



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



**Comprehensive**

**Annual Financial Report**

**For the Fiscal Year July 1, 2020 to June 30, 2021**

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**RIO LINDA/ELVERTA  
COMMUNITY WATER DISTRICT**



*Rio Linda, California*

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**YEAR ENDING  
JULY 1, 2020 - JUNE 30, 2021**

*Prepared by*  
Timothy R. Shaw, General Manager

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# RIO LINDA / ELVERTA COMMUNITY WATER DISTRICT

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

June 30, 2020

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# RIO LINDA / ELVERTA COMMUNITY WATER DISTRICT

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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# **INTRODUCTORY SECTION**

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## RIO LINDA ELVERTA



WWW.RLECWD.COM  
QUESTIONS@RLECWD.COM

## COMMUNITY WATER DISTRICT

Telephone:  
(916) 991-1000

RLECWD  
730 L Street  
Rio Linda, CA 95673-3433

December 20, 2022

The Board of Directors  
Rio Linda/Elverta Community Water District

The Rio Linda/Elverta Community Water District hereby submits the Comprehensive Annual Financial Report (CAFR) for the fiscal year end June 30, 2021. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including disclosures, rest with management. To the best of our knowledge and belief the enclosed data is accurate in all material aspects and is reported in a manner designed to fairly present the financial positions and results of operations of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

### **PROFILE OF THE GOVERNANCE**

#### **District History and Service Description**

The Rio Linda/Elverta Community Water District (RLECWD) was formed in 1948 after a public vote under County Water District Law (Water Code section 30000 et seq.). The District is governed by a Board of Directors that consists of five (5) members elected at large from throughout the District. The original purpose of the District was to have a public entity in place to install, improve, operate and to include Elverta and the surrounding areas and now encompasses approximately 17.8 square miles. The District has 10 full-time equivalent employees.

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

#### **Mission Statement**

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

## **Economic Conditions and Outlook**

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

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

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

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

## **Significant Projects and Future Plans**

### Infrastructure and Water Delivery

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

The District has five wells in the District that do not meet the 10-ppb MCL for Hexavalent Chromium. The planned next step for Hexavalent Chromium mitigation is well head treatment of an existing well. In addition to the capital improvement for well head treatment, the district has initiated plans to fund the operating costs of a well head treatment, including personnel costs. However, if the soon to be published draft MCL is 15 parts per billion or higher, the District may not need to immediately implement plans for well head treatment.

In addition, the District is working with other agencies to explore means to increase collaboration, including promulgation of conjunctive use. A collaboration study report has been published and the District has been reviewing the report for the past several months.

#### Customer Service and Administration

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

#### Water Conservation

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

#### Regional Planning

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

### **Financial Information**

#### Internal Control

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

#### Budgetary Control

The District prepares a budget as a matter of policy and financial control. It is considered a management tool for projecting and measuring revenues and expenses detailing operating

expenses, capital infrastructure investments, debt obligations, and designation of reserves. For the year ending June 30, 2021, the Budget was adopted by the Board at the August 17, 2020 public hearing. The following items are reviewed as part of preparing the budget:

- Assess current conditions and needs, including system quality and safety.
- Develop goals, objections, policies, and plans based upon the assessment.
- Prioritize projects and develop work programs, based upon short-term and long-term cost effectiveness, and implement those plans and policies to evaluate their effectiveness and shortcomings.

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

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

### **Other Information**

#### Independent Audit

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

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

Sincerely,

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



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

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

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

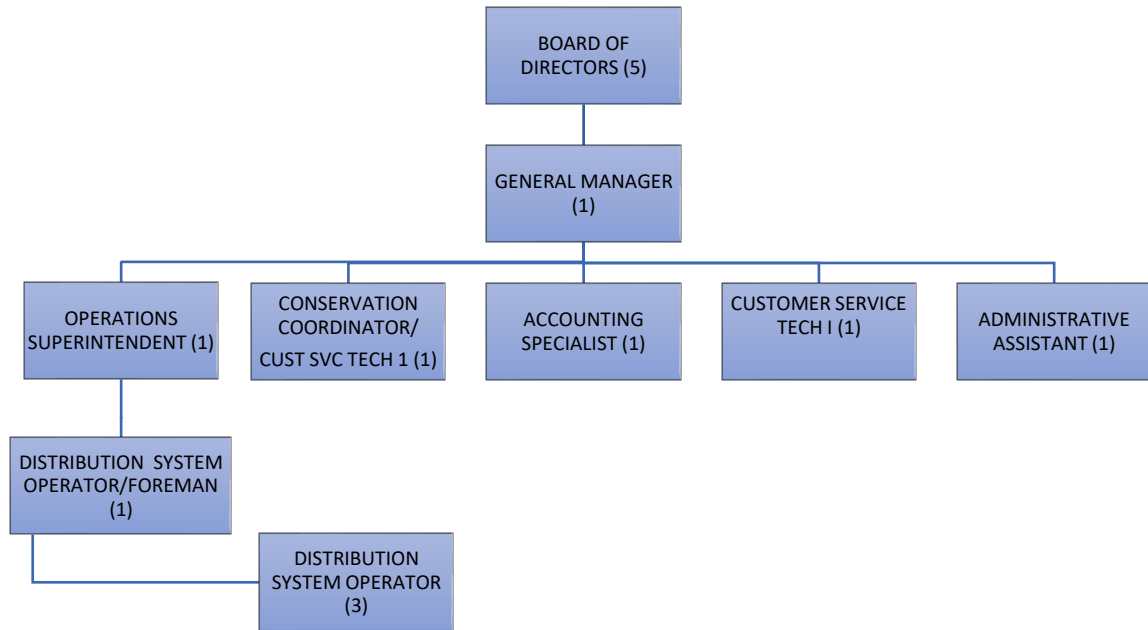
## **BOARD OF DIRECTORS**

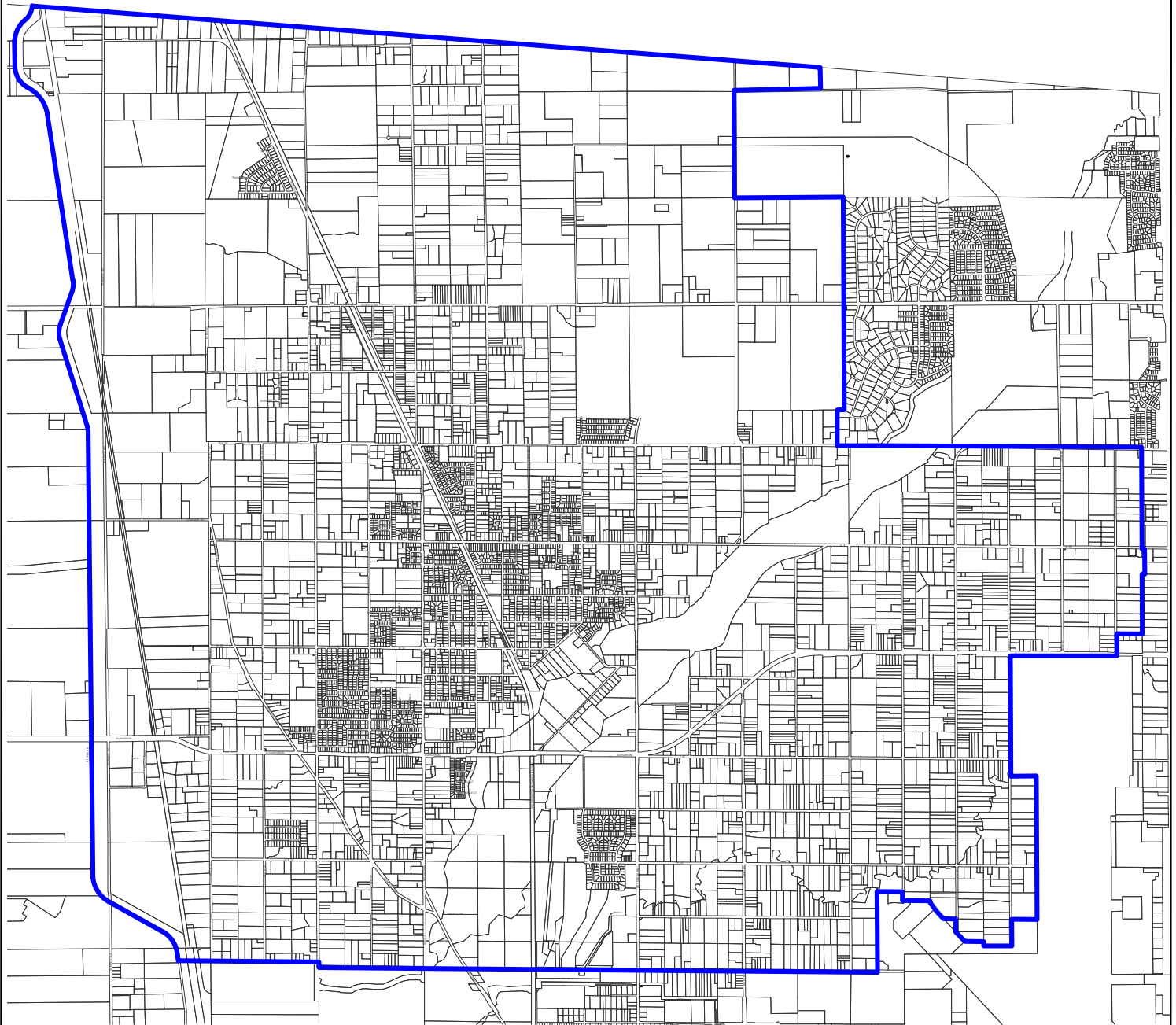
Jason Green, President  
Robert Reisig, Vice-President  
Mary Harris, Director  
Chris Gifford, Director  
John Ridilla, Director

## **EMPLOYEES**

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

Rio Linda Elverta Community Water District  
Organizational Chart 2021





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

**Exhibit A**

**MAY 2018**

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







# **FINANCIAL SECTION**

## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Rio Linda/Elverta Community Water District (the District), which comprise the balance sheet as of June 30, 2021, and the related statements of revenues, expenses, changes in net position, and cash flows for the years then ended and the related notes to the financial statements, as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2021, and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Board of Directors  
Rio Linda/Elverta Community Water District

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information, the schedule of the District's proportionate share of the net pension liability, and the schedule of contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

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

Fechter & Company  
Certified Public Accountants

A handwritten signature in cursive script that reads "Fechter & Company, CPAs". The signature is written in black ink and is positioned to the right of the printed company name.

Sacramento, California  
October 19, 2021



# **MANAGEMENTS'S DISCUSSION AND ANALYSIS**

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# RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

## Management's Discussion and Analysis June 30, 2021 and 2020

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, 2021 (FY 2020-21).

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

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

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

### ***Financial Highlights***

The following items are, in the opinion of District management, among the most significant in assessing the District's overall financial activities during FY 2020-21 and its financial position at the close of FY 2020-21.

- ❖ The District's assets exceeded its liabilities by \$12,218,231 as of June 30, 2021, which is an increase of \$673,070 compared to June 30, 2020. Total assets decreased by \$642,501 while total liabilities decreased by \$1,315,571. The deferred outflow increased to \$729,108 and deferred inflows increased to \$113,297 as of June 30, 2021. The District's net investment in capital assets, \$8,593,770, is composed of the capital assets of the District net of related debt – the water transmission and distribution system, water production facilities, land, buildings, and equipment belonging to the District. Unrestricted net assets totaled \$3,535,046, an increase of \$1,413,116 from the end of FY 2019-20.
- ❖ The District's operating revenues were \$2,872,238 and non-operating revenues were \$1,121,913, totaling \$3,994,151. Water sales to customers totaled 69% of all revenues.
- ❖ The District's total net long-term liabilities were \$9,682,257 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, 2021 and 2020

## **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, 2021, the total net position of the District was \$12,834,042. The following table summarizes assets, liabilities and net position at June 30, 2021, 2020, and 2019:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current Assets, Unrestricted	\$ 1,946,949	\$ 3,402,506	\$ 2,916,941
Restricted Cash and Cash Equivalents	4,471,165	5,136,746	1,479,705
Capital assets, net	16,501,597	15,022,960	14,473,753
Total Assets	<u>22,919,711</u>	<u>23,562,212</u>	<u>18,870,399</u>
Total Deferred Outflows	729,108	227,638	262,764
Total Assets and Deferred Outflows	<u>23,648,819</u>	<u>23,789,850</u>	<u>19,133,163</u>
Current Liabilities	1,019,223	1,513,821	701,609
Long-Term Liabilities	9,682,257	10,503,230	8,341,628
Total Liabilities	<u>10,701,480</u>	<u>12,017,051</u>	<u>9,043,237</u>
Total Deferred Inflows	113,297	102,763	32,003
Total Liabilities and Deferred Inflows	<u>10,814,777</u>	<u>12,119,814</u>	<u>9,075,240</u>
Net Position			
Net investment in capital assets	8,593,770	8,842,880	7,681,068
Restricted debt service reserves	705,226	705,226	702,233
Unrestricted	3,535,046	2,121,930	1,674,622
Total Net Position	<u>\$ 12,834,042</u>	<u>\$ 11,670,036</u>	<u>\$ 10,057,923</u>

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

## RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

### Management's Discussion and Analysis June 30, 2021 and 2020

Below is a summary analysis of changes:

<b>Summary Analysis of Changes</b>	<b>2021 &amp; 2020</b>	<b>2020 &amp; 2019</b>
Total Assets and Deferred Outflows	-0.59%	24.34%
Total Liabilities and Deferred Inflows	-10.77%	33.55%
Total Net Position	9.97%	16.03%

### ***Changes in Net Position***

The following table summarizes the changes in net position for the fiscal years ended June 30, 2021, 2020, and 2019:

	<b>2021</b>	<b>2020</b>	<b>2019</b>
Operating Revenues:			
Water sales	\$ 2,748,710	\$ 2,665,072	\$ 2,560,294
Other operating revenues	123,528	135,039	156,924
Total Operating Revenues	<u>2,872,238</u>	<u>2,800,111</u>	<u>2,717,218</u>
Operating Expenses:			
Personnel services	1,191,017	1,228,884	1,065,785
Professional services	112,714	102,556	149,693
Field operations	467,761	492,255	422,419
Conservation	-	-	5,844
Administration	202,119	207,356	236,116
Depreciation and Amortization	622,225	636,432	637,022
Total Operating Expenses	<u>2,595,836</u>	<u>2,667,483</u>	<u>2,516,879</u>
Net Income from Operations	276,402	132,628	200,339
Non-Operating Revenues (Expenses):			
Surcharge	963,729	962,068	949,903
Other non-operating revenues	158,184	189,793	156,217
Non-operating expenses	(263,423)	(268,276)	(252,635)
Net Non-Operating Revenues	<u>858,490</u>	<u>883,585</u>	<u>853,485</u>
Net income before capital contributions	<u>1,134,892</u>	<u>1,016,213</u>	<u>1,053,824</u>
Capital Contributions			
Capacity fees	29,114	90,900	51,705
Capital grants	-	505,000	-
Contributed assets	-	-	90,081
Total Capital Contributions	<u>29,114</u>	<u>595,900</u>	<u>141,786</u>
Change in net position	1,164,006	1,612,113	1,195,610
Net position, beginning of year	11,670,036	10,057,923	8,862,313
Net position, end of year	<u>\$ 12,834,042</u>	<u>\$ 11,670,036</u>	<u>\$ 10,057,923</u>



## RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

### Management's Discussion and Analysis June 30, 2021 and 2020

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

Total net position increased \$1,164,006 or 9.97% from fiscal year 2020 to 2021 because revenues exceeded expenses by \$1,164,006.

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

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

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

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

### **CAPITAL ASSETS AND DEBT ADMINISTRATION**

#### ***Capital Assets***

As of June 30, 2021, the District's net investment in capital assets was \$8,593,770 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 2020-21, principal on its collective debt was reduced by \$145,736 during the year. The District's total debt from its 2016 issuance now stands at approximately \$1.81 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 2020-21, principal on its collective debt was reduced by \$360,495 during the year. The District's total debt from the SRF Loan now stands at approximately \$3.65 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 \$49,789 during the year. The District's total debt from the Meter Replacement Loan now stands at approximately \$244,416.

During FY 18-19, the District entered into an installment sale agreement with Pacific Premier Bank for \$3.87 million. During FY 20-21, the District paid principal of \$220,000 on this debt. As of June 30, 2021, the District's total debt from the Pacific Premier Bank loan was \$2.78 million.

## RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

### Management's Discussion and Analysis June 30, 2021 and 2020

Compensated absences, composed of vacation hours earned by employees that are payable upon termination or retirement, are valued at \$53,469 at the end of 2020-21, an increase of \$9,348 from the 2019-20 year-end amount of \$44,121.

*Additional information on long-term liabilities 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 2021-22 (\$2.9 M revenue and \$2.3 M expenses) with a 5.36% increase in income, a 13.61% decrease in expense, and a 1,071.05% increase in net income compared with the FY 2020-21 Operating Budget. This year-to-year change in net income reflects that the District paid down the pension Unfunded Accrued Liability last year (an expense) and we will not have the same expense this year.

The District completed a rate study /cost of service analysis for another multi-year rates restructuring, and the Board adopted the new rates at the public hearing on August 16, 2021. The adoption of new laws (SB 555, SB 606, AB 1668) has created new requirements for water efficiency and limits on water loss. These laws also influenced the new rate structure.

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

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

In September 2017, the District was awarded Prop 84 funding in the amount of \$530,000 for Well 10 Cr6 Treatment Mitigation. The District recently received approval from the Department of Water Resources to reallocate the Well 10 grant to the Well 16 project, an alternative means for Cr6 mitigation. The construction of the Well 16 project was completed in the spring of 2021.

Large-scale residential development remains on the horizon, but not in the financial planning range. Additionally, infill projects and some small commercial development is likely to continue if the economic conditions remain favorable. Rio Linda is strategically located directly between the large new commercial development in the Airport Industrial Park and the McClellan Business park. Both areas are bringing additional jobs into the region which adds to housing demand in the District. Sacramento County has recently approved increased density for a project within the District boundaries, yet there are no financial agreements or definitive plans in place. SB 13 was signed by

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

### Management's Discussion and Analysis June 30, 2021 and 2020

the Governor, which may lead to a new form of development via accessory dwelling units. Similar legislation intended to mitigate the ongoing housing crisis has eliminated zoning restrictions that previously inhibited multi-family housing construction for parcels zoned only for single family homes.



# **BASIC FINANCIAL STATEMENTS**

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**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**  
**(WITH COMPARATIVE DATA FOR JUNE 30, 2020)**

	2021	2020
<b>ASSETS</b>		
Current Assets:		
Cash and investments	\$ 1,263,418	\$ 2,261,229
Accounts receivable	615,230	1,059,373
Accrued interest receivable	721	1,034
Inventory	37,675	68,728
Prepaid expenses	29,905	12,142
Total current assets	1,946,949	3,402,506
Noncurrent Assets:		
Restricted cash and investments	4,471,165	5,136,746
Capital assets, net	16,501,597	15,022,960
Total noncurrent assets	20,972,762	20,159,706
<b>TOTAL ASSETS</b>	22,919,711	23,562,212
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred pension outflows	729,108	227,638
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts payable	117,223	636,506
Accrued salaries and benefits	47,220	51,272
Accrued interest payable	31,800	34,330
Deposits payable	112,024	113,716
Unearned revenue	49,255	49,255
Current portion of compensated absences liability	53,469	44,121
Current portion of long-term liabilities	608,232	584,621
Total current liabilities	1,019,223	1,513,821
Long-Term Liabilities:		
Unearned revenue	607,287	656,542
Bonds and loans payable	7,875,593	8,675,224
OPEB liability	81,433	115,693
Net pension liability	1,117,944	1,055,771
Total long-term liabilities	9,682,257	10,503,230
<b>TOTAL LIABILITIES</b>	10,701,480	12,017,051
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred pension inflows	39,277	20,431
Deferred OPEB inflows	74,020	82,332
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	113,297	102,763
<b>NET POSITION</b>		
Net investment in capital assets	8,593,770	8,842,880
Restricted for debt service reserves	705,226	705,226
Unrestricted	3,535,046	2,121,930
<b>TOTAL NET POSITION</b>	\$ 12,834,042	\$ 11,670,036

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

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2020)**

	2021	2020
<b>Operating revenues:</b>		
Water sales	\$ 2,748,710	\$ 2,665,072
Account service charges	95,667	105,426
Other water service fees	27,861	29,613
Total operating revenues	2,872,238	2,800,111
<b>Operating expenses:</b>		
Personnel services	1,191,017	1,228,884
Professional services	112,714	102,556
Field operations:		
Transmission and distribution	88,520	162,156
Pumping	259,040	227,899
Transportation	12,898	15,334
Treatment	22,238	22,269
Other	85,065	64,597
Conservation	-	-
Administration	202,119	207,356
Depreciation	622,225	636,432
Total operating expenses	2,595,836	2,667,483
Operating income	276,402	132,628
Non-operating revenues and (expenses):		
Surcharge	963,729	962,068
Interest income	8,204	39,129
Property tax	103,904	95,164
Rental income	49,255	49,255
(Loss) gain on disposition of assets	(3,179)	6,245
Interest expense	(261,141)	(266,121)
Other non-operating expenses	(2,282)	(2,155)
Total non-operating revenues and (expenses)	858,490	883,585
Income before capital contributions	1,134,892	1,016,213
Capital Contributions		
Capacity fees	29,114	90,900
Capital grants	-	505,000
Total capital contributions	29,114	595,900
Change in net position	1,164,006	1,612,113
Beginning net position	11,670,036	10,057,923
Ending net position	\$ 12,834,042	\$ 11,670,036

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

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2021**  
**(WITH COMPARATIVE DATA FOR THE YEAR ENDED JUNE 30, 2020)**

	2021	2020
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$ 3,314,689	\$ 2,326,086
Payments to suppliers	(1,288,587)	(271,856)
Payments to employees	(1,648,744)	(1,124,003)
	377,358	930,227
<b>Cash Flows from non-capital financing activities:</b>		
Property taxes received	103,904	95,164
	103,904	95,164
<b>Cash flows from capital and related financing activities:</b>		
Surcharge revenue received	963,729	962,068
Capacity fees	29,114	90,900
Capital grant	-	505,000
Payments on long-term debt	(776,020)	(748,698)
Purchase and construction of capital assets	(2,104,040)	(1,185,639)
(Loss) proceeds from sale of asset	-	6,245
Proceeds from the issuance of long-term debt	-	3,210,040
Interest and fees paid on long-term debt	(265,954)	(244,369)
	(2,153,171)	2,595,547
<b>Cash flows from investing activities:</b>		
Investment income received	8,517	38,095
	8,517	38,095
Net (decrease) increase in cash and cash equivalents	(1,663,392)	3,659,033
Cash and cash equivalents, beginning of year	7,397,975	3,738,942
Cash and cash equivalents, end of year	\$ 5,734,583	\$ 7,397,975
Cash and cash equivalents consist of the following:		
Unrestricted	\$ 1,263,418	\$ 2,261,229
Restricted	4,471,165	5,136,746
	\$ 5,734,583	\$ 7,397,975

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



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

	2021	2020
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ 276,402	\$ 132,628
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	622,225	636,432
Changes in assets and liabilities:		
Accounts receivable	444,143	(490,535)
Inventory	31,053	(10,719)
Prepaid expenses	(17,763)	18,715
Accounts payable	(519,283)	522,315
Accrued salaries and benefits	(4,052)	19,571
Deposits payable	(1,692)	16,510
Compensated absences	9,348	7,163
OPEB liability	(42,572)	(40,359)
Net pension liability	(420,451)	118,506
	\$ 377,358	\$ 930,227

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

## **NOTES TO BASIC FINANCIAL STATEMENTS**

# RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements  
June 30, 2021 and 2020

## NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity: The District was formed on November 9, 1948, and provided water and sewer services. Sewer services were transferred to Sacramento County in 1976. The District no longer provides sewer service. The District currently provides domestic water service and fire flows to approximately 4,643 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.

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

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

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

# RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements  
June 30, 2021 and 2020

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

### Basis of Accounting: (continued)

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

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

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

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

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

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

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

Capital Assets: Capital assets are recorded at historical cost. Donated assets are valued at acquisition value on the date received. Self-constructed assets are recorded based on the amount of direct labor, material, and certain overhead charged to the asset construction. Depreciation is calculated using the straight-line method over estimated useful lives of 8 to 60 years for transmission and distribution, and 3 to 50 years for general plant assets.

# RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements  
June 30, 2021 and 2020

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

### Capital Assets: (continued)

Maintenance and repairs are charged to operations when incurred. It is the District's policy to capitalize all capital assets with an initial cost of more than \$5,000 and an estimated useful life in excess of 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.

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

Deferred Outflows and Inflows of Resources: Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, the District recognizes deferred outflows and inflows of resources.

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

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

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

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

Property Taxes: Property tax revenue is recognized in the fiscal year for which the tax and assessment is levied. The County of Sacramento levies, bills, and collects property taxes and special assessments for the District. Under the County's "Teeter Plan", the County remits the entire amount levied and handles all delinquencies, retaining interest, and

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2021 and 2020

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

Property Taxes: (continued)

penalties. Secured property tax is due in two installments, on November 1 and February 1, and becomes a lien on July 1. It becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is due on July 1 and becomes delinquent on August 31.

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

**NOTE 2: CASH AND INVESTMENTS**

Cash and investments as of June 30, 2021 and 2020, are classified in the accompanying financial statements as follows:

	2021	2020
Cash and cash equivalents	\$ 1,263,418	\$ 2,261,229
Restricted cash and investments	4,471,165	5,136,746
Total Cash and Investments	\$ 5,734,583	\$ 7,397,975

Cash and investments as of June 30, 2021 and 2020, consisted of the following:

	2021	2020
Deposits with financial institutions		
Total Cash	\$ 4,873,095	\$ 6,568,892
Investments in Local Agency Investment Fund (LAIF)	335,797	304,201
Held by Bond Trustee:		
Money market mutual fund	70,431	64,694
Negotiable certificates of deposits	305,457	460,188
Government agency securities	149,803	-
Total Investments	861,488	829,083
Total Cash and Investments	\$ 5,734,583	\$ 7,397,975

## RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements  
June 30, 2021 and 2020

### NOTE 2: CASH AND INVESTMENTS - CONTINUED

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

This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District’s investment policy. During the year ended June 30, 2021, 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.

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

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

## RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements  
June 30, 2021 and 2020

### NOTE 2: CASH AND INVESTMENTS – CONTINUED

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

	Total	12 Months or Less	13-24 Months	25-60 Months
Local Agency Investment Fund	\$ 335,797	\$ 335,797	\$ -	\$ -
Held by Bond Trustee:				
Money market mutual fund	70,431	70,431	-	-
Negotiable certificates of deposits	305,457	51,096	125,927	128,434
Government agency securities	149,803	-	-	149,803
Total Investments	<u>\$ 861,488</u>	<u>\$ 457,324</u>	<u>\$ 125,927</u>	<u>\$ 278,237</u>

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

	Minimum Legal Rating	Total	Ratings as of Year End	
			AAA	Not Rated
Local Agency Investment Fund	N/A	\$ 335,797	\$ -	\$ 335,797
Held by Bond Trustee:				
Money market mutual fund	N/A	70,431	-	70,431
Negotiable certificates of deposits	N/A	305,457	-	305,457
Government agency securities	A	149,803	149,803	-
Total Investments		<u>\$ 861,488</u>	<u>\$ 149,803</u>	<u>\$ 711,685</u>

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



# RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements  
June 30, 2021 and 2020

## NOTE 2: CASH AND INVESTMENTS - CONTINUED

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

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

At June 30, 2021, the carrying amount of the District's deposits were \$4,873,095 and the balances in financial institutions were \$5,008,913. Of the balance in financial institutions, \$750,000 was covered and \$4,258,913 was not covered by federal depository insurance. As of June 30, 2021, 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	\$ 70,431
Negotiable certificates of participation	305,457
Government agency securities	149,803

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

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2021 and 2020

**NOTE 3: CAPITAL ASSETS**

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

	Balance July 1, 2020	Additions	Deletions/ Transfers	Balance June 30, 2021
<b>Nondepreciable:</b>				
Land	\$ 576,673	\$ -	\$ -	\$ 576,673
Construction in progress	2,498,738	-	(2,074,450)	424,288
Total nondepreciable assets	<u>3,075,411</u>	<u>-</u>	<u>(2,074,450)</u>	<u>1,000,961</u>
<b>Depreciable:</b>				
Water system facilities	20,760,312	2,104,040	2,074,450	24,938,802
General plant assets	709,030	-	(47,565)	661,465
Intangible assets	373,043	-	-	373,043
Total depreciable assets	<u>21,842,385</u>	<u>2,104,040</u>	<u>2,026,885</u>	<u>25,973,310</u>
<b>Less: Accumulated depreciation</b>				
Water system facilities	(9,113,841)	(567,072)	-	(9,680,913)
General plant assets	(503,153)	(38,384)	44,386	(497,151)
Intangible assets	(277,842)	(16,768)	-	(294,610)
Total accumulated depreciation	<u>(9,894,836)</u>	<u>(622,224)</u>	<u>44,386</u>	<u>(10,472,674)</u>
Net assets being depreciated	<u>11,947,549</u>	<u>1,481,816</u>	<u>2,071,271</u>	<u>15,500,636</u>
Total capital assets	<u>\$15,022,960</u>	<u>\$1,481,816</u>	<u>\$ (3,179)</u>	<u>\$ 16,501,597</u>

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2021 and 2020

**NOTE 3: CAPITAL ASSETS – CONTINUED**

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

	Balance July 1, 2019	Additions	Deletions/ Transfers	Balance June 30, 2020
Nondepreciable:				
Land	\$ 576,673	\$ -	\$ -	\$ 576,673
Construction in progress	1,313,099	1,185,639	-	2,498,738
Total nondepreciable assets	<u>1,889,772</u>	<u>1,185,639</u>	<u>-</u>	<u>3,075,411</u>
Depreciable:				
Water system facilities	20,760,312	-	-	20,760,312
General plant assets	733,399	-	(24,369)	709,030
Intangible assets	373,043	-	-	373,043
Total depreciable assets	<u>21,866,754</u>	<u>-</u>	<u>(24,369)</u>	<u>21,842,385</u>
Less: Accumulated depreciation				
Water system facilities	(8,541,014)	(572,827)	-	(9,113,841)
General plant assets	(480,627)	(46,895)	24,369	(503,153)
Intangible assets	(261,132)	(16,710)	-	(277,842)
Total accumulated depreciation	<u>(9,282,773)</u>	<u>(636,432)</u>	<u>24,369</u>	<u>(9,894,836)</u>
Net assets being depreciated	<u>12,583,981</u>	<u>(636,432)</u>	<u>-</u>	<u>11,947,549</u>
Total capital assets	<u>\$14,473,753</u>	<u>\$ 549,207</u>	<u>\$ -</u>	<u>\$ 15,022,960</u>

Depreciation expense in the amount of \$622,225 and \$636,432 was recorded for the years ended June 30, 2021 and 2020, 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, 2021 and 2020

### NOTE 4: LONG-TERM LIABILITIES

Safe Drinking Water State Revolving Fund Loan: On June 30, 2011, the District finalized the Safe Drinking Water Loan funding agreement in the amount of \$7,499,045 at an interest rate of 2.57% to be paid over 20 years. The loan proceeds will assist the District in complying with the State safe drinking water standards. The project was completed in June 2015, and the actual borrowed by the District was only \$7,179,073. Semi-annual loan payments of \$230,677 are due on January 1 and July 1, through July 1, 2035. As of June 30, 2021, the District's loan balance was \$3,652,514.

2015 Water Revenue Refunding Bonds: On April 1, 2015, the District entered into a loan agreement with Umpqua Bank to issue Series 2015 Water Revenue Refunding Bonds at an interest rate of 3.61%, the proceeds of which were used to provide financing for the refunding and defeasance of the District's 2003 Water Revenue Refunding Bonds. These 2003 Bonds were issued to refund debt used to finance certain capital improvements to the District's water system. Semi-annual principal payments, ranging from \$48,776 to \$136,000, and semi-annual interest payments, ranging from \$1,210 to \$40,642, are due on May 1 and November 1, through November 1, 2031. As of June 30, 2021, the District's loan balance was \$1,806,855.

Water Meter Replacement Loan: In July 2015, the District entered into an installment purchase agreement with Holman Capital Corporation for \$499,835 at an interest rate of 3.10% to be paid over 10 years. The agreement is for the acquisition and installation of 813 meters and solar-powered data collectors that will electronically connect to the existing automatic meter reading system, and installation of a dashboard system that will provide water data analytics to detect leaks, high water users, and overall system performance. Semi-annual loan payments of \$29,257 are due on January 23 and July 23, through July 23, 2025. As of June 30, 2021, the District's loan balance was \$244,416.

Installment Sale Agreement: 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, 2021, the District's loan balance was \$2,780,040.

## RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

### Notes to Basic Financial Statements June 30, 2021 and 2020

#### NOTE 4: LONG-TERM LIABILITIES - CONTINUED

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

	Balance July 1, 2020	Additions	Reductions	Balance June 30, 2021	Due Within One Year
State safe drinking water loan	\$ 4,013,009	\$ -	\$ (360,495)	\$ 3,652,514	\$ 183,730
2015 water revenue refunding	1,952,591	-	(145,736)	1,806,855	148,158
Water meter replacement loan	294,205	-	(49,789)	244,416	51,344
Pacific Premier Bank loan	3,000,040	-	(220,000)	2,780,040	225,000
<b>Total bonds and loans payable</b>	<b>9,259,845</b>	<b>-</b>	<b>(776,020)</b>	<b>8,483,825</b>	<b>608,232</b>
Compensated absences	44,121	41,758	(32,410)	53,469	53,469
Net pension liability	1,055,771	62,173	-	1,117,944	-
Other post-employment benefits	115,693	-	(34,260)	81,433	-
	<u>\$ 10,475,430</u>	<u>\$ 103,931</u>	<u>\$ (842,690)</u>	<u>\$ 9,736,671</u>	<u>\$ 661,701</u>

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

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

## RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements  
June 30, 2021 and 2020

### NOTE 4: LONG-TERM LIABILITIES - CONTINUED

The annual requirements to amortize the outstanding debt as of June 30, 2021, are as follows:

	Principal	Interest	Total
2022	\$ 608,232	\$ 196,609	\$ 804,841
2023	809,796	222,914	1,032,710
2024	835,776	199,380	1,035,156
2025	862,930	175,035	1,037,965
2026	858,260	149,943	1,008,203
2027-2031	4,262,837	372,793	4,635,630
2032	245,994	4,082	250,076
	\$8,483,825	\$1,320,756	\$ 9,804,581

Pledged Revenue: The District pledged future water system revenues, net of specified expenses, to repay the 2015 Water Revenue Refunding Bonds in the original amount of \$2,688,622. Proceeds of the refunded bonds funded the acquisition and construction of certain facilities, as indicated above. The Bonds are payable solely from water customer net revenues and are payable through November 2031. Annual principal and interest payments on the Bonds are expected to require less than 80% of net revenues. Total principal and interest remaining to be paid on the Bonds was \$2,120,028 and \$2,323,254 at June 30, 2021 and 2020, respectively.

The District pledged surcharge fee revenues, to repay the 2011 State Safe Drinking Water Loan in the amount up to \$7,499,045. Annual principal and interest payments on the Loan are expected to be fully recovered by the surcharge fees from customers. Total principal and interest paid on the loan from surcharge fees was \$461,355 and \$461,355 for the years ended June 30, 2021 and 2020, respectively. The total surcharge fee revenues were \$526,072 and \$525,183 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020. Total principal and interest remaining to be paid on the Bonds was \$4,110,243 and \$4,571,598 at June 30, 2021 and 2020, 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 \$316,597 and \$270,312 for the years ended June 30, 2021 and 2020, respectively. The total surcharge fee revenues were \$437,657 and 436,885 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020. Total principal and interest remaining to be paid on the Bonds was \$3,310,595 and \$3,627,192 at June 30, 2021 and 2020, respectively.

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2021 and 2020

**NOTE 4: LONG-TERM LIABILITIES - CONTINUED**

Arbitrage Rebate Liability: Section 148(f) of the Internal Revenue Code requires issuers of tax-exempt state and local bonds to remit to the federal government amounts equal to (a) the excess of the actual amounts earned on all “Non-Purpose Investments” allocable to “Gross Proceeds” of an issue of municipal obligations less the amount that would have been earned if the investments bore a rate equal to the amount that would have been earned if the investments bore a rate equal to the yield on the issue, plus (b) all income attributable to the excess. Issuers must make rebate payments at least once every five years and upon final retirement or redemption of the bonds. There was no arbitrage liability at June 30, 2021 and 2020.

**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, 2021, was \$656,542.

**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:

	2021	2020
Debt service reserve on 2015 Water Revenue Refunding Bonds	\$ 243,871	\$ 243,871
Debt service reserve on State Loan	461,355	461,355
Total Cash and Investments	\$ 705,226	\$ 705,226

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

# RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements  
June 30, 2021 and 2020

## **NOTE 7: DEFINED BENEFIT PENSION PLAN**

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

Funding Policy: The District has two tiers of participants, classic and PEPRA. Active classic plan members were required to contribute 7% of their annual covered salary. Starting in December 2011, the District contributed 3.5% on behalf of the employees. Active PEPRA plan members are required pay all of their employee share currently at 6.75%. The District is required to contribute at an actuarially determined rate. The required employer contribution rate for the classic plan for fiscal year 2020/2021, 2019/2020, and 2018/2019 was 10.484%, 9.680%, and 8.892%, respectively. The required employer contribution rate for the PEPRA plan for fiscal year 2020/2021, 2019/2020, and 2018/2019 was 7.732%, 6.985%, and 6.842%, respectively. The contribution requirements of the plan members and the District are established and may be amended by PERS. The District's contributions for the years June 30, 2021, 2020, and 2019, were \$631,713, \$119,688, and \$137,446, respectively, which were equal to the required contributions each year.

At June 30, 2021, the District reported a liability of \$1,117,944 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, which was actuarially determined.



**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2021 and 2020

**NOTE 7: DEFINED BENEFIT PENSION PLAN – CONTINUED**

Actuarial Assumptions

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

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

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years > 10(b)
Global equity	50.0%	4.80%	5.98%
Global fixed income	28.0%	1.00%	2.62%
Inflation sensitive	0.0%	0.77%	1.81%
Private equity	8.0%	6.30%	7.23%
Real estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	<u>100.00%</u>		

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

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

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2021 and 2020

**NOTE 7: DEFINED BENEFIT PENSION PLAN – CONTINUED**

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

Sensitivity of the District’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.15%) or 1 percentage point higher (8.15%) than the current rate:

	Discount Rate		
	1% Decrease 6.15%	Discount Rate 7.15%	1% Increase 8.15%
Plan's net pension liability	\$ 1,746,651	\$ 1,117,944	\$ 598,463

For the fiscal year ended June 30, 2021, the District recognized a pension expense of \$211,262 in its financial statements. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2021 and 2020

**NOTE 7: DEFINED BENEFIT PENSION PLAN – CONTINUED**

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

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ -	\$ 7,974
Differences between expected and actual experience	57,611	-
Differences between projected and actual investment		
Earnings	33,210	-
Differences between employer's contributions and		
Proportionate share of contributions	313	30,541
Change in employer's proportion	6,261	762
Pension contributions made subsequent to		
Measurement date	631,713	-
Totals	\$ 729,108	\$ 39,277

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

\$631,713 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2022	\$ 4,096
2023	21,722
2024	16,371
2025	15,929
Totals	\$ 58,118

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

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2021 and 2020

**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, 2020
Measurement Date	June 30, 2021
Measurement Period	July 1, 2020 to June 30, 2021

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

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

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

Tier 2: Hired on or after January 1, 2003 but prior to May 1, 2004: The District contributes a percentage of the premium for retiree and one eligible dependent, up to a maximum of \$600/month for retiree and \$800/month for retiree plus one coverage, based on years of service at retirement, as follows:

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

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2021 and 2020

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

Plan Description: (continued)

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

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

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

One retired General Manager is receiving District-paid benefits of \$300/month until age 65. One retired management employee is receiving benefits being provided according to special arrangements not expected to be repeated in the future. The retired management employee is receiving District-paid benefits equal to elected healthcare coverage; the retired management employee is receiving District-paid benefits not to exceed \$1,050 per month for retiree and spouse coverage.

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

Plan membership as of July 1, 2020, consisted of the following:

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

Contributions: The contribution requirements of Plan members and the District are established and amended by the District. Assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. Contributions made on behalf of the plan members for the year ended June 30, 2021 were \$36,200.

Net OPEB Liability: The District’s net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of July 1, 2020. Standard actuarial update procedures were used to project/discount from valuation to measurement dates.

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2021 and 2020

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

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

Actuarial cost method	Entry Age, Level Percent of Pay
Recognition of deferred inflows and outflows of resources	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB
Salary increases	3.00 percent
Inflation rate	3.00 percent
Investment rate of return	5.75 percent, net of OPEB plan investment expense
Healthcare cost trend rate	5.80 percent for 2021; 5.70 percent for 2022; 5.60 percent for 2023; and decreasing 0.10 percent per year to an ultimate rate of 5.00 percent for 2029 and later years

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

Actuarial assumptions used in the July 1, 2019 valuation were based on a review of plan experience during the period July 1, 2017 to June 30, 2019.

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

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

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2021 and 2020

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

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

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

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

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Fidelity GO AA 20 Years Municipal Index	Discount Rate
June 30, 2020	June 30, 2020	5.75%	2.45%	5.75%
June 30, 2021	June 30, 2021	5.75%	1.92%	5.75%

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2021 and 2020

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

Changes in the Net OPEB Liability

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

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (c) = (a) - (b)
Balance at June 30, 2019	\$ 228,034	\$ 16,461	\$ 211,573
Changes recognized for the service period:			
Service cost	1,179	-	1,179
Interest	8,856	-	8,856
Difference between expected and actual experience	(57,042)	-	(57,042)
Changes of assumptions	(9,986)	-	(9,986)
Employer contributions	-	36,563	(36,563)
Net investment income	-	2,324	(2,324)
Benefit payments	<u>(16,563)</u>	<u>(16,563)</u>	<u>-</u>
Net Changes	<u>(73,556)</u>	<u>22,324</u>	<u>(95,880)</u>
Balance at June 30, 2020	<u>\$ 154,478</u>	<u>\$ 38,785</u>	<u>\$ 115,693</u>
Changes recognized for the service period:			
Service cost	\$ 1,213	-	\$ 1,213
Interest	8,493	-	8,493
Employer contributions	-	36,200	(36,200)
Net investment income	-	7,803	(7,803)
Administrative and trustee expenses	-	(37)	37
Benefit payments	<u>(16,200)</u>	<u>(16,200)</u>	<u>-</u>
Net Changes	<u>(6,494)</u>	<u>27,766</u>	<u>(34,260)</u>
Balance at June 30, 2021	<u>\$ 147,984</u>	<u>\$ 66,551</u>	<u>\$ 81,433</u>

Sensitivity of the District's Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease 4.75%	Discount Rate 5.75%	1% Increase 6.75%
Net OPEB liability	\$ 90,930	\$ 81,433	\$ 72,768



**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2021 and 2020

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

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

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

	<u>Healthcare Cost Trend - 1%</u>	<u>Healthcare Cost Trend Assumed</u>	<u>Healthcare Cost Trend + 1%</u>
Net OPEB liability	\$ 78,828	\$ 81,433	\$ 83,428

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

At June 30, 2021, the District’s deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 43,460
Change in assumptions	-	25,463
Differences between projected and actual return on plan investments	-	5,097
Totals	<u>\$ -</u>	<u>\$ 74,020</u>

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss. The amortization period for the change in assumptions is 8.0 years.

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2021 and 2020

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

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

Year Ending June 30,	Amount
2022	\$ (13,762)
2023	(13,762)
2024	(13,459)
2025	(12,081)
2026	(9,788)
2027	(7,980)
2028	(3,188)
Totals	\$ (74,020)

Net OPEB Expense

For the year ended June 30, 2021, the District’s OPEB expense was \$(6,372). Detail of the expense is shown below:

Service cost	\$ 1,213
Interest cost	8,493
Expected return on assets	(2,316)
Recognition of deferred outflows and inflows:	
Differences between expected and actual experience	(6,791)
Changes of assumptions	(5,630)
Differences between projected and actual experience	(1,341)
Total recognition of deferred outflows and inflows	(13,762)
Net OPEB Expense	\$ (6,372)

**NOTE 9: INSURANCE**

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

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2021 and 2020

**NOTE 9: INSURANCE – CONTINUED**

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

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

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

**NOTE 10: COVID-19**

In January 2020, the virus SARS-CoV-2 was transmitted to the United States from overseas sources. This virus, responsible for the Coronavirus disease COVID-19, has proven to be extremely virulent. Although the financial impact on the District thus far has been minimal, the long-term economic impact on its operations has not yet been determined. Therefore, any potential impact on its financial position or results of operations is not yet known.

**NOTE 11: SUBSEQUENT EVENT**

Management has evaluated subsequent events through October 19, 2021, the date which the financial statements were available to be issued. Based upon this evaluation, except for the unknown impact of the COVID-19 pandemic discussed in Note 10 above, it was determined that no other subsequent events occurred that require recognition or additional disclosure in the financial statements.



# **STATISTICAL SECTION**

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

**Contents**

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

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

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

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

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

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

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

Net Position:	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Net Investment in Capital Assets	\$5,348,202	\$4,314,977	\$4,964,131	\$4,418,605	\$6,292,818	\$6,698,923	\$7,519,910	\$7,681,068	\$8,842,880	\$8,593,770
Restricted	999,879	1,328,912	1,949,873	2,146,937	699,145	699,787	699,787	702,233	705,226	705,226
Unrestricted	198,124	971,432	-233,673	540,312	705,527	819,662	642,616	1,674,622	2,121,930	3,535,046
Total Net Position	<u>\$6,546,205</u>	<u>\$6,615,321</u>	<u>\$6,680,331</u>	<u>\$7,105,854</u>	<u>\$7,697,490</u>	<u>\$8,218,372</u>	<u>\$8,862,313</u>	<u>\$10,057,923</u>	<u>\$11,670,036</u>	<u>\$12,834,042</u>

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

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

	2012	2013 (Restated)	2014 (Restated)	2015	2016	2017	2018	2019	2020	2021
<b>OPERATING REVENUE</b>										
Water Sales	\$ 1,948,287	\$ 2,165,708	\$ 2,318,307	\$ 2,308,047	\$ 2,173,094	\$ 2,289,627	\$ 2,499,949	\$ 2,560,294	\$ 2,665,072	\$ 2,748,710
Account Service Charges	113,820	102,306	108,628	102,983	95,530	102,660	102,010	100,494	105,426	95,667
Other Water Service Fees	81,951	17,193	8,153	17,467	31,735	45,202	35,393	56,430	29,613	27,861
<b>Total Operating Revenues</b>	<b>2,144,058</b>	<b>2,285,207</b>	<b>2,435,088</b>	<b>2,428,497</b>	<b>2,300,359</b>	<b>2,437,489</b>	<b>2,637,352</b>	<b>2,717,218</b>	<b>2,800,111</b>	<b>2,872,238</b>
<b>OPERATING EXPENSES</b>										
Personnel Services	658,431	696,810	740,854	762,133	733,073	986,515	1,061,163	1,065,785	1,228,884	1,191,017
Professional Services	613,868	531,433	187,460	146,459	138,340	175,449	177,479	149,693	102,556	112,714
Field Operations										
Transmission & Distribution	31,166	64,170	19,377	77,694	67,778	101,896	96,154	128,878	162,156	88,520
Pumping	202,394	209,235	190,788	174,093	198,706	192,760	187,256	197,723	227,899	259,040
Transportation	25,381	24,595	22,964	18,112	15,484	14,869	16,660	17,144	15,334	12,898
Treatment	19,580	17,512	12,923	13,005	14,562	16,579	17,487	16,779	22,269	22,238
Other	76,906	90,707	37,637	52,491	60,127	42,038	61,815	61,895	64,597	85,065
Conservation	925	7,551	10,041	11,549	14,545	11,544	5,946	5,844	-	-
Administrative Expenses	172,595	255,943	189,048	235,369	218,905	228,942	230,626	236,116	207,356	202,119
Depreciation and Amortization	306,646	278,118	1,456,071	978,027	609,090	624,455	654,174	637,022	636,432	622,225
<b>Total Operating Expenses</b>	<b>2,107,892</b>	<b>2,176,074</b>	<b>2,867,163</b>	<b>2,468,932</b>	<b>2,070,610</b>	<b>2,395,047</b>	<b>2,508,760</b>	<b>2,516,879</b>	<b>2,667,483</b>	<b>2,595,836</b>
<b>Operating Income (Loss)</b>	<b>36,166</b>	<b>109,133</b>	<b>(432,075)</b>	<b>(40,435)</b>	<b>229,749</b>	<b>42,442</b>	<b>128,592</b>	<b>200,339</b>	<b>132,628</b>	<b>276,402</b>
<b>NON-OPERATING INCOME (EXPENSES)</b>										
Surcharge	510,577	517,201	523,538	565,286	481,329	729,739	743,152	949,903	962,068	963,729
Interest Income	464	797	5,628	7,577	14,513	3,935	3,703	16,113	39,129	8,204
Miscellaneous Income	284	2,626	259	-	-	-	-	-	-	-
Property Taxes	60,439	71,198	67,410	78,620	46,454	75,951	81,653	87,964	95,164	103,904
Rental Income	75,406	77,608	80,299	58,405	49,255	49,255	49,255	49,255	49,255	49,255
Gain (Loss) on Sale of Assets	-	(360,335)	-	6,855	(45,899)	(14,048)	(26,050)	2,885	6,245	(3,179)
Lawsuit	-	-	-	-	-	-	-	-	-	-
Interest Expense	(210,838)	(181,774)	(178,249)	(225,190)	(238,303)	(224,195)	(209,540)	(197,730)	(266,121)	(261,141)
Other Non-Operating Expenses	(1,700)	(1,865)	(1,800)	(65,803)	(2,103)	(207,253)	(19,094)	(54,905)	(2,155)	(2,282)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>434,632</b>	<b>125,456</b>	<b>497,085</b>	<b>425,750</b>	<b>305,246</b>	<b>413,384</b>	<b>623,079</b>	<b>853,485</b>	<b>883,585</b>	<b>858,490</b>
<b>Income (Loss) Before Capital Contributions</b>	<b>470,798</b>	<b>234,589</b>	<b>65,010</b>	<b>385,315</b>	<b>534,995</b>	<b>455,826</b>	<b>751,671</b>	<b>1,053,824</b>	<b>1,016,213</b>	<b>1,134,892</b>
<b>Capital Contributions</b>										
Capacity Fees	-	-	-	27,610	48,420	36,650	129,808	51,705	90,900	29,114
Capital Grants	-	-	-	-	-	-	-	-	505,000	-
Contributed Assets	85,950	-	-	12,598	20,222	28,593	22,833	90,081	-	-
Development Fees	-	-	-	-	-	-	-	-	-	-
<b>Total Capital Contributions</b>	<b>85,950</b>	<b>-</b>	<b>-</b>	<b>40,208</b>	<b>68,642</b>	<b>65,243</b>	<b>152,641</b>	<b>141,786</b>	<b>595,900</b>	<b>29,114</b>
<b>Change in Net Position</b>	<b>556,748</b>	<b>234,589</b>	<b>65,010</b>	<b>425,523</b>	<b>603,637</b>	<b>521,069</b>	<b>904,312</b>	<b>1,195,610</b>	<b>1,612,113</b>	<b>1,164,006</b>

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

Meter Sizes	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Flat Bi-Monthly Service Charge</b> <b>(600 cu ft. Usage Charge Included)</b>										
5/8" Meter	\$ 42.54	\$ 49.79	\$ 51.47	\$ 53.22	\$ 55.04	\$ 56.73	\$ 57.75	\$ 58.80	\$ 59.86	\$ 59.86
3/4" Meter	\$ 51.02	\$ 59.70	\$ 61.72	\$ 63.82	\$ 66.00	\$ 56.73	\$ 57.75	\$ 58.80	\$ 59.86	\$ 59.86
1" Meter	\$ 76.44	\$ 89.45	\$ 92.47	\$ 95.62	\$ 98.88	\$ 94.55	\$ 96.26	\$ 98.00	\$ 99.77	\$ 99.77
1 1/2" Meter	\$ 148.44	\$ 173.71	\$ 179.47	\$ 185.69	\$ 192.03	\$ 189.10	\$ 192.51	\$ 195.99	\$ 199.53	\$ 199.53
2" Meter	\$ 237.40	\$ 277.81	\$ 287.20	\$ 296.97	\$ 307.11	\$ 302.55	\$ 308.02	\$ 313.59	\$ 319.25	\$ 319.25
3" Meter	\$ 444.96	\$ 520.70	\$ 538.30	\$ 556.61	\$ 575.61	\$ 661.84	\$ 673.79	\$ 685.97	\$ 698.37	\$ 698.37
4" Meter	\$ 741.46	\$ 867.68	\$ 897.01	\$ 927.52	\$ 959.18	\$ 1,191.31	\$ 1,212.83	\$ 1,234.74	\$ 1,257.06	\$ 1,257.06
<b>Tier Schedule Bi-Monthly</b> <b>(\$ / 100 cubic feet (CCF))</b>										
5/8" Meter										
Tier 1 (601 - 2,600)	\$ 0.56	\$ 0.58	\$ 0.60	\$ 0.62	\$ 0.64	N/A	N/A	N/A	N/A	N/A
Tier 2 (2,601 - 15, 600 CCF)	\$ 0.70	\$ 0.73	\$ 0.75	\$ 0.78	\$ 0.80	N/A	N/A	N/A	N/A	N/A
Tier 3 (15,601 + )	\$ 0.88	\$ 0.91	\$ 0.94	\$ 0.98	\$ 1.01	N/A	N/A	N/A	N/A	N/A
3/4 - 1 1/2" Meter										
Tier 1 (601 - 5,800)	\$ 0.56	\$ 0.58	\$ 0.60	\$ 0.62	\$ 0.64	N/A	N/A	N/A	N/A	N/A
Tier 2 (5,801 - 44,800 CCF)	\$ 0.70	\$ 0.73	\$ 0.75	\$ 0.78	\$ 0.80	N/A	N/A	N/A	N/A	N/A
Tier 3 (44,801 + )	\$ 0.88	\$ 0.91	\$ 0.94	\$ 0.98	\$ 1.01	N/A	N/A	N/A	N/A	N/A
2" to 4" Meter										
Tier 1 (601 - 55,200)	\$ 0.56	\$ 0.58	\$ 0.60	\$ 0.62	\$ 0.64	N/A	N/A	N/A	N/A	N/A
Tier 2 (55,201 - 286,000 CCF)	\$ 0.70	\$ 0.73	\$ 0.75	\$ 0.78	\$ 0.80	N/A	N/A	N/A	N/A	N/A
Tier 3 (286,001 + )	\$ 0.88	\$ 0.91	\$ 0.94	\$ 0.98	\$ 1.01	N/A	N/A	N/A	N/A	N/A
<b>Inactive Meter Charge: Fixed Rate</b>	N/A	\$44.63	\$ 46.01	\$ 47.34	\$ 48.98	\$ 52.34	\$ 51.63	\$ 52.50	\$ 53.39	\$ 53.39
<b>Capital Improvement Surcharge</b> <b>(Restricted Funds)</b>	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00	\$ 19.00
<b>CR6 Surcharge (Restricted Funds)</b>							\$ 7.90	\$ 15.80	\$ 15.80	\$ 15.80
<b>Cubic Feet Used 601+</b> <b>Meter Sizes 5/8" - 4"</b>										
Non-Drought Rate Vol. Rate	N/A	N/A	N/A	N/A	N/A	\$ 0.55	\$ 0.77	\$ 0.79	\$ 0.81	\$ 0.81
Drought Rate										
Stage : 30%	N/A	N/A	N/A	N/A	N/A	\$ 0.63	\$ 0.88	\$ 0.90	\$ 0.92	\$ 0.92
Stage : 40%	N/A	N/A	N/A	N/A	N/A	\$ 0.73	\$ 1.02	\$ 1.05	\$ 1.08	\$ 1.08
Stage: 50%	N/A	N/A	N/A	N/A	N/A	\$ 0.88	\$ 1.23	\$ 1.26	\$ 1.29	\$ 1.29



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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Water Sales:										
Residential	\$ 1,647,916	\$ 1,837,442	\$ 2,011,151	\$ 1,973,254	\$ 1,926,866	\$ 2,009,517	\$ 2,138,326	\$ 2,215,321	\$ 2,400,347	\$ 2,368,448
Non-Residential (A)	496,142	447,765	307,156	334,793	246,228	280,110	361,623	344,973	264,724	380,262
Total Water Sales	<u>\$ 2,144,058</u>	<u>\$ 2,285,207</u>	<u>\$ 2,318,307</u>	<u>\$ 2,308,047</u>	<u>\$ 2,173,094</u>	<u>\$ 2,289,627</u>	<u>\$ 2,499,949</u>	<u>\$ 2,560,294</u>	<u>\$ 2,665,072</u>	<u>\$ 2,748,710</u>
Total Water Deliveries (AF)	2,857.1	3,052.3	2,449.4	2,109.5	2,097.7	2,233.0	2,488.2	2,445.5	2,595.3	2970.1
Rate per Acre Foot (AF)	\$ 750.43	\$ 748.68	\$ 946.48	\$ 1,094.12	\$ 1,035.94	\$ 1,025.36	\$ 1,004.72	\$ 1,046.94	\$ 1,026.87	\$ 925.46

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

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**  
**Revenue Capacity (Unaudited)**  
**Principal Rate Payers**  
**Last 10 years**

**Fiscal Year 2021**

Revenue Generated from 7/1/2020 to 6/30/2021

Ratepayer	Revenues Collected	Percent of Total Water Sales
Rio Linda Preparatory Academy	\$ 23,206.41	0.84%
Rio Linda Senior High School	\$ 22,622.40	0.82%
Westside Park-RLERPD	\$ 17,185.37	0.63%
Babe Best Park RLERPD	\$ 11,515.20	0.42%
Orchard Elementary School	\$ 9,734.29	0.35%
Bell Aqua Apartments	\$ 8,699.31	0.32%
Alpha Middle School	\$ 6,890.10	0.25%
Elverta School	\$ 6,629.28	0.24%
Stephen Tresner	\$ 6,582.78	0.24%
Jay Kim	\$ 6,218.00	0.23%
<b>Total</b>	<b>\$ 119,283.14</b>	<b>4.34%</b>
<b>Total Water Sales</b>	<b>\$ 2,748,710</b>	

**Fiscal Year 2012**

Revenue Generated from 7/1/2011 to 6/30/2012

Ratepayer	Revenues Collected	Percent of Total Water Sales
Rio Linda Jr. High School	\$16,190.98	0.76%
Westside Park - RLERPD	\$10,935.30	0.51%
Rio Linda Senior High School	\$8,555.70	0.40%
RLSD Dry Creek Elementary	\$6,599.54	0.31%
Orchard Elementary School	\$5,595.88	0.26%
Babe Best Park RLERPD	\$5,578.90	0.26%
SYAR Concrete LLC	\$4,694.50	0.22%
Babe Best Park RLERPD	\$4,689.30	0.22%
Comm. Cntr RLERPD	\$4,104.18	0.19%
Bell Aqua Apartments	\$4,000.58	0.19%
<b>Total</b>	<b>\$70,944.86</b>	<b>3.31%</b>
<b>Total Water Sales</b>	<b>\$ 2,144,058</b>	

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Net Revenue	\$ 556,748	\$ 234,589	\$ 65,010	\$ 425,523	\$ 603,637	\$ 521,069	\$ 904,312	\$ 1,195,610	\$ 1,612,113	\$ 1,134,892
Debt Service	5,327,267	6,454,132	6,705,345	9,673,174	8,322,613	7,829,402	7,420,165	6,798,503	9,259,845	8,983,825
Coverage	10%	4%	1%	4%	7%	7%	12%	18%	17%	13%

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

Debt:	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Water Revenue Refunding Bonds	\$ 3,215,000	\$ 3,120,000	\$ 3,020,000	\$ 2,688,622	\$ 2,478,622	\$ 2,353,846	\$ 2,224,769	\$ 2,091,606	\$ 1,952,591	\$ 1,806,855
State Safe Drinking Water Loan	2,112,267	3,334,132	3,685,345	6,984,552	5,365,497	5,040,853	4,706,952	4,364,411	4,013,009	3,652,514
Surcharge 2 Loan	-	-	-	-	-	-	99,141	-	3,000,040	2,780,040
Meter Replacement Loan	-	-	-	-	478,494	434,703	389,304	342,486	294,205	244,416
ADP CalPERS Internal Loan	-	-	-	-	-	-	-	-	-	500,000
Legal Settlement	-	89,000	53,400	17,800	-	-	-	-	-	-
Total Debt	\$ 5,327,267	\$ 6,543,132	\$ 6,758,745	\$ 9,690,974	\$ 8,322,613	\$ 7,829,402	\$ 7,420,166	\$ 6,798,503	\$ 9,259,845	\$ 8,983,825
Number of Service Connections	4616	4617	4617	4618	4622	4628	4636	4637	4640	4643
Debt Per Capita	1154.09	1417.18	1463.88	2098.52	1800.65	1691.75	1600.55	1466.14	1995.66	1934.92

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Personal Income (1)	\$ 60,721,694	\$ 62,440,643	\$ 65,126,187	\$ 69,870,482	\$ 72,878,458	\$ 76,832,120	\$ 80,969,087	85,775,621	90,908,707	unavailable
Population (1)	1,448,771	1,463,149	1,482,026	1,501,335	1,514,460	1,530,615	1,540,975	1,541,301	1,559,146	unavailable
Per Capita Personal Income (1)	\$ 41,913	\$ 42,676	\$ 43,944	\$ 47,811	\$ 48,850	\$ 50,197	\$ 52,544	\$ 53,278	\$ 58,307	unavailable
Unemployment Rate (2)	10.5%	8.9%	7.3%	5.5%	4.6%	4.0%	3.80%	3.70%	8.30%	unavailable

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

Source:

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

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

Company	Fiscal Year			Fiscal Year		
	2020			2011		
	Average Number of Employees	Rank	Percentage of Total County Employment	Average Number of Employees - (a)	Rank	Percentage of Total County Employment
State of California	77,172	1	10.80%	69,763	1	10.26%
Kaiser Permanente	15,585	2	2.03%	6,360	6	0.94%
UC Davis Health System	14,510	3	2.18%	9,584	3	1.41%
Sacramento County	12,360	4	1.73%	11,450	2	1.68%
Sutter Health Sacramento Sierra Region	10,764	5	1.48%	5,765	7	0.85%
US Government	10,559	6	1.51%			
Dignity Health	7,871	7	1.10%	7,069	4	1.04%
Intel Corp	6,200	8	0.86%	6,633	5	0.98%
Elk Grove Unified School District	6,164	9	0.87%	5,021	8	0.74%
San Juan Unified School District	5,350	10	0.75%	4,700	10	0.69%
Sacramento City Unified School District				5,000	9	0.74%
	166,535		23.30%	131,345		19.32%
Total Employed in Sacramento County	714,700			680,000		

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

Source: Sacramento Business Journal, Book of Lists 2020 Vol. 37 No. 45 and Book of List 2012 Vol. 29 No. 44

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Capital Assets Not Being Depreciated</b>										
Land	\$ 496,673	\$ 496,673	\$ 496,673	\$ 496,673	\$ 496,673	\$ 496,673	\$ 496,673	\$ 576,673	\$ 576,673	\$ 576,673
Construction in Progress	3,090,786	138,976	1,167,567	631,834	588,994	637,767	1,250,106	1,313,099	2,498,738	424,288
Total Not Being Depreciated	3,587,459	635,649	1,664,240	1,128,507	1,085,667	1,134,440	1,746,779	1,889,772	3,075,411	1,000,961
<b>Capital Assets Being Depreciated</b>										
Water System Facilities	11,303,047	15,059,075	15,192,373	19,096,450	20,039,978	20,562,699	20,717,060	20,760,312	20,760,312	24,938,803
General Plant Assets	792,013	721,407	727,008	603,967	594,236	606,507	712,767	733,399	709,030	661,465
Intangible Assets	373,865	407,225	407,225	407,225	403,145	373,043	373,043	373,043	373,043	373,043
Less Accumulated Depreciation	(5,859,049)	(6,054,247)	(6,702,352)	(7,144,370)	(7,638,607)	(8,241,348)	(8,702,559)	(9,282,773)	(9,894,836)	(10,472,675)
Total Not Being Depreciated, Net	6,609,876	10,133,460	9,624,254	12,963,272	13,398,752	13,300,901	13,100,311	12,583,981	11,947,549	15,500,636
<b>Capital Assets, Net</b>	<b>\$ 10,197,335</b>	<b>\$ 10,769,109</b>	<b>\$ 11,288,494</b>	<b>\$ 14,091,779</b>	<b>\$ 14,484,419</b>	<b>\$ 14,435,341</b>	<b>\$ 14,847,090</b>	<b>\$ 14,473,753</b>	<b>\$ 15,022,960</b>	<b>\$ 16,501,597</b>

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>WATER SERVICES</b>										
Number of Service Connections	4,616	4,617	4,617	4,618	4,622	4,628	4,636	4,637	4,640	4,643
Annual Demand in AF	2,857.1	3,052.3	2,449.4	2,109.5	2,097.5	2,285.9	2,488.1	2,488.5	2,690.0	2,970.2
Max Monthly Demand in Gallons	142,225,142	149,404,660	115,965,570	87,014,897	97,962,392	107,432,399	120,549,805	120,520,384	118,923,764	130,737,920
Maximum Day Demand in Gallons	2,586,101	2,762,771	2,217,013	1,909,354	3,265,413	3,465,561	3,888,703	3,757,658	3,964,125	4,357,930
<b>METERS</b>										
New Installations	0	0	0	0	4	7	7	1	2	2
Replacement	0	60	349	179	1,087	377	475	325	381	271
<b>HYDRANTS</b>										
New Installations	0	0	0	0	1	0	0	0	4	0
Replacement	0	0	0	2	0	0	0	1	0	0
<b>LEAKS</b>										
Water Main	0	0	1	2	3	2	0	8	1	2
Service	71	75	76	82	66	66	80	70	83	87
<b>MAIN LINE VALVES</b>										
New Installations	0	0	0	0	0	0	0	0	11	0
Replacement	0	3	0	0	0	2	0	0	2	0
<b>SERVICES</b>										
New Installations	0	0	0	3	4	7	7	0	2	2
Replacement	0	0	1	0	10	29	34	19	10	13
<b>MAJOR FACILITIES</b>										
Wells	11	11	11	11	11	11	11	11	11	12
Tank	1	1	1	2	2	2	2	2	2	2
Booster Station	1	1	1	2	2	2	2	2	2	2
Pressure Regulation Valves	2	2	2	2	2	2	2	2	2	2
Miles of Pipeline	61.72	61.72	61.72	62.10	62.10	62.10	62.10	62.10	62.43	62.43
<b>PERSONNEL</b>										
Management	1	1	1	1	1	1	1	1	1	1
Administration	3	3	4	4	4	4	4	4	4	4
Field Operations	3	3	5	5	5	5	5	5	5	5
	7	7	10	10	10	10	10	10	10	10



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