

**SAN JUAN
WATER DISTRICT**
GRANITE BAY, CALIFORNIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Cover Photo: Middle Fork American River – this is your water! The District has pre and post 1914 water rights for 33,000 acre feet of water from the American River. The water flows from the Sierra Nevada Mountain Range through the American River into Folsom Lake where the water is diverted to the Sidney N. Peterson Water Treatment Plant.

SAN JUAN WATER DISTRICT
 ANNUAL COMPREHENSIVE FINANCIAL REPORT
 For the Fiscal Year Ended June 30, 2021

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INTRODUCTORY SECTION

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Directors

Edward J. "Ted" Costa

Marty Hanneman

Kenneth H. Miller

Dan Rich

Pamela Tobin

General Manager

Paul Helliker

December 15, 2021

To: Members of the Board of Directors San Juan Water District and Ratepayers of the San Juan Water District

We are pleased to present the Annual Comprehensive Financial Report (ACFR) for the San Juan Water District (District) for the fiscal year ended June 30, 2021 (fiscal year 2021).

REPORT PURPOSE AND ORGANIZATION

The purpose of this letter is to introduce the basic financial statements and provide an analytical overview of the District's financial activities. The information presented in this ACFR is intended to provide financial information with all the disclosures necessary to enable the District's customers, investment community and general public to assess the District's financial condition. Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A, which can be found immediately following the report of the independent auditors.

The ACFR is published in accordance with State law that requires financial statements be published within twelve months of the close of each fiscal year, and be presented in conformity with GAAP and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. It is also prepared to meet reporting standards set forth by the Government Finance Officers Association (GFOA). This report contains management's representations concerning the finances of the District. Management is responsible for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed to both protect the District's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Richardson & Company, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2021, are free from material

misstatement. Information on the audit, and the auditor's opinion, can be found in the Independent Auditor's Report beginning on page 1.

ABOUT THE DISTRICT

Not everyone who reads this report is familiar with our District and it is hard to understand a government's finances without knowing something about the entity and how it operates. Let us tell you a little about the San Juan Water District!

History

The District was formed as a result of petitions being presented to the Board of Supervisors of Sacramento and Placer Counties by Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company and a group of homeowners in South Placer County. An election was held within the boundaries of the sponsoring districts on February 10, 1954. At this election, voters approved the formation of the San Juan Water District by nearly a two-thirds majority and elected five Directors. The District is a community services district formed under Section 60000 et seq., Title 5, Division 3 of the California Government Code.

The District provides water on a wholesale and retail basis to an area of approximately 17 square miles for retail and 46 square miles for wholesale (which includes the retail area) in Sacramento and Placer Counties.

The District's wholesale operations include: protecting access to reliable and sufficient water supplies; operating and maintaining a surface water treatment plant; operating and maintaining treated water storage; pumping and transmission facilities; delivering treated water to five retail agency customers (San Juan Water District retail division, Fair Oaks Water District, Citrus Heights Water District, Orange Vale Water Company and the City of Folsom); and providing the administrative support necessary to successfully carry out those functions.

San Juan's retail operations consist of operating and maintaining storage, pumping, transmission and distribution facilities, which deliver water to approximately 10,700 retail service connections located in a portion of Northeast Sacramento County and the Granite Bay area of South Placer County, and providing the administrative, customer service, water efficiency and engineering support necessary to successfully carry out those functions.

Mission Statement

The District's mission is to ensure the delivery of a reliable water supply of the highest quality at the lowest reasonable price.

Water Supply

The District's existing water supply consists of three separate raw water contracts. The first source of water comes from a settlement contract with the U.S. Bureau of Reclamation (Reclamation) whereby it is required to deliver the District's pre-1914 and post-1914 water rights water from the American River, totaling 33,000 acre-feet. The second source is a water service contract with Reclamation for 24,200 acre-feet of Central Valley Project water. The District secured a long-term (40 year) renewal of this contract in 2006. The third water source is a contract with Placer County Water Agency for up to 25,000 acre-feet of water.

All sources of surface water are either stored or flow through Folsom Lake and delivery is taken at Folsom Dam outlets, either by gravity or pumped by the U. S. Bureau of Reclamation Folsom Pumping Plant. Total raw water delivery for the fiscal year 2021 was 38,005 acre-feet.

In response to the recent drought and in preparation of future drought conditions, the District recently partnered with two nearby water districts, Placer County Water Agency and the Sacramento Suburban Water District, to construct inter-ties to allow water supplies to be shared and transferred if normally available supplies are reduced and/or inadequate to meet immediate demands for either district.

Water Efficiency

The District has long been a proponent and practitioner of cost effective water efficiency programs. The implementation of these programs has been highly successful and the District complies with best management practices that are required by the Sacramento Area Water Forum Agreement, California legislation SBx7-7 (2009), the California Department of Water Resources, and the Central Valley Project Improvement Act.

The District's water efficiency programs include:

- Water Awareness Poster Contest and Calendar – Since 1992, the District and its wholesale agency customers, Citrus Heights and Fair Oaks water districts and Orange Vale Water Company, have promoted water awareness at the elementary school level through an annual water conservation poster contest.
- Rebate Program – The District provides rebates for the purchase of high-efficiency washing machines, and hot water on-demand recirculation systems as well as irrigation efficiency rebates to both residential and non-residential customers.
- Free Programs – District staff provides free indoor and outdoor water audits, leak detection, and recommendations to improve irrigation system performance. Staff also creates landscape water budgets and irrigation schedules to improve efficiency. The District conducts and hosts a variety of workshops on drip systems and proper irrigation techniques, landscape design, soil health, tree maintenance, controller management and other water efficiency topics. A speakers' bureau is available to talk to groups about water efficiency programs and water supply and reliability issues.
- Water Efficient Landscape (WEL) Garden – Located behind the District's administrative office are gardens to inspire visitors to create a water efficient landscape that looks beautiful every season. The garden demonstrates efficient irrigation and non-water-using materials to create a beautiful landscape.

The benefits of these programs include more cost-effective and efficient use of water and increased customer awareness of the importance of water efficiency to contribute to future reliability of water supplies.

The District became 100% metered and began billing all customers on a metered rate on January 1, 2005.

Water Treatment Plant

The District's water treatment facility, the Sidney N. Peterson Water Treatment Plant (WTP), was constructed in three phases beginning in 1975 and completed in 1983. The WTP includes two flocculation-sedimentation basins, two filter basins, an operations building and a covered 62-million-gallon storage reservoir. Major upgrades and improvements to the WTP have been made over the years, including increasing its maximum seasonal capacity (May 15th to September 30th) to 150 million gallons a day (mgd) from its original 100 mgd. Those past upgrades, and ongoing efforts to identify and implement projects and process improvement to increase efficiency, cost effectiveness, and productivity, all contribute to the District's success in reliably satisfying customer demands while continuing to meet or exceed all Federal and State regulatory requirements.

The WTP receives delivery of raw water directly from Folsom Dam outlets. The raw water undergoes an extensive water treatment process to ensure the highest quality of water for all customers. From the WTP, the water flows into the District's 62 million gallon Hinkle Reservoir for storage and distribution. The District maintains approximately 222 miles of transmission and distribution pipelines, which transport the high quality treated water to wholesale and retail customers.

During the fiscal year 2021, the District worked on and/or completed several capital improvement projects to improve the water system reliability:

- Water Treatment Plant Filter Basins Rehabilitation – includes cleaning, repairing, and resurfacing the basin walls and floors.
- Hinkle Reservoir Cover and Liner Replacement Design– critical to operations, the Hinkle Reservoir is a 62-million-gallon earthen reservoir, lined and covered with hypalon, which is a flexible membrane used to protect the water from contamination. The hypalon was installed in 1981 with an estimated life of 25 years. Regular maintenance has extended its life but it is now in need of replacement.
- Hinkle Reservoir Temporary Tanks – this project was completed in anticipation of the Hinkle Reservoir Cover and Liner Replacement. The tanks will be used to provide water storage while the Hinkle Reservoir is being relined.
- Design and Construction of Residual Area Storm water Lift Station – directs the water that is in the sludge back to the Treatment Plant for re-processing.
- Upper and Lower Granite Bay Pump Station Low Flow Pumps Replacement – due to ongoing droughts and conservation efforts, water demands are reduced and the current pumps are oversized. Adding the low flow pumps will reduce operating costs and the wear and tear on the larger pumps.

Other projects underway in the fiscal year 2021-2022 will continue to improve and efficiently maintain District water facilities.

Accounting System and Budgetary Controls

The District operates on a fiscal year that runs from July 1 through June 30. The District's accounting records are maintained using the accrual basis of accounting. The revenues of the District are recognized when they are earned and the expenses are recognized when they are incurred.

The District staff works with the Finance Department to develop the annual budget. The budget is used as a management tool for projecting and measuring revenues and expenses. The process typically begins in

January when managers begin developing their budget requests to fulfill the District’s mission, goals and objectives for the next fiscal year. The Finance Department prepares the proposed budget which is presented to the Board of Directors in May for their review. A public hearing is usually held in June, with anticipated finalization and adoption scheduled for the following meeting or ideally no later than June 30th. The District is legally required to adopt a budget by September 1st of the budget year.

Enterprise Operations

The District is one legal enterprise but is accounted for as two separate enterprise operations. The financial management and accounting for the two enterprise operations is recorded separately; with an operating and a capital outlay fund for each enterprise. However, for financial reporting purposes all four funds are presented in a consolidated report. As additional information, the accounting for the four funds on a budget versus actual basis is provided.

FACTORS AFFECTING FINANCIAL CONDITION

Economic Outlook

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific economy within which the District operates. The District is located in Northern California approximately 20 miles Northeast of Sacramento and between the Cities of Folsom and Roseville. The District spans two counties in the region with the wholesale-only service area primarily in Sacramento County, and the wholesale/retail service area primarily within Placer County. Consistent with the national economy, the region as a whole has been experiencing decreases in unemployment due to the COVID-19 pandemic. Placer County’s unemployment rate decreased from 11.1% in June 2020 to 5.5% in June 2021¹. Sacramento County’s unemployment rate also declined, from 13.6% to 7.5% over the same time period¹. The national average unemployment rate in June 2021 was 5.9%². Placer County unemployment rate is slightly better than the national average and Sacramento County is slightly behind.

In spite of the pandemic, total assessed property values in both counties have improved. Placer County has experienced a 5.3% increase in assessed property values in fiscal year 2020-2021 over the prior fiscal year³, and Sacramento County experienced a 6.0%⁴ increase in fiscal year 2020-2021 values the prior fiscal year. The San Juan Water District is located in a relatively low growth area of both counties. There were 24 more service connections for the current fiscal year, which represents a growth rate of approximately 0.22% for the year.

Water Supply Outlook

As a result of California’s severe multi-year drought that began in 2013, the State required the District’s retail enterprise to achieve a 36% reduction in water use from June 2015 through February 2016, and a 33% reduction in water use from March through May 2016, as measured against 2013 usage. Over that time

1 California Employment Development Department

2 United States Department of Labor - Bureau of Labor Statistics

3. Placer County Auditor-Controller

4. Sacramento County Auditor-Controller

period the District achieved an actual overall reduction in use of 35.6%. In June 2016, the State's mandate was lifted.

Though increasing slightly over the last few years, water demands have not fully rebounded to pre-drought levels. This was anticipated as some customers have permanently modified their landscapes to use less water.

In July 2021 Governor Newsom signed an executive order encouraging all Californians to reduce water use by 15% as 50 of the state's 58 counties were in a drought-related state of emergency. On October 19, 2021 he issued a proclamation extending the drought emergency statewide and further urging Californians to step up their water conservation efforts as the western U.S. faces a potential third dry year.

On May 31, 2018, Governor Brown signed legislation intended to help the state better prepare for droughts and climate change by establishing various water efficiency mandates. The legislation requires: district-wide water budgets that will continue the need for programs to reduce indoor and outdoor water use by residential customers; increase water use efficiencies by commercial customers; and, requires agencies to address distribution system water loss. The State is currently working with stakeholders on the development of various standards and measures necessary to implement these new mandates, which become effective over the next few years.

California's increasing regulatory focus on reducing water use over the last decade or so, and financial lessons learned during drought periods, prompted the District, and many other water agencies, to begin to modify its rate methodology to shift charges from being primarily volumetric based to being focused on fixed cost recovery regardless of usage. This refinement provides better long-term alignment of revenues with costs.

Under its five-year financial plan and rate schedule, discussed further below, the District has applied its rate increases to the daily (fixed) base rate, as opposed to the volumetric rate. This will result in a shift in the proportion of total revenue derived from the base rate from 55% a year ago, to close to 70% of total rate revenues by the end of the five-year plan horizon in 2022, which aligns more closely with the ratio of the District's fixed versus variable costs. The financial plan and rate schedule currently being considered by the ratepayers and Board of Directors continues this shift towards the base rate for one more year. Subsequent rate increases are proposed to apply to the base rate and the volumetric rate equally. This rebalancing has helped strengthen the District's financial stability.

Long-term Financial Planning

In order to ensure funds are available to meet both operating and capital needs, the District (for both Wholesale and Retail Operations) established a financial planning process with development of a Master Plan that contains a review of current infrastructure, and that recommends projects for a 20 to 30-year period. The District then estimates current and future operating needs, and works with a rate consultant to develop a water rate study and financial plan.

The District's last Wholesale and Retail Financial Plan's resulted in a five-year rate plan. The last rate increase went into effect January 2021. With the Retail Master Plan updated in December 2020, the District has been working on the next Retail Financial Plan and is in the process of conducting community workshops to share the plan and the resulting recommended three-year rate schedule. The public hearing,

required by Proposition 218, is scheduled for January 12, 2022. The Board of Directors is expected to vote on the proposed rate schedule at the January 26, 2022 board meeting.

An update to the Wholesale Master Plan is currently underway. Once complete the District will commence work on the Wholesale Financial Plan and Rate Study. It is anticipated that any proposed rate increases would not go into effect until January 2023.

Relevant Financial Policies

The District's adopted budget document contains a listing and explanation of relevant financial policies, including reserve policies. Information regarding District reserves can be found in Note H to the Financial Statements.

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the San Juan Water District for its annual comprehensive financial report for the fiscal year ended June 30, 2020. In order to be awarded a Certificate of Achievement, a government must publish as easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of the annual comprehensive financial report was made possible by the dedicated services of the entire staff of Finance, Retail Operations (Water Efficiency, Customer Service, Engineering Services, and Field Services), and Wholesale Operations. This specifically includes the continuing support of the Board of Directors of the District in the planning and implementation of the financial affairs of the District.

Respectfully Submitted,



Donna Silva, CPA

Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**San Juan Water District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrill

Executive Director/CEO

SAN JUAN WATER DISTRICT
List of Elected and Appointed Officials June 30, 2021

BOARD OF DIRECTORS – ELECTED OFFICIALS

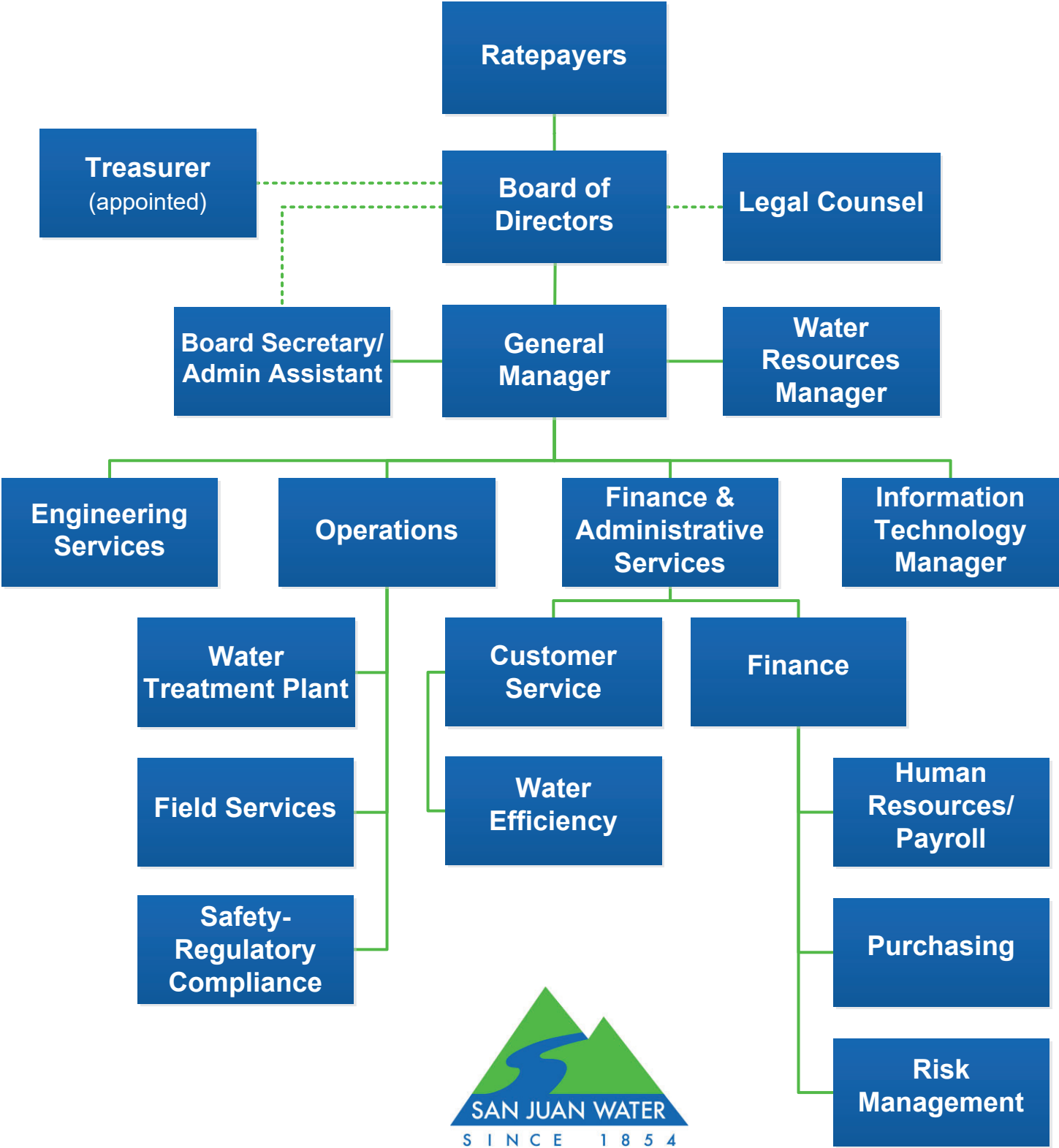
<u>Title</u>	<u>Name</u>	<u>Term</u>
President	Pamela Tobin	12/2016 – 12/2024
Vice President	Kenneth H. Miller	12/2016 – 12/2024
Director	Edward J. “Ted” Costa	12/2014 – 12/2022
Director	Marty Hanneman	10/2017 – 12/2022
Director	Dan Rich	12/2014 – 12/2022

STAFF – APPOINTED OFFICIALS

General Manager	Paul Helliker
Administrative Assistant/Board Secretary	Teri Grant
Director of Finance/Treasurer	Donna Silva
Operations Manager	Tony Barela
Customer Services Manager	Lisa Brown
Engineering Services Manager	Andrew Pierson
Field Services Manager	Adam Larsen
Water Treatment Plant Manager	Greg Turner

Organization Chart by Functional Area

As of June 30, 2021



FINANCIAL SECTION

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Sacramento, California 95825
Telephone: (916) 564-8727
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Juan Water District
Granite Bay, California

Report on the Financial Statements

We have audited the accompanying financial statements of San Juan Water District (the District), which comprise the statement of net position as of June 30, 2021, and the related statements of revenues, expenses, changes in net position, and cash flows for the year then ended and the related notes to the financial statements.

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 audit. We conducted our audit 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.

To the Board of Directors
San Juan Water District

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2021 and the changes in financial position 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 as well as accounting systems prescribed by the State Controller's Office and State regulations governing special districts.

Emphasis of Matters

As discussed in Note J to the financial statements, the District's actuary applied Section 3.7.7(c)4 of Actuarial Standard of Practice No. 6, as revised, and determined age adjusted health insurance premiums are not necessary in the calculation of the District's net other postemployment benefits (OPEB) liability, and therefore, the Implicit Rate Subsidy is not applicable in calculating the total projection of benefits payments. Had the actuary included age adjusted health insurance premiums in the calculation of the net OPEB liability, the OPEB liability may have been significantly larger in the amount. Our opinion is not modified with respect to this matter.

Report on Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and the required supplementary information 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.

Report on Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's financial statements. The introductory section, supplemental information for Wholesale operating and capital and Retail operating, capital asset rollforward schedules for Wholesale and Retail, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated, in all material respects, in relation the basic financial statements as a whole.

To the Board of Directors
San Juan Water District

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations and contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Richardson & Company, LLP

December 15, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

In order to enhance the information provided in the transmittal letter, management offers this narrative overview and analysis of the financial activities of the San Juan Water District (District) for the fiscal year ended June 30, 2021 (Fiscal Year 2021). We encourage readers to consider the information here in conjunction with that transmittal letter, which can be found on pages i-vii of this report. The information is intended to provide a better understanding of the District's financial operations and performance.

HIGHLIGHTS

The District's activities vary, sometimes significantly, from year to year resulting in changes to the District's revenues, expenses and capital project spending and overall cash flows. Those activities that affected District revenues and expenses most notably for the period ending June 30, 2021 are highlighted below.

- For the period ended June 30, 2021, the District supplied 12,184 acre-feet of water to 10,696 retail connections, compared to 11,412 acre-feet of water to 10,672 connections in the prior fiscal year. This, combined with an effective 8% rate increase that went into effect of January 1, 2020, resulted in total retail water sale revenues of \$13.9 million, an increase of \$1.2 million or 9.3%, from the prior year.
- Investment Income declined by \$667,466 from the prior year. This 82.3% decline is due to pandemic related market conditions. Interest income fell by \$266,449 from the prior year, due to lower interest rates caused by the Fed's actions to stimulate the economy. For example, the average rate of return on the State of California Local Agency Investment Fund (LAIF) fell from 1.934% in fiscal year 2020 to just 0.5% in Fiscal Year 2021. The remaining decline is due predominately to changes in market value of the District's managed investment portfolio.
- Loss on Disposal of Capital Assets declined by \$3,520,423 from the prior year. The District completed the re-lining of the Fair Oaks 40" pipeline in the prior year. This project re-lined just over 2 miles (11,000 feet) of the pipeline with mortar, extending the life of the pipe by approximately 40 years. Because the project replaced portions of the pipeline that were not yet fully depreciated, the District wrote off \$3.5 million of assets as a loss on disposal. No such large disposal occurred in the current year.
- Revenue from Contributed Assets increased by \$503,871 from the prior year. When the District determines existing District facilities are inadequate to serve a development project, or a new single service connection, the new service or services are not allowed to connect into the system until the applicant makes arrangements with the District for a main line extension or for water facilities improvements in accordance with Ordinance 130000. Usually this results in the developer or applicant constructing the new facilities and donating them to the District. In the prior year there was only one development who donated assets. In the current year there were four development projects and one lot split, leading to the increase in the revenue from Contributed Assets.
- Capital Charges and Other Capital Revenue increased by \$807,759 over the prior year. This increase is driven by an increase in Capital Facility Fees collected in both the wholesale and retail divisions. While all new development pays these fees, the timing is dependent upon when the developers choose to move forward with their projects. The real estate market prompted many

developers to move forward with their projects in the current fiscal year, resulting in the increase in these revenues over the prior year.

- Following on the heels of a July 2020 rating upgrade, Fitch Ratings affirmed the Districts AA+ bond rating on July 8, 2021, citing the District's "very strong financial profile in the context of very strong revenue defensibility and very strong operating risk profiles".

OVERVIEW OF THE FINANCIAL STATEMENTS

The four sections of the District's financial statements are: 1) introductory section, 2) financial section, 3) supplemental information section, and 4) statistical section.

The Introductory Section includes the letter of transmittal, list of Board of Directors and Staff, and organization chart.

The Financial Section includes the auditor's report, management's discussion and analysis and basic financial statements. The District's basic financial statements are comprised of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows. The Statement of Net Position presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these items reported as net position. When evaluated over a period of time, increases or decreases in net position may serve as an indicator of whether the financial position of the District is improving or deteriorating. The Statement of Revenues, Expenses and Changes in Net Position reflects the revenues and expenses for the fiscal year ended. The Statement of Cash Flows shows the sources and uses of cash in the operating, non-capital, capital and related financing, and investing activities. The notes provide in-depth information that is vital to gaining a full understanding of the data provided in the financial statements. The notes to the financial statements begin on page 17.

The Required Supplementary Information Section provides information on the funding progress of the District's pension and postemployment benefits plans.

The Supplemental Information Section provides additional information on administrative and general expenses and budget versus actual comparisons.

The Statistical Section provides additional information not contained in the financial section on District activities.

FINANCIAL ANALYSIS OF THE DISTRICT

Unlike a private company, as a government agency, the District is not in the business to make a profit. The District has two major financial goals, which are:

1. Recovering the cost of providing services to its constituents and other customers, and
2. Securing the financial resources needed to maintain and improve the capital facilities used in providing those services.

The financial statements assist a reader in determining whether the District is meeting these goals. In general, net position provides a realistic indicator of a government's financial position. For the fiscal year ending June 30, 2021, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$81,790,139. In the prior year, assets exceeded liabilities by \$75,357,039.

A summary of the Statement of Net Position follows:

Statement of Net Position			
	2021	2020	Change
Assets			
Current Assets	\$ 36,519,994	\$ 32,778,270	\$ 3,741,724
Capital Assets, Net	86,733,722	83,983,889	2,749,833
Other Noncurrent Assets	146,176	302,454	(156,278)
Total Assets	<u>123,399,892</u>	<u>117,064,613</u>	<u>6,335,279</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	1,580,165	1,684,134	(103,969)
Deferred Pensions Related Outflows	2,481,330	3,214,842	(733,512)
Deferred Other Post Employment			
Benefits Related Outflows	744,524	638,519	106,005
Total Deferred Outflows of Resources	<u>4,806,019</u>	<u>5,537,495</u>	<u>(731,476)</u>
Liabilities			
Current Liabilities	4,313,855	3,858,284	455,571
Noncurrent Liabilities	40,114,295	40,687,352	(573,057)
Total Liabilities	<u>44,428,150</u>	<u>44,545,636</u>	<u>(117,486)</u>
Deferred Inflows of Resources			
Deferred Pension Related Inflows	1,421,893	2,037,117	(615,224)
Deferred Other Post Employment			
Benefits Related Inflows	565,729	662,316	(96,587)
Total Deferred Inflows of Resources	<u>1,987,622</u>	<u>2,699,433</u>	<u>(711,811)</u>
Net Position			
Net Investment in Capital Assets	53,859,693	49,887,084	3,972,609
Unrestricted	27,930,446	25,469,955	2,460,491
Total Net Position	<u>\$ 81,790,139</u>	<u>\$ 75,357,039</u>	<u>\$ 6,433,100</u>

As shown in the table above, total assets increased \$6.34 million or 5.4% compared to the prior fiscal year. This change was due to a \$3.74 million increase in current assets from additional investments (\$2.95 million), wholesale receivables (\$360,750) and retail billing receivables (\$310,405). Capital Assets also increased by \$2.75 million primarily due to \$4.70 million capital projects in progress (\$2.07 million for Water Treatment Plant Filter Basins Rehabilitation and \$2.30 million for the Hinkle Reservoir Re-lining) plus \$968,668 in small new assets, which was offset by \$3.92 million in depreciation.

Deferred Outflows of Resources decreased by 13.2% or \$731,476. Most of the decrease is attributable to pension related deferred outflows, predominately due to difference between the District's actual contributions and the District's proportionate share of the pooled plans contributions between the prior and current year.

Total liabilities decreased by \$117,486 (less than 1%) from the prior year. The decrease is due to an increase in current liabilities with a larger decrease in non-current liabilities. Current liabilities were \$455,571 larger

than the previous year primarily due to a \$155,699 increase in retentions payable related to construction projects not completed at the end of the fiscal year (e.g., Filter Basin Rehabilitation), an increase of \$115,237 for construction related deposits payable, and an increase of \$165,205 in accounts payable which is also related to the Filter Basin Rehabilitation project. Non-current liabilities were \$573,057 lower than the prior year, due to a \$1.37 million decrease in the bond debt, which was offset by an increase of \$865,772 in pension liability.

Deferred Inflows of Resources also decreased by \$711,811 or \$26.4%. Most of the decrease is due to pension related inflows, due to a \$1,066,770 decrease in the District's proportion of the pooled plan offset by a \$525,538 increase in the difference between the District's contributions and the proportionate share of contributions in the pooled plan.

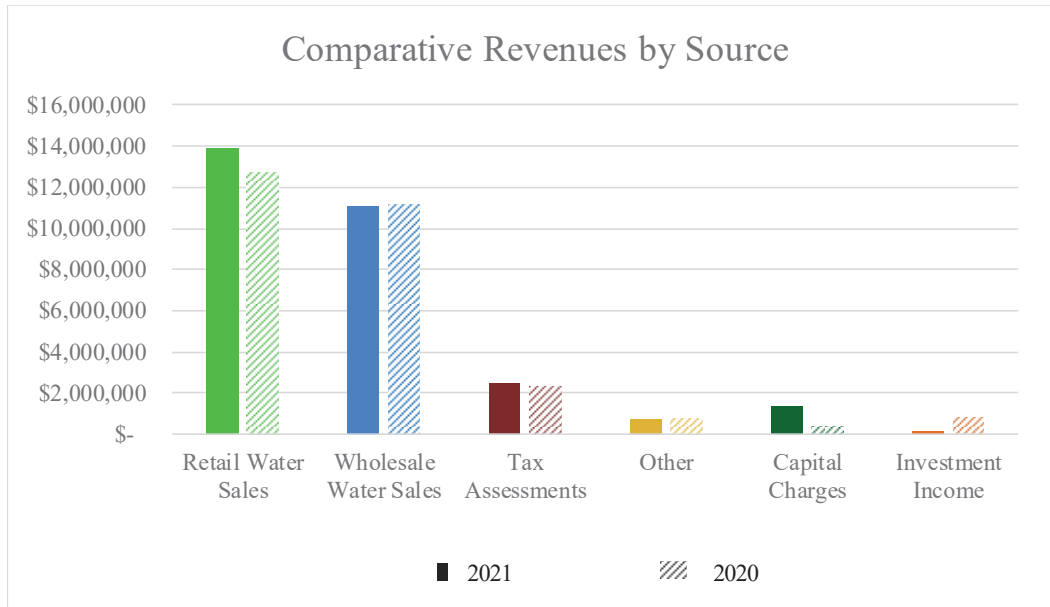
The District realized an overall increase in net position of \$6.43 million for the year ended June 30, 2021. The components of net position as of June 30, 2021 are:

- Net Investment in Capital Assets: is the largest portion of the District's net position, 65.9%, and reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. In the prior year, net investment in capital assets represented 66.2% of net position. The District utilizes capital assets to serve its customers; therefore, these assets are not available for future spending. While the District's investment in capital assets is reported net of related debt, be aware that the funds needed to repay this debt must be contributed from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- Unrestricted Net Position represents resources available to the District to utilize in the future for various needs. The Board of Directors has designated the unrestricted net position for various specific purposes. An explanation of these reserve funds can be found in Note H to the financial statements. Unrestricted Net Position increased by \$2.46 million due to revenues exceeding expenses.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	<u>2021</u>	<u>2020</u>	<u>Change</u>
Revenues			
Wholesale Water Sales	\$11,077,962	\$11,157,014	\$ (79,052)
Retail Water Sales	13,902,296	12,716,838	1,185,458
Tax Assessments	2,431,477	2,328,700	102,777
Investment Income	143,967	811,433	(667,466)
Other Operating Revenue	534,464	548,179	(13,715)
Other Non Operating Revenue	<u>213,839</u>	<u>202,148</u>	<u>11,691</u>
Total Revenues	<u>28,304,005</u>	<u>27,764,312</u>	<u>539,693</u>
Expenses			
Operations	8,869,549	8,873,393	(3,844)
Source of Supply	4,186,231	4,158,215	28,016
Administration and General	3,111,632	2,934,726	176,906
Depreciation	3,915,737	3,845,702	70,035
Interest Expense	1,307,036	1,352,612	(45,576)
Retirement (OPEB) & Pension Benefits	2,313,614	2,244,459	69,155
Other Non-Operating Expenses	159,282	63,499	95,783
Loss on Disposal of Capital Assets	-	3,520,423	(3,520,423)
Total Expenses	<u>23,863,081</u>	<u>26,993,029</u>	<u>(3,129,948)</u>
Change in Net Position Before Capital Contributions	<u>4,440,924</u>	<u>771,283</u>	<u>3,669,641</u>
Capital Contributions			
Contributed Assets	571,871	68,000	503,871
Capital Charges and Other Capital Revenue	1,420,305	612,845	807,460
Total Capital Contributions	<u>1,992,176</u>	<u>680,845</u>	<u>1,311,331</u>
Change in Net Position	6,433,100	1,452,128	4,980,972
Net Position, Beginning of Year	<u>75,357,039</u>	<u>73,904,911</u>	<u>1,452,128</u>
Net Position, End of Year	<u>\$81,790,139</u>	<u>\$75,357,039</u>	<u>\$ 6,433,100</u>

As shown in the table above, the District's net position increased by \$6.43 million for the period ended June 30, 2021. Revenues were relatively stable, increasing 1.9%, which was largely due to an increase from retail water sales. Expenses decreased 11.6% or \$3.13 million mainly because of the \$3.49 million disposal/replacement of the assets related to Fair Oaks 40" Pipeline Relining project that were disposed of before being fully depreciated in the prior year. Revenues exceeded expenses resulting in the increase in net position. Capital Contributions increased by \$1.31 million primarily due to an increase of \$804,460 in capital facility fees collected for new construction and an increase of \$503,871 in conveyed infrastructure for new subdivisions. Year over year changes are more fully described and depicted below.



Water Sales:

Combined water sales (wholesale and retail) represent 88.3% of District revenues (excluding Capital Contributions). Combined water sales increased \$1.11 million from the prior year.

- Revenues from Wholesale Water Sales decreased by \$79,052, a negligible change from the prior year.
- Wholesale Customers: Revenue from water sold to the wholesale customers increased by \$111,448 over the prior year. Several factors converged to produce this result:
 - The District treated and delivered a total of 38,005 acre-feet of water to its wholesale customers in fiscal year ended June 30, 2021, as compared to 36,292 acre feet the year prior. The additional 1,713 acre feet sold resulted in additional revenues of \$134,564.
 - On January 1, 2020 the fixed quarterly service charge was decreased by 4.15% from the prior calendar year passing along savings realized from the refinancing of the 2009 Certificates of Participation. On January 1, 2021 the fixed quarterly service charge was increased by 5%. The two changes to the fixed quarterly service charge resulted in revenues that were \$23,116 less than the prior fiscal year.
- Wholesale Non-Service Area Sales and Revenue: The District had agreements in place with three entities outside of the wholesale service area during the fiscal year ending June 30, 2021, as follows:
 - Carmichael Water District: 81.72 acre feet delivered generating revenues of \$8,172
 - City of Roseville: two different take or pay contracts resulting in payments of \$93,188.
 - Sacramento Suburban Water District (SSWD): SSWD relies primarily on groundwater to serve its customers but occasionally purchases raw water from the Placer County Water Agency (PCWA). When they do so, they pay the District to treat the raw water on their behalf. SSWD is only able to purchase raw water from PCWA when the estimated March-November unimpaired inflow to Folsom Reservoir is 1.6 million acre-feet or more, creating uncertainty in their surface water supply availability. During the fiscal year the District and SSWD negotiated

two separate, concurrent agreements wherein the District sold SSWD treated water, as opposed to simply treating SSWD’s water purchased from others. A total of 4,768 acre feet of water was sold to SSWD under these agreements, yielding revenues of \$1,316,005, \$198,718 less than revenues received from SSWD in the prior year, when the District treated 7,812 acre feet of water for SSWD. But for these new agreements there would have been little to no revenues from SSWD this fiscal year.

- Revenues from Retail Water Sales increased by \$1.19 million from the prior year, an increase of 9.3%. The increase is attributable to an effective rate increase of 8% on January 1, 2020 and 6% on January 1, 2021, as well as a 7% increase in consumption.

Tax Assessments:

Revenues from Property Taxes increased by \$102,777 or 4.4%, a result of increasing assessed values within both Sacramento and Placer counties.

Other Revenues:

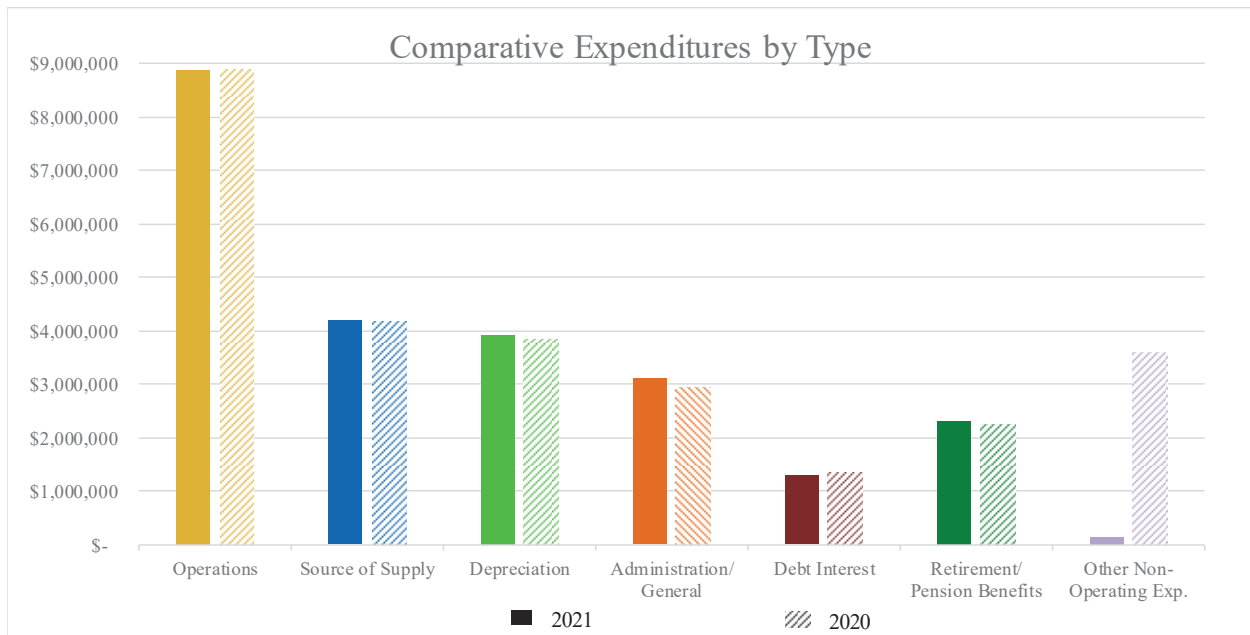
Revenue from other operating and non-operating activities remained flat.

Capital Charges:

Revenues from Capital Charges increased 255% or \$970,854 primarily due to an increase in capital facility fees paid for new construction.

Investment Income:

Although funds invested in the market increased \$2.95 million, there was significant decrease to Investment Income. Interest earnings decreased 82.3% or \$667,466 due to market fluctuations.



- As demonstrated in the graph above, Operations remains the largest category with a total of 37% of expenses. Operation expenses were stable relative to the prior year, with a decrease of just \$3,844, or 0.04%.

- Source of Supply, the second largest expense category, was also stable relative to the prior year, increasing less than 1%.
- Administration/General expenses increased slightly \$176,906 or 6%. In part this is due to one-time expense incurred for the transition from “at-large” elections to divisions-based elections.
- Depreciation, Debt Interest and Retirement/Pension Benefits also remained relatively unchanged from the prior year with an overall 1.26% increase.
- Other Non-Operating Expenses (including loss on disposal of assets) decreased by \$3.42 million or 95.6% primarily due to the one-time recognition in the prior year of a loss on disposal of capital assets of \$3.52 due to the replacement of capital assets related to the Fair Oaks re-lining project that were not fully depreciated.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District’s investment in capital assets as of June 30, 2021, net of accumulated depreciation, is \$86,733,722. This investment includes land, buildings, water treatment plant, distribution system, construction in progress, vehicles, equipment, office equipment and furniture. At June 30, 2020, this amount was \$83,938,889.

The increase of \$2,749,833 from the prior fiscal year, is largely due to an increase to construction in progress. At June 30, 2021, the District had \$1,460,625 in construction and other significant commitments (Note G). At June 30, 2020, the District had \$3,681,926 in commitments outstanding.

Additional information on capital assets can be located in Note C.

Changes in capital asset amounts for Fiscal Year 2021 were as follows:

Capital assets	2020 Balance	Transfers	Additions	Disposal	2021 Balance
Non-depreciable assets	\$ 5,120,342	\$ (682,175)	\$ 5,385,025	\$ -	\$ 9,823,192
Depreciable assets	148,056,309	682,175	1,280,545	(994,051)	149,024,978
Accumulated depreciation	(69,192,762)	-	(3,915,737)	994,051	(72,114,448)
Total capital assets, net	<u>\$ 83,983,889</u>	<u>\$ -</u>	<u>\$ 2,749,833</u>	<u>\$ -</u>	<u>\$ 86,733,722</u>

Changes in capital asset amounts for Fiscal Year 2020 were as follows:

Capital assets	2019 Balance	Transfers	Additions	Disposal	2020 Balance
Non-depreciable assets	\$ 3,968,544	\$ (3,155,650)	\$ 4,307,448	\$ -	\$ 5,120,342
Depreciable assets	148,851,029	3,155,650	853,849	(4,804,219)	148,056,309
Accumulated depreciation	(66,625,614)	-	(3,845,702)	1,278,554	(69,192,762)
Total capital assets, net	<u>\$ 86,193,959</u>	<u>\$ -</u>	<u>\$ 1,315,595</u>	<u>\$ (3,525,665)</u>	<u>\$ 83,983,889</u>

Debt Administration

As of June 30, 2021, the District had two different debt issues outstanding in an aggregate amount of \$32,030,000. Of this amount, \$1,185,000 represents the current portion due in Fiscal Year 2021. For more information on Long-Term Liabilities, refer to Note E.

	2021	2020	2019	2018	2017
2017 Revenue Refunding Bonds	\$ 23,425,000	\$ 24,030,000	\$ 24,615,000	\$ 25,180,000	\$ 26,125,000
2012 Revenue Refunding Bonds	8,605,000	9,135,000	9,635,000	10,120,000	10,585,000
Total	\$ 32,030,000	\$ 33,165,000	\$ 34,250,000	\$ 35,300,000	\$ 36,710,000

The 2017 Revenue Refunding Bonds advance refunded the 2009 Certificates of Participation and were issued with ratings of “AA” from Standard & Poor’s Rating Group. The 2012 refunding Certificates of Participation (COP) were issued with ratings of “AA” from Standard & Poor’s Ratings Group and are currently rated “AA+” from Fitch Ratings, Inc.

BUDGET AND RATES

The District adopts annual non-appropriated budgets for planning and control purposes. The budgets are adopted on a modified cash basis. Budgetary controls are set at the department level. The General Manager has the authority to reallocate budgeted funds between accounts within a fund or project.

The District’s budget contains four funds: one operating budget each for wholesale and retail, and one capital budget each. On July 28, 2021 the Board approved the Fiscal Year 2021-2022 operating and capital budget in a total amount of \$33,040,400.

The District completed comprehensive five-year Financial Plan and Rate Studies for both wholesale and retail during fiscal year 2016-2017. On January 11, 2017 (wholesale) and April 12, 2017 (retail) the Board adopted a five-year wholesale and retail rate schedule that implemented rate increases as follows:

Calendar Year	Wholesale	Retail
2017	16% rate increase	8% rate increase (eff. 5/1/2017)
2018	9% rate increase	9% rate increase
2019	9% rate increase	8% rate increase
2020	9% rate increase	8% rate increase
2021	5% rate increase	6% rate increase

For both wholesale and retail, all rate increases are applied to the fixed portion of the rate, the variable (volumetric) rate does not change over the five-year period. This will result in a stabilization of revenues and a better matching of fixed costs to fixed revenues.

CONDITIONS AFFECTING CURRENT FINANCIAL POSITION

California Governor Gavin Newsom declared a state of emergency in California due to the COVID-19 pandemic on March 4, 2020. On April 2, 2020 he issued executive order N-42-20 preventing Water District’s from discontinuing water service through September 30, 2021, later extending the moratorium through December 31, 2021. The District’s delinquent water accounts have not experienced a material increase and continues to be under \$100,000. The District received funding through the California Water and Wastewater Arrearage Payment Program eliminating customer debt accrued between March 4, 2020 through June 15, 2021. However, as COVID cases continue to surge, additional customer debt has been

accruing after the June 2021 timeframe. It is anticipated that once the moratorium on water service disconnections is lifted, customers will begin paying their bills to prevent water service disconnection.

The District completed a 10-year Finance Plan for its retail division in calendar year 2021. Workshops are currently being held to discuss the proposed rate increases with the community. The public hearing, required by Proposition 218 will be held on January 12, 2022. The rates are proposed to increase 8% per year, for the next three years. In year one, effective February 1, 2022 the entire rate increase would be applied to the daily base rate, yielding an effective 8% rate increase. In years two and three, both the water usage and daily base rates would increase by 8%. This will result in 70% of retail water rates coming from the fixed portion of the rate and 30% from the volumetric portion, creating better alignment with the District's fixed versus variable expenses. This improved alignment will provide increased revenue stability through variations in water supply and demand.

The District is currently working to update the Wholesale Master Plan. The update will result in a 10-year Capital Improvement Plan. Once complete the District will create a 10-year Financial Plan for the wholesale division and recommend a multi-rate structure. Wholesale rates will remain constant until the new rate structure is approved.

The District is currently working to refund the 2012 Revenue Refunding Bonds. The refunding is anticipated to save over \$1 million in debt services costs over the next 10 years.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Finance, San Juan Water District, 9935 Auburn-Folsom Road, Granite Bay, CA 95746.

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BASIC FINANCIAL STATEMENTS

SAN JUAN WATER DISTRICT
STATEMENT OF NET POSITION

June 30, 2021

ASSETS

CURRENT ASSETS

Cash and investments	\$ 31,794,800
Receivables:	
Accounts	4,197,502
Taxes	96,406
Accrued interest receivable	15,439
Prepaid expenses	216,122
Inventories	199,725
TOTAL CURRENT ASSETS	36,519,994

NONCURRENT ASSETS

Capital assets, not being depreciated	9,823,192
Capital assets, net of accumulated depreciation	76,910,530
TOTAL CAPITAL ASSETS	86,733,722
Investment in electrical power	146,176
TOTAL NONCURRENT ASSETS	86,879,898

TOTAL ASSETS 123,399,892

DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts on refunding	1,580,165
Deferred pension related outflows	2,481,330
Deferred other postemployment benefits related outflows	744,524
TOTAL DEFERRED OUTFLOWS OF RESOURCES	4,806,019

LIABILITIES

CURRENT LIABILITIES

Accounts payable	1,453,714
Accrued liabilities	380,898
Accrued interest	568,849
Unearned revenues	98,783
Deposits payable	181,111
Due within one year:	
Accrued compensated absences	445,500
Bonds, notes and capital leases	1,185,000
TOTAL CURRENT LIABILITIES	4,313,855

NONCURRENT LIABILITIES

Accrued compensated absences	536,977
Bonds, notes and capital leases	33,269,194
Net other postemployment benefit liability	2,985,927
Net pension liability	3,322,197
TOTAL NONCURRENT LIABILITIES	40,114,295

TOTAL LIABILITIES 44,428,150

DEFERRED INFLOWS OF RESOURCES

Deferred pension related inflows	1,421,893
Deferred other postemployment benefits related inflows	565,729
TOTAL DEFERRED INFLOWS OF RESOURCES	1,987,622

NET POSITION

Net investment in capital assets	53,859,693
Unrestricted	27,930,446
TOTAL NET POSITION	\$ 81,790,139

The notes to the financial statements are an integral part of this statement.

SAN JUAN WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION

For the year ended June 30, 2021

OPERATING REVENUES		
Water sales - wholesale	\$ 11,077,962	
Water sales - retail	13,902,296	
Other revenue	534,464	
	TOTAL OPERATING REVENUES	25,514,722
OPERATING EXPENSES		
Source of supply		
Water charged to retail service area	3,306,938	
Placer County Water Agency	353,052	
Wheeling	327,872	
Bureau pumping	96,506	
Other public agencies	101,863	
Administration and general	3,111,632	
Water treatment	2,742,205	
Transmission and distribution	4,049,269	
Customer service	690,755	
Engineering	896,033	
Water efficiency	491,287	
Depreciation	3,915,737	
Retirement benefits (OPEB)	307,064	
Pension expense	2,006,550	
	TOTAL OPERATING EXPENSES	22,396,763
	OPERATING INCOME	3,117,959
NON-OPERATING REVENUES (EXPENSES)		
Tax assessments	2,431,477	
Investment income	143,967	
Other revenue	213,839	
Interest expense	(1,307,036)	
Other expenses	(159,282)	
	TOTAL NON-OPERATING REVENUES (EXPENSES)	1,322,965
	INCOME BEFORE CAPITAL CONTRIBUTIONS	4,440,924
CAPITAL CONTRIBUTIONS		
Contributed assets	571,871	
Capital charges and other capital revenue	1,420,305	
	TOTAL CAPITAL CONTRIBUTIONS	1,992,176
	CHANGE IN NET POSITION	6,433,100
NET POSITION		
Net position at beginning of year		75,357,039
	NET POSITION AT END OF YEAR	\$ 81,790,139

The notes to the financial statements are an integral part of this statement.

SAN JUAN WATER DISTRICT

STATEMENT OF CASH FLOWS

For the year ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 25,174,583
Cash paid to suppliers for goods and services	(9,772,049)
Cash paid to employees for services	(7,831,495)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>7,571,039</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Tax assessments received	<u>2,427,495</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	2,427,495
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital charges received	1,420,305
Acquisition and construction of capital assets	(6,093,699)
Proceeds from the sale of capital assets	8,446
Principal paid on capital debt	(1,135,000)
Interest paid on capital debt	(1,415,864)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(7,215,812)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	<u>187,722</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>187,722</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,970,444
Cash and cash equivalents at beginning of year	<u>28,824,356</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 31,794,800</u>

(Continued)

SAN JUAN WATER DISTRICT

STATEMENT OF CASH FLOWS (Continued)

For the year ended June 30, 2021

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Operating income	\$ 3,117,959
Nonoperating income received	205,393
Nonoperating expenses paid	(3,004)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:	
Depreciation	3,915,737
(Increase) decrease in accounts receivable	(660,804)
(Increase) decrease in prepaid expenses	(74,647)
(Increase) decrease in inventories	(75,602)
(Increase) decrease in deferred pension related outflows	733,512
(Increase) decrease in deferred other postemployment benefits related outflows	(106,005)
Increase (decrease) in accounts payable	238,303
Increase (decrease) in accrued liabilities	48,754
Increase (decrease) in unearned revenues	35
Increase (decrease) in deposits payable	115,237
Increase (decrease) in compensated absences	103,645
Increase (decrease) in deferred pension related inflows	(615,224)
Increase (decrease) in deferred other postemployment benefits related inflows	(96,587)
Increase (decrease) in other postemployment benefits liability	(141,435)
Increase (decrease) in net pension liability	<u>865,772</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ 7,571,039</u>
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:	
Gain/(loss) on investment in joint venture	\$ 156,278
Amortization of bond premiums	(191,745)
Amortization of deferred amount on refunding	103,969
Contributed assets	(571,871)
Gain on disposal of capital assets	8,446

The notes to the financial statements are an integral part of this statement.

SAN JUAN WATER DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2021

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SAN JUAN WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE A – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the San Juan Water District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) 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. The more significant of the District's accounting policies are described below.

Reporting Entity: The District was incorporated March 4, 1954 as a community service district under community service district law of the State of California (Section 60000 et. seq., Title 5, Division 3 of the California Government Code). The District is governed by a five member Board of Directors elected by the voters within the District for staggered, four year terms, every two years. The District provides water to retail customers in Sacramento and Placer Counties and sells water on a wholesale basis to other agencies. The accompanying basic financial statements present the District and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational and financial relationship with the District.

The District has created the San Juan Suburban Water District Financing Corporation (the Corporation) to provide assistance to the District in the issuance of debt. Although legally separate from the District, the Corporation is reported as if it were part of the primary government because it shares a common Board of Directors with the District and its sole purpose is to provide financing to the District under the debt issuance documents of the District. Debt issued by the Corporation is reflected as debt of the District in these financial statements. The Corporation has no other transactions and does not issue separate financial statements.

Basis of Presentation: 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 period of 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, deferred outflows, liabilities, and deferred inflows associated with the operation of the fund are included on the balance sheet. Net position is segregated into amounts recorded as net investment in capital assets, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

In the Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position, business-like activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or the economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Those revenues susceptible to accrual include taxes, intergovernmental revenues, interest and charges for services. Earned and unbilled water services are accrued as revenue.

SAN JUAN WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

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

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the District may fund certain programs with a combination of cost-reimbursement grants and general revenues. Thus, both restricted and unrestricted net position are available to finance program expenses. The District's policy is to first apply restricted grant resources to such programs, followed by general revenues, if necessary.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal operations. The principal operating revenues of the District are charges to customers for sales and services. Operating expenses for enterprise funds include source of supply, the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. 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.

Cash and Investments: For the purposes of the Statement of Cash Flows, the District's cash and cash equivalents include restricted and unrestricted cash on hand or on deposit, and demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash and equivalents include demand deposits, money market funds and California Local Agency Investment Funds (LAIF).

Inventories and Prepaid Items: Inventories are stated at cost, on a weighted average method. Inventories consist of materials and supplies.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Capital Assets: Capital assets are recorded at historical cost if purchased or constructed. Donated assets and capital assets received in a service concession arrangement are valued at estimated acquisition value on the date received. Depreciation is calculated using the straight line method over the following useful lives:

Buildings and structures	10-50 years
Improvements other than buildings	7-35 years
Machinery and equipment (including furniture)	5-50 years
Plant and pipelines	10-80 years
Pump stations/pressure control stations	12-40 years
Reservoirs and improvements	25-50 years
Vehicles	10 years
Software	10 years
Intangible assets	Varies based on asset

The cost of maintenance and repairs that do not add to the value of the asset or materially extend asset lives are charged to operations when incurred. It is the District's policy to capitalize all capital assets with a cost of \$5,000 or more. 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.

SAN JUAN WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

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

Water lines constructed by private developers and then dedicated to the District are recorded as capital contributions when they pass inspection by the District. The estimated value of the lines are capitalized as pipelines, reservoirs, pumping stations and buildings. The District is responsible for future maintenance once it accepts the water lines.

Deferred Outflows and Inflows of Resources: In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until the earnings process is complete. Deferred amounts on refunding result from the difference in carrying amount of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources are also reported related to the District's pension and OPEB plans as described in Notes I and J.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until the earnings process is complete. Deferred amounts on refunding may be reported as deferred inflows of resources. Deferred inflows of resources are reported related to the District's pension and OPEB plans as described in Notes I and J.

Compensated Absences: It is the District's policy to permit employees to accumulate earned but unused vacation and sick leave benefits (up to a maximum). These benefits will be paid to employees upon separation from service from the District in accordance with the vesting policy. The cost of vacation and sick pay is accrued in the period earned with an offsetting liability in compensated absences. The current portion is calculated as the amount that is estimated to be used during the next year and the remaining portion is included in the long-term liabilities.

Long-Term Liabilities: Long-term liabilities and other long-term obligations are reported on the Statement of Net Position. Initial issue bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. The difference between the reacquisition price of refunding bonds and the net carrying amount of refunded debt (deferred amount on refunding) is amortized over the shorter of the lives of the refunding debt or remaining life of the refunded debt. Amortization of bond premiums or discounts and deferred amounts on refunding is included in interest expense.

Property Taxes: The District receives property taxes from both Sacramento and Placer Counties. Property taxes receivable are recorded in the fiscal year for which the tax is levied based on the assessed value as of March 1 of the preceding fiscal year. They become a lien on the first day of the year they are levied. Secured property tax is levied on January 1 and due in two installments, on November 1 and February 1. They become delinquent on December 10 and April 10, respectively. At that time, delinquent accounts are assessed a penalty of 10%. Accounts that remain unpaid on June 30 are charged an additional 12 percent per month. Unsecured property tax is levied on July 1 and due on July 31, and becomes delinquent on August 31. The penalty percentage rates are the same as secured property tax.

SAN JUAN WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

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

The District elected to receive the property taxes from the Counties under the Teeter Bill. Under this program the District receives 100% of the levied property taxes in periodic payments with the Counties assuming responsibility for delinquencies.

Water Charge to the Retail Service Area: For accounting purposes a charge is made to the retail service area for water used at a wholesale rate. This amount is recorded as income to the wholesale unit and as expense to the retail area.

Net Position: The net position amount is the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets, as well as any deferred amounts on debt refunding. Net position is reported as restricted when there are legal limitations imposed on their use by the District or external restrictions by other governments, creditors or grantors.

Management 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 at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Postemployment Benefits Other Than Pensions (OPEB): For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Pensions: For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California Public Employee's Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

New Pronouncements: In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

SAN JUAN WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

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

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. This Statement enhances disclosures about capital assets and the cost of borrowing for a reporting period and simplifies the accounting for interest cost incurred before the end of a construction period. Interest cost incurred before the end of a construction period will be recognized as an expense in the period the interest cost is incurred. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset. The requirements of this Statement are effective for the reporting periods beginning after December 15, 2020.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This Statement addresses a number of practice issues identified during the implementation of certain GASB Statements, including 1) the applicability of Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, as amended, and No. 74, *Financial Reporting for Post-employment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits; 2) the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements; 3) measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; 4) reporting by public entity and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. This Statement is applicable for item 4 above upon its issuance and is effective for the other items above for reporting periods beginning after June 15, 2021.

The District is currently analyzing the impact of the required implementation of these new statements.

NOTE B – CASH AND INVESTMENTS

Cash and investments were comprised of the following at June 30, 2021:

Cash on hand	\$ 300
Deposits with financial institutions	3,013,139
Total cash	<u>3,013,439</u>
Local Agency Investment Fund (LAIF)	18,910,451
U.S. Treasury bond / note obligations	3,170,314
U.S. Federal Agency securities	3,088,246
Medium-term corporate notes	1,136,745
Negotiable certificates of deposit	528,363
Asset-backed Security/collateralized mortgage obligations	514,642
Federal Agency collateralized mortgage obligations	490,492
Municipal Bond / Note	389,917
Commercial Paper	249,878
Supra-National agency bond / note	164,919
Money market mutual funds	137,394
Total investments	<u>28,781,361</u>
Total cash and investments	<u><u>\$ 31,794,800</u></u>

SAN JUAN WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE B – CASH AND INVESTMENTS (Continued)

The table below identifies the investment types that are authorized by the District’s investment policy:

Authorized Investment Type	Maximum Maturity	Maximum Total of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Federal Agency Securities	5 years	None	None
U.S. Instrumentalities	5 years	30%	5%
Registered Warrants, Notes & Bonds of CA	5 years	None	5%
Registered Notes & Bonds of Other 49 States	5 years	None	5%
Local Agency Bonds, Notes & Warrants	5 years	None	5%
Banker's Acceptances	180 days	40%	5%
High Grade Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	5%
Local Agency Investment Fund (LAIF)	N/A	None	None
Time Deposits	2 years	5%	5%
Medium-Term Corporate Notes	5 years	30%	5%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	5%
Collateralized Mortgage Obligations	5 years	20%	5%
Mortgage-Backed or Other Pay-Through	5 years	20%	5%
Equipment Lease-Backed Certificates	5 years	20%	5%
Consumer Receivable Pass-Through Certificates	5 years	20%	5%
Consumer Receivable-Backed Bonds	5 years	20%	5%
Local Government Investment Pools (LGIP)	N/A	None	None

Investments Authorized by Debt Agreements: Investments held by the bond/COP fiscal agents (trustees) are governed by the provisions of the various debt indenture agreements rather than the general provisions of the District's investments policy or the California Government Code.

Interest Rate Risk: Interest rate risk is the risk that market rate changes could adversely affect the fair value of an investment. In general, 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 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.

SAN JUAN WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE B – CASH AND INVESTMENTS (Continued)

Information about the sensitivity of the fair values of the District's investments (including investments held by the bond trustee) to market rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2021:

	Total	Remaining Investment Maturities		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Local Agency Investment Fund (LAIF)	\$ 18,910,451	\$ 18,910,451		
U.S. Treasury bond / note obligations	3,170,314	719,341	413,605	2,037,368
U.S. Federal Agency securities	3,088,246		672,616	2,415,630
Medium-term corporate notes	1,136,745	273,341	308,357	555,047
Negotiable certificates of deposit	528,363	100,902	427,461	
Asset-backed security/collateralized mortgage obligations	514,642		146,820	367,822
Federal Agency collateralized	490,492	197,381	101,087	192,024
Municipal Bond / Note	389,917			389,917
Commercial Paper	249,878	249,878		
Supra-National agency bond / note	164,919	90,135		74,784
Money market mutual funds	137,394	137,394		
	<u>\$ 28,781,361</u>	<u>\$ 20,678,823</u>	<u>\$ 2,069,946</u>	<u>\$ 6,032,592</u>

Disclosures Relating to Credit Risk: Generally, credit risk is the risk that the 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 as categorized by the nationally recognized statistical rating organization (NRSRO) required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual credit ratings by Moody's as of year-end for each investment type.

Investment Type	Total as of June 30, 2021	Minimum Legal Rating	Minimum		
			Aaa	P1 to Aa3	Not Rated
Local Agency Investment Fund (LAIF)	\$ 18,910,451	N/A			\$ 18,910,451
U.S. Treasury bond/note obligations	3,170,314	N/A	\$ 3,170,314		
U.S. Federal Agency securities	3,088,246	N/A	3,088,246		
Medium-term corporate notes	1,136,745	A		\$ 1,136,745	
Negotiable certificates of deposit	528,363	N/A		528,363	
Asset-backed security/collateralized mortgage obligations	514,642	AA		514,642	
Federal Agency collateralized mortgage obligations	490,492	N/A	490,492		
Municipal Bond/Note	389,917	AA		389,917	
Commercial Paper	249,878	A-1		249,878	
Supra-National agency bond/note	164,919	A	164,919		
Money market mutual funds	137,394	AAA	137,394		
	<u>\$ 28,781,361</u>		<u>\$ 7,051,365</u>	<u>\$ 2,819,545</u>	<u>\$ 18,910,451</u>

SAN JUAN WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE B – CASH AND INVESTMENTS (Continued)

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 possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investments or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure of custodial risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state and 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 be equal to at least 100% of the total amount deposited by public agencies. California law also allows financial institutions to secure Agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2021, the carrying amount of the District's deposits were \$3,013,139 and the balances in financial institutions were \$3,021,430 and of this amount \$2,771,430 was not insured by federal depository insurance.

Investment in LAIF: The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investments in this pool is classified as a cash equivalent in the accompanying financial statements.

LAIF is stated at fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is \$193,321,015,759, managed by the State Treasurer. Of that amount, 2.31% is invested in structured notes and asset-backed securities. 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.

SAN JUAN WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE B – CASH AND INVESTMENTS (Continued)

Fair Value Hierarchy: The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements as of June 30, 2021:

Investment Type	Totals	Level		
		1	2	3
Local Agency Investment Fund (LAIF)	\$ 18,910,451	\$ -	\$ 18,910,451	\$ -
U.S. Treasury bond / note obligations	3,170,314	-	3,170,314	-
U.S. Federal Agency securities	3,088,246	-	3,088,246	-
Medium-term corporate notes	1,136,745	-	1,136,745	-
Negotiable certificates of deposit	528,363	-	528,363	-
Asset-backed security/collateralized mortgage obligations	514,642	-	514,642	-
Federal Agency collateralized mortgage obligations	490,492	-	490,492	-
Municipal Bond / Note	389,917	-	389,917	-
Commercial Paper	249,878	-	249,878	-
Supra-National agency bond / note	164,919	-	164,919	-
Money market mutual funds	137,394	-	137,394	-
Total Investments	<u>\$ 28,781,361</u>	<u>\$ -</u>	<u>\$ 28,781,361</u>	<u>\$ -</u>

Local Agency Investment Funds, U.S. Agency Securities, Corporate Notes Certificates of Deposit and Money Market Mutual Funds classified in Level 2 of the fair value hierarchy are valued using institutional bond quotes or specified fair value factors. The fair values of certificates of deposit are estimated using a discounted cash flow calculation that applies interest rates currently being offered on the certificates to a schedule of aggregated contractual maturities on such time deposits, which are level 2 inputs.

SAN JUAN WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE C – CAPITAL ASSETS

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

	Balance at June 30, 2020	Additions	Disposals	Transfers	Balance at June 30, 2021
Capital assets, not being depreciated:					
Land	\$ 264,484	\$ -	\$ -	\$ -	\$ 264,484
Construction in progress	4,855,858	5,385,025	-	(682,175)	9,558,708
Total capital assets, not being depreciated	<u>5,120,342</u>	<u>5,385,025</u>	<u>-</u>	<u>(682,175)</u>	<u>9,823,192</u>
Capital assets, being depreciated:					
Pipelines	74,210,012	856,008	(384,943)	-	74,681,077
Water Treatment Plant	35,634,552	45,045	(15,285)	73,203	35,737,515
Land improvements	919,351	-	-	-	919,351
Reservoirs	5,415,870	-	-	-	5,415,870
Pumping stations	13,130,227	134,280	-	127,918	13,392,425
Buildings	1,555,874	-	-	-	1,555,874
Vehicles and equipment	15,663,210	233,996	(81,416)	-	15,815,790
Intangibles	1,527,213	11,216	(512,407)	481,054	1,507,076
Total capital assets being depreciated	<u>148,056,309</u>	<u>1,280,545</u>	<u>(994,051)</u>	<u>682,175</u>	<u>149,024,978</u>
Less: accumulated depreciation:					
Pipelines	(35,545,116)	(1,871,272)	384,943	-	(37,031,445)
Water Treatment Plant	(17,073,724)	(838,204)	15,285	-	(17,896,643)
Land improvements	(691,121)	(14,104)	-	-	(705,225)
Reservoirs	(4,017,288)	(44,226)	-	-	(4,061,514)
Pumping stations	(4,059,019)	(383,805)	-	-	(4,442,824)
Buildings	(1,199,818)	(29,438)	-	-	(1,229,256)
Vehicles and equipment	(5,672,835)	(612,477)	81,416	-	(6,203,896)
Intangibles	(933,841)	(122,211)	512,407	-	(543,645)
Total accumulated depreciation	<u>(69,192,762)</u>	<u>(3,915,737)</u>	<u>994,051</u>	<u>-</u>	<u>(72,114,448)</u>
Total capital assets being depreciated, net	<u>78,863,547</u>	<u>(2,635,192)</u>	<u>-</u>	<u>682,175</u>	<u>76,910,530</u>
CAPITAL ASSETS, NET	<u>\$ 83,983,889</u>	<u>\$ 2,749,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,733,722</u>

SAN JUAN WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE D – INVESTMENT IN ELECTRICAL POWER

The District participates in the California-Oregon Transmission Project (Project), a Joint Powers Authority (JPA), which is a project of the Department of Energy, Western Area Power Administration. The Project is governed by a Management Committee, which is chaired by a representative of the Transmission Agency of Northern California with each participant in the project having representation on the Management Committee.

The District applied as a Community Services District and a Central Valley Project Contractor, and received allocation of 1MW (megawatt) of power (capacity and associated energy) in exchange for an investment as a participant in the construction of the transmission line. Subsequent to the original allocation from the Department of Energy, the District purchased one additional megawatt of power from Trinity County Public Utility District. The cost of the purchase was \$75,000, plus a prorated share in the construction of the transmission line. Through a partial assignment of the District's California-Oregon Transmission Project entitlement to the Department of Energy, Western Area Power Administration, the District receives preferential energy rates and a discount on the US Bureau of Reclamation pumping from Folsom Lake.

The District has a 0.069 percent equity interest in the net position of the Project as defined in the Long-Term Participation Agreement. The District also has an obligation to finance 0.1333 percent of the net losses of the Project. The District is billed monthly for its share of the operations and maintenance costs of the Project. The District's net investment and its share of the operating results of the Project are reported as Investment in Electrical Power. The Project unaudited interim financial statements for the year ended June 30, 2021 are available from the California-Oregon Transmission Project at P.O. Box 15140, Sacramento, CA, 95866.

The following is the summarized unaudited financial information for the Project as of and for the year ended June 30, 2021:

	Unaudited 2021
Balance Sheet:	
Assets	<u>\$ 268,513,724</u>
Liabilities	<u>\$ 42,224,371</u>
Net position	<u>226,289,353</u>
Liabilities and Net Position	<u>\$ 268,513,724</u>
Income Statement:	
Operating revenues	\$ 16,427,668
Operating expenses	<u>22,607,347</u>
Operating loss	(6,179,679)
Net non-operating expenses - interest and other	1,177
Adjustment to net position for capital improvements	<u>5,740,895</u>
Change in Net Position	<u>\$ (437,607)</u>
District's share of net position	<u>\$ 146,176</u>

SAN JUAN WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE E – LONG-TERM LIABILITIES

As of June 30, 2021, the District had two components of outstanding debt during the year described below.

2017 Revenue Refunding Bonds: On June 22, 2017, the District issued \$26,125,000 of Revenue Refunding Bonds with interest ranging from 3.0% to 5.0%. These 2017 Revenue Refunding Bonds were issued to refund the 2009 Certificates of Participation. The loan agreement defines events of default as 1) default in the principal payments; 2) default in the interest payments; 3) default by the District of any of the covenants, agreements, or conditions; 4) the filing by the District of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America. Upon the occurrence of an event of default, the principal of the bonds could be declared immediately due and payable. Annual principal payments, ranging from \$630,000 to \$2,470,000 are due on February 1 through February 1, 2039 and semi-annual interest payments ranging from \$46,827 to \$933,173 are due on February 1 and August 1 through February 1, 2039.

2012 Refunding Bonds: On May 16, 2012, the District issued Refunding Bonds in the amount of \$13,625,000 for the purpose of refunding the 2003 Certificates of Participation. The loan agreement defines events of default as 1) default in the principal payments; 2) default in the interest payments; 3) default by the District of any of the covenants, agreements, or conditions; 4) the filing by the District of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America. Upon the occurrence of an event of default, the principal of the bonds could be declared immediately due and payable. Principal payments are due on February 1 through 2033 and range from \$555,000 to \$925,000, with semi-annual interest payments due on February 1 and August 1 through February 1, 2033 that range from \$28,328 to \$409,463. Interest rates range from 1% to 5.25%.

The District’s long-term liability activity and outstanding balances for the year ended June 30, 2021 is as follows:

	June 30, 2020	Additions	Reductions	June 30, 2021	Due Within One Year
2017 Revenue Refunding Bonds	\$ 24,030,000	\$ -	\$ (605,000)	\$ 23,425,000	\$ 630,000
2012 Revenue Refunding Bonds	9,135,000	-	(530,000)	8,605,000	555,000
Add: Unamortized premiums	2,615,939	-	(191,745)	2,424,194	-
Total Bonds and Notes Payable	35,780,939	-	(1,326,745)	34,454,194	1,185,000
Compensated absences	878,832	646,522	(542,877)	982,477	445,500
Net OPEB liability	3,127,362	483,765	(625,200)	2,985,927	-
Net pension liability	2,456,425	3,322,197	(2,456,425)	3,322,197	-
	<u>\$ 42,243,558</u>	<u>\$ 4,452,484</u>	<u>\$ (4,951,247)</u>	<u>\$ 41,744,795</u>	<u>\$ 1,630,500</u>

SAN JUAN WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE E – LONG-TERM LIABILITIES (Continued)

The following is a schedule of maturities from long-term debt at June 30, 2021:

2017 Revenue Refunding Bonds

Year Ended June 30	Principal	Interest	Totals
2022	\$ 630,000	\$ 933,713	\$ 1,563,713
2023	655,000	909,460	1,564,460
2024	680,000	881,921	1,561,921
2025	710,000	847,296	1,557,296
2026-2030	4,135,000	3,654,292	7,789,292
2031-2035	7,215,000	2,487,717	9,702,717
2036-2039	9,400,000	659,355	10,059,355
Total	<u>\$ 23,425,000</u>	<u>\$ 10,373,754</u>	<u>\$ 33,798,754</u>

2012 Revenue Refunding Bonds

Year Ended June 30	Principal	Interest	Totals
2022	\$ 555,000	\$ 409,463	\$ 964,463
2023	580,000	381,192	961,192
2024	610,000	356,650	966,650
2025	630,000	338,100	968,100
2026-2030	3,590,000	1,198,532	4,788,532
2031-2033	2,640,000	224,175	2,864,175
Total	<u>\$ 8,605,000</u>	<u>\$ 2,908,112</u>	<u>\$ 11,513,112</u>

Pledged Revenue: The District is required by its 2017 and 2012 Revenue Refunding Bonds to collect rates and charges from its water system that will be sufficient to yield net revenues equal to 115% of debt service payments on any future debt issued and deposit the net revenues in a revenue fund pledged for such future debt service payments. At June 30, 2021, the District’s net revenues were 435% of debt service payments.

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

SAN JUAN WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE F – NET INVESTMENT IN CAPITAL ASSETS

Net investments in capital assets consist of the following at June 30, 2021:

Capital assets, gross	\$ 158,848,169
Less: accumulated depreciation	<u>(72,114,447)</u>
Net capital assets	86,733,722
Add: Deferred costs on bond refunding	1,580,165
Less: Debt used for capital purposes	(32,030,000)
Less: Unamortized premium	<u>(2,424,194)</u>
Net investment in capital assets	<u>\$ 53,859,693</u>

NOTE G – CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

The District has active construction and other significant projects as of June 30, 2021. At fiscal year end, the District’s construction and other significant commitments were as follows:

Wholesale Master Plan Update	\$ 294,770
Hinkle Reservoir Cover & Liner Replacement Design Project	289,806
Vehicles	180,914
Eureka Road 18" Transmission Pipeline Design	173,956
Filter Basin Rehab Project	105,090
Sacramento Regional Water Bank Phase 2	60,000
Upper & Lower GB Pump Stn Low Flow Pumps	57,168
Construction Management Inspection Services	48,913
Addendum 1 American River Joint Defense Agreement	48,836
Other Projects	<u>201,174</u>
Total commitment with contractors	<u>\$ 1,460,627</u>

NOTE H – NET POSITION

Designations: Designations of unrestricted net position may be imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Designation may be modified, amended or removed by Board action. Designations included the following as of June 30, 2021:

	<u>Wholesale</u>	<u>Retail</u>	<u>Total</u>
Capital reserves	\$ 14,266,733	\$ 9,150,493	\$ 23,417,226
Operating reserve	<u>1,822,120</u>	<u>2,691,100</u>	<u>4,513,220</u>
Total Unrestricted, Designated Net Position	<u>\$ 16,088,853</u>	<u>\$ 11,841,593</u>	<u>\$ 27,930,446</u>

SAN JUAN WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE I – PENSION PLANS

Plan Descriptions: All qualified permanent and probationary employees are eligible to participate in the District’s cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). The Public Employees’ Pension Reform Act of 2013 (PEPRA) created a new benefit and contribution level for new employees meeting certain criteria. PERS acts as a common investment and administrative agent for participating public employers within the State of California.

All permanent 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 (Tier 1) and thirty-six (Tier 2 and PEPRA) consecutive months full-time equivalent monthly pay. Benefit provisions under the Plans are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided: CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees or their beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPRA Miscellaneous Plan) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is the following: the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect for the year ended June 30, 2021, are summarized as follows:

	Miscellaneous Tier I Rate Plan (Prior to <u>February 14, 2009</u>)	Miscellaneous Tier II Rate Plan (On or after <u>February 14, 2009</u>)	Miscellaneous PEPRA Rate (On or after <u>January 1, 2013</u>)
Hire date			
Benefit formula (at full retirement)	3.0% @ 60	3.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50-63	50-63	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 3.0%	2.0% to 3.0%	1.0% to 2.5%
Required employee contribution rates	8.0%	8.0%	6.75%
Required employer contribution rates	15.445%	14.729%	7.732%

In addition to the contribution rates above, the District was also required to make payments of \$227,703 toward its unfunded actuarial liability during the year ended June 30, 2021.

Tier I and Tier II Miscellaneous Plans are closed to new members that are not already CalPERS eligible participants.

SAN JUAN WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE I- PENSION PLANS (Continued)

Contributions: Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2021 the employer contributions for the Plan (all rate plans combined) were \$1,020,954.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions: As of June 30, 2021, the District reported a net pension liability for its proportionate share of the net pension liability of \$3,322,197.

The District's net pension liability is measured as the proportionate share of the net pension liability. The net pension liability as of June 30, 2021 is measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures as required by GASB Statement No. 68. 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 plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2021 was as follows:

Proportion - June 30, 2020	0.02397%
Proportion - June 30, 2021	<u>0.03053%</u>
Change - Increase (Decrease)	0.00656%

For the year ended June 30, 2021, the District recognized pension expense of \$2,006,550. At June 30, the District reported deferred outflows of resources and deferred inflows of resources related to all Plans combined from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 1,020,954	\$ -
Differences between actual and expected experience	171,203	-
Changes in assumptions		(23,695)
Differences between the employer's contributions and the employer's proportionate share of contributions	402,752	(1,208,041)
Change in employer's proportion	787,730	(190,157)
Differences between projected and actual investment earnings	<u>98,691</u>	
Total	<u>\$ 2,481,330</u>	<u>\$ (1,421,893)</u>

SAN JUAN WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE I – PENSION PLANS (Continued)

The \$1,020,954 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as net deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>	
2022	\$ 77,082
2023	(70,951)
2024	(14,983)
2025	<u>47,335</u>
	<u>\$ 38,483</u>

Actuarial Assumptions: The total pension liabilities in the June 30, 2021 actuarial valuation for the Plan was determined using the following actuarial assumptions:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.0%
Projected Salary Increase	Varies depending on entry age and service
Investment Rate of Return	7.15% (1)
Mortality	Derived using CalPERS Membership Data for all Funds(2)

(1) Net of pension plan investment expenses, including inflation

(2) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report that can be found on the CalPERS website.

Discount Rate: The discount rates used by CalPERS to measure the total pension liability was 7.15% in the June 30, 2020 accounting valuation. To determine whether the municipal bond rate should be used in the calculation of the discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. The tests revealed the assets would not run out. Therefore, the current 7.15% discount rate is appropriate, and the use of the municipal bond rate calculation is not deemed necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The cash flows used in the testing were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained at the CalPERS website under the GASB 68 section.

SAN JUAN WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE I – PENSION PLANS (Continued)

The long-term expected rate of return on pension plan investments 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.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class for the Plan as of the measurement date of June 30, 2020. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0%	(0.92)%
Total	<u>100.0%</u>		

(a) An expected inflation of 2.0% used for this period.

(b) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District’s proportionate share of the net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
Net Pension Liability	<u>\$ 9,109,723</u>	<u>\$ 3,322,197</u>	<u>\$ (1,459,855)</u>

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

SAN JUAN WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE I – PENSION PLANS (Continued)

Payable to the Pension Plan: At June 30, 2021 the District reported payables for the outstanding amount of contributions to the pension plan of \$18,251.

NOTE J – OTHER POST EMPLOYMENT BENEFITS (OPEB)

Description of the Plan: The District provides health care benefits to eligible retired District employees and survivor dependents as defined by their participating tier (first or second) and coverage level (basic or Medicare supplement) with a choice of several plans through an agent single-employer defined benefit plan established July 28, 2012. This is contracted with the California Public Employees’ Retirement System (CalPERS) through the Public Employees’ Medical and Hospital Care Act (PEMHCA). State statutes assign the authority to establish and amend the benefit provisions of the agent multiple-employer health care plans administered by CalPERS to the respective employer entities.

The District does not issue a separate stand-alone financial report for its OPEB plan.

Funding Policy: The District pays a percentage of the post-employment health care benefits for retirees, their spouses, and their dependents based on the retirees’ tier. Surviving spouses and eligible dependents of retirees may elect to continue health care benefits with the same District contribution towards the expense. Substantially all of the District’s employees may become eligible for these benefits if they reach normal retirement age while working for the District. No contributions are required for plan members or the District. Pre-funding contributions made by the District are at the discretion of the Board of Directors.

The contribution requirements of the District are established and may be amended by the District’s Board of Directors. Plan members are currently not required to contribute.

Employees Covered by Benefit Terms: As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms:

Active employees	48
Inactive employees or beneficiaries currently receiving benefit payments	<u>39</u>
Total number of participants	<u>87</u>

Contributions: The Board of Directors grants the authority to establish and amend the contribution requirements of the District. During the year ended June 30, 2021, the District’s cash contributions to the trust were \$182,000 and the benefit payments were \$469,090, resulting in total payments of \$651,090.

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 June 30, 2019.

SAN JUAN WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE J – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Actuarial Assumptions: The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	7.00%
Inflation	2.75%
Aggregate salary increases	2.75% per year
Investment rate of return	7.00%
Healthcare cost trend rates	4.00% annually
Mortality rates	Derived using CalPERS membership data

Mortality information for active and retired employees was based on 2014 CalPERS tables. The pre-retirement turnover information was developed based on the 2009 CalPERS Turnover for Miscellaneous Employees table created by CalPERS.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) was used and developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing 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	Percentage of Portfolio	Assumed Gross Return
All Equities	59.00%	7.80%
All Fixed Income	25.00%	4.50%
Real Estate Investment Trusts	8.00%	7.50%
All Commodities	3.00%	7.80%
Treasury Inflation Protected Securities (TIPS)	5.00%	3.25%
	100.0%	

Discount Rate: The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that District contributions will continue based upon the current funding policy. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make projected future benefit payments for current members for all future years. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

SAN JUAN WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE J – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in the Net OPEB Liability:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020	\$ 6,812,179	\$ 3,684,817	\$ 3,127,362
Changes in the year:			
Service cost	176,688	-	176,688
Interest on the total OPEB liability	467,317	-	467,317
Contribution - employer to Trust	-	177,000	(177,000)
Contribution - employer as benefit payments	-	448,200	(448,200)
Expected investment income	-	264,068	(264,068)
Investment gains / losses	-	(102,935)	102,935
Benefit payments	(448,200)	(448,200)	-
Administrative expenses	-	(1,826)	1,826
Expected minus actual benefit payments	(933)	-	(933)
Net changes	<u>194,872</u>	<u>336,307</u>	<u>(141,435)</u>
Balance at June 30, 2021 (measurement date June 30, 2020)	<u>\$ 7,007,051</u>	<u>\$ 4,021,124</u>	<u>\$ 2,985,927</u>

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates:

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>6%</u>	<u>7%</u>	<u>8%</u>
Net OPEB liability	\$ 3,765,235	\$ 2,985,927	\$ 2,332,356

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates: The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
	<u>to 3.00%</u>	<u>4.00%</u>	<u>to 5.00%</u>
Net OPEB liability	\$ 2,249,160	\$ 2,985,927	\$ 3,851,966

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended June 30, 2021, the District recognized OPEB expense of \$303,792. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

SAN JUAN WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE J – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions subsequent to measurement date	\$ 651,090	\$ -
Difference between expected and actual experience	-	(565,729)
Difference between projected and actual investment earnings	93,434	-
Total	\$ 744,524	\$ (565,729)

The amount reported as deferred outflows of resources related to contributions after the measurement date will be recognized as a reduction of the net OPEB liability in the following fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	
2022	\$ (74,699)
2023	(74,696)
2024	(70,318)
2025	(76,933)
2026	(97,520)
Thereafter	(78,129)
	\$ (472,295)

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 net difference between projected and actual earnings on OPEB plan investments is recognized over 5 years. The net difference between expected and actual experience are recognized over the expected average remaining service lifetime (EARSLS), which was 7.8 years at the June 30, 2019 valuation date.

Age-Adjusted Premiums Not Used: As a general rule, Actuarial Standard of Practice 6 (ASOP 6) indicates retiree costs should be based on actual claim costs or age-adjusted premiums. However, the Plan’s net OPEB liability was not computed using age-adjusted premiums because the District’s actuary applied Section 3.7.7(c)4 for the ASOP 6 and determined age-adjusted premiums are not necessary and therefore, the Implicit Rate Subsidy is not applicable in calculating the total projection of benefit payments. This is due to the District participating in the CalPERS health insurance plan, PEMHCA. PEMHCA uses blended premiums for active and retired participants and is expected to continue this

SAN JUAN WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE J – OTHER POST EMPLOYMENT BENEFITS (OPEB) (Continued)

practice into the future. Contributions based on age-adjusted premiums would be larger than contributions based on actual premiums charged by PEMHCA. The actuary believes this would overstate contributions to the CERBT that would not be able to be recovered by the District. Many other actuaries believe it is appropriate to use age-adjusted premiums when computing net OPEB liabilities under GASB Statement No. 75. The District’s net OPEB liability would have been significantly larger had it been computed using age-adjusted premiums.

NOTE K – RISK MANAGEMENT

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 officials liability, property damage, fidelity insurance and workers compensation liability. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which group-purchased commercial excess insurance is obtained.

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. ACWA/JPIA may be terminated at any time by written consent of three-fourths of voting members at which time the members may be required to pay their share of any additional amount of premium in accordance with loss allocation formulas for final disposition of all claims and losses covered by the joint powers agreement. The ACWA/JPIA’s financial statements are available at 5620 Birdcage Street, Suite 200, Citrus Heights, CA 95610-7632. The District’s deductibles and maximum coverage are as follows:

Coverage	ACWA/JPIA	Commercial Insurance	Deductible/Retention
General and Auto Liability (Includes public officials liability)	\$ 5,000,000	\$ 55,000,000	None
Property Damage	100,000	500,000,000	\$ 1,000 to 100,000
Crime	100,000		1,000
Workers' Compensation Liability	2,000,000	Statutory	None
Employers Liability	2,000,000		
Cyber Liability	5,000,000		\$10,000 to 50,000

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 L – COMMITMENT

The District has a contract with Placer County Water Agency (PCWA) to take or pay for an annual entitlement of 12,500 acre-feet. In any year during the term of this agreement, the District may request PCWA make available 25,000 acre-feet of water. The District has a contract with the City of Roseville whereby the City would reimburse the District for 4,000 acre-feet out of the 12,500 acre-feet annual entitlement, beginning no later than July 1, 2018.

SAN JUAN WATER DISTRICT

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE M – CONTINGENCY

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The COVID-19 outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the District's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on customers, employees, and vendors, all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the financial condition or results of operations is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic. The impact of COVID-19 on the year ended June 30, 2021 is minimal.

REQUIRED SUPPLEMENTARY INFORMATION

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SAN JUAN WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY - (UNAUDITED)
Last 10 Years**

	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	0.03053%	0.02397%	0.01624%	0.04842%	0.09208%	0.08829%	0.08447%
Proportionate share of the net pension liability	\$ 3,322,197	\$ 2,456,425	\$ 1,564,717	\$ 4,801,816	\$ 7,968,028	\$ 6,059,953	\$ 5,255,811
Covered payroll - measurement period	\$ 4,703,514	\$ 4,599,756	\$ 4,254,297	\$ 4,171,684	\$ 4,292,723	\$ 3,836,968	\$ 3,785,664
Proportionate share of the net pension liability as a percentage of covered payroll	70.63%	53.40%	36.78%	115.10%	185.62%	157.94%	138.83%
Plan fiduciary net position as a percentage of the total pension liability	92.36%	94.03%	96.04%	87.20%	76.19%	78.40%	79.82%
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Notes to Schedule:							
Reporting valuation date	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Reporting measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2015 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes in assumptions: The June 30, 2015 Actuarial Valuation changed the discount rate from 7.50% (net of administrative expense) to 7.65% to correct for an adjustment to exclude administrative expense. The discount rate was changed from 7.65% to 7.15% in 2018.

**SCHEDULE OF CONTRIBUTIONS TO THE PENSION PLAN - MISCELLANEOUS PLAN (UNAUDITED)
Last 10 Years**

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 820,954	\$ 750,670	\$ 675,697	\$ 569,048	\$ 795,103	\$ 730,360	\$ 591,634
Contributions in relation to the actuarially determined contributions	<u>(1,020,954)</u>	<u>(750,670)</u>	<u>(675,697)</u>	<u>(3,359,478)</u>	<u>(4,908,731)</u>	<u>(730,360)</u>	<u>(591,634)</u>
Contribution deficiency (excess)	<u>\$ (200,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,790,430)</u>	<u>\$ (4,113,628)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll - fiscal year	\$ 4,704,170	\$ 4,703,514	\$ 4,599,756	\$ 4,254,297	\$ 4,171,684	\$ 4,292,723	\$ 3,836,968
Contributions as a percentage of covered payroll	17.45%	15.96%	14.69%	13.38%	19.06%	17.01%	15.42%
Contribution valuation date:	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012
Methods and assumptions used to determine contribution rates:							
Amortized cost method					Entry age normal		
Amortized method					Level percentage of payroll, closed		
Remaining amortization period					Varies, not more than 30 years		
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	Market Value	15-year smoothed market
Inflation	2.50%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases					Varies by entry age and service		
Payroll growth	2.75%	2.875%	3.00%	3.00%	3.00%	3.00%	3.00%
Investment rate of return	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Retirement age	50 to 67 years. Probabilities of retirement are based on the most recent CalPERS Experience Study.						
Mortality	Most recent CalPERS Experience Study.						

Omitted years: GASB Statement No. 68 was implemented during the year ended June 30, 2015, so no information was available prior to this date. Ten years of information will be presented as it becomes available.

SAN JUAN WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2021

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)

Measurement Period	2020	2019	2018	2017
Total OPEB liability:				
Service cost	\$ 176,688	\$ 164,051	\$ 159,660	\$ 155,387
Interest	467,317	503,512	491,254	479,077
Differences between expected and actual experience		(724,602)	-	-
Benefit payments	(448,200)	(448,458)	(472,409)	(457,172)
Expected minus actual benefit payments	(933)	(35,114)	-	-
Net change in total OPEB liability	194,872	(540,611)	178,505	177,292
Total OPEB liability - beginning	6,812,179	7,352,790	7,174,285	6,996,993
Total OPEB liability - ending (a)	\$ 7,007,051	\$ 6,812,179	\$ 7,352,790	\$ 7,174,285
Plan fiduciary net position:				
Contributions - employer to Trust	\$ 177,000	\$ 160,000	\$ 224,554	\$ 79,159
Contributions - employer to benefit payments	448,200	448,458	441,109	457,172
Net investment income	264,068	238,016	208,632	271,614
Investment gains/ (losses)	(102,935)	(33,079)	21,907	-
Benefit payments	(448,200)	(448,458)	(472,209)	(457,172)
Other		31,300	-	-
Administrative expenses	(1,826)	(711)	(5,363)	(1,387)
Net change in plan fiduciary net position	336,307	395,526	418,630	349,386
Plan fiduciary net position - beginning	3,684,817	3,289,291	2,870,861	2,521,475
Plan fiduciary net position - ending (b)	\$ 4,021,124	\$ 3,684,817	\$ 3,289,491	\$ 2,870,861
Net OPEB liability - ending (a)-(b)	\$ 2,985,927	\$ 3,127,362	\$ 4,063,299	\$ 4,303,424
Plan fiduciary net position as a percentage of the total OPEB liability	57.39%	54.09%	44.74%	40.02%

Notes to schedule:

Valuation date	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Measurement period - fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method		Entry-age normal cost		
Amortization method		Level percentage of payroll		
Asset valuation method		Market value		
Inflation	2.75%	2.75%	2.75%	2.75%
Healthcare cost trend	4.00%	4.00%	4.00%	4.00%
Payroll growth	2.75%	2.75%	2.75%	2.75%
Discount rate	7.00%	7.00%	7.00%	7.00%
Mortality		Derived using CalPERS membership data		
Retirement age		Derived using CalPERS membership data		

Benefit changes. None.

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

SAN JUAN WATER DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2021

SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN (UNAUDITED)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Statutorily required contribution - employer fiscal year	\$ 469,090	\$ 448,200	\$ 448,458	\$ 449,109
Contributions in relation to the actuarially determined contributions	<u>(469,090)</u>	<u>(448,200)</u>	<u>(448,458)</u>	<u>(449,109)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Notes to Schedule:

Valuation date	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Measurement period - fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

An actuarially determined contribution rate was not calculated. The required contributions reported represent retiree premium payments.

SCHEDULE OF INVESTMENT RETURNS (UNAUDITED)

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expenses	27.74%	3.60%	11.56%	7.00%

Omitted years: GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

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SUPPLEMENTARY INFORMATION

SAN JUAN WATER DISTRICT
STATEMENT OF NET POSITION
WHOLESALE OPERATING

June 30, 2021

ASSETS

CURRENT ASSETS

Cash and investments	\$ 2,022,163
Receivables:	
Accounts	902,806
Accrued interest	2,336
Prepaid expenses	176,477
Inventories	4,389
TOTAL CURRENT ASSETS	3,108,171

NONCURRENT ASSETS

Capital assets, not being depreciated	8,785,328
Capital assets, net of accumulated depreciation	49,462,139
TOTAL CAPITAL ASSETS	58,247,467
Investment in electrical power	146,176
TOTAL NONCURRENT ASSETS	58,393,643

TOTAL ASSETS 61,501,814

DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts on refunding	1,012,530
Deferred pension related outflows	1,066,972
Deferred other postemployment benefits related outflows	317,741
TOTAL DEFERRED OUTFLOWS OF RESOURCES	2,397,243

LIABILITIES

CURRENT LIABILITIES

Accounts payable	274,417
Accrued liabilities	174,678
Accrued interest	365,484
Due within one year:	
Accrued compensated absences	197,600
Bonds, notes and capital leases	762,896
TOTAL CURRENT LIABILITIES	1,775,858

NONCURRENT LIABILITIES

Accrued compensated absences	233,955
Bonds, notes and capital leases	21,362,174
Net other postemployment benefit liability	1,304,245
Net pension liability	1,428,545
TOTAL NONCURRENT LIABILITIES	24,328,919

TOTAL LIABILITIES 26,104,777

DEFERRED INFLOWS OF RESOURCES

Deferred pension related inflows	611,414
Deferred other postemployment benefits related inflows	240,515
TOTAL DEFERRED INFLOWS OF RESOURCES	851,929

NET POSITION

Net investment in capital assets	37,134,928
Unrestricted	(192,577)

TOTAL NET POSITION \$ 36,942,351

SAN JUAN WATER DISTRICT
STATEMENT OF NET POSITION
WHOLESALE CAPITAL

June 30, 2021

ASSETS

CURRENT ASSETS

Cash and investments	\$ 16,960,073
Receivables:	
Accrued interest	6,886
Taxes	<u>48,203</u>

TOTAL ASSETS 17,015,162

LIABILITIES

CURRENT LIABILITIES

Accounts payable	<u>733,732</u>
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TOTAL LIABILITIES 733,732

NET POSITION

Unrestricted	<u>16,281,430</u>
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TOTAL NET POSITION \$ 16,281,430

SAN JUAN WATER DISTRICT
STATEMENT OF NET POSITION
RETAIL OPERATING

June 30, 2021

ASSETS

CURRENT ASSETS

Cash and investments	\$	922,467
Receivables:		
Accounts		3,294,696
Accrued interest		1,656
Prepaid expenses		39,645
Inventories		195,336
TOTAL CURRENT ASSETS		4,453,800

NONCURRENT ASSETS

Capital assets, not being depreciated		1,037,864
Capital assets, net of accumulated depreciation		27,448,391
TOTAL CAPITAL ASSETS		28,486,255
TOTAL NONCURRENT ASSETS		28,486,255

TOTAL ASSETS 32,940,055

DEFERRED OUTFLOWS OF RESOURCES

Deferred amounts on refunding		567,635
Deferred pension related outflows		1,414,358
Deferred other postemployment benefits related outflows		426,783
TOTAL DEFERRED OUTFLOWS OF RESOURCES		2,408,776

LIABILITIES

CURRENT LIABILITIES

Accounts payable		281,700
Accrued liabilities		206,220
Accrued interest		203,365
Unearned revenues		98,783
Deposits payable		180,328
Due within one year:		
Accrued compensated absences		247,900
Bonds, notes and capital leases		422,104
TOTAL CURRENT LIABILITIES		1,640,400

NONCURRENT LIABILITIES

Accrued compensated absences		303,022
Bonds, notes and capital leases		11,907,020
Net other postemployment benefit liability		1,681,682
Net pension liability		1,893,652
TOTAL NONCURRENT LIABILITIES		15,785,376

TOTAL LIABILITIES 17,425,776

DEFERRED INFLOWS OF RESOURCES

Deferred pension related inflows		810,479
Deferred other postemployment benefits related inflows		325,214
TOTAL DEFERRED INFLOWS OF RESOURCES		1,135,693

NET POSITION

Net investment in capital assets		16,724,765
Unrestricted		62,597
TOTAL NET POSITION	\$	16,787,362

SAN JUAN WATER DISTRICT
 STATEMENT OF NET POSITION
 RETAIL CAPITAL
 June 30, 2021

ASSETS

CURRENT ASSETS

Cash and investments	\$ 11,890,097
Receivables:	
Accrued interest	4,561
Taxes	<u>48,203</u>

TOTAL ASSETS 11,942,861

LIABILITIES

CURRENT LIABILITIES

Accounts payable	<u>163,865</u>
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TOTAL LIABILITIES 163,865

NET POSITION

Unrestricted	<u>11,778,996</u>
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TOTAL NET POSITION \$ 11,778,996

SAN JUAN WATER DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 BUDGET TO ACTUAL - WHOLESALE OPERATING

For the year ended June 30, 2021

	Actual	Final Budget	Variance with Final Budget
OPERATING REVENUE			
Wholesale revenue by entity			
San Juan Water District - retail	\$ 3,267,884	\$ 2,996,900	\$ 270,984
Citrus Heights Water District	2,897,855	2,889,700	8,155
Fair Oaks Water District	2,112,352	1,994,500	117,852
Sacramento Suburban Water District	1,316,006	-	1,316,006
Orangevale Water Company	1,054,215	988,400	65,815
City of Folsom	315,158	298,600	16,558
City of Roseville	93,188	88,600	4,588
Granite Bay Golf Course	13,132	7,900	5,232
Carmichael Water District	8,172	-	8,172
Other revenue	33,584	1,500	32,084
TOTAL OPERATING REVENUES	<u>11,111,546</u>	<u>9,266,100</u>	<u>1,845,446</u>
OPERATING EXPENSES			
Source of supply			
Placer County Water Agency	353,052	263,900	(89,152)
Wheeling	327,872	104,500	(223,372)
Bureau pumping	96,506	83,000	(13,506)
Other public agencies	101,863	101,200	(663)
Administration and general	1,935,785	1,955,900	20,115
Water treatment	2,729,125	3,092,400	363,275
Engineering	464,632	705,200	240,568
Water efficiency	42,588	57,100	14,512
Depreciation	2,388,866	-	(2,388,866)
Retirement benefits (OPEB)	132,037	297,500	165,463
Pension expense	872,632	465,700	(406,932)
TOTAL OPERATING EXPENSES	<u>9,444,958</u>	<u>7,126,400</u>	<u>(2,318,558)</u>
NET INCOME FROM OPERATIONS	1,666,588	2,139,700	(473,112)
NON-OPERATING REVENUES (EXPENSES)			
Investment income	10,104	40,000	(29,896)
Other revenue	75,035	74,000	1,035
Interest expense	(839,918)	(896,200)	56,282
Other expenses	(157,796)	(1,500)	(156,296)
Capital outlay offsets	5,015,673	-	5,015,673
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>4,103,098</u>	<u>(783,700)</u>	<u>4,886,798</u>
INCOME BEFORE TRANSFERS	5,769,686	1,356,000	4,413,686
TRANSFERS			
Transfers out	(2,778,914)	(617,500)	(2,161,414)
TOTAL TRANSFERS	<u>(2,778,914)</u>	<u>(617,500)</u>	<u>(2,161,414)</u>
CHANGE IN NET POSITION	2,990,772	738,500	2,252,272
Net position at beginning of year	33,951,579	33,951,579	-
NET POSITION AT END OF YEAR	<u>\$ 36,942,351</u>	<u>\$ 34,690,079</u>	<u>\$ 2,252,272</u>

SAN JUAN WATER DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 BUDGET TO ACTUAL - WHOLESALE CAPITAL

For the year ended June 30, 2021

	Actual	Final Budget	Variance with Final Budget
OPERATING EXPENSES			
Water treatment	\$ 13,080	\$ 250,000	\$ (236,920)
TOTAL OPERATING EXPENSES	<u>13,080</u>	<u>250,000</u>	<u>(236,920)</u>
NET INCOME (LOSS) FROM OPERATIONS	(13,080)	(250,000)	236,920
NON-OPERATING REVENUES (EXPENSES)			
Tax assessments	1,215,739	1,173,000	42,739
Investment income	83,464	178,000	(94,536)
Other revenues	4,625	-	4,625
Capital outlay	<u>(5,015,672)</u>	<u>(5,829,000)</u>	<u>813,328</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>(3,711,844)</u>	<u>(4,478,000)</u>	<u>766,156</u>
Capital contributions	<u>337,307</u>	<u>143,600</u>	<u>193,707</u>
INCOME (LOSS) BEFORE TRANSFERS	(3,387,617)	(4,584,400)	1,196,783
TRANSFERS			
Transfers in	2,778,914	617,500	2,161,414
TOTAL TRANSFERS	<u>2,778,914</u>	<u>617,500</u>	<u>2,161,414</u>
CHANGE IN NET POSITION	(608,703)	(3,966,900)	3,358,197
Net position at beginning of year	<u>16,890,133</u>	<u>16,890,133</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 16,281,430</u>	<u>\$ 12,923,233</u>	<u>\$ 3,358,197</u>

SAN JUAN WATER DISTRICT
 COMBINING SCHEDULE OF REVENUES, EXPENSES
 AND CHANGES IN FUND NET POSITION
 BUDGET TO ACTUAL - RETAIL OPERATING

For the year ended June 30, 2021

	Actual	Final Budget	Variance with Final Budget
OPERATING REVENUE			
Water sales - retail	\$ 13,902,296	\$ 12,806,500	\$ 1,095,796
Other revenue	466,002	420,000	46,002
TOTAL OPERATING REVENUES	<u>14,368,298</u>	<u>13,226,500</u>	<u>1,141,798</u>
OPERATING EXPENSES			
Source of supply			
Water charged to retail service area	3,306,938	3,034,700	(272,238)
Administration and general	1,175,847	1,325,300	149,453
Transmission and distribution	4,022,655	4,283,700	261,045
Customer service	690,755	777,900	87,145
Engineering	431,401	810,900	379,499
Water efficiency	448,699	470,000	21,301
Depreciation	1,526,871	-	(1,526,871)
Retirement benefits (OPEB)	175,027	412,200	237,173
Pension expense	1,133,918	607,600	(526,318)
TOTAL OPERATING EXPENSES	<u>12,912,111</u>	<u>11,722,300</u>	<u>(1,189,811)</u>
NET INCOME (LOSS) FROM OPERATIONS	1,456,187	1,504,200	(48,013)
NON-OPERATING REVENUES (EXPENSES)			
Investment income	7,202	25,000	(17,798)
Other revenue	131,129	179,700	(48,571)
Interest expense	(467,118)	(498,600)	31,482
Other expenses	(1,487)	(1,500)	13
Capital outlay offsets	1,078,026	-	1,078,026
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>747,752</u>	<u>(295,400)</u>	<u>1,043,152</u>
Capital contributions	571,871	-	571,871
INCOME (LOSS) BEFORE TRANSFERS	2,775,810	1,208,800	1,567,010
TRANSFERS			
Transfers out	(2,475,925)	(592,400)	(1,883,525)
TOTAL TRANSFERS	<u>(2,475,925)</u>	<u>(592,400)</u>	<u>(1,883,525)</u>
CHANGE IN NET POSITION	299,885	616,400	(316,515)
Net position at beginning of year	<u>16,487,477</u>	<u>16,487,477</u>	<u>-</u>
NET POSITION AT END OF YEAR	<u>\$ 16,787,362</u>	<u>\$ 17,103,877</u>	<u>\$ (316,515)</u>

SAN JUAN WATER DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
BUDGET TO ACTUAL - RETAIL CAPITAL

For the year ended June 30, 2021

	Actual	Final Budget	Variance with Final Budget
OPERATING REVENUE			
Other revenue	\$ 34,878	\$ -	\$ 34,878
TOTAL OPERATING REVENUES	34,878		34,878
OPERATING EXPENSES			
Transmission and distribution	26,614	33,000	\$ (6,386)
TOTAL OPERATING EXPENSES	26,614	33,000	(6,386)
NET INCOME (LOSS) FROM OPERATIONS	8,264	(33,000)	41,264
NON-OPERATING REVENUES (EXPENSES)			
Tax assessments	1,215,738	1,173,000	42,738
Investment income	43,197	52,600	(9,403)
Other revenue	3,050	-	3,050
Capital outlay	(1,078,026)	(5,434,300)	4,356,274
TOTAL NON-OPERATING REVENUES (EXPENSES)	183,959	(4,208,700)	4,392,659
Capital contributions	1,082,998	100,000	982,998
INCOME (LOSS) BEFORE TRANSFERS	1,275,221	(4,141,700)	5,416,921
TRANSFERS			
Transfers in	2,475,925	592,400	1,883,525
TOTAL TRANSFERS	2,475,925	592,400	1,883,525
CHANGE IN NET POSITION	3,751,146	(3,549,300)	7,300,446
Net position at beginning of year	8,027,850	8,027,850	-
NET POSITION AT END OF YEAR	\$ 11,778,996	\$ 4,478,550	\$ 7,300,446

SAN JUAN WATER DISTRICT

STATEMENT OF CASH FLOWS
WHOLESALE OPERATING

For the year ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 10,861,859
Cash paid to suppliers for goods and services	(4,080,138)
Cash paid to employees for services	(2,606,174)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>4,175,547</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital recovery from wholesale capital	5,015,673
Acquisition and construction of capital assets	(5,015,673)
Proceeds from the sale of capital assets	25
Principal paid on capital debt	(737,750)
Interest paid on capital debt	(903,118)
Transfers to wholesale capital	(2,778,914)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(4,419,757)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	19,011
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>19,011</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(225,199)
Cash and cash equivalents at beginning of year	<u>2,247,362</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 2,022,163</u>

(Continued)

SAN JUAN WATER DISTRICT

STATEMENT OF CASH FLOWS (Continued)
WHOLESALE OPERATING

For the year ended June 30, 2021

RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating income (loss)	\$ 1,666,588
Nonoperating income received	75,010
Nonoperating expenses paid	(1,518)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	2,388,866
(Increase) decrease in accounts receivable	(325,480)
(Increase) decrease in inventories	(4,389)
(Increase) decrease in prepaid expenses	(72,695)
(Increase) decrease in deferred pension related outflows	345,427
(Increase) decrease in deferred other postemployment benefits related outflows	(45,987)
Increase (decrease) in accounts payable	88,344
Increase (decrease) in accrued liabilities	24,870
Increase (decrease) in deposits payable	783
Increase (decrease) in compensated absences	47,137
Increase (decrease) in deferred pension related inflows	(280,726)
Increase (decrease) in deferred other postemployment benefits related inflows	(41,532)
Increase (decrease) in other postemployment benefits liability	(58,068)
Increase (decrease) in net pension liability	368,917
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ <u>4,175,547</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Gain/(loss) on investment in joint venture	\$ 156,278
Amortization of bond premiums	(116,362)
Amortization of deferred amount on refunding	66,724
Gain on disposal of capital assets	25

The notes to the financial statements are an integral part of this statement.

SAN JUAN WATER DISTRICT

STATEMENT OF CASH FLOWS
RETAIL OPERATING

For the year ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 14,275,436
Cash paid to suppliers for goods and services	(5,703,624)
Cash paid to employees for services	(5,225,322)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>3,346,490</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital recovery from retail capital	1,078,026
Acquisition and construction of capital assets	(1,078,026)
Proceeds from the sale of capital assets	746
Principal paid on capital debt	(397,250)
Interest paid on capital debt	(512,746)
Transfers to retail capital	(2,475,925)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(3,385,175)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment income	12,157
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>12,157</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(26,528)
Cash and cash equivalents at beginning of year	<u>948,995</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 922,467</u>

(Continued)

SAN JUAN WATER DISTRICT

STATEMENT OF CASH FLOWS (Continued)
RETAIL OPERATING

For the year ended June 30, 2021

RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED (USED) BY OPERATING ACTIVITIES:

Operating income (loss)	\$ 1,456,187
Nonoperating income received	130,383
Nonoperating expenses paid	(1,487)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	1,526,871
(Increase) decrease in accounts receivable	(337,734)
(Increase) decrease in prepaid expenses	(1,952)
(Increase) decrease in inventories	(71,213)
(Increase) decrease in deferred pension related outflows	388,085
(Increase) decrease in deferred other postemployment benefits related outflows	(60,018)
Increase (decrease) in accounts payable	98,552
Increase (decrease) in accrued liabilities	23,884
Increase (decrease) in unearned revenues	35
Increase (decrease) in deposits payable	114,454
Increase (decrease) in compensated absences	56,508
Increase (decrease) in deferred pension related inflows	(334,498)
Increase (decrease) in deferred other postemployment benefits related inflows	(55,055)
Increase (decrease) in other postemployment benefits liability	(83,367)
Increase (decrease) in net pension liability	496,855
	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 3,346,490</u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:

Amortization of bond premiums	\$ (75,383)
Amortization of deferred amount on refunding	37,245
Contributed assets	571,871
Gain on disposal of capital assets	746

The notes to the financial statements are an integral part of this statement.

SAN JUAN WATER DISTRICT

CAPITAL ASSET ROLLFORWARD
WHOLESALE

For the year ended June 30, 2021

	Balance at June 30, 2020	Additions	Disposals	Transfers	Balance at June 30, 2021
CAPITAL ASSETS, NOT BEING DEPRECIATED					
Land	\$ 98,212	\$ -	\$ -	\$ -	\$ 98,212
Construction in progress	3,980,627	4,904,390	-	(197,901)	8,687,116
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>4,078,839</u>	<u>4,904,390</u>	<u>-</u>	<u>(197,901)</u>	<u>8,785,328</u>
CAPITAL ASSETS, BEING DEPRECIATED					
Pipelines	28,209,999	-	(14,710)	-	28,195,289
Water treatment plant	35,618,552	45,045	(15,285)	73,203	35,721,515
Land improvements	824,743	-	-	-	824,743
Reservoirs	2,923,448	-	-	-	2,923,448
Pumping stations	7,047,178	-	-	-	7,047,178
Buildings	1,279,892	-	-	-	1,279,892
Vehicles and equipment	13,996,049	63,434	(45,206)	-	14,014,277
Intangibles	1,111,810	2,804	(321,034)	124,698	918,278
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>91,011,671</u>	<u>111,283</u>	<u>(396,235)</u>	<u>197,901</u>	<u>90,924,620</u>
LESS ACCUMULATED DEPRECIATION					
Pipelines	(9,234,564)	(728,095)	14,710	-	(9,947,949)
Water treatment plant	(17,062,854)	(837,720)	15,285	-	(17,885,289)
Land improvements	(640,544)	(10,869)	-	-	(651,413)
Reservoirs	(2,801,379)	(11,694)	-	-	(2,813,073)
Pumping stations	(3,371,246)	(208,153)	-	-	(3,579,399)
Buildings	(1,160,525)	(15,756)	-	-	(1,176,281)
Vehicles and equipment	(4,551,018)	(506,622)	45,206	-	(5,012,434)
Intangibles	(647,720)	(69,957)	321,034	-	(396,643)
TOTAL ACCUMULATED DEPRECIATION	<u>(39,469,850)</u>	<u>(2,388,866)</u>	<u>396,235</u>	<u>-</u>	<u>(41,462,481)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	<u>51,541,821</u>	<u>(2,277,583)</u>	<u>-</u>	<u>197,901</u>	<u>49,462,139</u>
CAPITAL ASSETS, NET	<u>\$ 55,620,660</u>	<u>\$ 2,626,807</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,247,467</u>

SAN JUAN WATER DISTRICT

CAPITAL ASSET ROLLFORWARD
RETAIL

For the year ended June 30, 2021

	Balance at June 30, 2020	Additions	Disposals	Transfers	Balance at June 30, 2021
CAPITAL ASSETS, NOT BEING DEPRECIATED					
Land	\$ 166,272	\$ -	\$ -	\$ -	\$ 166,272
Construction in progress	875,231	480,635	-	(484,274)	871,592
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	<u>1,041,503</u>	<u>480,635</u>	<u>-</u>	<u>(484,274)</u>	<u>1,037,864</u>
CAPITAL ASSETS, BEING DEPRECIATED					
Pipelines	46,000,013	856,008	(370,233)	-	46,485,788
Water treatment plant	16,000	-	-	-	16,000
Land improvements	94,608	-	-	-	94,608
Reservoirs	2,492,422	-	-	-	2,492,422
Pumping stations	6,083,049	134,280	-	127,918	6,345,247
Buildings	275,982	-	-	-	275,982
Vehicles and equipment	1,667,161	170,562	(36,210)	-	1,801,513
Intangibles	415,403	8,412	(191,373)	356,356	588,798
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>57,044,638</u>	<u>1,169,262</u>	<u>(597,816)</u>	<u>484,274</u>	<u>58,100,358</u>
LESS ACCUMULATED DEPRECIATION					
Pipelines	(26,310,552)	(1,143,176)	370,233	-	(27,083,495)
Water treatment plant	(10,870)	(484)	-	-	(11,354)
Land improvements	(50,577)	(3,235)	-	-	(53,812)
Reservoirs	(1,215,909)	(32,532)	-	-	(1,248,441)
Pumping stations	(687,773)	(175,652)	-	-	(863,425)
Buildings	(39,293)	(13,682)	-	-	(52,975)
Vehicles and equipment	(1,121,817)	(105,855)	36,210	-	(1,191,462)
Intangibles	(286,121)	(52,255)	191,373	-	(147,003)
TOTAL ACCUMULATED DEPRECIATION	<u>(29,722,912)</u>	<u>(1,526,871)</u>	<u>597,816</u>	<u>-</u>	<u>(30,651,967)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	<u>27,321,726</u>	<u>(357,609)</u>	<u>-</u>	<u>484,274</u>	<u>27,448,391</u>
CAPITAL ASSETS, NET	<u>\$ 28,363,229</u>	<u>\$ 123,026</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,486,255</u>

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STATISTICAL SECTION

STATISTICAL SECTION

This part of the San Juan Water District’s annual comprehensive financial report presents all detailed information as context for understanding the information in the financial statements, note disclosures, and required supplementary information of the District’s overall financial health.

Financial Trends 61-62

These schedules contain trend information to help the reader understand how the District’s financial performance changed over time.

Revenue Capacity..... 63-68

These schedules contain information to help the reader assess the District’s most significant local revenue sources: wholesale water rates, retail water rates and property taxes.

Debt Capacity 69-72

These schedules present information to help the reader assess the affordability of the District’s current levels of outstanding debt and the District’s ability to issue additional debt in the future.

Demographic and Economic Information 73-74

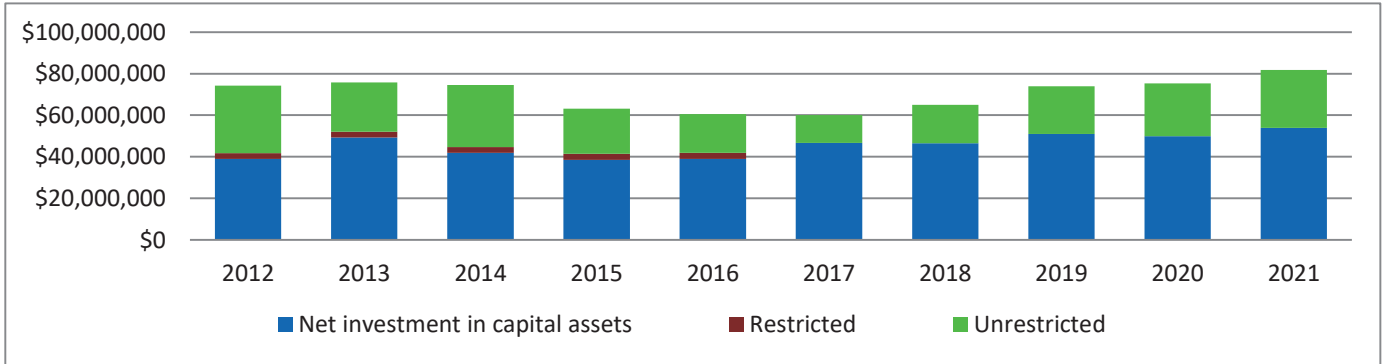
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place and to help make comparisons over time and with other governments.

Operating Information 75-79

These schedules contain service and infrastructure data to help the reader understand how the District’s financial report relates to the services the District provides and the activities it performs. Government Code Section 66013(d) and (e) Report is included in this section.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

San Juan Water District
Table 1: Net Position by Component
 (Accrual Basis of Accounting)



Fiscal Year Ending June 30	^A 2012	^A 2013	^B 2014	^C 2015	^D 2016	^E 2017	^D 2018	2019	2020	2021
Net Position:										
Net investment in capital assets	\$38,861,678	\$49,186,800	\$41,785,998	\$38,531,907	\$38,997,463	\$46,693,664	\$46,484,354	\$50,920,596	\$49,887,084	\$53,859,693
Restricted	2,911,170	2,911,170	2,911,170	2,911,577	2,912,921	-	-	-	-	-
Unrestricted	32,444,787	23,665,458	29,880,325	21,709,884	18,554,154	13,343,357	18,480,565	22,984,315	25,469,955	27,930,446
Total net position	<u>\$74,217,635</u>	<u>\$75,763,428</u>	<u>\$74,577,493</u>	<u>\$63,153,368</u>	<u>\$60,464,538</u>	<u>\$60,037,021</u>	<u>\$64,964,919</u>	<u>\$73,904,911</u>	<u>\$75,357,039</u>	<u>\$81,790,139</u>

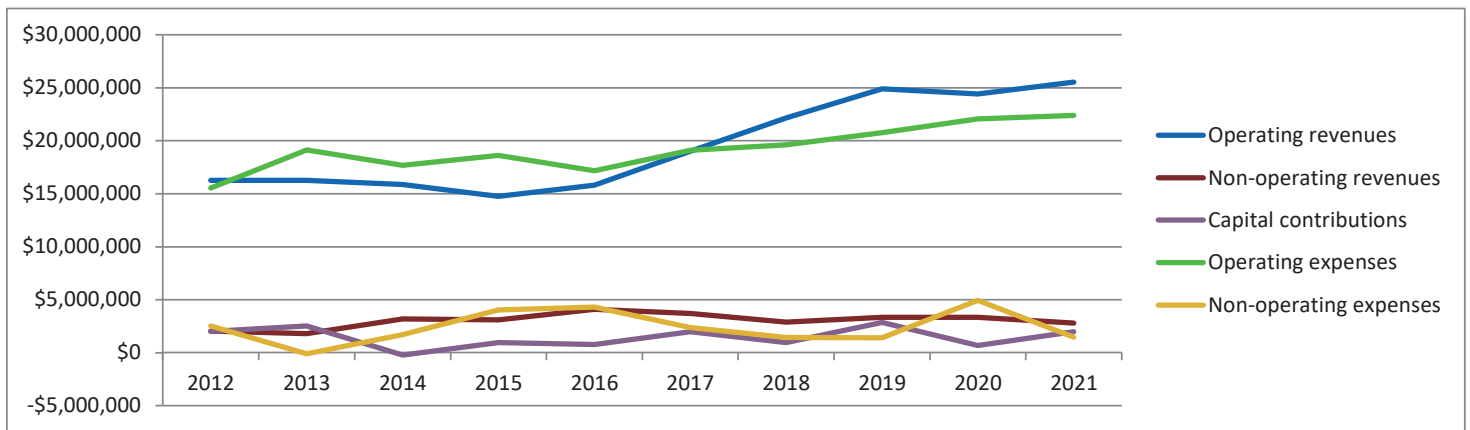
Notes:

- ^A Restated to reflect implementation of GASB Statements 63 and 65, and other prior-year adjustments.
- ^B Restated to reflect implementation of GASB Statement 68 and capital asset prior year adjustments.
- ^C Restated to reflect capital asset and compensated absences prior year adjustments.
- ^D Restated for capital asset prior year adjustment.
- ^E Restated to reflect the implementation of GASB Statement No. 75 for Postemployment Benefits Other Than Pensions (OPEB).

Source: San Juan Water District Finance & Administrative Services Department

San Juan Water District
Table 2: Changes in Net Position
 (Accrual Basis of Accounting)

Fiscal Year Ending June 30	2012	2013	2014	^A 2015	^A 2016	2017	^A 2018	2019	2020	2021
Operating Revenues										
Wholesale revenue	\$ 7,364,002	\$ 7,013,144	\$ 6,614,718	\$ 6,220,759	\$ 7,067,960	\$ 9,477,539	\$ 10,492,472	\$ 13,044,976	\$ 11,157,014	\$ 11,077,962
Retail revenue ^B	8,090,259	8,544,267	8,481,583	7,846,437	8,255,437	9,114,487	10,922,285	11,405,735	12,716,838	13,902,296
Other revenue	803,986	700,236	766,591	666,965	499,150	421,579	740,184	458,560	548,179	534,464
Total operating revenue	16,258,247	16,257,647	15,862,892	14,734,161	15,822,547	19,013,605	22,154,941	24,909,271	24,422,031	25,514,722
Operating Expenses	15,522,579	19,124,440	17,673,564	18,617,237	17,174,304	19,111,183	19,627,818	20,777,486	22,056,495	22,396,763
Net loss from operations	735,668	(2,866,793)	(1,810,672)	(3,883,076)	(1,351,757)	(97,578)	2,527,123	4,131,785	2,365,536	3,117,959
Non-operating revenues ^C	2,033,319	1,796,677	3,187,986	3,091,137	4,084,136	3,715,929	2,892,495	3,341,333	3,342,281	2,789,283
Non-operating expenses	2,534,731	(93,601)	1,725,227	4,035,641	4,299,268	2,387,144	1,438,018	1,399,653	4,936,534	1,466,318
Net income before capital contributions	234,256	(976,515)	(347,912)	(4,827,580)	(1,566,889)	1,231,207	3,981,600	6,073,465	771,283	4,440,924
Capital contributions ^C	2,009,234	2,522,308	(225,068)	959,849	762,439	1,987,666	946,298	2,866,527	680,845	1,992,176
Change in net position	\$ 2,243,490	\$ 1,545,793	\$ (572,980)	\$ (3,867,731)	\$ (804,450)	\$ 3,218,873	\$ 4,927,898	\$ 8,939,992	\$ 1,452,128	\$ 6,433,100



Note:

^A Restated to reflect prior year adjustments.

^B Retail Revenue only includes residential and commercial consumption from Fiscal Year Ending June 30, 2015 to present. Prior years included some non-consumption revenues.

^C Capital facilities fees are included in Capital contributions beginning in Fiscal Year Ending June 30, 2020. Prior to this fiscal year they were included in Non-operating revenues.

Source: San Juan Water District Finance & Administrative Services Department

San Juan Water District
Table 3: Wholesale Water Rates and Connection Fees
 Last Ten Years Effective January 1

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Uniform Commodity Rate (UCR):										
San Juan Water District Retail	\$ 90.60	\$ 90.60	\$ 93.32	\$ 89.17	\$ 102.02	\$ 81.14	\$ 81.14	\$ 81.14	\$ 81.14	\$ 81.14
Citrus Heights Water District	90.60	90.60	93.32	89.17	102.02	81.14	81.14	81.14	81.14	81.14
Fair Oaks Water Company	90.60	90.60	93.32	89.17	102.02	81.14	81.14	81.14	81.14	81.14
Orange Vale Water Company	90.60	90.60	93.32	89.17	102.02	81.14	81.14	81.14	81.14	81.14
City of Folsom	90.60	90.60	93.32	89.17	102.02	81.14	81.14	81.14	81.14	81.14
Annual Service Charge:										
San Juan Water District Retail	\$ 311,080	\$ 311,080	\$ 320,412	\$ 440,965	\$ 505,258	\$ 1,114,644	\$ 1,359,660	\$ 1,635,696	\$ 2,049,400	\$ 2,264,755
Citrus Heights Water District	367,450	367,450	378,474	462,858	530,343	1,142,268	1,393,352	1,676,228	1,951,068	2,163,289
Fair Oaks Water Company	208,340	208,340	214,590	356,683	408,687	855,824	1,043,948	1,255,888	1,391,644	1,502,009
Orange Vale Water Company	80,300	80,300	82,709	156,402	179,205	394,248	480,908	578,540	688,408	747,996
City of Folsom	35,160	35,160	36,215	44,925	51,475	113,664	138,652	166,800	206,256	222,934
Annual Debt Service Charge: ^A										
San Juan Water District Retail	\$ 585,863	\$ 570,181	\$ 613,611	\$ 447,679	\$ 613,811	\$ 613,752	\$ 613,804	\$ 505,084	\$ 540,568	\$ 535,680
Citrus Heights Water District	621,477	648,443	672,537	673,415	672,833	672,804	672,752	556,964	514,632	502,200
Fair Oaks Water Company	434,744	405,722	443,222	443,957	443,513	443,452	443,404	371,316	367,072	385,020
Orange Vale Water Company	179,008	180,570	191,913	192,041	191,922	191,952	191,952	155,584	181,580	184,140
City of Folsom	51,581	53,653	56,430	142,591	142,283	142,156	141,952	118,468	140,204	136,172
Capital Facilities Charge: ^B										
San Juan Water District Retail				\$ 458,635	\$ 493,158	\$ 426,660	\$ 34,524	\$ 34,524	\$ 34,524	\$ -
Citrus Heights Water District				-	-	-	-	-	-	-
Fair Oaks Water Company				-	-	-	-	-	-	-
Orange Vale Water Company				210,270	219,447	219,448	9,176	9,176	9,176	-
City of Folsom				71,595	71,595	71,596	-	-	-	-
Capital Facilities Fees: ^C										
Up to 1" Meter	\$ 354	\$ 364	\$ 372	\$ 381	\$ 391	\$ 400	\$ 412	\$ 1,186	\$ 1,216	\$ 1,233
1" Meter	588	605	619	633	650	665	686	1,186	1,216	1,233
1 1/2" Meter	1,178	1,212	1,240	1,269	1,303	1,333	1,374	2,371	2,430	2,464
2" Meter	1,884	1,938	1,983	2,029	2,083	2,131	2,197	3,794	3,889	3,943
3" Meter	3,767	3,874	3,964	4,055	4,164	4,260	4,392	7,589	7,779	7,888
4" Meter	5,887	6,055	6,196	6,339	6,509	6,659	6,865	11,857	12,153	12,323
6" Meter	14,717	15,136	15,489	15,845	16,270	16,644	17,160	29,643	30,384	30,809
8" Meter	21,193	21,797	22,305	22,818	23,430	23,969	24,712	42,686	43,753	44,366
10" Meter	34,145	35,118	35,936	36,763	37,748	38,616	39,813	68,772	70,491	71,478
12" Meter	50,629	52,072	53,285	54,511	55,972	57,259	59,034	101,973	104,522	105,985

Notes:

^A 2012 Annual Debt Service Charges were revised during the calendar year.

^B The Capital Facilities Charge was implemented in 2015.

^C Capital Facilities Fees in 2019 were effective on February 26, 2019.

Source: San Juan Water District Finance & Administrative Services Department

San Juan Water District
Table 4: Retail Water Rates and Connection Fees
 Last Ten Years Effective January 1

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Commodity Rate per 100 CCF: ^{A,B,C}										
Uniform Rate	\$ -	\$ -	\$ -	\$ 0.80	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92
Residential										
0 to 20 ccf	0.44	0.45	0.46	-	-	-	-	-	-	-
21 to 200 ccf	0.74	0.75	0.77	-	-	-	-	-	-	-
201+ ccf	0.52	0.53	0.54	-	-	-	-	-	-	-
Commercial	0.63	0.64	0.66	-	-	-	-	-	-	-
Daily Base Charge (fixed based on meter size): ^A										
Up to 1"	\$ 1.15	\$ 1.17	\$ 1.20	\$ 1.08	\$ 1.24	\$ 1.42	\$ 1.63	\$ 1.83	\$ 2.05	\$ 2.23
1 1/2"	3.07	3.13	3.19	2.88	3.31	3.68	4.22	4.75	5.32	5.78
2"	4.90	5.00	5.10	4.59	5.28	5.58	6.72	7.56	8.47	9.20
3"	9.75	9.95	10.14	9.13	10.50	10.90	12.51	14.07	15.76	17.13
4"	15.19	15.49	15.80	14.23	16.36	18.12	20.80	23.40	26.21	28.48
6"	30.36	30.97	31.59	28.46	32.73	36.18	41.54	46.73	52.34	56.88
8"	54.58	55.67	56.79	51.16	58.83	57.85	66.42	74.72	83.68	90.94
10"	87.90	89.66	91.45	82.39	94.75	N/A	N/A	N/A	N/A	N/A
12"	130.32	132.93	135.60	122.16	140.48	N/A	N/A	N/A	N/A	N/A
Fire District	5.90	6.02	6.15	5.53	6.36	7.28	8.36	N/A	10.53	11.44
Daily Base Charge for Private Fire Lines (fixed based on meter size): ^A										
4"	\$ 0.44	\$ 0.45	\$ 0.46	\$ 0.47	\$ 0.53	\$ 0.57	\$ 0.62	\$ 0.68	\$ 0.74	\$ 0.78
6"	0.65	0.66	0.68	0.70	0.78	0.84	0.92	1.00	1.09	1.16
8"	0.88	0.90	0.92	0.95	1.05	1.14	1.24	1.35	1.47	1.56
10"	1.05	1.07	1.09	1.12	1.26	1.36	1.48	1.61	1.75	1.86
Capital Facilities Fees (see Table 3: Wholesale Rates for additional fees): ^D										
Up to 1" Meter	\$ 13,488	\$ 13,872	\$ 14,195	\$ 14,521	\$ 14,910	\$ 15,253	\$ 15,726	\$ 15,726	\$ 15,726	\$ 15,726
1 1/2" Meter	26,974	27,743	28,389	29,042	29,820	30,506	31,452	31,452	31,452	31,452
2" Meter	43,159	44,389	45,423	46,468	47,713	48,810	50,323	50,323	50,323	50,323
3" Meter	86,318	88,778	90,847	92,936	95,427	97,622	100,648	100,648	100,648	100,648
4" Meter	133,953	137,771	140,981	144,224	148,089	151,495	156,191	156,191	156,191	156,191
6" Meter	269,744	277,432	283,896	290,426	298,209	305,068	314,525	314,525	314,525	314,525
8" Meter	485,550	499,388	511,024	522,778	536,788	549,134	566,157	566,157	566,157	566,157
10" Meter	782,275	804,570	823,316	842,252	864,824	884,715	912,141	912,141	912,141	912,141
12" Meter	1,159,924	1,192,982	1,220,778	1,248,856	1,282,325	1,311,819	1,352,485	1,352,485	1,352,485	1,352,485

Notes:

^A The 2015 rates were amended February 1, 2015.

^B Beginning February 1, 2015 the tiered rate structure was replaced with a uniform rate.

^C A 10% drought surcharge on the volumetric rate was implemented on June 1, 2015 and removed April 1, 2016.

^D 2019 Capital Facilities Fees were effective on February 26, 2019.

Source: San Juan Water District Finance & Administrative Services Department
 San Juan Water District Customer Service Department

San Juan Water District
Table 5: Retail Metered Water Sales by Type
 Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Total Water Sales	Total Water Deliveries (CCF)
2012	\$ 7,058,136	\$ 1,025,042	\$ 8,083,178	5,229,292
2013	7,432,485	1,110,112	8,542,597	5,823,065
2014	7,388,798	1,119,919	8,508,716	5,430,370
2015 ^A	6,661,233	1,185,368	7,846,601	4,414,012
2016 ^A	7,196,801	1,058,636	8,255,437	4,717,454
2017 ^A	7,952,605	1,161,882	9,114,487	4,663,318
2018 ^A	9,533,095	1,389,190	10,922,285	4,990,170
2019	9,960,544	1,445,191	11,405,735	4,732,317
2020	11,120,000	1,596,838	12,716,838	5,152,696
2021	12,158,447	1,743,849	13,902,296	5,297,359

Note:

^A Total Water Deliveries for Fiscal Years 2014-2015 through 2017-2018 are reported from August through July to match accrual adjustments at fiscal year end.

Sources: *San Juan Water District Finance Department (revenue)*
San Juan Water District Water Treatment Department (water deliveries) through Fiscal Year 2020
San Juan Water District Customer Service Department (water deliveries) beginning Fiscal Year 2021

San Juan Water District
Table 6: Ten Largest Retail Customers
 Current Year and Nine Years Ago

Customers	Fiscal Year					
	2021			2012		
	Total Revenue	Rank	Percentage of Revenue	Total Revenue	Rank	Percentage of Revenue
Eureka Union School District/Cavitt Jr. High	\$ 66,017	1	0.47%			
San Juan Unified School District	40,006	2	0.29%			
Roseville Joint Union High School	39,198	3	0.28%	\$ 19,455	1	0.24%
Placer County Department of Facility Services	28,582	4	0.20%			
City of Folsom	20,506	5	0.15%	12,303	3	0.15%
Granite Bay Business Park	17,079	6	0.12%	11,648	5	0.15%
Bushnell's Landscape Creations	16,307	7	0.12%	10,774	6	0.13%
Granite Bay Estates MHC LLC	15,123	8	0.11%			
City of Roseville	14,937	9	0.11%			
Eskaton Granite Bay	14,913	10	0.11%			
Rolling Greens Estates LLC				13,960	2	0.17%
California State Department of Parks & Rec				11,958	4	0.15%
Sierra Valley Real Estate				10,552	7	0.13%
Maison Chapeaux				9,841	8	0.12%
Roseville Parkway of Swan Lake				8,423	9	0.11%
Otow Revocable Living Trust				7,554	10	0.09%
Total	\$ 272,668		1.9600%	\$ 116,468		1.44%
Total Customer Revenue ^A	\$ 13,902,296			\$ 8,083,178		

Note:

^A Total Customer Revenue includes the District's total commercial and residential retail revenue.

Source: San Juan Water District Customer Service Department

San Juan Water District
Table 7: Principal Property Taxpayers (Top 20)
 Current Year and Nine Years Ago

Taxpayer	Primary Land Use	Fiscal Year			
		2021		2012	
		Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Montage Apartments Prop Owner LLC	Apartments	\$ 80,099,978	0.37%		
Birdcage GRF2 LLC	Shopping Center	72,486,465	0.33%		
Ethan Conrad	Shopping Center	55,916,588	0.26%		
Mitchell/Sippola LP	Shopping Center	51,730,775	0.24%		
Rollingwood Commons Apartments LLC	Apartments	49,220,776	0.23%	\$ 29,934,859	0.27%
AU Zone Madison LLC/NMC Madison Marketplace	Shopping Center	48,441,022	0.22%		
MG Atwood Apartments RIA LLC	Apartments	47,940,000	0.22%		
Wal Mart Real Estate Business Trust	Commercial	32,400,173	0.15%	19,850,000	0.18%
Sacto Fair Oaks Blvd Apartments LP	Apartments	29,346,095	0.14%	22,836,093	0.21%
Fair Oaks Fountains LLC	Apartments	27,072,199	0.13%	18,842,835	0.17%
MGP XII Sunrise Village LLC	Shopping Center	26,842,330	0.12%		
Wedgewood Commons Apartments LLC	Apartments	26,291,052	0.12%		
Marshall Field Stores Inc	Commercial	26,006,544	0.12%	23,300,272	0.21%
KO Spring Creek LP/MZ Spring Creek LLC	Apartments	24,581,978	0.11%		
Costco Wholesale Corporation	Commercial	24,495,080	0.11%	21,363,137	0.19%
Madison & Sunrise Associates LLC	Shopping Center	24,069,540	0.11%	20,899,681	0.19%
MGP XI US Properties LLC	Shopping Center	23,346,574	0.11%		
Sunrise CH LLC/Sunrise Mall Realty LLC	Shopping Center	23,052,000	0.11%		
Salishan Apartments LP	Apartments	22,672,050	0.10%	19,156,700	0.17%
Canyon Terrace Folsom LLC	Apartments	22,593,633	0.10%		
Steadfast Sunrise I LLC	Commercial			114,761,141	1.03%
MP Birdcage Marketplace LLC	Shopping Center			57,788,574	0.52%
The Realty Associates Fund VIII LP	Shopping Center			53,363,989	0.48%
VIF & Lyon Oak Creek LLC	Apartments			50,261,544	0.45%
Grove at Sunrise LLC	Apartments			28,526,113	0.26%
PK I Cable Park LP	Commercial			26,186,126	0.24%
Theodore Mitchell	Apartments			22,319,605	0.20%
Sears Roebuck & Company	Commercial			21,043,423	0.19%
Lowes HIW Inc.	Commercial			20,351,932	0.18%
Fair Oaks Promenade LLC	Commercial			20,247,994	0.18%
First Acorn LLC	Commercial			19,046,125	0.17%
Placer Partners LLC	Commercial			18,682,569	0.17%
Total		\$ 738,604,852	3.40%	\$ 628,762,712	5.66%

2020-2021 Total Secured Assessed Valuation:

\$21,721,380,992

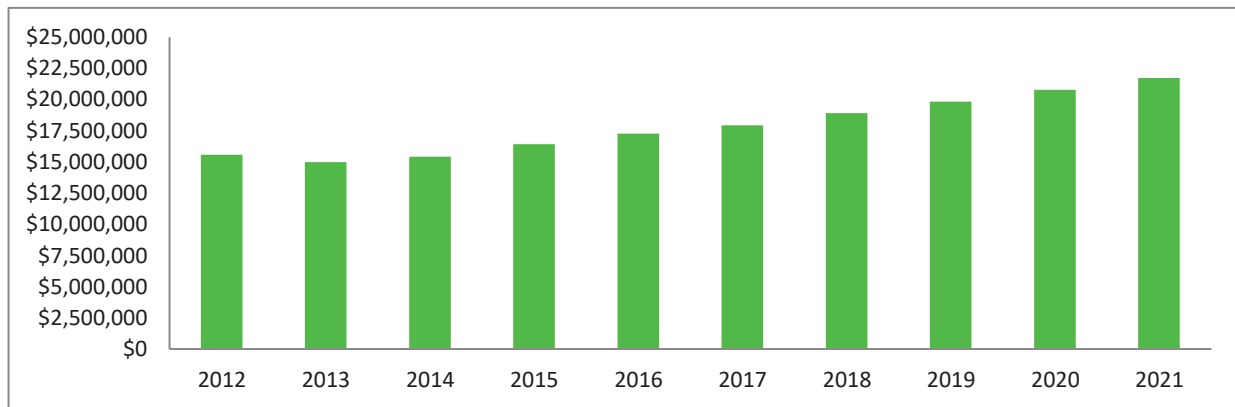
2011-2012 Total Secured Assessed Valuation:

\$11,113,030,569

Source: California Municipal Statistics, Inc

San Juan Water District
Table 8: Assessed Actual Value of Taxable Property
 (Accrual Basis of Accounting)
 Last Ten Fiscal Years
 (in thousands of dollars)

Fiscal Year	Secured Assessed Value	Unsecured Assessed Value	Total Assessed Value	Total Property Tax Revenue	Total Direct Tax Rate
2012	\$ 15,579,095	\$ 32,499	\$ 15,611,594	\$ 1,561	0.010%
2013	14,980,101	242,107	15,222,208	1,606	0.010%
2014	15,425,919	232,223	15,658,142	1,678	0.011%
2015	16,414,070	223,352	16,637,422	1,798	0.011%
2016	17,262,244	216,199	17,478,443	1,908	0.011%
2017	17,928,033	216,351	18,144,384	2,037	0.011%
2018	18,906,931	211,559	19,118,490	2,123	0.011%
2019	19,830,731	220,445	20,051,176	2,236	0.011%
2020	20,790,779	231,301	21,022,080	2,329	0.011%
2021	21,721,381	236,016	21,957,397	2,431	0.011%



Note: In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.

Sources: *County of Sacramento and County of Placer (Fiscal Years 2011-2012 through 2014-2015)*
California Municipal Statistics, Inc. (Fiscal Year 2015-2016 through current)

San Juan Water District
Table 9: Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Fiscal Year	Revenue Bonds	Certificates of Participation	Economic Development Admin Loan	California Energy Commission Loan	Unamortized Premiums	Total Debt	Percentage of Personal Income	Debt Per Capita ^A
2012	\$ 13,625,000	\$ 30,085,000	\$ 129,527	\$ -	\$ 1,818,156	\$ 45,657,683	74.35%	253.65
2013	12,145,000	30,075,000	105,916	-	1,686,792	44,012,708	68.90%	242.18
2014	11,895,000	29,670,000	81,190	-	1,560,211	43,206,401	65.97%	237.09
2015	11,475,000	29,255,000	55,159	-	1,435,162	42,220,321	48.24%	278.63
2016	11,035,000	28,825,000	27,826	-	1,312,829	41,200,655	45.52%	269.97
2017	36,710,000	-	-	-	3,217,870	39,927,870	41.32%	259.78
2018	35,300,000	-	-	-	3,013,568	38,313,568	35.74%	247.53
2019	34,250,000	-	-	-	2,812,806	37,062,806	32.73%	237.79
2020	33,165,000	-	-	-	2,615,939	35,780,939	29.81%	236.43
2021	32,030,000	-	-	-	2,424,194	34,454,194	N/A	226.82

^A The total population used to calculate the Debt Per Capita for Fiscal Year 2020 double counted the retail population. The Debt Per Capita has been updated using the correct population for that fiscal year.

Note: Details regarding the District's debt can be found in the notes to the financial statements.

Source: San Juan Water District Finance & Administrative Services Department

San Juan Water District
Table 10: Computation of Direct and Overlapping Bonded Debt
June 30, 2021

2020-2021 Assessed Valuation:			\$ 21,957,396,644
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	Total Debt	Percent Applicable^A	District's Share of Debt
Los Rios Community College District	\$ 415,205,000	7.38%	\$ 30,633,825
Sierra Joint Community College District School Facilities Improvement District No. 4	167,570,000	7.790	13,053,703
Folsom-Cordova Unified School District School Facilities Improvement District No. 2	15,873,514	9.900	1,571,478
Folsom-Cordova Unified School District School Facilities Improvement District No. 5	179,345,000	10.184	18,264,495
San Juan Unified School District	666,805,642	36.885	245,951,261
Placer Union High School District	20,922,455	4.149	868,073
Placer Union High School District School Facilities Improvement District No. 2	39,575,000	11.514	4,556,666
Roseville Joint Union High School District	127,884,202	15.325	19,598,254
Eureka Union School District	213,644	72.196	154,242
Loomis Union School District	1,815,000	15.090	273,884
Roseville City School District	11,916,509	0.585	69,712
Fair Oaks Recreation and Park District	17,610,000	98.907	17,417,523
^A The total population used to calculate the Debt Per Capita for Fiscal Year 2020 double counted the retail population. The Debt Per Capita has been updated using the correct population for that fiscal year.		100.000	
California Municipal Finance Authority Community Facilities District No. 2020-8	622,000		622,000
Roseville Placer Valley Sports Complex and Tourism Marketing Assessment District	2,830,000	100.000	2,830,000
California Statewide Community Development Authority Obligations	32,159,000	2.242	721,005
San Juan Water District	11,357,523	100.000	11,357,523
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT	\$ 1,746,158,683		\$ 402,397,838
OVERLAPPING GENERAL FUND DEBT			
Sacramento County General Fund Obligations	\$ 139,167,413	8.91%	\$ 12,399,816
Sacramento County Pension Obligation Bonds	712,785,052	8.91	63,509,148
Sacramento County Board of Education General Fund Obligations	3,100,000	8.91	276,210
Placer County General Fund Obligations	19,355,000	6.775	1,311,301
Placer County Office of Education Certificates of Participation	480,000	6.775	32,520
Sierra Joint Community College District Certificates of Participation	1,566,000	5.163	80,853
Roseville Joint Union High School District Certificates of Participation	61,150,000	15.325	9,371,238
Eureka Union School District Certificates of Participation	2,590,000	72.196	1,869,876
Other School District General Fund Obligations	4,070,000	Various	85,685
City of Citrus Heights General Fund Obligations	3,520,001	67.286	2,368,468
City of Folsom General Fund Obligations	1,320,582	11.309	149,345
City of Roseville General Fund Obligations	19,308,936	2.241	432,713
Sacramento Metropolitan Fire District General Fund Obligations	8,375,000	19.544	1,636,810
Sacramento Metropolitan Fire District Pension Obligation Bonds	30,410,000	19.544	5,943,330
South Placer Fire Protection District Certificates of Participation	4,815,000	62.249	2,997,289
Orangevale Recreation and Park District General Fund Obligations	940,000	99.957	939,596
Sunrise Recreation and Park District Certificates of Participation	5,275,000	37.876	1,997,959
Placer Mosquito and Vector Control District General Fund Obligations	2,402,000	6.775	162,736
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT	\$ 1,020,629,984		\$ 105,564,893
Less: Sacramento County supported obligations			1,330,032
TOTAL NET OVERLAPPING GENERAL FUND DEBT			\$ 104,234,861
TOTAL DIRECT DEBT			\$ 34,454,194
TOTAL GROSS OVERLAPPING DEBT			\$ 473,508,537
TOTAL NET OVERLAPPING DEBT			\$ 472,178,505
GROSS COMBINED TOTAL DEBT^B			\$ 507,962,731
NET COMBINED TOTAL DEBT			\$ 506,632,699
RATIOS TO FISCAL YEAR ASSESSED VALUATION			
Direct Debt		0.16%	
Total Direct and Overlapping Tax and Assessment Debt		1.83%	
Gross Combined Total Debt		2.31%	
Net Combined Total Debt		2.31%	

Notes:

^A The percentage of overlapping debt applicable to the water district is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the water district divided by the overlapping district's total taxable assessed value.

^B Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.
San Juan Water District Finance & Administrative Services Department

San Juan Water District
Table 11: Ratio of Annual Debt Service Expenses for All Debt to Total General Expenses
 Last Ten Fiscal Years

Fiscal Year	Principal	Interest ^A	Total Debt Service	Total General Expenses ^B	Ratio of Debt Service to Total General Expenses
2012	\$ 1,053,410	\$ 2,448,654	\$ 3,502,064	\$ 15,838,223	22.11%
2013	1,516,616	2,117,353	3,633,969	16,544,003	21.97%
2014	679,726	2,265,829	2,945,555	17,641,917	16.70%
2015	861,031	2,246,935	3,107,966	15,709,068	20.67%
2016	897,333	2,214,358	3,111,691	19,367,331	16.07%
2017	927,826	2,150,429	3,078,255	19,440,126	15.83%
2018	1,410,000	1,525,956	2,935,956	20,000,867	14.68%
2019	1,050,000	1,486,081	2,536,081	20,785,491	12.20%
2020	1,085,000	1,444,171	2,529,171	25,640,417	9.86%
2020	1,135,000	1,394,812	2,529,812	22,556,045	11.22%

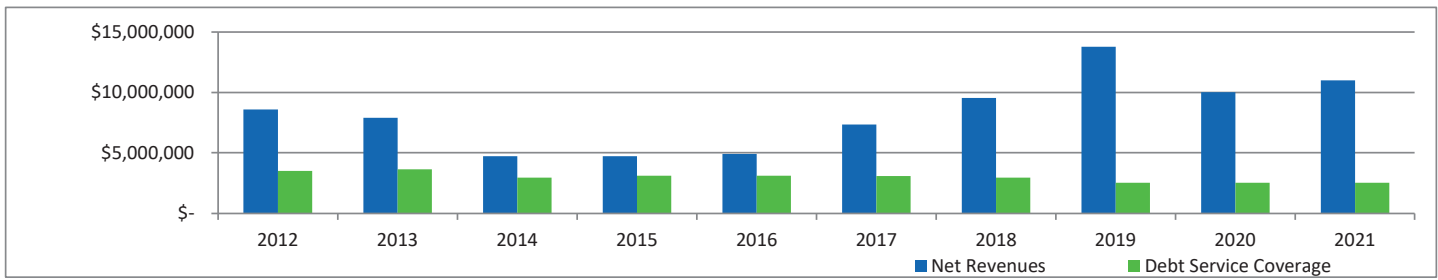
^A The total population used to calculate the Debt Per Capita for Fiscal Year 2020 double counted the retail population. The Debt Per Capita has t

^A Interest is the fiscal year interest expense less amortization expense.

^B Total general expenses are total expenses exclude interest expense. Details regarding the District's outstanding debt can be found in the notes to the financial statements.

Source: San Juan Water District Finance & Administrative Services Department

San Juan Water District
Table 12: Debt Service Coverage
 Last Ten Fiscal Years



	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
^A The total population used to	\$ 8,090,259	\$ 8,544,267	\$ 8,481,583	\$ 7,846,437	\$ 8,255,437	\$ 9,114,487	\$ 10,922,285	\$ 11,405,735	\$ 12,716,838	\$ 13,902,296
Wholesale Water Sales	7,364,002	7,013,144	6,614,719	6,379,883	7,067,960	9,477,539	10,492,472	13,044,976	11,157,014	11,077,962
Capital Charges/Other Contributions ^A										1,420,305
Capital Contributions ^B	2,009,234	2,522,308	(225,068)	959,849	762,439	600,311	946,298	2,601,290	232,052	-
Connections/Annexations	176,362	34,741	1,134,335	1,020,687	657,865	399,703	397,668	207,520	380,793	-
Property Tax Revenue	1,561,130	1,606,175	1,677,842	1,799,464	1,908,134	2,036,972	2,123,196	2,236,374	2,328,700	2,431,477
Investment Income	187,780	52,954	271,721	147,684	217,332	123,079	107,104	654,311	811,433	143,967
Other	912,033	803,044	870,679	790,267	1,799,955	1,577,754	1,004,711	701,688	750,327	748,303
Total	\$ 20,300,800	\$ 20,576,633	\$ 18,825,811	\$ 18,944,271	\$ 20,669,122	\$ 23,329,845	\$ 25,993,734	\$ 30,851,894	\$ 28,377,157	\$ 29,724,310
Operation & Maintenance Costs										
Source of Supply	\$ 3,186,686	\$ 3,506,604	\$ 2,912,322	\$ 3,082,424	\$ 2,861,628	\$ 3,960,004	\$ 4,420,199	\$ 4,777,081	\$ 4,158,215	\$ 4,186,231
Transmission/Distribution	1,764,998	1,926,664	2,240,966	2,671,982	2,530,756	2,827,356	3,133,490	3,474,927	3,746,886	4,049,269
Water Treatment	1,701,918	1,932,517	1,888,549	2,147,336	2,004,076	2,384,261	2,781,469	2,769,364	3,242,385	2,742,205
Administration/General	2,455,196	2,661,692	3,822,770	3,301,971	3,727,237	3,738,168	2,719,157	2,934,918	2,934,726	3,111,632
Customer Service	681,163	697,301	597,624	540,731	572,400	552,993	648,714	661,246	736,420	690,755
Water Efficiency	662,589	614,749	649,832	682,311	726,091	512,520	369,331	413,627	725,636	491,287
Engineering	325,113	264,583	633,783	432,701	603,427	603,841	662,812	810,128	422,066	896,033
Pumping and Telemetry ^C	621,783	609,304	759,067	-	-	-	-	-	-	-
Retirement/Pension	252,332	307,509	398,851	586,942	443,149	976,780	1,603,957	1,132,056	2,244,459	2,313,614
Other	53,233	149,947	198,473	765,647	2,299,092	421,171	106,159	102,438	149,816	247,059
Total	\$ 11,705,011	\$ 12,670,870	\$ 14,102,237	\$ 14,212,045	\$ 15,767,856	\$ 15,977,094	\$ 16,445,288	\$ 17,075,785	\$ 18,360,609	\$ 18,728,085
Net Revenues	\$ 8,595,789	\$ 7,905,763	\$ 4,723,574	\$ 4,732,226	\$ 4,901,266	\$ 7,352,751	\$ 9,548,446	\$ 13,776,109	\$ 10,016,548	\$ 10,996,225
Debt Service										
2017 Bonds ^D	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,181	\$ 1,971,722	\$ 1,569,996	\$ 1,567,063	\$ 1,563,329
2012 Bonds	-	1,883,113	804,300	971,800	979,200	968,500	964,234	966,085	962,108	966,483
2009 COPs ^D	1,718,075	1,717,675	2,112,275	2,106,075	2,102,400	2,057,650	-	-	-	-
2003 COPs	1,747,713	-	-	-	-	-	-	-	-	-
EDA Loan	30,088	30,088	30,091	30,091	30,091	28,924	-	-	-	-
CEC Advance	6,188	3,094	-	-	-	-	-	-	-	-
Total	\$ 3,502,064	\$ 3,633,970	\$ 2,946,666	\$ 3,107,966	\$ 3,111,691	\$ 3,078,255	\$ 2,935,956	\$ 2,536,081	\$ 2,529,171	\$ 2,529,812
Debt Service Coverage	2.45	2.18	1.60	1.52	1.58	2.39	3.25	5.43	3.96	4.35

Notes:

^A Capital Contributions and Other Contributions as of Fiscal Year 2020 includes Connections/Annexations (Capital Facilities Fees) and Capital Contributions, but excludes capital asset contributions (donations).

^B Capital Contributions excludes capital asset contributions (donations).

^C Beginning in Fiscal Year 2014-2015, Pumping and Telemetry is split between Water Treatment and Transmission and Distribution.

^D The 2009 COP Bonds were refunded in June 2017 by the 2017 Bonds.

Source: San Juan Water District Finance & Administrative Services Department

San Juan Water District
Table 13: Principal Employers for Counties Served
 Current Year and Six Years Ago

County of Sacramento Employer ^A	Fiscal Year					
	2021			2015 ^B		
	Number of Employees	Rank	Percentage of Total Employed	Number of Employees	Rank	Percentage of Total Employed
State of California	82,076	1	12.49%	74,329	1	11.44%
UC Davis Health	14,618	2	2.22%	9,706	3	1.49%
Sacramento County	12,585	3	1.91%	10,598	2	1.63%
Kaiser Permanente	12,078	4	1.84%	6,464	7	0.99%
U.S. Government	11,752	5	1.79%	9,668	4	1.49%
Dignity Health	10,888	6	1.66%	6,286	8	0.97%
Sutter Health	10,764	7	1.64%	8,817	5	1.36%
Intel Corporation	5,992	8	0.91%	6,200	9	0.95%
California State University, Sacramento	5,283	9	0.80%			
San Juan Unified School District	4,962	10	0.76%	7,523	6	1.16%
Elk Grove Unified School District				5,758	10	0.89%
Sacramento Municipal Utility District						
Total	170,998		26.02%	145,349		22.37%
Total Employed in Sacramento County	657,300			649,800		

County of Placer Employer ^A	Fiscal Year					
	2020			2015 ^B		
	Number of Employees	Rank	Percentage of Total Employed	Number of Employees	Rank	Percentage of Total Employed
Kaiser Permanente	6,356	1	3.62%	3,839	1	2.26%
Sutter Health	5,835	2	3.33%	3,693	2	2.18%
Placer County	2,939	3	1.68%	2,378	4	1.40%
Thunder Valley Casino Resort	2,500	4	1.42%	1,875	6	1.10%
Sierra Joint Community College District	2,149	5	1.22%			
Squaw Valley Alpine Meadows	2,130	6	1.21%	2,500	3	1.47%
PRIDE Industries, Inc.	1,291	7	0.74%	1,221	7	0.72%
Safeway, Inc.	1,242	8	0.71%	1,218	8	0.72%
City of Roseville	1,220	9	0.70%	1,047	9	0.62%
Hewlett-Packard Co.	1,200	10	0.68%	2,000	5	1.18%
Roseville City School District				1,015	10	0.60%
Total	26,862		15.31%	20,786		12.25%
Total Employed in Placer County	175,500			169,700		

^A Information is not available specific to San Juan Water District service area, so counties served are shown.

^B Employer information is not available for Fiscal Year 2012, so Fiscal Year 2015 data is being used for the comparison.

Sources: *Sacramento Business Journal* May 14, 2021/updated June 1, 2021 (Placer) and June 4, 2021 (Sacramento) issues
Sacramento Business Journal 2015
 California Employment Development Department

San Juan Water District
Table 14: Demographic and Economic Statistics
 Last Ten Fiscal Years

Fiscal Year	Wholesale Population^{A,B}	Retail Population^B	Total Personal Income^C	Per Capita Personal Income^{C,D}	Unemployment Rate^C
2012	180,000	30,722	61,406,829	34,115	10.80%
2013	181,739	30,831	63,877,648	35,148	8.48%
2014	182,239	31,009	65,495,913	35,940	7.37%
2015	151,531	29,452	87,513,638	57,753	5.78%
2016	152,614	29,578	90,506,232	59,304	5.61%
2017	153,697	29,704	96,641,943	62,878	4.62%
2018	154,781	29,830	107,192,168	69,254	4.08%
2019	155,865	29,957	113,234,951	72,649	3.74%
2020	151,341	29,680	120,033,390	79,313	13.06%
2021	151,903	29,712	Not yet available		7.05%

Note:

^A Wholesale population for 2012 through 2014 includes estimates of Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company, San Juan Water District Retail and City of Folsom (served by San Juan Water District Wholesale) based on the 2010 Urban Water Management Plan.

Beginning with Fiscal Year 2015, the population is based on the 2015 Urban Water Management Plan, which includes a new calculation methodology from the Department of Water Resources.

Beginning in Fiscal Year 2020, the population is based on the 2020 Urban Water Management Plan, which includes a new calculation methodology from the Department of Water Resources. Fiscal Year 2020 has been adjusted to actual numbers based on the plan.

^B Retail Population is included in the Wholesale Population.

^C Total Personal Income, Per Capita Personal Income and the Unemployment Rate are not available for the District's specific service area, so it includes totals for both Sacramento and Placer Counties.

^D Per Capita Personal Income calculation was adjusted for all years to use the Wholesale Population. The previous calculation included the Wholesale Population plus Retail Population, which resulted in the double counting of the Retail Population.

Sources: *U.S. Department of Commerce, Bureau of Economic Analysis (total personal income)*
San Juan Water District Urban Management Plan (population)
California Employment Development Department (unemployment rate)

San Juan Water District
Table 15: Staffing - Certificates - Licenses by Function/Program
 Last Ten Fiscal Years

Comparison by Function/Program	Full-Time Equivalent Employees as of June 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Executive	3	3	3	3	3	4	4	4	4	4
Customer Service	4	4	4	4	4	4	4	5	4.5	4.5
Engineering Services	4	4	4	4	4	4	4	4	4	4
Field Services	15	15	15	15	15	15	15	14.9	13	13
Finance/Administrative Services	5	5	5	5	5	5	6	4	5	5
Operations	0	0	0	0	0	0	0	0	3	3
Water Efficiency	4	4	4	4	4	3	4	5	3.5	3.5
Water Treatment Operations	10	10	10	10	10	10	11	12.2	11	11
Total	45	45	45	45	45	45	47	48	48	48

Actual Versus Budgeted (Current Year and 9 Years Ago)	Fiscal Year 2021		Fiscal Year 2012	
	Filled as of		Filled as of	
	June 30	Budgeted	June 30	Budgeted
Executive	4.00	4.00	3.0	3.0
Customer Service	4.50	4.50	4.0	4.0
Engineering Services	4.00	4.00	3.0	4.0
Field Services	13.00	13.00	15.0	15.0
Finance/Administrative Services	5.00	5.00	5.0	5.0
Operations	3.00	3.00		
Water Efficiency	3.50	3.50	4.0	4.0
Water Treatment Operations	10.00	11.00	10.0	10.0
Total	47.00	48.00	44.0	45.0

Certificates and Licenses	November 30, 2021
American Water Works Association - Cross Connection Control Specialist	1
American Water Works Association - Water Use Efficiency Practitioner Grade 1	2
American Water Works Association - Water Quality Analyst	1
Backflow Prevention Assembly General Tester	7
State Water Resources Control Board Water Distribution Operator	
Grade 2	6
Grade 3	5
Grade 4	7
Grade 5	2
State Water Resources Control Board Water Treatment Operator	
Grade 1	1
Grade 2	10
Grade 3	2
Grade 4	2
Grade 5	3
California Professional Engineer - Civil	4
California Water Environment Association Electrical Technician Grade 2	1
Certified Public Accountant	1
Department of Industrial Relations - Certified General Electrician	1
Irrigation Association Certified Irrigation Landscape Auditor	1
National Association of Safety Professionals - Certified Safety Director	1
Qualified Water Efficient Landscaper	2
The State Bar of California - Attorney	1

Source: San Juan Water District Finance & Administrative Services Department
 San Juan Water District Field Services Department
 San Juan Water District Treatment Department

San Juan Water District
Table 16: Wholesale Water System Capital Asset and Operating Indicators
 Last Ten Fiscal Years

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Facilities:										
# of Treatment Plants	1	1	1	1	1	1	1	1	1	1
Plant Capacity (MGD) ^A	120	150	150	150	150	150	150	150	150	150
Miles of Pipeline ^B					16	16	16	16	16	16
# of ARVs	71	86	86	89	90	90	92	93	93	94
# of Blow-offs	52	59	59	60	59	59	61	61	61	61
# of Fire Hydrants	13	14	14	14	14	14	14	14	14	15
# of Valves	21	45	45	48	48	48	51	51	51	51
# of Pumping Stations ^C	-	-	-	-	1	1	1	1	1	1
# of Storage Tanks/Reservoirs	1	1	1	1	1	1	1	1	1	1
Water Supply Available (in acre-feet):										
Pre-1914 Water Rights	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
USBR/CVP Water Contract	24,200	24,200	24,200	24,200	24,200	24,200	24,200	24,200	24,200	24,200
PCWA Contract	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Total Water Supply	82,200	82,200	82,200	82,200	82,200	82,200	82,200	82,200	82,200	82,200
Water Supply Delivered (in acre-feet):										
Pre-1914 Water Rights	34,912	34,961	30,952	29,372	26,219	27,126	33,996	28,466	32,846	33,215
USBR/CVP Water Contract	555	3,048	-	-	1,230	-	-	-	-	-
PCWA Contract	8,841	11,326	10,374	-	3,594	6,330	2,228	5,644	3,446	4,790
Total Water Supply Delivered	44,308	49,335	41,326	29,372	31,043	33,456	36,225	34,110	36,292	38,005
Production (average in acre-feet):										
Five Year	56,159	54,169	50,834	48,106	43,309	41,262	40,707	41,921	44,267	45,952
Ten Year	62,845	61,166	57,751	54,577	51,157	48,710	47,486	46,426	46,235	44,679
Fifteen Year	63,667	63,419	61,777	59,824	57,406	55,660	54,372	52,500	51,172	49,454
Twenty Year	60,690	60,753	60,156	59,548	58,737	58,066	57,760	56,832	55,954	54,562
Number of Retail Connections by Wholesale Customer:										
San Juan Water District	10,410	10,441	10,500	10,559	10,601	10,617	10,641	10,655	10,672	10,696
Citrus Heights Water District ^D	19,173	19,552	19,591	19,645	19,785	19,851	19,902	19,911	19,914	19,958
Fair Oaks Water District ^D	14,135	14,133	14,221	14,278	13,894	13,996	13,986	14,031	14,241	14,390
Orange Vale Water Company	5,545	5,600	5,600	5,600	5,600	5,600	5,673	5,679	5,679	5,682
City of Folsom	981	981	981	981	981	981	981	981	981	981
Total Connections	50,244	50,707	50,893	51,063	50,861	51,045	51,183	51,257	51,487	51,707
Population ^E	181,048	181,739	182,239	151,531	152,614	153,697	154,781	155,865	151,341	151,903

Notes:

^A Treatment plant is rated for 150 MGD. Normal permitted operation is 120 and permit conditions allow for up to 150 flows between May 15th and September 30th with State DPH conditional approval.

^B Wholesale pipeline numbers were calculated and removed from Retail's total miles of pipeline as of 2016.

^C Pump stations were assigned directly to Retail beginning January 1, 2011. Previously costs were recovered through the Wholesale Rate charged to SJWD Retail.

^D Connections are reported as of agency's December 31 fiscal year end.

^E The District updated population statistics in its 2015 Urban Water Management Plan, and again in its 2020 Urban Water Management Plan based on new calculation methodologies from the Department of Water Resources. Fiscal Year 2020 number has been adjusted from what was previously reported. See Demographic and Economic Table 14 for additional information.

Sources: San Juan Water District Finance & Administrative Services Department
 San Juan Water District Engineering Services Department
 San Juan Water District Wholesale Treatment Department

San Juan Water District
Table 17: Wholesale Water Production by Month
 Last Ten Fiscal Years
 (in million gallons)

	2011- 2012	2012- 2013	2013- 2014	2014- 2015	2015- 2016	2016- 2017	2017- 2018	2018- 2019	2019-2020	2020-2021
July	2,866	2,152	2,226	1,634	1,296	2,157	2,312	2,347	2,247	1,847
August	2,714	2,325	2,071	1,620	1,290	2,290	2,281	2,080	2,180	2,059
September	2,345	2,497	1,621	1,389	1,193	1,920	1,853	1,605	1,940	1,786
October	1,525	1,294	1,350	1,110	970	996	1,566	1,516	1,665	1,519
November	965	596	931	631	536	769	856	1,103	1,213	829
December	930	661	688	454	453	649	539	712	583	643
January	922	637	563	488	410	630	385	649	532	538
February	651	534	196	439	491	546	458	600	581	437
March	549	854	350	726	630	676	446	631	606	619
April	835	1,106	629	773	928	754	730	980	771	1,158
May	1,788	1,745	1,227	885	1,444	1,490	1,652	1,274	1,252	1,399
June	1,936	1,816	1,613	1,129	1,929	1,871	2,177	1,947	1,530	1,481
Annual Total	18,026	16,219	13,466	11,279	11,571	14,748	15,256	15,444	15,100	14,315
Average Monthly Water Production	1,502	1,352	1,122	940	964	1,229	1,271	1,287	1,258	1,193
Average Daily Water Production	49.4	44.4	36.9	30.9	31.7	40.4	41.8	42.3	41.4	39.2

Source: San Juan Water District Wholesale Operations Department

San Juan Water District
Table 18: Retail Water System Capital Asset and Operating Indicators
 Last Ten Fiscal Years

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Facilities:										
Miles of Main Line ^A	214	214	214	216	201	206	206	206	206	206
# of ARVs	768	807	804	673	769	769	775	775	778	783
# of Blow-offs	788	861	861	739	798	798	807	809	811	819
# of Fire Hydrants	1,412	1,423	1,443	1,432	1,454	1,454	1,462	1,463	1,463	1,476
# of Valves	2,761	2,766	2,810	2,675	2,849	2,849	2,852	2,864	2,867	2,883
# of Pumping Stations	6	6	6	6	9	9	9	9	9	9
# of Storage Tanks/Reservoirs	1	1	1	1	3	3	3	3	3	3
Active Connections:										
Single-Family Residential	9,811	9,851	9,908	9,964	10,003	10,011	10,030	10,049	10,063	10,083
Multi-Family Residential	119	119	119	119	119	119	119	119	117	117
Commercial	239	242	242	241	243	249	250	248	250	251
Institutional	11	11	11	11	11	11	11	11	11	11
Landscape Irrigation	209	205	207	211	212	212	215	212	214	218
Agricultural Irrigation	4	5	5	5	5	7	8	8	9	8
Other	8	8	8	8	8	8	8	8	8	8
Total Connections	10,401	10,441	10,500	10,559	10,601	10,617	10,641	10,655	10,672	10,696
Total New Connections	40	40	59	59	42	16	24	14	17	24
Consumption (units of ccf):										
Single-Family Residential	4,500,448	5,008,334	4,645,129	3,022,810	2,951,662	3,508,844	4,028,167	3,830,930	4,250,655	4,553,104
Multi-Family Residential	83,539	80,962	76,392	57,293	54,675	58,822	60,879	66,619	63,846	64,094
Commercial	199,458	175,946	195,122	129,490	122,397	145,857	163,192	160,740	166,246	183,094
Institutional	74,877	116,328	97,881	85,287	78,787	56,236	84,318	84,234	86,038	82,264
Landscape Irrigation	360,465	426,595	402,151	252,183	244,749	235,248	357,005	337,484	366,671	381,763
Agricultural Irrigation	9,634	13,195	12,787	10,745	9,864	84,530	20,337	26,877	26,976	30,029
Other (sewer lift/pump stations)	871	1,705	908	827	791	245	442	1,561	1,178	3,013
Total Consumption	5,229,292	5,823,065	5,430,370	3,558,634	3,462,925	4,089,781	4,714,338	4,508,445	4,961,610	5,297,361
Average Daily Consumption	14,327	15,954	14,878	9,750	9,487	11,205	12,916	12,352	13,593	14,513
Population ^B	30,722	30,831	31,009	29,452	29,578	29,704	29,830	29,957	29,680	29,712

Note:

^A Wholesale pipeline numbers were removed from Retail's total miles of pipeline as of 2016.

^B Fiscal Year 2020 Population total adjusted based on what was reported in the 2020 Urban Water Management Plan.

Sources: San Juan Water District Customer Services Department
 San Juan Water District Engineering Services Department

San Juan Water District
Table 19: Capital Facilities Fee Report - Summary
Per Government Code Section 66013(d) and (e)
Fiscal Year Ended June 30, 2021

Connection Fees, beginning balance		\$	-
Wholesale Capital Facility Fees Collected	\$		268,649
Retail Capital Facility Fees Collected			1,082,998
Total Capital Facility Fees Collected			1,351,647
Interest Earned			15,845
Fees Available			1,367,492
Applied to:			
Reimbursement for Existing Facilities - Wholesale ^A	\$		268,649
Reimbursement for Existing Facilities - Retail ^A			1,098,843
Current Year Projects			-
Total Funds Applied			1,367,492
Net Changes for the Year			-
Capital Facility Fees, ending balance		\$	-

^A The Wholesale Capital Facility Fee and 19.5% of the Retail Capital Facility Fee were calculated using the Buy-In Methodology. This methodology results in a fee, or portion thereof, that is designed to reimburse the District's ratepayers for the current depreciated replacement value of the existing system. The value of the system, upon which the fee was calculated, is disclosed in the Wholesale and Retail Capital Facility Fee Studies, respectively. Both reports are available upon request.

The District's 2006 Retail Capital Facility Fee Study resulted in a hybrid fee, wherein 19.5% of the fee utilized the buy-in methodology and 80.5% utilized the incremental approach. The incremental approach results in a fee designed to be collected and spent on future expansionary projects, i.e. projects that expand the capacity of the system as a result of new development. The District completed an update to the study in August 2021. As part of that study, the District examined the cost of all expansionary projects completed from 2006 through June 2020. That figure was compared to the total retail capital facility fees collected between 2006 and June 30, 2021. It was concluded that the expenses were greater than the revenues. Therefore, all retail capital fees collected in Fiscal Year 2020-2021 served as a reimbursement for past expansionary projects.

Source: San Juan Water District Finance & Administrative Services Department

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OTHER REPORTS



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

To the Board of Directors
San Juan Water District
Granite Bay, California

We have audited, in accordance with the 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, the financial statements of the San Juan Water District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Directors
San Juan Water District

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance.

Richardson & Company, LLP

December 15, 2021