

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

**OCTOBER 19, 2020 (6:30 p.m.)**

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

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

Join Zoom Meeting  
<https://us02web.zoom.us/j/86775163477?pwd=enhSRWlhTONYdUFzbVNPMi8rd0xqQT09>  
Meeting ID: 867 7516 3477  
Passcode: 412690  
Dial by your location  
669 900 6833 US

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

**AGENDA**

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

The public will be given the opportunity to directly address the Board on each listed item during the Board's consideration of that item. Public comment on items within the jurisdiction of the Board is welcomed, subject to reasonable time limitations for each speaker. Public documents relating to any open session item listed on this agenda that are distributed to all or any majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection at the District office at 730 L Street, Rio Linda, CA 95673. In compliance with the Americans with Disabilities Act, if you have a disability and need a disability-related modification or accommodation to participate in this meeting, please contact the District office at (916) 991-1000. Requests must be made as early as possible, and at least one full business day before the start of the meeting

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

**2. PUBLIC COMMENT**

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

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

**3.1. Minutes**

September 21, 2020

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

**3.2. Expenditures**

*The Finance & Administrative Committee recommends the Board approve the August Expenditures.*

**3.3. Financial Reports**

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

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

**4.1. GM Report**

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

**4.2. District Engineer's Report**

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

**4.3. Consider accepting the Independent Auditor's Report for Fiscal Year 2019-2020.**

**4.4. Consider authorizing Legal Counsel review of agreements and similar documents associated with engaging a financial advisor services provider to explore and implement mitigations for the rapid escalations in CalPERS annual unfunded accrued liability (UAL) payments.**

**4.5. Consider customer requests for Board review of billing issues.**

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

**5. INFORMATION ITEMS**

**5.1. District Activities Reports**

5.1.1. Water Operations Report

5.1.2. Conservation Report

5.1.3. Completed and Pending Items Report

**5.2. Board Member Reports**

5.2.1. Report any ad hoc committees dissolved by requirements in Policy 2.01.065

5.2.2. Sacramento Groundwater Authority – Harris (primary), Reisig

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

5.2.4. Executive Committee – Jason Green, Robert Reisig

5.2.5. ACWA/JPIA – Ridilla

**6. DIRECTORS' AND GENERAL MANAGER COMMENTS**

**7. ADJOURNMENT**

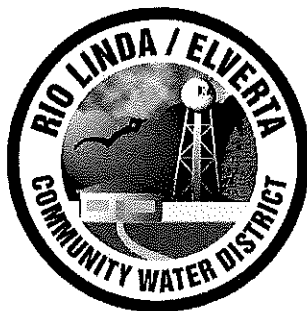
Upcoming meetings:

Executive Committee

November 2, 2020, Monday, 6:00pm remote meeting, no in-person attendance.

Board Meeting

November 16, 2020, Monday, 6:30pm remote meeting, no in-person attendance.



**Consent Calendar  
Agenda Item: 3.1**

**Date:** October 19, 2020

**Subject:** Minutes

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

**Recommended Committee Action:**

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

**Current Background and Justification:**

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

**Conclusion:**

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

**Board Action / Motion**

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

Ridilla:\_\_\_\_\_ Harris:\_\_\_\_\_ Jason Green\_\_\_\_\_ Gifford\_\_\_\_\_ Reisig\_\_\_\_\_.

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

**MINUTES OF THE  
SEPTEMBER 21, 2020  
PUBLIC HEARING AND BOARD OF DIRECTORS REGULAR MEETING  
OF THE RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

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

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

**2. PUBLIC COMMENT**

Public member Stephanie commented on State's future conservation measures regarding SB606 outdoor water use, the District's budget for Administrative Manager and treatment operators and the District's highest CR6 in the District.

**3. CONSENT CALENDAR**

**3.1 Minutes**

August 17, 2020

**3.2 July Expenditures**

**3.3 July Financial Reports**

No public comment.

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

**REGULAR CALENDAR**

**4. ITEMS FOR DISCUSSION AND ACTION**

**4.1 General Manager's Report**

GM Shaw provided a written report.

No public comment on this item.

*The Board made no action on this item*

**4.2 District Engineer's Report – Mike Vasquez**

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

No public comment on this item.

*The Board made no action on this item.*

#### **4.3 Budget revision, Fiscal Year 2020/2021 Capital Budget**

The Board adopted the fiscal year 2020/2021 Capital Budget via public hearing on August 17, 2020. More recently, staff discovered an accounting error in the beginning balance of accumulated capital improvement funds. The erroneous beginning balance was used in distributing accumulated funding among the Board adopted Capital Improvement Projects List items. For example, the annual pipe replacement funding was given a beginning allocation equal to one year of budgeted pipe replacements. The effect would have begun the first fiscal year 20/21 with effectively two-years of funding.

The error in the beginning balance was enabled by the absence of balance reconciling. Actual budgets and audits (i.e. for operating budgets) typically entail a reconciliation process to capture any differences between budgeted funding and actual funding. Prior to the 2020/2021 budget adoption process, the capital budget funding amount was arbitrary and based on a stipulated funding amount directed via state enforcement order. With the 2020/2021 capital budget, the funding is now appropriately based on actual capital improvement projects costs and timing. Additionally, the capital budget for several preceding years was comingled with other funding, e.g. capacity fees. Further omissions in the preceding Capital Budgets included representing revenue that had not materialized (and never did), i.e. a "Holeman Capital loan" In short, the beginning balances shown in preceding Capital Budgets were not reconciled. Instead, they were typically copied as text from the prior year's Capital Budget.

Moving forward, all of the above practices, limitations and inaccuracies have been corrected. Staff has reached out to the Local Agency Investments Fund (LAIF), but LAIF restricts each agency to only one account, currently used for the capacity fees. Accordingly, staff has coordinated with Umpqua to establish a new account with the best combination of interest rates and intentionally cumbersome withdrawal limitations to be the right investment tool for the need. When we complete configuration of the new Umpqua Capital Budget Account, which will not be comingled with any other funds, the account reports will show clear and reconciled reports of the accumulated balance, deposits and withdraws over the long-term of capital improvement funding.

The budget revision, which is not intended to be a General Manager minor revision, will correct the total accumulated amount of capital improvement funding. No Capital Improvement Projects were modified. No timelines were extended. The annual pipe replacement item is reduced from double funding the first year to just year of funding (dropped from \$422,000 in FY 20/21 to \$211,000). The amount of annual contributions for Well 12 construction was increased by \$36,000 each year to yield the same timeline for funding completion as shown in the originally adopted Capital Budget.

Public member Stephanie inquired on the possibility of selling Well #14 parcel.

*It was moved by Director Harris and seconded by Director Ridilla to approve revision #1 to the fiscal year 2020/2021 Capital Budget. Directors Reisig, Gifford, Harris, Ridilla and Green voted yes. The motion carried with unanimous vote of 5-0-0.*

#### **4.4 Customer Request for Board Consideration of Billing Issues.**

Current District policy stipulates that the full Board consider customer's request for waivers, reversal of charges, refunds etc. The Executive Committee discussed the request included with the Board packets, but the Executive Committee intentionally withheld its recommendation.

The customer requesting Board consideration believes the charges from the beginning of service should be reversed because the customer has had zero consumption. The customer was charged appropriately for an active account with zero consumption. The customer did not request "inactive status" and did not

apprise the District that the customer's preference was to exclusively use the private well serving the customer's parcel.

If the Board is inclined to consider relieve for this lapse in communication, the appropriate relieve would be to authorize a credit in the amount of the accumulated increment between inactive account charges and the active without consumption charges. In context with the Ordinance and associated policies established for opting out of the inactive service charges, it would be inappropriate consequential to grant a waiver of the entire charge, which would effectively be an opt out without the requisite stipulations entailed in the customer's relinquishing entitlements beset from paying (and/or succeeding to) the capacity fee.

Included with your Board packets is the Customer Request...and the computation of the cumulative difference between the inactive rate and active with zero consumption rate.

Public member Stephanie inquired as to the cost to the customer to remove the meter.

*It was moved by Director Harris and seconded by Director Ridilla to approve the credit to the customer for the \$161.95. Directors Reisig, Gifford, Harris, Ridilla and Green voted yes. The motion carried with unanimous vote of 5-0-0.*

#### **4.5 Consider directing staff on the timing and meeting method of future public meetings of the District.**

Subsequent to a positive COVID19 result in July, the District transitioned to remote participation only (no in-person attendance) for all Board and Committee meetings. The purpose of this agenda item is to discuss when /if the District may resume allowing optional in-person attendance.

Additional aspects to consider include mitigation measures at public meetings. The District previously exercised physical distancing in the setup of the meeting room. The District could consider more mitigation measures including, but not limited to:

- Mandatory mask wearing.
- Requesting each attendee to confirm the absence of any COVID related symptoms.

Because present circumstances are unprecedented, there are no current District policies or guidelines. It is reasonable to conclude the Board President has the inherent authority to provide direction, given that the Board or any individual Board member can place an item on an upcoming meeting agenda and thereby consider establishing policy.

Public member Stephanie commented that the meetings can be open with social distancing.

*No Board action. The public meetings will continue as status quo. The Board asked for this to put back on the agenda next March 2021.*

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

No public comment on this item.

**The Board took no action on this item.**

**5. INFORMATION ITEMS**

**5.1. DISTRICT ACTIVITY REPORT**

- 5.1.1. Water Operations Report provided.
- 5.1.2. Conservation Report provided.
- 5.1.3 Completed and Pending Items Report provided.

**5.2. BOARD REPORTS**

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

**6. DIRECTORS' AND GENERAL MANAGER COMMENTS –**

Director Harris brought a sheet to share on Folsom’s proposed rate structure. Director Reisig thanked the public members for joining in tonight’s meeting.

**7. ADJOURNMENT**

Director Green adjourned the meeting at 8:00 p.m.

Respectfully submitted,

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

\_\_\_\_\_  
Jason Green, President of the Board



**Consent Calendar  
Agenda Item: 3.2**

**Date:** October 19, 2020

**Subject:** Expenditures

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

**Recommended Committee Action:**

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

**Current Background and Justification:**

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

**Conclusion:**

I recommend the Board approve the Expenditures for August 2020.

**Board Action / Motion**

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

Ridilla: \_\_\_\_\_ Harris: \_\_\_\_\_ Jason Green \_\_\_\_\_ Gifford \_\_\_\_\_ Reisig \_\_\_\_\_.

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



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

Type	Date	Num	Name	Memo	Amount
Liability Check	08/12/2020	EFT	QuickBooks Payroll Service	For PP Ending 08/08/20 Pay date 08/13/20	19,407.57
Liability Check	08/13/2020	EFT	CalPERS	For PP Ending 08/08/20 Pay date 08/13/20	2,852.32
Liability Check	08/13/2020	EFT	CalPERS	For PP Ending 08/08/20 Pay date 08/13/20	1,106.49
Liability Check	08/13/2020	EFT	Internal Revenue Service	Employment Taxes	7,482.64
Liability Check	08/13/2020	EFT	Employment Development	Employment Taxes	1,458.36
Liability Check	08/13/2020	EFT	Nationwide	Deferred Compensation Plan: Employer & Employee Share	1,370.03
Bill Pmt -Check	08/13/2020	EFT	Adept Solutions	Computer Maintenance	1,333.00
Bill Pmt -Check	08/13/2020	EFT	Comcast	Phone/Internet	236.03
Bill Pmt -Check	08/13/2020	EFT	PG&E	Utilities	60.35
Bill Pmt -Check	08/13/2020	EFT	Republic Services	Utilities	84.24
Bill Pmt -Check	08/13/2020	EFT	Verizon	Field Communication, Field IT	495.69
Liability Check	08/13/2020	EFT	Voyager Fleet Commander	Transportation Fuel	223.14
Bill Pmt -Check	08/13/2020	EFT	Umpqua Bank CC	Backflow, Computer, Office, Postage, Safety	1,618.43
Transfer	08/13/2020	EFT	RLECWD	Umpqua Bank Monthly Debt Service Transfer	16,500.00
Check	08/13/2020	EFT	RLECWD - Capital Improvement	Current Monthly Transfer	43,500.00
Check	08/13/2020	EFT	RLECWD - SURCHARGE ACCOUNT 1	Bi-monthly Transfer	86,828.51
Check	08/13/2020	EFT	RLECWD - SURCHARGE ACCOUNT 2	Bi-monthly Transfer	72,359.34
Check	08/13/2020	1365	Customer	Hydrant Meter Deposit Refund	982.70
Bill Pmt -Check	08/13/2020	1366	ABS Direct, Inc.	Printing, Postage	5,845.45
Bill Pmt -Check	08/13/2020	1367	ACWA/JPIA Powers Insurance Authority	EAP	25.70
Bill Pmt -Check	08/13/2020	1368	CoreLogic Solutions	Metro Scan	134.75
Bill Pmt -Check	08/13/2020	1369	Ferguson Enterprises	Annual Maintenance Contract	9,261.00
Bill Pmt -Check	08/13/2020	1370	Inductive Automation	Annual Maintenance Contract	2,472.00
Bill Pmt -Check	08/13/2020	1371	Intermedia.net	Phone/Internet	80.60
Bill Pmt -Check	08/13/2020	1372	Lechowicz & Tseng Municipal Consultants	Professional Fees-Rate Study	5,240.00
Bill Pmt -Check	08/13/2020	1373	Rio Linda Elverta Recreation & Park	Meeting Fee	50.00
Bill Pmt -Check	08/13/2020	1374	Rio Linda Hardware & Building Supply	Shop Supplies	122.78
Bill Pmt -Check	08/13/2020	1375	Sierra Chemical Company	Chemical Supplies	861.30
Bill Pmt -Check	08/13/2020	1376	SMUD	Utilities	24,769.72
Bill Pmt -Check	08/13/2020	1377	Spok, Inc.	Field Communication	15.30
Bill Pmt -Check	08/13/2020	1378	Tesco Controls, Inc.	Annual Maintenance Contract	5,500.00
Bill Pmt -Check	08/13/2020	1379	Unifirst Corporation	Uniforms	233.32
Bill Pmt -Check	08/13/2020	1380	Vanguard Cleaning Systems	Janitorial	195.00
Bill Pmt -Check	08/13/2020	1381	Anvil Builders	Capital Improvement: Well 16	254,837.50
Liability Check	08/14/2020	EFT	ARCO	Transportation: Fuel	605.64
Bill Pmt -Check	08/17/2020	EFT	WageWorks	FSA Administration Fee	76.25
Liability Check	08/26/2020	EFT	QuickBooks Payroll Service	For PP Ending 08/22/20 Pay date 08/27/20	19,627.41
Liability Check	08/27/2020	EFT	CalPERS	For PP Ending 08/22/20 Pay date 08/27/20	2,852.32
Liability Check	08/27/2020	EFT	CalPERS	For PP Ending 08/22/20 Pay date 08/27/20	1,106.49
Liability Check	08/27/2020	EFT	Nationwide	Deferred Compensation Plan: Employer & Employee Share	1,356.77
Liability Check	08/27/2020	EFT	Internal Revenue Service	Employment Taxes	7,265.82
Liability Check	08/27/2020	EFT	Employment Development	Employment Taxes	1,343.56
Liability Check	08/27/2020	EFT	Kaiser Permanente	Health Insurance	2,178.78



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

Type	Date	Num	Name	Memo	Amount
Liability Check	08/27/2020	EFT	Principal	Dental & Vision Insurance	1,363.75
Liability Check	08/27/2020	EFT	Western Health Advantage	Health Insurance	9,358.06
Bill Pmt -Check	08/27/2020	EFT	Buckmaster Office Solutions	Office Equipment Expense	59.62
Bill Pmt -Check	08/27/2020	EFT	Voyager Fleet Commander	Transportation Fuel	238.61
Check	08/27/2020	1382	Special District Management Auth.	Workers Compensation 2019-20 Liability	1,473.79
Liability Check	08/27/2020	1383	Teamsters Local	Union Dues-Employee Paid	776.00
Check	08/27/2020	1384	Customer	Final Bill Refund	288.15
Check	08/27/2020	1385	Customer	Final Bill Refund	139.88
Bill Pmt -Check	08/27/2020	1386	ABS Direct	Printing, Postage	222.98
Bill Pmt -Check	08/27/2020	1387	BSK Associates	Lab Fees	1,475.00
Bill Pmt -Check	08/27/2020	1388	DirectHit Pest Control	Building Maintenance	75.00
Bill Pmt -Check	08/27/2020	1389	EKI Environment & Water	Engineering	5,000.00
Bill Pmt -Check	08/27/2020	1390	ICONIX Waterworks	Distribution Supplies	1,615.18
Bill Pmt -Check	08/27/2020	1391	RDO Equipment Co.	Construction Equipment Maintenance	807.16
Bill Pmt -Check	08/27/2020	1392	Sacramento Suburban Water District	Regional Collaboration Project	565.94
Bill Pmt -Check	08/27/2020	1393	Safety-Kleen Systems, Inc.	Transportation Maintenance	348.20
Bill Pmt -Check	08/27/2020	1394	Sierra Chemical Company	Chemical Supplies	1,349.32
Bill Pmt -Check	08/27/2020	1395	Staples	Office Expense	5.97
Bill Pmt -Check	08/27/2020	1396	The News	Publication Fee	61.00
Bill Pmt -Check	08/27/2020	1397	Underground Service Alert	Distribution Supplies	820.31
Bill Pmt -Check	08/27/2020	1398	Ferguson Enterprises	Capital Improvement: Small Meter Replacement	29,590.68
<b>Total 10000 - Bank - Operating Account</b>					<b>659,590.90</b>

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

Type	Date	Num	Payee	Memo	Amount
Transfer	08/26/2020	EFT	RLECWD	CIP Expense Transfer: Refer to operating check numbers: 1381	254,837.50

**10385 · OPUS Bank Checking** 254,837.50

Type	Date	Num	Payee	Memo	Amount
Transfer	08/27/2020	EFT	RLECWD	CIP Expense Transfer: Refer to operating check numbers: 1398	29,590.68

**10475 · Capital Improvement-Umpqua Bank** 29,590.68





## Consent Calendar Agenda Item: 3.3

**Date:** October 19, 2020

**Subject:** Financial Reports

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

### **Recommended Committee Action:**

The Executive Committee recommends approval of the Districts Financial Reports for the month of August 2020.

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

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

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

### **Conclusion:**

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

### **Board Action / Motion**

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

Rio Linda Elverta Community Water District

Balance Sheet

As of August 31, 2020



ASSETS

Current Assets

Checking/Savings

100 · Cash & Cash Equivalents	
10000 · Operating Account	
10020 · Operating Fund-Umpqua	707,444.59
Total 10000 · Operating Account	707,444.59
10475 · Capital Improvement	
10480 · General	1,536,235.29
10482 · Future Capital Imp Projects	129.68
10485 · Vehicle Replacement Reserve	15,000.00
Total 10450 · Capital Improvement	1,551,364.97
Total 100 · Cash & Cash Equivalents	2,258,809.56

102 · Restricted Assets

102.2 · Restricted for Debt Service	
10700 · ZIONS Inv/Surcharge Reserve	524,881.94
10300 · Surcharge 1 Account	750,801.23
10350 · Umpqua Bank Debt Service	70,700.84
10380 · Surcharge 2 Account	297,025.59
10385 · OpusBank Checking	2,267,675.16
Total 102.2 · Restricted for Debt Service	3,911,084.76
102.4 · Restricted Other Purposes	
10600 · LAIF Account	305,282.96
10650 · Operating Reserve Fund	301,641.52
Total 102.4 · Restricted Other Purposes	606,924.48

Total 102 · Restricted Assets	4,518,009.24
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Total Checking/Savings	6,776,818.80
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Accounts Receivable	525,236.93
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Other Current Assets

12000 · Water Utility Receivable	91,589.08
12200 · Accrued Revenue	150,000.00
12250 · Accrued Interest Receivable	1,033.61
15000 · Inventory Asset	68,727.94
16000 · Prepaid Expense	101,956.04
Total Other Current Assets	938,543.60

Total Current Assets	7,715,362.40
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Fixed Assets

17000 · General Plant Assets	709,029.25
17100 · Water System Facilites	21,058,271.17
17300 · Intangible Assets	373,043.42
17500 · Accum Depreciation & Amort	-9,894,836.59
18000 · Construction in Progress	2,498,738.27
18100 · Land	576,673.45

Total Fixed Assets	15,320,918.97
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Other Assets

19000 · Deferred Outflows	227,638.00
19900 · Suspense Account	0.00

Total Other Assets	227,638.00
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TOTAL ASSETS	23,263,919.37
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## Rio Linda Elverta Community Water District

## Balance Sheet

As of August 31, 2020

## LIABILITIES &amp; EQUITY

## Liabilities

## Current Liabilities

Accounts Payable	102,001.02
Credit Cards	60.00
Other Current Liabilities	833,867.92

<b>Total Current Liabilities</b>	<b>935,928.94</b>
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## Long Term Liabilities

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

<b>Total Long Term Liabilities</b>	<b>10,605,992.84</b>
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<b>Total Liabilities</b>	<b>11,541,921.78</b>
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## Equity

31500 · Invested in Capital Assets, Net	8,842,880.46
32000 · Restricted for Debt Service	705,225.24
38000 · Unrestricted Equity	2,121,928.59
Net Income	51,963.30

<b>Total Equity</b>	<b>11,721,997.59</b>
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<b>TOTAL LIABILITIES &amp; EQUITY</b>	<b>23,263,919.37</b>
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**Rio Linda Elverta Community Water District**  
**Operating Profit & Loss Budget Performance**  
 As of August 31, 2020

9

	<u>Annual Budget</u>	<u>Aug 20</u>	<u>Jul-Aug 20</u>	<u>% of Annual Budget</u>	<u>YTD Annual Budget Balance</u>
<b>Ordinary Income/Expense</b>					
<b>Income</b>					
<b>Total 40000 · Operating Revenue</b>	2,719,575.00	160,703.31	327,194.55	12.03%	2,392,380.45
<b>41000 · Nonoperating Revenue</b>					
<b>41110 · Investment Revenue</b>					
41112 · Interest Revenue	400.00	15.54	30.54	7.64%	369.46
<b>Surcharge Total 41110 · Investment Revenue</b>	400.00	15.54	30.54	7.64%	369.46
<b>41120 · Property Tax</b>	88,500.00	2,418.40	2,418.40	2.73%	86,081.60
<b>Total 41000 · Nonoperating Revenue</b>	88,900.00	2,433.94	2,448.94	2.76%	86,451.06
<b>Total Income</b>	<u>2,808,475.00</u>	<u>163,137.25</u>	<u>329,643.49</u>	<u>11.74%</u>	<u>2,478,831.51</u>
<b>Gross Income</b>	2,808,475.00	163,137.25	329,643.49	11.74%	2,478,831.51
<b>Expense</b>					
<b>60000 · Operating Expenses</b>					
<b>60010 · Professional Fees</b>	135,000.00	11,305.94	12,358.89	9.16%	122,641.11
<b>60100 · Personnel Services</b>					
60110 · Salaries & Wages	729,867.00	57,329.22	107,714.41	14.76%	622,152.59
60150 · Employee Benefits & Expense	489,145.00	24,431.49	60,228.04	12.31%	428,916.96
<b>Total 60100 · Personnel Services</b>	<u>1,219,012.00</u>	<u>81,760.71</u>	<u>167,942.45</u>	<u>13.78%</u>	<u>1,051,069.55</u>
<b>60200 · Administration</b>	205,010.00	33,585.02	45,632.57	22.26%	159,377.43
<b>64000 · Conservation</b>	300.00	0.00	0.00	0.00%	300.00
<b>65000 · Field Operations</b>	436,400.00	36,009.67	56,751.12	13.00%	379,648.88
<b>Total 60000 · Operating Expenses</b>	<u>1,995,722.00</u>	<u>162,661.34</u>	<u>282,685.03</u>	<u>14.17%</u>	<u>1,713,036.97</u>
<b>69000 · Non-Operating Expenses</b>					
<b>69010 · Debt Service</b>					
<b>69100 · Revenue Bond</b>					
69105 · Principle	145,736.00	0.00	0.00	0.00%	145,736.00
69110 · Interest	57,490.00	0.00	0.00	0.00%	57,490.00
<b>Total 69100 · Revenue Bond</b>	<u>203,226.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00%</u>	<u>203,226.00</u>
<b>69125 · AMI Meter Loan</b>					
69130 · Principle	48,281.00	0.00	24,703.02	51.17%	23,577.98
69135 · Interest	10,233.00	0.00	4,553.94	44.50%	5,679.06
<b>Total 69125 · AMI Meter Loan</b>	<u>58,514.00</u>	<u>0.00</u>	<u>29,256.96</u>	<u>50.00%</u>	<u>29,257.04</u>
<b>Total 69010 · Debt Service</b>	<u>261,740.00</u>	<u>0.00</u>	<u>29,256.96</u>	<u>11.18%</u>	<u>232,483.04</u>
<b>69400 · Other Non-Operating Expense</b>	2,000.00	0.00	0.00	0.00%	2,000.00
<b>Total 69000 · Non-Operating Expenses</b>	<u>263,740.00</u>	<u>0.00</u>	<u>29,256.96</u>	<u>11.09%</u>	<u>234,483.04</u>
<b>Total Expense</b>	<u>2,259,462.00</u>	<u>162,661.34</u>	<u>311,941.99</u>	<u>13.81%</u>	<u>1,947,520.01</u>
<b>Net Ordinary Income</b>	<u>549,013.00</u>	<u>475.91</u>	<u>17,701.50</u>		
<b>Net Income</b>	<u>549,013.00</u>	<u>475.91</u>	<u>17,701.50</u>		

Accrual Basis

**Rio Linda Elverta Community Water District**  
**CAPITAL BUDGET VS ACTUAL FISCAL YEAR 2020-21**  
 As of August 31, 2020

	GENERAL		VEHICLE REPLACEMENT		FUTURE CAPITAL IMPROVEMENT PROJECTS	
	Annual Budget	YTD Actual	Annual Budget	YTD Actual	Annual Budget	YTD Actual
<b>FUNDING SOURCES</b>						
Fund Transfers						
Operating Fund Transfers In	549,013.00	91,500.00	-	-	-	-
CIP Fund Intrafund Transfers	(456,670.00)	-	75,000.00	-	381,670.00	-
Beginning Balance Redistribution	(1,396,338.00)	-	-	-	1,396,338.00	-
Surcharge 2 Surplus Repayment	107,171.00	-	-	-	-	-
Investment Revenue	-	-	-	-	3,500.00	129.68
<b>PROJECTS</b>						
<b>A - WATER SUPPLY</b>	-	-	-	-	-	-
A-1 - Miscellaneous Pump Replacements	40,000.00	-	-	-	-	-
<b>Total A - WATER SUPPLY</b>	<b>40,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>B - WATER DISTRIBUTION</b>						
B-1 - Service Replacements	30,000.00	-	-	-	-	-
B-2 - Small Meter Replacements	120,000.00	33,728.28	-	-	-	-
B-3 - Large Meter Replacements	5,000.00	-	-	-	-	-
<b>Total B - WATER DISTRIBUTION</b>	<b>155,000.00</b>	<b>33,728.28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL BUDGETED PROJECT EXPENDITURES</b>	<b>195,000.00</b>	<b>33,728.28</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>





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

**Date:** October 19, 2020  
**Subject:** General Manager’s Report  
**Staff Contact:** Timothy R. Shaw

**Recommended Committee Action:**

N/A this item is not reviewed by committee.

**Current Background and Justification:**

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

**Conclusion:**

No Board action is anticipated for this item.

**Board Action / Motion**

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

Ridilla: \_\_\_ Harris: \_\_\_ Jason Green \_\_\_ Gifford \_\_\_ Reisig \_\_\_  
(A) Yea (N) Nay (Ab) Abstain (Abs) Absent



**Date:** October 19, 2020

**Subject:** General Manager Report

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

For the given month, I participated in the following reoccurring meetings and special events: The CalPERS Unfunded Accrued Liability escalations and the exploring of ways to mitigate the escalations dominated the District resources for the reporting period. Additional challenges included substantial interruptions in the availability of internet, email and printing capacity all linked to our existing network server. These server issues were compounded by an unrelated internet office phone system issue, which may have been attributable to our now former phone system service technician. At one point a few weeks ago, the District could not dial out on the phone system and customers who dialed in would receive an automated message indicating “the number you have dialed (916) 991-1000 is no longer in service or has been changed and there is no new number”. The District is very grateful to have procured a new phone service technician, and equally grateful for the support we received from Adept Solutions throughout the network server disruptions. Without Adept’s support and image backup service, the District would have lost months of data requiring many, many person hours to recreate.

1. On Sept 21<sup>st</sup> I met with a WaterSmart representative to receive a demonstration of their current consumption data software and pricing. It had been almost 2-years since I reviewed WaterSmart as an option for providing RLECWD customers with their consumption data.
2. On Sept 21<sup>st</sup> (late morning), A new phone services technician made a site visit to examine the RLECWD office phone system.
3. On Sept 22<sup>nd</sup> I met with the District’s medical, dental, vision insurance broker to discuss the anticipated changes (insurance costs) for the upcoming open enrollment period.
4. On Sept 23<sup>rd</sup> I participated in a webinar with DWR regarding the ongoing process for establishing the efficient outdoor water use quantification.
5. On Sept 24<sup>th</sup> I met with Sacramento Utilities Collaboration Study and the consultant to continue the study progress.
6. On Oct 5<sup>th</sup> (morning) and October 6<sup>th</sup> (afternoon) Ameriprise Financial was onsite to help RLECWD employees’ transition from Nationwide deferred compensation to Empower Retirement deferred compensation

7. On Oct 6<sup>th</sup> All available employees met with the District's medical, dental and vision insurance broker to kick off this year's open enrollment period.

Additional items of interest:

Several office employees continue to participate in partial and alternating remote working practices. The process has worked out very well, and the employees deserve acknowledgement of the cooperation and coordination they have all demonstrated to mutually accomplish lowering the potential for exposure to Corona Virus while meeting the operational needs of the District. These employees routinely work out their daily tasks and scheduled breaks to ensure all bases are covered. This was particularly valuable when the District's network server was dysfunctional and the office phone system was compromised.

The District is currently in progress with a phase 1 pilot study to evaluate the potential for providing customer consumption data to the customers interested in such data through a completely scalable product, i.e. contrasted to a system that charges full price regardless of the number of enrollees.



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

**Date:** October 19, 2020  
**Subject:** District Engineer's Report  
**Staff Contact:** Mike Vasquez, District Engineer

**Recommended Committee Action:**

N/A this item is not discussed at committees.

**Current Background and Justification:**

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

**Conclusion:**

There is no Board action anticipated for this item.

**Board Action / Motion**

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

Ridilla: \_\_\_\_\_ Harris: \_\_\_\_\_ Jason Green \_\_\_\_\_ Gifford \_\_\_\_\_ Reisig \_\_\_\_\_.

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

14 October 2020

**DISTRICT ENGINEER'S REPORT**

**To:** Tim Shaw, General Manager, Rio Linda / Elverta Community Water District  
**From:** Mike Vasquez, PE, PLS, Principal (EKI), District Engineer (RL/ECWD)  
**Subject:** **District Engineer's Report for the 19 October 2020 Board of Directors Meeting**

The District Engineer is pleased to submit this brief update of duties and tasks performed for the period of 18 September 2020 to 14 October 2020:

**1. General District Engineering:**

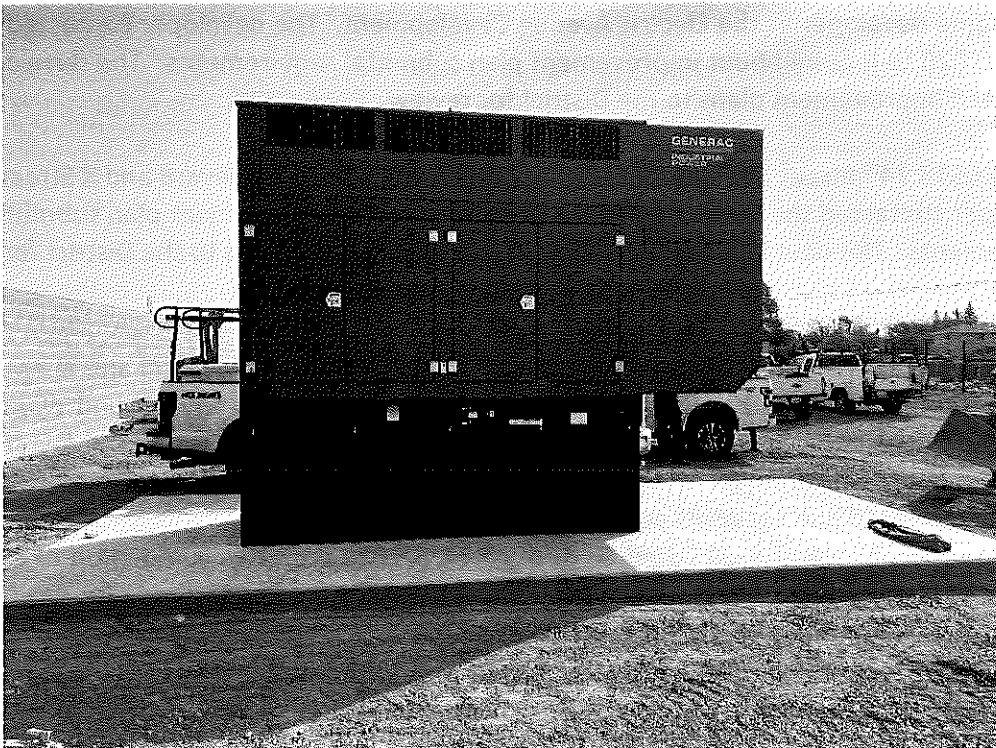
- Electric Avenue Development (7 Lots between Cypress Street and Elverta Road): The District is currently waiting for final improvement plans from the developer for signature and approval of the water facilities design.
- Fox Hollow Development (28 lots 6<sup>th</sup> Street between Q Street and S Street): The District is currently waiting for the developer to pay District plan check and construction inspection fees and for submittal of revised improvement plans.
- 428 West Delano Street Development (5 lots, between El Rio Avenue and Marindell Street): This is the same developer as the Electric Avenue Development. The developer contacted the District on 9/1/2020 to inquire about improvement plan submittal requirements. The developer has not submitted improvement plans to the District for review.
- 6515 & 6533 14<sup>th</sup> Street Development (2 lots, between Elkhorn Boulevard and K Street): The developer contacted the District on 10/14 to inquire about improvement plan submittal requirements. The developer has not submitted improvement plans to the District for review.

**2. Well 16 Pump Station Construction Project:**

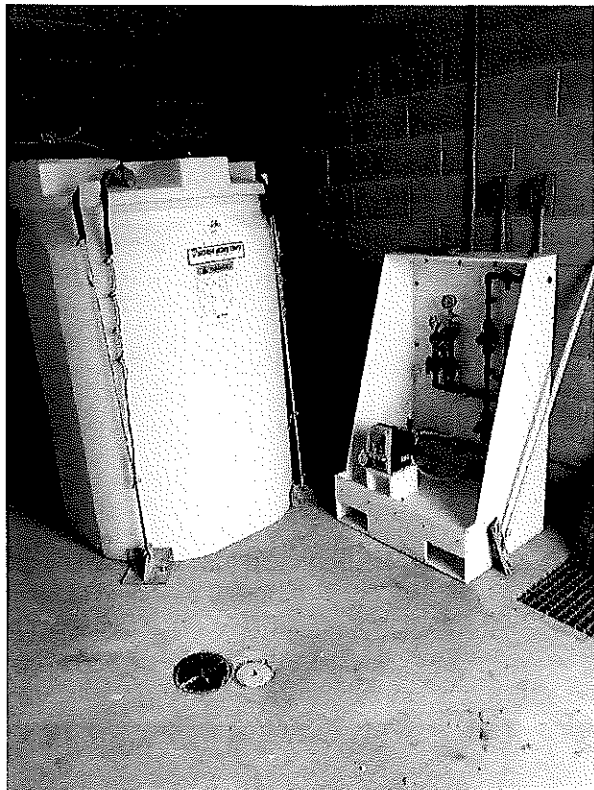
- Over the past month, the construction contractor has continued electrical and chemical work in the control building, and has installed onsite vaults, a portion of aboveground piping, concrete flatwork for the generator and well, earthwork and rock slope protection for the site drainage detention basin and drainage ditch, and fence posts for the wrought iron fence. The generator was also delivered and set on its concrete slab.
- The "three week look ahead" schedule through 11/6/2020 indicates completion of aboveground piping and fencing, installation of the well pump and motor, and preparation for onsite paving.
- To date, have responded to 71 contractor submittals.
- To date, have responded to 31 contractor Request for Information letters.
- Continue to perform ongoing and daily construction management services.
- Progress site pictures are as follows:



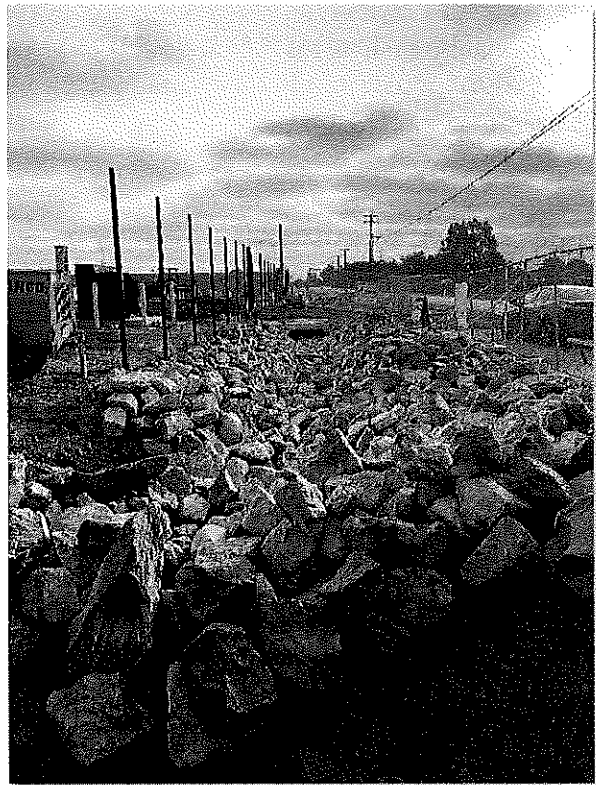
Well 16 site construction progress



Well 16 generator



Well 16 chlorine tank and chemical skid



Well 16 drainage w/ rock slope protection



Well 16 pump to waste air gap structure

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



## Items for Discussion and Action Agenda Item: 4.3

**Date:** October 19, 2020

**Subject:** Independent Auditor's Report for Fiscal Year 2019-2020

**Staff Contact:** Timothy R. Shaw

### **Recommended Committee Action:**

The Executive Committee forwarded the item onto the October 19th Board agenda with the Committee's recommendation for Board acceptance.

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

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

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

### **Conclusion:**

I recommend the Board accept the Independent Auditors Report for fiscal year 2019/2020 and acknowledge staff for another year of excellence in financial reporting.

### **Board Action / Motion**

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

Ridilla:\_\_\_\_ Harris:\_\_\_\_ Jason Green \_\_\_\_ Gifford\_\_\_\_ Reisig\_\_\_\_.

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



## RLECWD Agenda Item Checklist

### Item 4.3

Date

**Initial Potential Meeting Date**

10/19/2020

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

**Consider accepting the Independent Auditor's Report for Fiscal Year 2019-2020**

10/01/2020

**Staff Work Completed**

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

**Committee Review of Item and Staff Work**

10/5/2020

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

**Formal Legal Counsel Review**

N/A

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

**GM Review**

10/15/2020

**Actual Meeting Date Set for Agenda Item**

10/19/2020



Craig R. Fechter, CPA, MST

September 22, 2020

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

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

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

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

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

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

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

##### *Difficulties Encountered in Performing the Audit*

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

##### *Corrected and Uncorrected Misstatements*

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

Board of Directors  
Rio Linda/Elverta Community Water District

*Disagreements with Management*

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

*Management Representations*

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

*Management Consultations with Other Independent Accountants*

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

*Other Audit Findings or Issues*

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

Other Matters

We applied certain limited procedures to the Required Supplementary Information related to pensions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

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

Very truly yours,

Fechter & Company,  
Certified Public Accountants



Sacramento, California

**RIO LINDA/ELVERTA COMMUNITY  
WATER DISTRICT  
ANNUAL FINANCIAL REPORT  
With  
Independent Auditor's Report Thereon  
JUNE 30, 2020 and 2019**

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Annual Financial Report  
June 30, 2020 and 2019

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

### Opinion

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

Board of Directors  
Rio Linda/Elverta Community Water District

**Other Matters**

*Required Supplementary Information*

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

*Other Information*

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

Fechter & Company  
Certified Public Accountants

A handwritten signature in black ink that reads "Fechter & Company, CPAs". The signature is written in a cursive, flowing style.

Sacramento, California  
September 22, 2020

## RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

20

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

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

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

To provide readers with narrative information that may help in understanding and interpreting the information presented in the District's financial statements for the fiscal year ended June 30, 2020 (FY 2019-20).

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

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

Telephone: (916) 991-1000

E-mail: gm@rlcwd.com

### ***Financial Highlights***

The following items are, in the opinion of District management, among the most significant in assessing the District's overall financial activities during FY 2019-20 and its financial position at the close of FY 2019-20.

- ❖ The District's assets exceeded its liabilities by \$11,545,161 as of June 30, 2020, which is an increase of \$1,717,999 compared to June 30, 2019. Total assets increased by \$4,656,687 while total liabilities increased by \$2,973,814. The deferred outflow decreased to \$227,638 and deferred inflows increased to \$102,763 as of June 30, 2020. The District's net investment in capital assets, \$8,842,880, is composed of the capital assets of the District net of related debt – the water transmission and distribution system, water production facilities, land, buildings, and equipment belonging to the District. Unrestricted net assets totaled \$2,121,930, an increase of \$447,308 from the end of FY 2018-19.
- ❖ The District's operating revenues were \$2,800,111 and non-operating revenues were \$1,151,861, totaling \$3,951,972. Water sales to customers totaled 67% of all revenues.
- ❖ The District's total net long-term liabilities were \$10,503,230 and includes the Water Revenue Refunding Bond, State Revolving Fund Loan, Water Meter Replacement Loan, Installment Sales Agreement, Unearned revenue, OPEB Liability, and Net Pension Liability.



**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

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

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

***Statement of Net Position***

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

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

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

Agenda Item 4.3

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

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

Below is a summary analysis of changes:

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

***Changes in Net Position***

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

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

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

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

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

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

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

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

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

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

**CAPITAL ASSETS AND DEBT ADMINISTRATION*****Capital Assets***

As of June 30, 2020, the District's net investment in capital assets was \$8,842,880 including: the water transmission and distribution system (underground pipelines, water services, water meters, fire hydrants, and other components); water production facilities (groundwater wells); land; buildings and both mobile and fixed equipment.

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

***Debt Administration***

The District continues to meet its debt obligations under its Water Revenue Refunding Bonds. Through scheduled debt service payments during 2019-20, principal on its collective debt was reduced by \$139,015 during the year. The District's total debt from its 2016 issuance now stands at approximately \$1.95 million.

The District continues to meet its debt obligations to the State Water Resource Control Board State Revolving Fund (SRF) Loan through scheduled debt service payments during 2019-20, principal on its collective debt was reduced by \$351,402 during the year. The District's total debt from the SRF Loan now stands at approximately \$4.01 million.

The District continues to meet its debt obligation called the Meter Replacement Loan for the AMR/AMI Meter Program capital improvement project. Principal on its collective debt was reduced by \$48,281 during the year. The District's total debt from the Meter Replacement Loan now stands at approximately \$294,205.

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

## RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

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

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

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

### **ECONOMIC FACTORS AND FUTURE BUDGET CONSIDERATIONS**

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

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

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

A complex formula and practices deployed by CalPERS results in a lag between events impacting employee pension Unfunded Accrued Liability (UAL) and the CalPERS implementation of increased annual UAL payments. The net effect of these CalPERS formulas/practices is a much higher total interest amount paid by the employers. Additionally, the ramp up in annual payments is not linear, they increase in the first two years following a change are approximately 2 to 3%. The increase in the subsequent 18-years is in the 15 to 20% range. The increase in the annual payment the District will pay in July 2021 is at least 16% higher than the \$68,000 payment the District paid in July 2020. The District will consider exploring mitigation measures to offset the dramatic annual UAL payments it would otherwise incur.

In September 2017, the District was awarded Prop 84 funding in the amount of \$530,000 for Well 10 Cr6 Treatment Mitigation. The District recently received approval from the Department of Water Resources to reallocate the Well 10 grant to the Well 16 project, an alternative means for Cr6 mitigation. The construction of the Well 16 project is scheduled to be complete in October 2020.

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

**BASIC FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

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

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



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

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

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2020 and 2019

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

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

Reporting Entity: The District was formed on November 9, 1948, and provided water and sewer services. Sewer services were transferred to Sacramento County in 1976. The District no longer provides sewer service. The District currently provides domestic water service and fire flows to approximately 4,640 metered accounts, including procurement, quality, and distribution. The District is governed by a Board of Directors consisting of five directors elected by residents of the District.

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

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

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

## RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

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Notes to Basic Financial Statements  
June 30, 2020 and 2019

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

Basis of Accounting: (continued)

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

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

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

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

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

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

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

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

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2020 and 2019

**NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**Capital Assets: (continued)

Maintenance and repairs are charged to operations when incurred. It is the District's policy to capitalize all capital assets with an initial cost of more than \$5,000 and an estimated useful life in excess of two years. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

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

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

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

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

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

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

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

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements  
June 30, 2020 and 2019

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

Property Taxes: (continued)

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

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

**NOTE 2: CASH AND INVESTMENTS**

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

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

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

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

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements

June 30, 2020 and 2019

**NOTE 2: CASH AND INVESTMENTS - CONTINUED**

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

This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District’s investment policy. During the year ended June 30, 2020, the District’s permissible investments included the following instruments:

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

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

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

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

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements  
June 30, 2020 and 2019

**NOTE 2: CASH AND INVESTMENTS – CONTINUED**

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

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

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

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

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



**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2020 and 2019

**NOTE 2: CASH AND INVESTMENTS - CONTINUED**

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

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

At June 30, 2020, the carrying amount of the District’s deposits were \$6,873,093 and the balances in financial institutions were \$6,850,815. Of the balance in financial institutions, \$1,054,201 was covered and \$5,796,614 was not covered by federal depository insurance. As of June 30, 2020, District investments in the following investment types were held by the same broker-dealer (counterparty) that was used by the District to buy the securities:

Reported Investment Type	Amount
Money market mutual funds	\$ 64,694
Negotiable certificates of participation	460,188

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

## RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements  
June 30, 2020 and 2019

**NOTE 3: CAPITAL ASSETS**

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

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

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2020 and 2019

**NOTE 3: CAPITAL ASSETS – CONTINUED**

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

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

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

## RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

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Notes to Basic Financial Statements  
June 30, 2020 and 2019

**NOTE 4: LONG-TERM LIABILITIES**

2015 Water Revenue Refunding Bonds: On April 1, 2015, the District entered into a loan agreement with Umpqua Bank to issue Series 2015 Water Revenue Refunding Bonds at an interest rate of 3.61%, the proceeds of which were used to provide financing for the refunding and defeasance of the District's 2003 Water Revenue Refunding Bonds. These 2003 Bonds were issued to refund debt used to finance certain capital improvements to the District's water system. Semi-annual principal payments, ranging from \$48,776 to \$136,000, and semi-annual interest payments, ranging from \$1,210 to \$40,642, are due on May 1 and November 1, through November 1, 2031. As of June 30, 2020, the District's loan balance was \$1,952,591.

Safe Drinking Water State Revolving Fund Loan: On June 30, 2011, the District finalized the Safe Drinking Water Loan funding agreement in the amount of \$7,499,045 at an interest rate of 2.57% to be paid over 20 years. The loan proceeds will assist the District in complying with the State safe drinking water standards. The project was completed in June 2015, and the actual borrowed by the District was only \$7,179,073. Semi-annual loan payments of \$230,677 are due on January 1 and July 1, through July 1, 2035. As of June 30, 2020, the District's loan balance was \$4,013,009.

Water Meter Replacement Loan: In July 2015, the District entered into an installment purchase agreement with Holman Capital Corporation for \$499,835 at an interest rate of 3.10% to be paid over 10 years. The agreement is for the acquisition and installation of 813 meters and solar-powered data collectors that will electronically connect to the existing automatic meter reading system, and installation of a dashboard system that will provide water data analytics to detect leaks, high water users, and overall system performance. Semi-annual loan payments of \$29,257 are due on January 23 and July 23, through July 23, 2025. As of June 30, 2020, the District's loan balance was \$294,205.

Installment Sale Agreement: On March 1, 2018, the District entered into an installment sale agreement with Opus Bank for \$3,870,000 at an interest rate of 3.28%. Proceeds from the agreement are for the construction of Well 16 and future wellhead treatment. Semi-annual principal payments, ranging from \$110,000 to \$155,000, and semi-annual interest payments, ranging from \$2,706 to \$49,201, are due on April 1 and October 1, through April 1, 2032. As of June 30, 2020, the District's loan balance was \$3,000,040.

## RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements  
June 30, 2020 and 2019

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

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

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020	Due Within One Year
State safe drinking water loan	\$ 4,364,411	\$ -	\$ (351,402)	\$ 4,013,009	\$ 179,096
2015 water revenue refunding	2,091,606	-	(139,015)	1,952,591	145,736
Water meter replacement loan	342,486	-	(48,281)	294,205	49,789
Opus Bank loan	-	3,210,040	(210,000)	3,000,040	210,000
	<u>6,798,503</u>	<u>3,210,040</u>	<u>(748,698)</u>	<u>9,259,845</u>	<u>584,621</u>
Subtotal bonds and loans payable					
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>

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

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

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements  
June 30, 2020 and 2019

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

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

	Principal	Interest	Total
2021	\$ 594,621	\$ 214,393	\$ 809,014
2022	789,630	245,888	1,035,518
2023	809,796	222,914	1,032,710
2024	835,776	199,380	1,035,156
2025	862,931	175,035	1,037,966
2026-2030	4,434,509	500,339	4,934,848
2031-2032	932,582	26,478	959,060
	\$9,259,845	\$1,584,427	\$10,844,272

Pledged Revenue: The District pledged future water system revenues, net of specified expenses, to repay the 2015 Water Revenue Refunding Bonds in the original amount of \$2,688,622. Proceeds of the refunded bonds funded the acquisition and construction of certain facilities, as indicated above. The Bonds are payable solely from water customer net revenues and are payable through November 2031. Annual principal and interest payments on the Bonds are expected to require less than 80% of net revenues. Total principal and interest remaining to be paid on the Bonds was \$2,323,254 and \$2,523,985 at June 30, 2020 and 2019, respectively.

The District pledged surcharge fee revenues, to repay the 2011 State Safe Drinking Water Loan in the amount up to \$7,499,045. Annual principal and interest payments on the Loan are expected to be fully recovered by the surcharge fees from customers. Total principal and interest paid on the loan from surcharge fees was \$461,355 and \$461,355 for the years ended June 30, 2020 and 2019, respectively. The total surcharge fee revenues were \$525,183 and \$524,907 for the years ended June 30, 2020 and 2019, respectively. The District is required to maintain net revenues at least 1.2 times total annual debt service. The District's surcharge revenues exceeded this requirement at June 30, 2020 and 2019. Total principal and interest remaining to be paid on the Bonds was \$4,571,598 and \$5,032,952 at June 30, 2020 and 2019, respectively.

The District pledged surcharge fee revenues, to repay the installment sale agreement with Opus Bank in the amount up to \$4,094,662. Annual principal and interest payments on the Loan are expected to be fully recovered by the surcharge fees from customers. Total principal and interest paid on the loan from surcharge fees was \$270,312 and \$197,158 for the years ended June 30, 2020 and 2019, respectively. The total surcharge fee revenues were \$436,885 and \$424,996 for the years ended June 30, 2020 and 2019, respectively. The District is required to maintain net revenues at least 1.25 times total annual debt service. The District's surcharge revenues exceeded this requirement at June 30, 2020 and 2019. Total principal and interest remaining to be paid on the Bonds was \$3,000,040 and \$0 at June 30, 2020 and 2019, respectively.

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2020 and 2019

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

Arbitrage Rebate Liability: Section 148(f) of the Internal Revenue Code requires issuers of tax-exempt state and local bonds to remit to the federal government amounts equal to (a) the excess of the actual amounts earned on all “Non-Purpose Investments” allocable to “Gross Proceeds” of an issue of municipal obligations less the amount that would have been earned if the investments bore a rate equal to the amount that would have been earned if the investments bore a rate equal to the yield on the issue, plus (b) all income attributable to the excess. Issuers must make rebate payments at least once every five years and upon final retirement or redemption of the bonds. There was no arbitrage liability at June 30, 2020 and 2019.

**NOTE 5: UNEARNED REVENUE**

In August 2014, the District assigned the right to receive rental income on various cell tower leases for a period of 20 years to Wireless Capital Partners, LLC, in exchange for \$985,101 of cash. The District is also entitled to receive 50% of any rental increases after the expiration of the current leases. The District will recognize the revenue from this agreement over a period of 20 years, or \$49,255 annually. The balance of unearned revenue at June 30, 2020, was \$705,797.

**NOTE 6: NET POSITION**

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

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

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

## RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

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Notes to Basic Financial Statements  
June 30, 2020 and 2019

**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 2019/2020, 2018/2019, and 2017/2018 was 9.680%, 8.892%, and 8.418%, respectively. The required employer contribution rate for the PEPRA plan for fiscal year 2019/2020, 2018/2019, and 2017/2018 was 6.985%, 6.842%, and 6.533%, respectively. The contribution requirements of the plan members and the District are established and may be amended by PERS. The District's contributions for the years June 30, 2020, 2019, and 2018, were \$119,688, \$137,446, and \$126,796, respectively, which were equal to the required contributions each year.

At June 30, 2020, the District reported a liability of \$1,055,771 in the Statement of Net Position for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all Pension Plan participants, which was actuarially determined.



**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2020 and 2019

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

Actuarial Assumptions

The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions. Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees.

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014, through June 30, 2018.

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

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

- (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, 2020 and 2019

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

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

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

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

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

For the fiscal year ended June 30, 2020, the District recognized a pension expense of \$238,194 in its financial statements. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits.

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2020 and 2019

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

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

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

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

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

\$119,688 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

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, 2020 and 2019

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

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

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

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

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

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

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

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

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2020 and 2019

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

Plan Description: (continued)

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

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

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

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

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

Plan membership as of July 1, 2019, consisted of the following:

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

Contributions: The contribution requirements of Plan members and the District are established and amended by the District. Assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. Contributions made on behalf of the plan members for the year ended June 30, 2020 were \$36,563.

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

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements  
June 30, 2020 and 2019

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

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

Actuarial cost method	Entry Age, Level Percent of Pay
Recognition of deferred inflows and outflows of resources	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB
Salary increases	3.00 percent
Inflation rate	3.00 percent
Investment rate of return	5.75 percent, net of OPEB plan investment expense
Healthcare cost trend rate	5.90 percent for 2020; 5.80 percent for 2021; 5.70 percent for 2022; and decreasing 0.10 percent per year to an ultimate rate of 5.00 percent for 2029 and later years

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

Actuarial assumptions used in the July 1, 2018 valuation were based on a review of plan experience during the period July 1, 2018 to June 30, 2019.

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

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

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2020 and 2019

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

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

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

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

Reporting Date	Measurement Date	Long-Term Expected Return of Plan Investments (if any)	Fidelity GO AA 20 Years Municipal Index	Discount Rate
June 30, 2019	June 30, 2019	5.75%	3.13%	5.01%
June 30, 2020	June 30, 2020	5.75%	2.45%	5.75%

Changes in the Net OPEB Liability

The table below shows the changes in the total OPEB liability, the Plan Fiduciary Net Position, and the net OPEB liability during the measurement period ending on June 30, 2020 for the District.

RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT

Notes to Basic Financial Statements  
June 30, 2020 and 2019

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

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

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

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

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



**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2020 and 2019

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

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

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

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

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

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

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

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss. The amortization period for the change in assumptions is 8.4 years.

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2020 and 2019

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

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

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

Net OPEB Expense

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

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

**NOTE 9: INSURANCE**

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

**RIO LINDA/ELVERTA COMMUNITY WATER DISTRICT**

Notes to Basic Financial Statements  
June 30, 2020 and 2019

**NOTE 9: INSURANCE – CONTINUED**

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

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: SUBSEQUENT EVENT**

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

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

**REQUIRED SUPPLEMENTARY INFORMATION**

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

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

Last 10 Fiscal years\*

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

**CALPERS - Schedule of District contributions:**

Last 10 Fiscal Years\*

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

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

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

Last 10 Fiscal years\*

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

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



## Items for Discussion and Action

### Agenda Item: 4.4

**Date:** October 19, 2020

**Subject:** Authorization for Legal Counsel Review of Engagement Documents with Financial Advisor

**Staff Contact:** Timothy R. Shaw

#### **Recommended Committee Action:**

The October 5<sup>th</sup> Executive Committee forwarded an item onto the October 19<sup>th</sup> Board agenda to allow the Board to consider, among other related aspects, authorizing engagement with CalMuni Advisors. The purpose of the contemplated engagement was to assist the District in exploring and implementing mitigations to offset the sharply rising annual payments to CalPERS for Unfunded Accrued Liability (UAL).

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

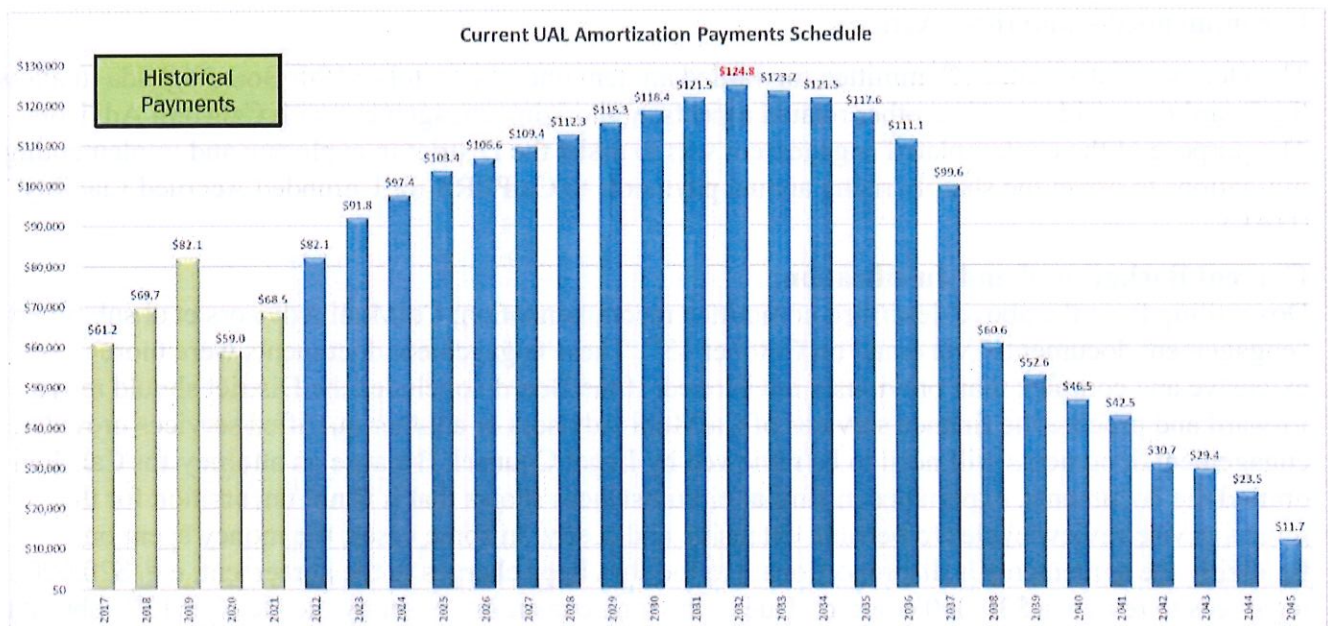
Dovetailing from the above described committee recommendation; CalMuni Advisors et al submitted “engagement documents” via email on October 13<sup>th</sup>. These engagement documents were more extensive and complex than previously envisioned. If the Board concludes the District should move forward and procure the finance services of CalMuni Advisors or another qualified services provider, engagement documents will need to be reviewed by Legal Counsel. Because an attorney for CalMuni drafted the documents, experience in similar circumstances shows that it is not uncommon for the review-revise-review cycles to become extensive and costly. In some cases, the money spent on finalizing the agreements is disproportionate to the stipulated charges in the agreement, e.g. \$20,000 in legal fees to review a \$30,000 contract. Due to the time constraints beset by the October 13<sup>th</sup> submittal of engagement documents, and the complexity of those documents, The agenda item associated with the Committee’s recommendation has intentionally been modified to focus on Board authorization for Legal Counsel review.

The windfall of time to review complex and legally significant engagement documents presents an opportunity to consider additional service providers (in addition to CalMuni Advisors) and more thoroughly evaluate the options for mitigating the sharp escalations in annual UAL payments. The original thinking behind the Committee forwarding the action items including the engagement documents (sans review by Committee) was the impact of the sharp escalations in the District’s operating cost to the currently ongoing (nearly complete) cost of service analysis and rate structure

study. The intension was to avoid delays and revisions in the cost of services analysis /rate study by enabling the Board to authorize and quantify mitigations for the sharply escalating operating costs associated with annual UAL payments.

The annual Unfunded Accrued Liability (UAL) payment is a minimum payment on the unfunded accrued liability. Over the past decade, skyrocketing UALs are directly responsible for cities and other municipalities declaring bankruptcy. In simple terms, the UAL is the total amount the District owes the pension fund in order for the pension fund to meet the District’s obligations to its employees (past and present) for the current set of facts, assumptions and circumstances. Even though the District may have made every one of the required normal costs payments for every pay period, an unfunded liability is created whenever something changes, e.g. the facts, assumptions, or circumstances change. In a timely example, the CalPERS pension fund investments did not perform as assumed for the past two fiscal years, i.e. the return on investment was less than 7% for both 2019 and 2020. Whenever that happens, the District’s UAL increases.

An illustration of how dramatically the annual UAL payment can increase is the difference between they July 2020 payment of approximately \$68,000 and the anticipated July 2021 payment of approximately \$82,000 an increase of more than 20%. A similar large percentage increase is currently projected for July 2022. The figure below illustrates the sharp escalations in annual UAL payments assuming the District does nothing to offset the escalations and further assuming no additional changes to the pension’s performance and assumptions, e.g. under performing, changing the default rate of return, updating mortality stats etc.



A large influence on the amount the District pays in annual UAL payments is interest. The UAL is financed over 20-years. The District’s current UAL is approximately \$1.1 million. Assuming nothing changes, good or bad, the District will pay over \$900,000 in interest for the \$1.1 million debt at 7% interest over the next 20-years. **The debt the District owes to the CalPERS pension fund is the most expensive debt the District has.** If the District borrowed \$1.1 million at 3.5% interest, paid down the current UAL and made loan payments instead of UAL payments, the District would substantively save the ratepayers/taxpayers money for the next 20-years. Alternatively, if the District pays down the debt faster by paying more than the minimum annual UAL payment and stipulates the Additional



Discretionary Payment be applied to a specific amortization base, the resultant re-amortization would also reduce the subsequent annual UAL minimum payments.

The rate structure study and cost of service analysis has been underway for months. I have confirmed that the draft cost of service analysis performed by the consultant had inadvertently not yet contemplated large (20%) increases in annual UAL payments. The operating costs and budgets data provided to the consultant by staff for employment costs were consolidated into one figure (as opposed to expressing pay and pension costs separately). Commensurate with the data format provided by staff, the consultant applied a conservative inflation adjustment (e.g. Cost of Living Adjustments) to the anticipated employment costs. A 20% increase in UAL payments is far greater than the typical 2.5% inflation adjustment. The consultant has confirmed the cost of service analysis, as currently drafted, needed to be revised and the recommended rates increases over the 5-years span of the rate adjustment process will need to be revised accordingly. This cause and effect presumes the District does not take any mitigation measures to offset (completely or partially) the impact of the sharp increases in annual UAL payments currently forecasted by CalPERS. This is one of the reasons this topic was on the Executive Committee agenda and why Committee forwarded the service provider engagement onto the October 19<sup>th</sup> Board agenda.

The appropriate Board actions under the above described facts and circumstances would be to consider authorizing Legal Counsel review of any engagement documents related to contracting with an appropriately qualified financial services provider to explore and implement mitigations of the escalating annual UAL payments. It may be appropriate to request an estimate of the costs from Legal Counsel for such review.

**Conclusion:**

I recommend the Board authorize Legal Counsel review of finance advisor services provider engagement documents. It may be appropriate for the motion to stipulate a not to exceed amount for the authorized cost of such review.

**Board Action / Motion**

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

Ridilla:\_\_\_\_ Harris:\_\_\_\_ Jason Green \_\_\_\_ Gifford \_\_\_\_ Reisig\_\_\_\_\_.

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

RLECWD Agenda Item Checklist

Item 4.4

Date

**Initial Potential Meeting Date**

10/19/2020

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

**Consider authorizing Legal Counsel review of agreements and similar documents associated with engaging a financial advisor services provider to explore and implement mitigations for the rapid escalations in CalPERS annual unfunded accrued liability (UAL) payments.**

10/01/2020

**Staff Work Completed**

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

**Committee Review of Item and Staff Work**

10/5/2020

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

**Formal Legal Counsel Review**

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

N/A 10-15-2020  
JK

**GM Review**

10/15/2020

**Actual Meeting Date Set for Agenda Item**

10/19/2020



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

**Date:** October 19, 2020

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

**Staff Contact:** Timothy R. Shaw

**Recommended Committee Action:**

N/A this item was not discussed at Committee due to the timing of the submitted request.

**Current Background and Justification:**

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

At least one of these requests does not include a justification that could be reasonably relied upon to defend the District from claims of gifts of public funds and/or arbitrary enforcement of existing policies. It would necessary and appropriate to request guidance (informal, at the meeting) from RLECWD Legal Counsel prior to considering such a request.

**Conclusion:**

Review each request, seek feedback from Legal Counsel and staff, then consider Board action as appropriate for each of the customer submitted requests.

**Board Action / Motion**

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

Ridilla:\_\_\_\_ Harris:\_\_\_\_ Jason Green \_\_\_\_ Gifford \_\_\_\_ Reisig\_\_\_\_.

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

## RLECWD Agenda Item Checklist

## Item 4.5

Date

**Initial Potential Meeting Date**10/19/2020

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

**Consider customer requests for Board review of billing issues.**

**Staff Work Completed**

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

N/A**Committee Review of Item and Staff Work**

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

N/A**Formal Legal Counsel Review**

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

N/A**GM Review**10/15/2020**Actual Meeting Date Set for Agenda Item**10/19/2020



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

Account Holder: [Redacted] Account #: 1156001  
Service Address: [Redacted]

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

- Account Deposit Amount: \$ \_\_\_\_\_
- Delinquency Notice Fee Amount: \$ \_\_\_\_\_
- 48 Hour Notice Fee Amount: \$ \_\_\_\_\_
- Service Charges Amount: \$ 69.99 , 87.81
- Shutoff Fee Amount: \$ \_\_\_\_\_
- Tampering Fee Amount: \$ \_\_\_\_\_
- Other Amount: \$ \_\_\_\_\_

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

Total: \$ 157.80

Justifying Information to Support Your Request: Our bill went up drastically during the last 2 billing cycles. We have checked for leaks 3 times now and brought a plumber the last time. There are no leaks  
Your equipment is old and stopped working during this time. We are certain these bills are in error.

(Attached additional sheets if necessary)

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

Signed: [Redacted] Date: 10-9-2020

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

**Business Office**

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

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

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

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

Amortization Agreement on File: \_\_\_\_\_ YES X NO

Additional Information: \_\_\_\_\_

We have paid our bills on time for 15 years on this property and another in the area. There is obviously an error in billing which we hope to see resolved.

**Resolution of the Issue and Feedback to Customer:**

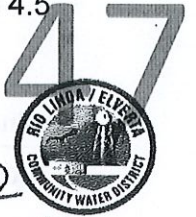
Board Action Taken: \_\_\_\_\_

Customer was contacted by \_\_\_\_\_ Phone, \_\_\_\_\_ US mail, \_\_\_\_\_ Email.

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

Appropriate adjustments made to the account: Date: \_\_\_\_\_ Initials: \_\_\_\_\_

Notes added to the account: Date: \_\_\_\_\_ Initials: \_\_\_\_\_



# Rio Linda Elverta Community Water District

## Request for Consideration of Billing Issues by the Board of Directors

Account Holder: [Redacted]

Account #: 15063002

Service Address: [Redacted]

Rio Linda, CA 95673

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

- Account Deposit Amount: \$ \_\_\_\_\_
- Delinquency Notice Fee Amount: \$ \_\_\_\_\_
- 48 Hour Notice Fee Amount: \$ 40.00
- Service Charges Amount: \$ \_\_\_\_\_
- Shutoff Fee Amount: \$ \_\_\_\_\_
- Tampering Fee Amount: \$ \_\_\_\_\_
- Other Amount: \$ \_\_\_\_\_

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

Total: \$ \_\_\_\_\_

**Justifying Information to Support Your Request:** I received a late notice in the mail saying I didn't pay my bill, but I had sent my payment in. I called the day I received the notice and spoke to a lady who said that she would take off the \$5.00 late fee and that either the office or mail was behind. My check was never cashed. I then received a 48 hour notice on my door with a \$40 tag fee. I've never had an issue with not paying my bill in 20 years!

(Attached additional sheets if necessary)

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

Signed: [Redacted]

Date: 10/2/20

**Account Holder Contact Information:**  
 In case you are unable to attend the Board Meeting, please provide with your preferred method for us to contact you regarding the Board's decision.  
 Email Address: [Redacted]  
 Phone Number: [Redacted]  
 US Mail (provide mailing address): [Redacted] Rio Linda, CA 95673

**Business Office**

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

\_\_\_\_\_ Number of times Delinquency Notice sent in the past 12 months

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

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

Amortization Agreement on File: \_\_\_\_\_ YES \_\_\_\_\_ NO

Additional Information: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Resolution of the Issue and Feedback to Customer:**

Board Action Taken: \_\_\_\_\_

\_\_\_\_\_

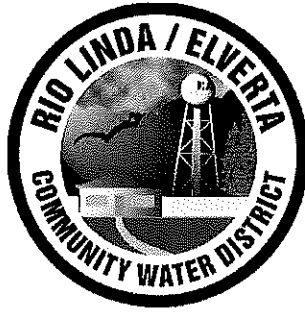
Customer was contacted by \_\_\_\_\_ Phone, \_\_\_\_\_ US mail, \_\_\_\_\_ Email.

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

Appropriate adjustments made to the account: Date: \_\_\_\_\_ Initials: \_\_\_\_\_

Notes added to the account: Date: \_\_\_\_\_ Initials: \_\_\_\_\_





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

**Date:** October 19, 2020

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

**Staff Contact:** Timothy R. Shaw

**Recommended Committee Action:**

N/A

**Current Background and Justification:**

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

**Conclusion:**

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

**Board Action / Motion**

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

Ridilla: \_\_\_\_\_ Harris: \_\_\_\_\_ Jason Green \_\_\_\_\_ Gifford \_\_\_\_\_ Reisig \_\_\_\_\_.

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



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

**Date:** October 19, 2020

**Subject:** District Reports

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

**1. DISTRICT ACTIVITY REPORT**

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

# RIO LINDA/ELVERTA C.W.D. 2020

## REPORT OF DISTRICT OPERATIONS

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### SOURCE WATER DATA

#### Water Production (Million Gallons)

January	February	March	April	May	June	Year To Date	
37.6	40	45.5	57.9	95.9	118.9		
37,607,740	40,007,134	45,529,919	57,951,598	95,888,048	118,923,764		
July	August	Sept.	Oct.	Nov.	Dec.		
130.7	119.2	108.1				753.80	
130,737,920	119,197,727	108,134,465					
Gallons = Multiply M.G. by:		1,000,000	<b>Monthly Total</b>		Gallons		753,978,315
Cubic Feet = Divide gallons by:		7.48	108,134,465		Cubic Feet		100,799,240
Hundred Cu Ft. = Divide cu. ft. by:		100	14,456,479		Hundred Cubic Feet		1,007,992
Acre Ft. = Divide gallons by:		325,829	144,565		Acre Ft.		2,314
			331.87				

### DISTRIBUTION SYSTEM DATA

#### Water Quality Complaints

#### Complaints Total (Low Psi Complaints)

January	February	March	April	May	June	Year To Date
0	1 (1)	1 (1)	4 (4)	2 (2)	5 (5)	
July	August	Sept.	Oct.	Nov.	Dec.	
1 (1)	0	2 (2)				16

#### New Services

New Construction	0	0
Existing Homes	1	1
Paid prior to increase. (2 not installed)	0	0
<b>Total of Service Connections to Date -----&gt;</b>		<b>4641</b>

#### Distribution System Failures/Repairs

Deterioration September 1 thru 30	14	75
Damaged September 1 thru 30	2	4

#### Bacteriological Sampling

Routine Bacteriological Samples (Distribution System)	20	156
Raw Water Bacteriological Samples (at Wells)	11	33

#### September 1, 2020 - September 30, 2020

<b>15 - Distribution leaks repaired by District staff, 1 - by Contractor or with Contractor assistance.</b>		
<b>Work Orders Issued -</b>	<b>Work Orders Completed - 53</b>	<b>USA's Issued - 89</b>
Change Out Meter - 68	Change Out Meter - 2	
Disconnect Service - 2	Disconnect Service - 1	
Flow Test - 1	Flow Test - 1	
Get Current Read - 3	Get Current Read - 3	
Install New Service - 1	Line Leak - 2	
Line Leak - 3	Possible Leak - 13	
Other Work - 4	Pressure Complaint - 2	
Possible Leak - 19	Repair - 2	
Pressure Complaint - 2	New Service Quote - 1	
Repair - 2	Tag Property - 6	
New Service Quote - 1	Turn Off Service - 2	
Tag Property - 5	Turn On Service - 2	
Turn Off Service - 2		
Turn On Service - 2		

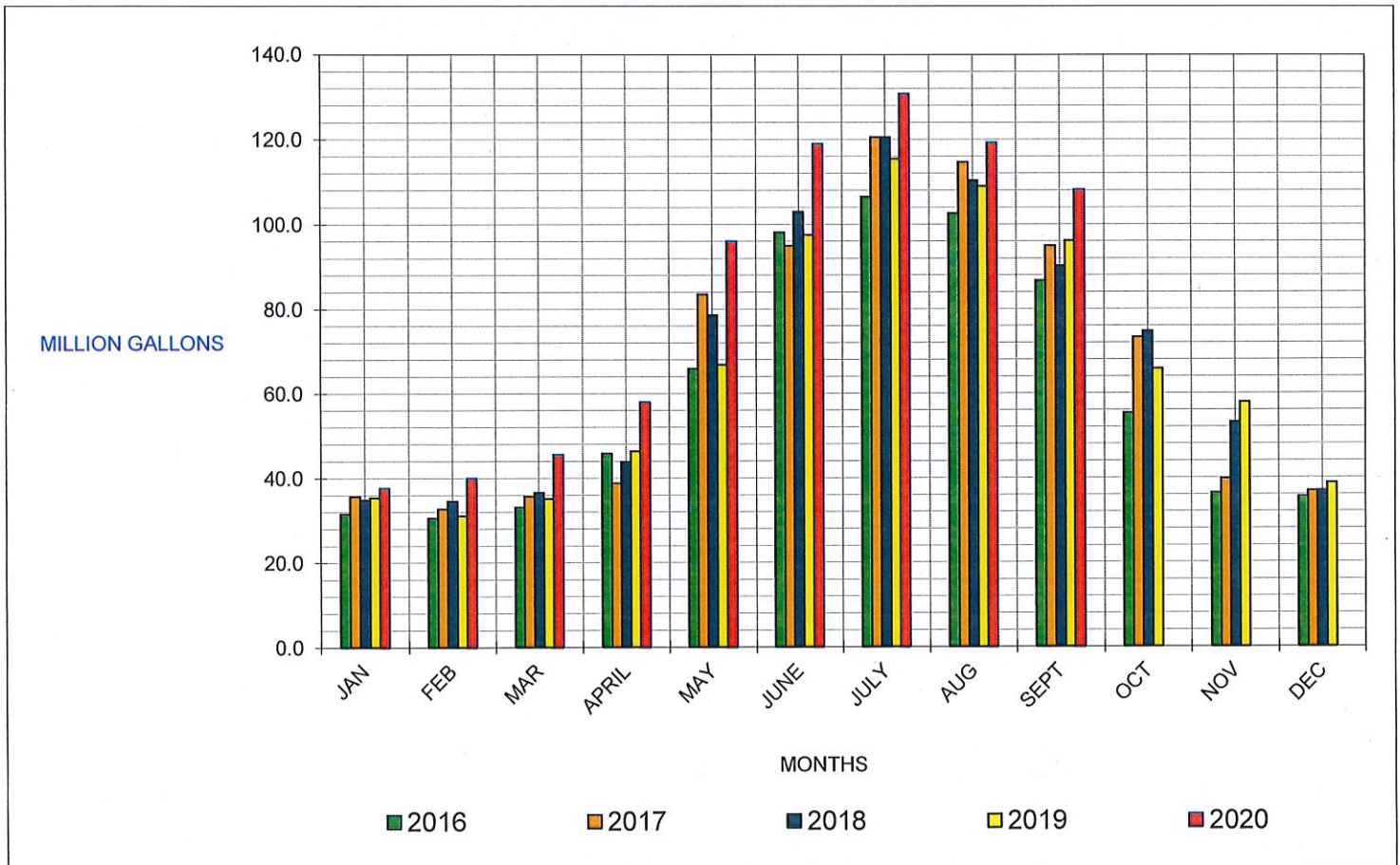
**CORRECTION MADE TO AUGUST 2020 PRODUCTION TOTAL. (August 2020 data input error)**

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

### WATER PRODUCTION

2016 \ 2020

Month	Water Production in Million Gallons						SSWD Water Purchases				
	2016	2017	2018	2019	2020	Avg.	2016	2017	2018	2019	2020
JAN	31.5	35.6	34.8	35.3	37.6	35.0	0.0	0.0	0.0	0.0	0.0
FEB	30.5	32.7	34.5	31.1	40.0	33.8	0.0	0.0	0.0	0.0	0.0
MAR	33.0	35.6	36.5	35.1	45.5	37.1	0.0	0.0	0.0	0.0	0.0
APRIL	45.8	38.8	43.7	46.3	57.9	46.5	0.0	0.0	0.0	0.0	0.0
MAY	65.9	83.4	78.5	66.8	95.9	78.1	0.0	0.0	0.0	0.0	0.0
JUNE	98.0	94.9	102.9	97.5	118.9	102.4	0.0	0.0	0.0	0.0	0.0
JULY	106.4	120.5	120.5	115.4	130.7	118.7	0.0	0.0	0.0	0.0	0.0
AUG	102.6	114.6	110.3	108.9	119.2	111.1	0.0	0.0	0.0	0.0	0.0
SEPT	86.7	94.9	90.1	96.1	108.1	95.2	0.0	0.0	0.0	0.0	0.0
OCT	55.2	73.2	74.7	65.8		67.2	0.0	0.0	0.0	0.0	
NOV	36.3	39.7	53.1	57.8		46.7	0.0	0.0	0.0	0.0	
DEC	35.4	36.7	36.8	38.7		36.9	0.0	0.0	0.0	0.0	
<b>TOTAL</b>	<b>727.3</b>	<b>800.6</b>	<b>816.4</b>	<b>794.8</b>	<b>753.8</b>	<b>784.8</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>





**PENDING AND COMPLETED ITEMS  
10-19-2020 BOARD OF DIRECTORS MEETING**

1. **Rate Study / Cost of Service Analysis.** The meeting with the consultant confirmed that the Consultant was using inaccurate information on employee costs (specifically due to annual Unfunded Accrued Liability payments to CalPERS.) The corrected data was provided to the Consultant and the Consultant was directed to begin work on a revision to correct this error and the preceding error on Capital Improvement Project beginning balance. **Pending**
2. **SB-606 and AB-1668 planning for compliance** – See status of pending item 1, which is directly prerequisite to completing this item. **Pending**
3. **Evaluate options for mitigating the upward spiral in annual payments to CalPERS for UAL** – Additional details on the status of this issue are thoroughly provided in Agenda Item 4.4 on the 10-19-2020 Board agenda. **Pending**
4. **Create a New Position Description for Customer Service Tech 2:** Received a follow up phone call from Teamster Local 150. Appropriately sharable details include the ball is now in my court to draft a proposed pay scale that integrates into the current pay scales of tangible positions. Such a drafted, proposed pay scale for the proposed Customer Service Tech 2 position could then be reviewed (by both Teamsters and the Board) in context with the proposed position description. **Pending**
5. **Hexavalent Chromium MCL economic feasibility** There have been no further announcement since the April 27<sup>th</sup> stakeholders workshop. Nevertheless, it is reasonably expected that the economic feasibility process is continuing as announced and on-schedule. **Pending**
6. **Annual Independent Financial Audit for fiscal year ending 6-30-2020** – The annual Independent Auditor's report has been submitted and is on the 10-19-2020 Board agenda for consideration. **Pending**
7. **New bank account for segregating funding for future capital improvement** – a new account established to preclude any comingling of capital improvement project funding was established. The new account will provide improved clarity and transparency for assessing the status of capital improvement project funding. **Completed**



**Information Items**  
**Agenda Item: 5.2**

**Date:** October 19, 2020

**Subject:** Board Reports

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

**2. BOARD REPORTS**

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

**SACRAMENTO GROUNDWATER AUTHORITY  
REGULAR MEETING OF THE BOARD OF DIRECTORS  
Thursday, October 8, 2020; 9:00 a.m.**

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**AGENDA**

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

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

**Note: Pursuant to the Governor's Executive Order N-29-20, and given the state of emergency regarding the threat of COVID-19, the meeting will be held via teleconference.**

We encourage Board members and participants to join the meeting 10 minutes early. Note that we will use GoToMeeting to share slides and other information during the meeting. Use the link below to join GoToMeeting. If you have a microphone that you can use with your computer, it should be possible to both listen to, and participate in, the meeting through GoToMeeting. If you do not have a microphone, or a headset with a microphone, that plugs into your computer via USB port, you will need to call into the conference line to listen and comment, although you still should be able to view the meeting materials on GoToMeeting. Please do not simultaneously use a microphone through GoToMeeting and the telephone conference line. That combination results in audio problems for all participants.

**Meeting Information:**

Please join my meeting from your computer, tablet or smartphone.

**<https://global.gotomeeting.com/join/150451413>**

You can also dial in using your phone.

**United States: +1 (872) 240-3311**

Access Code: **150-451-413**

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

**3. CONSENT CALENDAR**

Minutes of August 13, 2020 meeting

**Action: Approve August 13, 2020 meeting minutes**

**4. SGA GOVERNANCE**

Information Presentation: Chris Sanders, Counsel

**5. SACRAMENTO CENTRAL GROUNDWATER AUTHORITY**

Information and Discussion: Jim Peifer, Executive Director

**6. SUSTAINABLE GROUNDWATER MANAGEMENT ACT (SGMA)-RELATED AND GROUNDWATER MANAGEMENT PROGRAM UPDATES**

Information Update: Rob Swartz, Manager of Technical Services

**7. APPOINTMENT OF NOMINATIONS COMMITTEE FOR 2021 SGA OFFICERS**

**Action: Chair Sheehan to Appoint Nominations Committee for 2021 SGA Officers**

**8. EXECUTIVE DIRECTOR'S REPORT****9. DIRECTORS' COMMENTS****ADJOURNMENT**

**Next SGA Board of Director's Meeting** – December 10, 2020, 9:00 a.m. at the RWA/SGA office, 5620 Birdcage Street, Ste. 110, Citrus Heights, the location is subject to change depending on the COVID-19 emergency

Notification will be emailed when the SGA electronic packet is complete and posted on the SGA website at <http://www.sqah2o.org/meetings/board-meetings/>.



DRAFT

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**Agenda**

3x3 Committee - SCGA Staffing  
October 9, 2020 8:30 am to 10:30 am

**Please join my meeting from your computer, tablet or smartphone.**

<https://global.gotomeeting.com/join/224311813>

**You can also dial in using your phone.**

United States: +1 (571) 317-3122

**Access Code: 224-311-813**

**Participants**

RWA: Kerry Schmitz, Sean Bigley, Cathy Lee [Note: Sean Bigley is on vacation on 10/9/2020]

SGA: Caryl Sheehan, Brett Ewart, Robert Reisig

SCGA: Todd Eising, Paul Schubert, Dalia Fadl

Staff: John Woodling, Jim Peifer, Rob Swartz, Josette Reina-Luken

**1. Conceptual Staffing Plan and Preliminary Estimated Costs [Peifer, Swartz]**

*See ORG chart. The additions under Manager of Tech Services will all be engineers or geologists and the addition of an Admin Assistant is to help keep the complicated finances in line. The Resiliency Manager is exclusive to RWA, duties and costs to be covered by SGMA and part of their job will be to seek Federal and State Grant monies. This is just a product of the initial thoughts of management. RWA staffing is in flux, this proposal is just a baseline level and how SGMA changes staffing needs is still unknown.*

*One comment was the Executive Director is going to be spread thin between three organizations and over 40 board members between the three organizations.*

*Rob Schwartz's level may be expanded to cover some executive needs.*

*Another solution would be chairs of the different organizations take a bigger role in organization operation. Consultants are being planned to be brought in for specific projects to we won't get permanent staff expansion.*

*GSP's are due by Jan 2022 but DWR might take 2 years to review and approve the GSP. Staffing can't be set in stone and will have to be flexible.*

**2. Benefits to the Authorities – [All]**

**3. Potential Issues – [All]**

**a. Inefficiency of the three organizations**

- *Book keeping, different functions different funding techniques different and time consuming auditing processes and needs.*
- *Do we need 2 Ground Water agencies?*
  - a. **Risk to employees of three organizations**

## DRAFT

- *Pay scales balanced and brought into alignment*
- *CalPers benefits aligned-hire an ERISA attorney (probably the same one that did the CalPers modifications for SGA and RWA) sooner than later*

### 4. Schedule [Woodling]

*See handout to come*

### 5. Transition Considerations [All]

- a. How will SCGA Functions be handed off to RWA?
  - i. GSP to be completed by SCGA Staff and Consultants?
  - ii. Stable Funding for the SCGA. How fast can funding be put into place?
  - iii. Financial matters

### 6. Services [All]

- a. Need to acquire independent counsel for SCGA.
- b. SCGA to obtain CalPERS Counsel

### 7. Next Steps

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

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October 5, 2020  
6:00 P.M.

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

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

**Public Comment None**

**Items for Discussion:**

1.	Discuss the options to mitigate the rapidly increasing annual CalPERS Unfunded Accrued Liability (UAL) payments.
a.	Discuss the impact on the ongoing cost of service analysis for mitigating and not mitigating UAL escalation.
<p><i>The General Manager introduced Dmitry Semenov and Cameron Weist of CalMuni Advisors. Mr. Semenov guided the Executive Committee through a presentation which comprehensively explained the causes of sharply escalating annual payments to CalPERS for the Districts Unfunded Accrued Liability (UAL). The presentation then briefly explained the options available to reduce the total amount the District will pay to CalPERS for UAL over the next 15 to 30 years. Mr. Semenov paused as necessary to answer questions from the Committee.</i></p> <p><i>The General Manager then explained that the current draft of the Cost of Service Analysis and Rate Structure Report does not account for the sharp escalation in annual UAL payments. As such, if the Board declines to mitigate these escalations, the District needs to advise the rates study consultant that the cost of service will sharply rise over the term of the multi-year rates being contemplated. The Board needs to understand that choosing status quo for UAL annual payments will result in higher rates to cover the cost of financing \$1.1 million at 7% interest over the next 25-years.</i></p> <p><i>The Executive Committee forwarded the item onto the October 19<sup>th</sup> Board agenda. Among the options presented, the Executive Committee most strongly supports the municipal loan option to reduce both the total interest the District would otherwise pay to CalPERS to finance the \$1.1 million UAL debt at 7% interest, and also reduce and stabilize the annual payments for UAL.</i></p>	
2.	Review and discuss the expenditures of the District for the month of August 2020.
<p><i>The Executive Committee forwarded the August 2020 Expenditures Report onto the October 19<sup>th</sup> Board agenda with the Committee's recommendation for Board Approval.</i></p>	
3.	Review and discuss the financial reports for the month of August 2020.
<p><i>Director Reisig asked about the land asset value in the August Financials Report; specifically, if the value expressed was due to the acquisition of the Well #16 Pumping Station parcel. The General Manager explained that data included in the monthly report is not exclusive of transactions well beyond the reporting period, i.e. did not just occur in August 2020. To illustrate, the General Manager pointed to the Capital Facilities field in the report and explained that the District did not acquire \$21 million in facilities in the month of August.</i></p> <p><i>The Executive Committee forwarded the August Financial Reports onto the October 19<sup>th</sup> Board agenda with the Committee's recommendation for Board approval.</i></p>	
4.	Discuss independent auditors report for fiscal year 2019-2020.

*Director Green expressed his appreciation to staff for another exceptional audit. Director Green particularly expressed his appreciation for the Management Discussion and Analysis section of the report, which provides clear and understandable information on the financial condition of the District both now and looking ahead.*

*The Executive Committee forwarded the item onto the October 19<sup>th</sup> Board agenda with the Committee's recommendation for Board acceptance.*

5. Status update on annual pipe replacement project capital improvement.

*The Contract District Engineer explained the progress made to date (and recent limitations on process) in exploring the feasibility of a time and materials contract for annual pipe replacements. Mr. Vasquez expressed an estimation of 75% completion. The Executive Committee requested a few clarifications on likely areas in the District Service for initial projects.*

*The Executive Committee directed staff to follow up with the completed evaluation at the November Executive Committee meeting.*

6. Status update on customer water consumption hardware and software pilot project.

*The General Manager augmented the Agenda Item report. The General Manager explained that the five Innov8 registers were delivered on September 30<sup>th</sup> and were installed at 2 staff members' water service, 2 Board Members' water service and 1 Commercial-Industrial-Institutional (CII) water service. When the devices are calibrated and programmed to match the water meters to which the devices have been paired, we should be able to access Water Scope consumption data and evaluate this option as a feature customers can use to decide for themselves on the need for water consumption modifications. The current Neptune 360 software provides consumption data. However, the alternatives to Water Scope quotes are not scalable to the number of interested customers, i.e. the annual costs for the alternatives are the same price regardless of the number of customers enrolled.*

*Staff will continue to update as future Executive Committee meetings.*

7. Update from Contract District Engineer

*The Contract District Engineer augmented his written report with additional, up-to-the-minute details on the status of engineering projects and correspondence with developers and contractors.*

8. Request to borrow District equipment from a community benefit non-profit

*The General Manager augmented the Agenda Item reports to explain the benefits of his relevant experiences in such matters prior to his engagement at RLECWD. The General Manager explained that if such requests by community benefit non-profits become more regularly occurring, and/or entities without the formal tax-exempt status regularly request the same benefit, it might become prudent to adopt a policy. In the meantime, the General Manager assured the Committee that staff will confirm the requesting entity meets all requisite criteria, and affirm the requesting entity is properly trained/experienced in the safe transportation and use of the equipment.*

**Directors' and General Manager Comments: None**

**Adjournment: 7:30**

Next Executive Committee meeting: Monday, November 2, 2020 at 6:00 p.m. Remote (no in-person attendance)