: 2022

Jan 01 2022 - Dec 31 2022

Data Validity Tier: Tier III (51-70)

FWAS v6.0  
 American Water Works Association.  
 Copyright © 2020, All Rights Reserved.

		Water Exported (WE) (corrected for known errors) 0.000	Billed Water Exported				Revenue Water (Exported) 0.000
			Authorized Consumption 692.527	Billed Authorized Consumption 690.800	Billed Metered Consumption (BMAC) (water exported is removed) 690.800	Billed Unmetered Consumption (BUAC) 0.000	Revenue Water 690.800
Volume from Own Sources (VOS) (corrected for known errors)  835.300	System Input Volume 835.300	Water Supplied 835.300	Unbilled Authorized Consumption 1.727	Unbilled Metered Consumption (UMAC) 0.000	Unbilled Unmetered Consumption (UUAC) 1.727	Non-Revenue Water (NRW)  144.500	
			Apparent Losses 13.974	Systematic Data Handling Errors (SDHE) 1.727	Customer Metering Inaccuracies (CMI) 10.520		
Water Imported (WI) (corrected for known errors)  0.000			Water Losses 142.773	Real Losses 128.799	Leakage on Transmission and/or Distribution Mains Not broken down		
					Leakage and Overflows at Utility's Storage Tanks Not broken down		
					Leakage on Service Connections Not broken down		

55



**AWWA Free Water Audit Software:  
Determining Water Loss Standing**

FWAS v6.0  
American Water Works Association.  
Copyright © 2020, All Rights Reserved.

Water Audit Report for: **Rio Linda Elverta Community Water District**  
 Audit Year: **2022**    **Jan 01 2022 - Dec 31 2022**  
 Data Validity Tier: **Tier III (51-70)**

**Water Loss Control Planning Guide**

**Water Audit Data Validity Tier (Score Range)**

Functional Focus Area	Tier I (1-25)	Tier II (26-50)	Tier III (51-70)	Tier IV (71-90)	Tier V (91-100)
Audit Data Collection	Launch auditing and loss control team; address supply metering deficiencies	Analyze business process for customer metering and billing functions and water supply operations; Identify data gaps; improve supply metering	Establish/revise policies and procedures for data collection	Refine data collection practices and establish as routine business process	Annual water audit is a reliable gauge of year-to-year water efficiency standing
Short-term loss control	Research information on leak detection programs; Begin flowcharting analysis of customer billing system	Conduct loss assessment investigations on a sample portion of the system: customer meter testing, leak survey, unauthorized consumption, etc	Establish ongoing mechanisms for customer meter accuracy testing, active leakage control and infrastructure monitoring	Refine, enhance or expand ongoing programs based upon economic justification	Stay abreast of improvements in metering, meter reading, billing, leakage management and infrastructure rehabilitation
Long-term loss control		Begin to assess long-term needs requiring large expenditure: customer meter replacement, water main replacement program, new customer billing system or AMR/AMI system	Begin to assemble economic business case for long-term needs based upon improved data becoming available through the water audit process	Conduct detailed planning, budgeting and launch of comprehensive improvements for metering, billing or infrastructure management	Continue incremental improvements in short-term and long-term loss control interventions
Target-setting			Establish long-term apparent and real loss reduction goals (+10 year horizon)	Establish mid-range (5 year horizon) apparent and real loss reduction goals	Evaluate and refine loss control goals on a yearly basis
Benchmarking			Preliminary Comparisons - can begin to rely upon with PIs for performance comparisons for real losses	Performance Benchmarking with PIs is meaningful in comparing real loss standing	Identify Best Practices/ Best in class; PIs are very reliable as real loss performance indicators for best in class service

*For validity scores of 50 or below, the shaded blocks should not be focus areas until better data validity is achieved.*