

San Juan Water District Granite Bay, California



Comprehensive Annual
Financial Report
For the Fiscal Year Ended
June 30, 2016

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SAN JUAN WATER DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016

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INTRODUCTORY SECTION

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December 23, 2016

Members of the Board of Directors San Juan Water District

Directors:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the San Juan Water District (District) for the fiscal year ended June 30, 2016.

Directors

Edward J. "Ted" Costa

Kenneth H. Miller

Dan Rich

Pamela Tobin

Bob Walters

General Manager

Shauna Lorraine

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 CAFR 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 Management's Discussion and Analysis (MD&A) which can be found immediately following the report of the independent auditors.

The CAFR 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 Lance, Soll & Lunghard, LLP (LSL), a firm of licensed certified public accountants with which the District contracts for these services. 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, 2016, are free from material misstatement. Information on the audit, and the auditors opinion, can be found in the Intendent Auditor's Report found 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 operation consists of negotiating water contracts; operating a surface water treatment plant and storage, pumping and transmission facilities (which deliver water to five wholesale entities); and providing the administrative support related to those activities. Retail operations consists of storage, pumping, transmission and distribution facilities (which deliver water to approximately 10,500 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, conservation and engineering support related to those activities.

Mission Statement

The District's mission, and highest priority to our customers, is to take all necessary actions to ensure the delivery of a reliable water supply of the highest quality at reasonable and equitable costs. As part of accomplishing our mission, we commit to working cooperatively with others on projects of mutual public benefit to achieve the greatest possible efficiency and effectiveness. We further commit to communicate what we are doing, and why we are doing it. The District prides itself in providing excellent customer service to all its customers, external and internal.

Water Supply

The District's existing water supply consists of three separate raw water contracts. The first source of water is 33,000 acre-feet of pre-1914 water rights on the American River. The second source is a contract with the U.S. Bureau of Reclamation for 24,200 acre-feet of Central Valley Project water. The third water source is a contract with Placer County Water Agency for 25,000 acre-feet of water. The District completed the process of long-term water contract negotiations with the U. S. Bureau of Reclamation in 2006 for Central Valley Project water resulting in a 40 year long-term contract.

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 2015-2016 fiscal year was 35,510 acre-feet.

In fiscal year 2015-2016 the District completed two important capital improvement projects both in response to the recent drought and in preparation of future drought conditions. Specifically the District partnered with two neighboring water Districts to construct inter-ties such that water supplies can be shared and transferred if existing supplies are 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 continually strives to meet the standards of the California Urban Water Conservation Council's (CUWCC) Best Management Practices (BMPs) that are required by the Sacramento Area Water Forum Agreement, California legislation SBx7x, the California Department of Water Resources, and the U.S. Bureau of Reclamation Central Valley Project Improvement Act.

Some of the District's more innovative water efficiency programs are:

- Water Conservation 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, toilets, 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, develops watering schedules and develops 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 San Juan Water District's 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 include more cost-effective and efficient water conservation programs for an expanding number of participating water providers, and increased customer awareness of the importance of water efficiency for future reliable water supplies.

Water Treatment Plant

The District's water treatment facilities, Sidney N. Peterson Water Treatment Plant, was constructed in three phases and completed between the years of 1975 to 1983. The facilities include two flocculation-sedimentation basins, two filter basins, operations building and a covered 62 million gallon storage reservoir. Major upgrades and improvements to the plant in 2001 added two new filter backwash hoods; 2004 added a solids handling facility; 2008 added a new 54" raw water pipeline; 2009 added a new chlorine storage building, installed new caulking joints in north and south filter basins, replaced aging 2' tube settlers with 2' and 4' tube settlers and 12" launders with 18" launders in the North and South Sedimentation basins and rehabilitated both basins concrete walls, relined all raw water pipelines (42", 54" 66" & 72") and replaced the emergency generator; 2010 installed a new 72" and 60" diameter mortar lined steel pipeline from the Bureau's Pump Station at Folsom Dam to the Hinkle Wye, replaced 24 filter valves, installed a new high efficiency solar power array designed to supply approximately 90% of the power needs to feed the Peterson Water Treatment Plant, Hinkle Pump Station, and Field Operations Building, and installed new 72" and 60" pipelines to provide redundancy and additional operational control for delivering treated water to and from Hinkle Reservoir; 2011 updated the water treatment plant instrumentation and controls including a new supervisory control and data acquisition (SCADA) system. These projects along with other capital projects increased efficiency and productivity to meet the required demands of customers and improved operations to help meet Federal and State regulatory requirements.

With a maximum capacity of 150 million gallons per day, the plant 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 District and wholesale customers. From the water treatment plant, the water flows into the 62 million gallon Hinkle Reservoir for storage and distribution. The District maintains approximately 214 miles of transmission and distribution pipelines, which transport the high quality treated water to wholesale and retail customers.

During the fiscal year, the District worked on and/or completed several capital improvement projects to meet the District's goal of water system reliability: construction of the lower and upper Granite Bay pump stations, construction of the Auburn Folsom Road distribution system, and continued programmatic replacement of aging retail distribution system pipelines. Additionally there were several projects in pre-development in response to the drought. Other projects are underway in the next fiscal year to improve and efficiently maintain water systems that in many cases are more than 30 years old, including pipelines, pump stations and a storage tank.

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 and managers develop their budget requests needed to fulfill the District's mission, goals and objectives for the next fiscal year. The Finance Department prepares the proposed budget and provides a copy of draft budget to the Finance Committee, making any necessary adjustments arising from that review. Then the Finance Director presents the separate proposed budgets to the Board of Directors in May and June for their review. The public hearing on each proposed budget is usually held at the next Board of Directors meeting, with anticipated finalization and adoption scheduled for the following meeting or at least 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 comprised of two separate enterprise operations with distinct functions:

1. Wholesale Operation's primary responsibilities are: acquire and maintain a safe and reliable source of water supply through contracts; treatment of surface drinking water; storage and delivery of water to contracting wholesale water agencies; construct and maintain treatment and water storage systems as recommended by the Wholesale Master Plan.
2. Retail Operation's primary responsibilities are: maintain a safe and reliable source of water supply received from the Wholesale Agency; storage, transmission and distribution of water to retail customers at a reasonable cost; construct and maintain transmission and distribution pipeline systems as recommended by the Retail Master Plan; provide engineering oversight to District projects and new connections to the system; provide customer service; develop and monitor conservation programs.

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. The region as a whole has been in a period of economic recovery. Placer County's unemployment rate fell from 7% in March 2014 to just 4.6% in March 2016. Sacramento County's unemployment rate also improved,

falling from 8.2% to 5.5% over the same time period. The national average unemployment rate in March 2016 was 5.1%¹. Placer County unemployment rate is better than the national average and Sacramento County is slightly behind, but both counties saw greater than average improvement in employment over the two year period. Total assessed property values in both counties have significantly improved as well. Placer County has experienced a 30% increase in assessed property values since 2012² and Sacramento County has experienced a 12.7%³ increase over the same time period. The San Juan Water District is located in a relatively low growth area of both counties. There were approximately 33 more service connections for the current fiscal year, which represents a growth rate of approximately .31% for the year.

Water Supply Outlook

In 2013 northern California experienced its driest year on record. In response to the water shortage, California Governor Edmund G. Brown, Jr. declared a Drought State of Emergency in January 2014. The District's Board of Directors adopted a resolution in February 2014 declaring and implementing a stage 3 water warning and authorized a Drought Surcharge of 10% that became effective on June 1, 2015. The intent of the drought surcharge was to address the decrease in revenues associated with decreased water use such that the District could comply with legal requirements to pay its debt service obligations, and to avoid expending District reserves to levels that would be imprudent. The Drought Surcharge was removed on April 1, 2016.

The District was required by the state to achieve a 36% reduction in water use, from 2013 levels from June 2015 through February 2016 and a 33% reduction in water use from March through May 2016. Over that time period the District achieved an actual reduction in use of 35.6%. In June 2016, the conservation mandate was lifted. The San Juan Water District was able to meet the State's self-certification requirement declaring that the District had ample water supply to serve all customers through water year 2019. As such, the District is not currently under mandatory water use conservation but is asking its customers to voluntarily reduce their consumption by 10%. Actual conservation from June 2015 through November 2016 is 29.1%. The State Water Resources Control Board will be evaluating the water supply conditions this winter and may extend the emergency regulations another 270 days. This would act as a transition to the State's long term conservation strategy that will require permanent water use reduction throughout California. The framework of the State's plan will require reductions in indoor and outdoor water use from residential customers, reductions in water use from commercial customers as well as an increased emphasis on decreasing system wide water loss from water agencies. The State legislature will be reviewing the plan as early as spring 2017 and may begin the implementation of the plans measure in 2018. Long term water conservation could mean less water sold, thus affecting the District's revenue stream.

As the result of a Federal Mandate, the entire District became 100% metered effective January 1, 2005 and began billing all customers on a metered rate. Until that time, customers had been voluntarily switching to metered billing based upon rate comparisons provided on water bills for metered versus flat rate billing. New conservation related billing structures, referred to as Best Management Practices (BMP) 11, intend to work toward having 70% of revenues received from the volumetric portion of the water rates. BMP 11 allows use of an alternative Canadian Model to determine the required volumetric portion of water rates for BMP compliance. The model indicates only 30% of District revenues are required to be received from the volumetric portion of rates. The District meets this standard as the volumetric portion of rates is actually 43%. The District will continue to actively monitor legislation related to this and other rate structure requirements. Any rate structure alterations would be discussed by the Board of Directors and follow noticing requirements of Proposition 218.

1. Bureau of Labor Statistics
2. Placer County Assessor
3. Sacramento County Assessor

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 twenty to thirty 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.

In accordance with prior plans, operating, capital and reserve requirement needs, and the adopted Fiscal Year 2015-2016 wholesale and retail budgets, the Board approved an effective Wholesale Water Rate increase of 11% and an effective Retail Water Rate increase of 15%, effective January 1, 2016. Wholesale Water Rate increases are due to the significant nature of capital projects and debt service requirements (minimal operational increase required). Retail Water Rate increases are due to capital projects (minimal operational increase required).

Both the Wholesale and Retail Financial Plans are currently being updated and a five year rate structure is being recommended for adoption by the Board of Directors. The plan recommends bringing fixed costs into alignment with the fixed portion of the uniform rates, over a reasonable time period. With conservation becoming a way of life in California, the ongoing financial stability of the District is dependent upon setting rates at the proper levels to ensure adequate funds for operating and capital needs.

Relevant Financial Policies

The Districts adopted budget document contains a listing and explanation of relevant financial policies, including reserve policies. Information regarding District reserves can be found in Note 9 to the Financial Statements.

The preparation of the comprehensive annual financial report was made possible by the dedicated services of the entire staff of Finance, Retail Operations (Conservation, 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,

A handwritten signature in blue ink, appearing to read "Donna Silva".

Donna Silva, CPA
Director of Finance

SAN JUAN WATER DISTRICT
List of Elected and Appointed Officials June 30, 2016

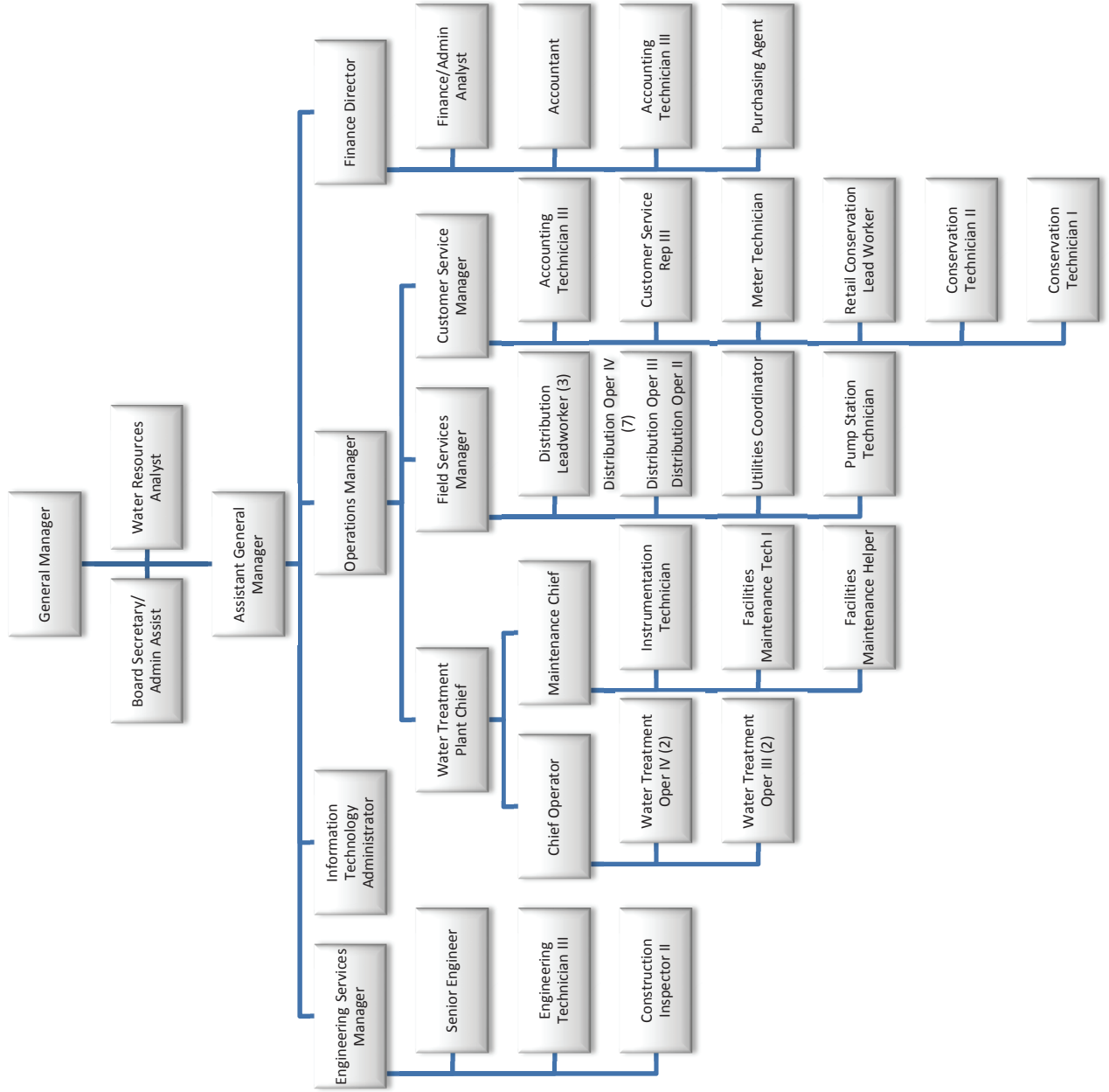
BOARD OF DIRECTORS – ELECTED OFFICIALS

<u>Title</u>	<u>Name</u>	<u>Current Term</u>
President	Pamela Tobin	12/2012 – 12/2016
Vice President	Kenneth H. Miller	12/2012 – 12/2016
Director	Dan Rich	12/2014 – 12/2018
Director	Bob Walters	12/2014 – 12/2018
Director	Edward J. “Ted” Costa	12/2014 – 12/2018

STAFF – APPOINTED OFFICIALS

General Manager	Shauna L. Lorance
Assistant General Manager	Keith B. Durkin
Administrative Assistant/Board Secretary	Teri Hart
Finance Director	Donna Silva
Operations Manager	Tony Barela
Customer Services Manager	Lisa Brown
Engineering Services Manager	Rob Watson
Field Services Manager	George Machado
Water Treatment Plant Superintendent	Greg Turner

SAN JUAN WATER DISTRICT
 Organization Chart June 30, 2016



FINANCIAL SECTION

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INDEPENDENT AUDITORS' 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 the San Juan Water District (the "District") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions 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 from 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
Granite Bay, California

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the San Juan Water District as of June 30, 2016, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, supplemental information for Wholesale operating and capital and Retail operating and 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 to the basic financial statements as a whole.

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.



CPAs AND ADVISORS

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2016 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, 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.

A handwritten signature in cursive script that reads "Lance, Soll & Lughard, LLP". The signature is written in black ink and is positioned above the typed name and address.

Brea, California
December 23, 2016

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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, 2016. We encourage readers to consider the information here in conjunction with that transmittal letter, which can be found on pages i-vi of this report. The information is intended to provide a better understanding of the District's financial operations and performance.

FINANCIAL HIGHLIGHTS

Several key points are important when reading the District's CAFR:

- At the end of the fiscal year, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$62,348,918 (net position) as compared with \$63,153,368 (as restated) in the prior year. This amount is comprised of net investments in capital assets, restricted and unrestricted net position. Of the total amount, \$18,554,154 is considered unrestricted and available to meet the District's ongoing obligations. However, the majority of these funds have been designated for specific projects which will be required for replacement of capital facilities.
- Total net position decreased by \$804,450, due to continued operating expenses in excess of revenues.
- Operating revenues increased by \$1,088,386, which is due to an increase in wholesale and retail water sales that had previously been reduced by drought restrictions.
- Operating expenses decreased by \$1,442,933 largely due to a restatement of prior year expenses (Note 15). But for the restatement, operating expenses decreased by approximately \$110,000, a variance of less than 1%.
- Non-operating revenues increased by \$795,589, which was due to the receipt of grant funds for the Barton Road Intertie project with Placer County Water Agency.
- Non-operating expense increased by \$263,628, which was due to additional Contributions to other agencies, specifically to Sacramento Suburban Water District for the Antelope pump back station project, a joint use facility that will be owned and maintained by the Sacramento Suburban Water District, but will benefit the San Juan Water District when needed.
- The prior year financial statements have been restated (Note 15), which decreased the net position in the amount of \$2,717,152. This included reclassification of a project from construction-in-progress to expense (Note 4), disposal of assets (Note 4), a reduction to accounts receivable (Note 3), and a prior period compensated absences adjustment (Note 6).

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.

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

Financial Section: This 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.

Supplemental Information Section: In addition to the basic financial statements and accompanying notes, this report also provides additional information on administrative and general expenses and budget versus actual.

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

FINANCIAL ANALYSIS OF THE DISTRICT

As a government agency, the District is not in the business to make a profit as a private company would be. In contrast, the District has two major goals, which are:

1. Recovering the cost of providing services to its constituents, 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, 2016, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$62,348,918. In the prior year, assets exceeded liabilities by \$63,153,368 (restated).

A summary of the Statement of Net Position (as restated) follows:

Statement of Net Position			
	2016	2015*	Change
Assets			
Current Assets	\$ 28,353,663	\$ 32,941,781	\$(4,588,118)
Restricted Assets	2,912,921	2,911,577	1,344
Capital Assets, Net	81,806,360	80,448,312	1,358,048
Other Assets	350,248	357,016	(6,768)
Total Assets	<u>113,423,192</u>	<u>116,658,686</u>	<u>(3,235,494)</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	276,138	303,918	(27,780)
Deferred Pensions Related Outflows	1,363,024	647,753	715,271
Total Deferred Outflows of Resources	<u>1,639,162</u>	<u>951,671</u>	<u>687,491</u>
Liabilities			
Current Liabilities	4,325,099	4,800,902	(475,803)
Long-Term Liabilities	46,891,484	47,695,227	(803,743)
Total Liabilities	<u>51,216,583</u>	<u>52,496,129</u>	<u>(1,279,546)</u>
Deferred Inflows of Resources			
Deferred Pension Related Inflows	1,496,853	1,960,860	(464,007)
Net Position			
Net Investment in Capital Assets	40,881,843	38,531,907	2,349,936
Restricted	2,912,921	2,911,577	1,344
Unrestricted	18,554,154	21,709,884	(3,155,730)
Total Net Position	<u>\$ 62,348,918</u>	<u>\$ 63,153,368</u>	<u>\$ (804,450)</u>

2015 Restated*

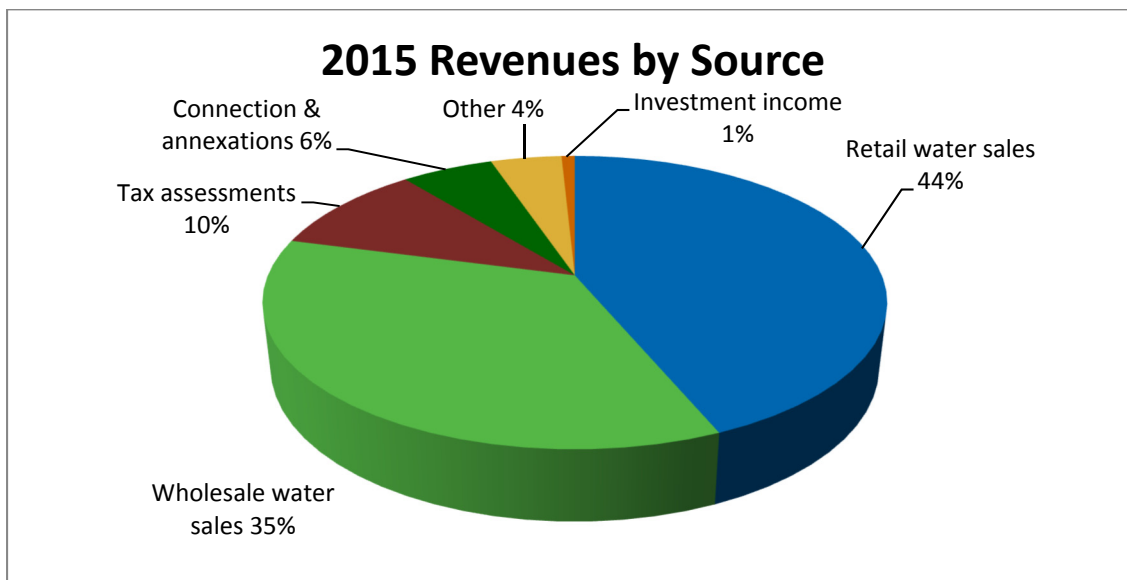
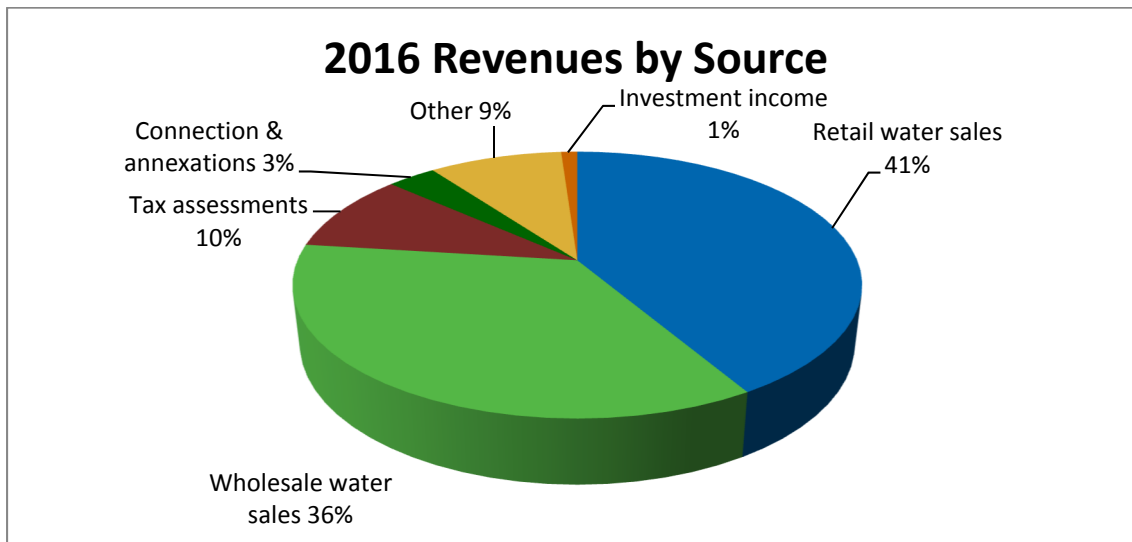
The largest portion of the District's net position, 65%, reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. In the prior year, net investment in capital assets represented 61% of 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.

In addition, restricted net position (5% of net position) are funds subject to external restrictions on how they may be used (specifically, for debt service on the 2009 Certificates of Participation (COPs)). The remaining unrestricted net position, 30%, may be utilized to meet the District's ongoing obligations and future facility improvements or replacements. The stability of unrestricted net position is an indicator that the financial condition of the District remains steady.

The decrease of \$804,450 in total net position is primarily due to an investment of \$1,358,050 in new capital assets, as well as continued operating expenses in excess of revenues.

In the prior fiscal year, the decrease of \$3,867,731 in total net position was representative of a decrease in water sales to retail and wholesale customers, and an increase in bond interest expense, as well as contributions to towards a joint project with Sacramento Suburban Water District for the Antelope Pump Back Station.

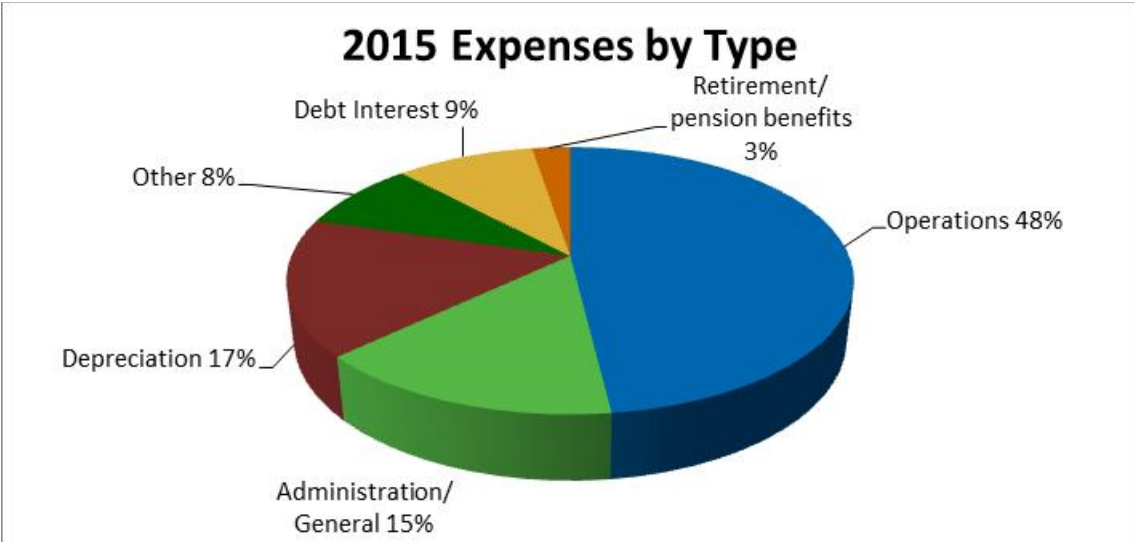
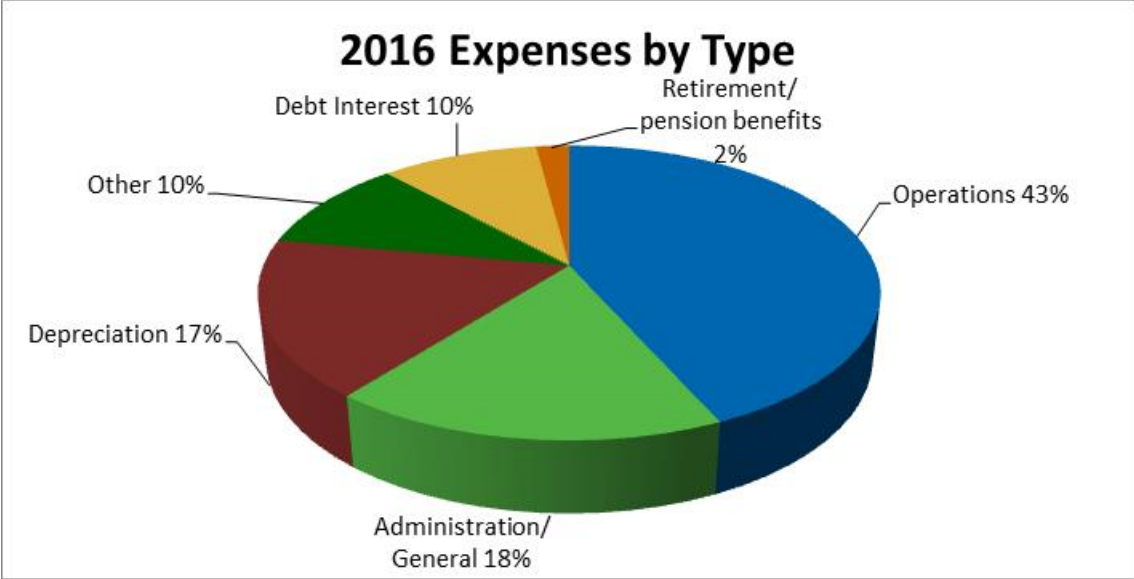
Graphical representations (below) of total District revenues demonstrate the generally stable revenue streams. Connections and annexations tend to vary significantly from year-to-year, and decreased from 6% of overall revenue to 3%.



Operating revenue increased by \$1,088,386 due to an increase in wholesale and retail water sales. Wholesale water sales revenue increased due to rate changes effective in January 2016, as well as an increase of 897 acre feet produced and sold. Retail sales revenue increased due to a 10% drought surcharge, as well as a change to a flat volumetric rate for water rate.

Non-operating revenue increased \$795,589, which is largely due to the receipt of grant funds for the Placer County Water Agency inter-tie project.

Below are graphical representations of total District expenses between Fiscal Year 2016 and Fiscal Year 2015. In both fiscal years, the combined total of Operations, and Administration and General expenses are similar (61% 2016 and 63% 2015). All other expense types are similar ratios of the total expenses.



As demonstrated in the graphical representations, there was an increase in Administration and General Expenses (\$341,985) and a decrease in Operation department expenses (\$1,589,471). Overall Operating expenses decreased by \$1,442,933 largely due to a restatement of prior year expenses (Note 15). But for the restatement, operating expenses decreased by approximately \$110,000, a variance of less than 1%.

In the prior fiscal year, operating expenses decreased by \$388,656 due to cost savings implemented in the administrative departments.

Non-operating expenses decreased by \$263,628 due to less expenses related to the joint project with Sacramento Suburban Water District to construct the Antelope Pump Back station.

A comparison of the Statement of Activities (as restated) follows:

Statement of Activities			
	<u>2016</u>	<u>2015 *</u>	<u>Change</u>
Operating Revenues			
Wholesale Water Sales	\$ 7,067,960	\$ 6,220,759	\$ 847,201
Retail Water Sales	8,255,437	7,846,437	409,000
Other Revenue	499,150	666,965	(167,815)
Total Operating Revenues	<u>15,822,547</u>	<u>14,734,161</u>	<u>1,088,386</u>
Operating Expenses			
Source of Supply	2,861,628	3,082,424	(220,796)
Depreciation	3,705,540	3,757,194	(51,654)
Administration and General	3,727,237	3,385,252	341,985
Water Treatment	2,004,076	2,654,517	(650,441)
Transmission and Distribution	2,530,756	3,435,411	(904,655)
Customer Service	572,400	565,814	6,586
Engineering	603,427	451,288	152,139
Conservation	726,091	698,395	27,696
Retirement Benefits (OPEB)	79,160	-	79,160
Pension Expense	363,989	586,942	(222,953)
Total Operating Expenses	<u>17,174,304</u>	<u>18,617,237</u>	<u>(1,442,933)</u>
Nonoperating Revenues (Expenses)			
Tax Assessments	1,908,134	1,799,464	108,670
Investment Income	217,332	147,684	69,648
Connections and Annexations	657,865	1,020,687	(362,822)
Other Revenue	1,300,805	123,302	1,177,503
Interest Expense	(2,106,242)	(2,138,848)	32,606
Other Expenses	(2,193,027)	(1,896,793)	(296,234)
Capital Contributions	762,439	959,849	(197,410)
Total Nonoperating Revenues (Expenses)	<u>547,307</u>	<u>15,345</u>	<u>531,961</u>
Change in Net Position	<u>(804,450)</u>	<u>(3,867,731)</u>	<u>3,063,280</u>
Net Position, Beginning of Year, As Restated	63,153,368	67,021,099	(3,867,731)
Net Postion, End of Year	<u>\$62,348,918</u>	<u>\$63,153,368</u>	<u>\$ (804,451)</u>

* 2015 Restated

The primary difference between current and prior year Water Treatment, and Transmission and Distribution operating expenses is due to the restatement of capital assets (Note 15). Additionally the \$1,177,503 Nonoperating Revenue variance is largely due to grant funds received in the current year for the Barton Road Intertie project with Placer County Water Agency a grant.

Though the District continually seeks cost-efficient methods of providing service and completing capital projects, this year and coming years have placed even greater emphasis on implementing a rate structure that will allow the District to build reserves, so that it can adequately fund its capital projects and have sufficient funds to cover contingencies for unexpected events, such as droughts and the slow growth of the economy.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets as of June 30, 2016, net of accumulated depreciation, is \$81,806,360. This investment includes land, buildings, water treatment plant, the distribution system, construction in progress, vehicles, equipment, office equipment and furniture. As of June 30, 2015, this amount was \$80,448,312 (restated). For more information on the restatement see Note 4.

The increase from the prior fiscal year of \$1,358,050 is due to an increase in completed assets. At June 30, 2016, the District had \$5,398,018 in construction commitments outstanding (Note 8). At June 30, 2015, the District had \$4,115,103 in construction commitments outstanding.

New subdivision and commercial development within the Retail Service Area is experiencing slow growth. The outlook for the next Fiscal Year 2016-2017 shows a continuing slow growth trend with some vacant land currently being developed. Additional information on capital assets can be located in Note 4.

Changes in capital asset amounts for 2016 were as follows:

Capital assets	2015 Balance (Restated)	Transfers	Increases	Decreases	2016 Balance
Non-depreciable assets	\$ 6,312,874	\$(4,929,876)	\$ 1,933,729	\$ -	\$ 3,316,727
Depreciable assets	140,725,864	4,929,876	3,129,859	(55,508)	148,730,091
Accumulated depreciation	(66,590,426)	-	(3,705,540)	55,508	(70,240,458)
Total capital assets, net	<u>\$ 80,448,312</u>	<u>\$ -</u>	<u>\$ 1,358,048</u>	<u>\$ -</u>	<u>\$ 81,806,360</u>

Changes in capital asset amounts for 2015 (as restated) were as follows:

Capital assets	2014 Balance (Restated)	Transfers	Increases	Decreases	2015 Balance (Restated)
Non-depreciable assets	\$ 2,073,155	\$(1,305,605)	\$ 5,888,278	\$ (342,954)	\$ 6,312,874
Depreciable assets	142,834,705	137,498	74,295	(2,320,634)	140,725,864
Accumulated depreciation	(63,964,159)	-	(3,757,194)	1,130,927	(66,590,426)
Total capital assets, net	<u>\$ 80,943,701</u>	<u>\$(1,168,107)</u>	<u>\$ 2,205,379</u>	<u>\$(1,532,661)</u>	<u>\$ 80,448,312</u>

Debt Administration

As of June 30, 2016, the District had three different debt issues outstanding in an aggregate amount of \$39,887,826. Of this amount, \$927,826 represents the current portion due in Fiscal Year 2016-2017. In the prior year, there were three outstanding debt issues in an aggregate amount of \$40,785,159, with \$897,333 representing the portion due in Fiscal Year 2015-2016. For more information on Long-Term Liabilities, refer to Note 6.

The 2012 refunding Certificates of Participation (COP) were issued with ratings of "AA" from Standard & Poor's Ratings Group and "AA+" from Fitch Ratings, Inc. For the 2009 Certificates of Participation, the District's underlying credit rating of "AA+", outlook, which was lowered by both Standard & Poor's Ratings Group and Fitch Ratings Inc. to "AA".

BUDGET AND RATES

In Fiscal Year 2015-2016, the District's expenses exceeded its revenues. Approximately \$1 million was transferred from reserves to cover operating expenses.

On August 10, 2016, the Board of Directors adopted an \$11.4 budget for the Fiscal Year 2016-2017, which includes \$4.3 million for operations and \$7.1 million for capital projects. As mentioned in the Transmittal Letter, the District is reviewing its water rate structure.

CONDITIONS AFFECTING CURRENT FINANCIAL POSITION

Due to the continuing drought, the State of California is proposing new regulations that will require the implementation of permanent water use restrictions. Since these restrictions would impact the water revenue received, the District is involved in the discussion of these new regulations, as well as restructuring its water rates.

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 Finance Director, San Juan Water District, 9935 Auburn-Folsom Road, Granite Bay, CA 95746.

SAN JUAN WATER DISTRICT

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2016**

	<u>2016</u>
Assets:	
Current Assets:	
Cash and investments	\$ 24,943,476
Receivables:	
Accounts	3,064,215
Taxes	50,342
Prepaid expenses	189,209
Inventories	106,421
	<u>28,353,663</u>
Total Current Assets	28,353,663
Noncurrent:	
Capital assets, not being depreciated	3,316,727
Capital assets - net of accumulated depreciation	78,489,633
	<u>81,806,360</u>
Restricted noncurrent assets:	
Cash and investments	2,912,921
	<u>2,912,921</u>
Other noncurrent assets:	
Investment in electrical power	350,248
	<u>350,248</u>
Total Noncurrent Assets	85,069,529
Total Assets	113,423,192
Deferred Outflows of Resources:	
Deferred charge on refunding	276,138
Deferred pension related outflows	1,363,024
	<u>1,639,162</u>
Total Deferred Outflows of Resources	1,639,162
Liabilities:	
Current:	
Accounts payable	1,502,509
Accrued liabilities	361,043
Accrued interest	907,944
Unearned revenues	18,123
Deposits payable	72,928
Accrued compensated absences	534,726
Bonds, notes, and capital leases	927,826
	<u>4,325,099</u>
Total Current Liabilities	4,325,099
Noncurrent:	
Accrued compensated absences	251,637
Bonds, notes, and capital leases	40,272,829
Net OPEB liability	307,065
Net pension liability	6,059,953
	<u>46,891,484</u>
Total Noncurrent Liabilities	46,891,484
Total Liabilities	51,216,583
Deferred Inflows of Resources:	
Deferred pension related inflows	1,496,853
	<u>1,496,853</u>
Total Deferred Inflows of Resources	1,496,853
Net Position:	
Net investment in capital assets	40,881,843
Restricted for debt service	2,912,921
Unrestricted	18,554,154
	<u>62,348,918</u>
Total Net Position	\$ 62,348,918

SAN JUAN WATER DISTRICT

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2016**

	<u>2016</u>
Operating Revenues:	
Water sales - wholesale	\$ 7,067,960
Water sales - retail	8,255,437
Other revenue	499,150
	<hr/>
Total Operating Revenues	15,822,547
	<hr/>
Operating Expenses:	
Source of supply	
Water charged to retail service area	2,531,576
Placer County Water Agency	104,050
US Bureau of Reclamation	59,704
Wheeling	50,516
Bureau pumping	76,289
Other Public Agencies	39,493
Depreciation	3,705,540
Administration and general	3,727,237
Water treatment	2,004,076
Transmission and distribution	2,530,756
Customer service	572,400
Engineering	603,427
Conservation	726,091
Retirement Benefits (OPEB)	79,160
Pension expense	363,989
	<hr/>
Total Operating Expenses	17,174,304
	<hr/>
Operating Income (Loss)	(1,351,757)
	<hr/>
Nonoperating Revenues (Expenses):	
Tax assessments	1,908,134
Investment income	217,332
Connections and annexations	657,865
Other revenue	1,300,805
Interest expense	(2,106,242)
Other expenses	(2,193,027)
	<hr/>
Total Nonoperating Revenues (Expenses)	(215,132)
	<hr/>
Income (Loss) Before Capital Contributions	(1,566,889)
	<hr/>
Capital contributions	762,439
	<hr/>
Changes in Net Position	(804,450)
	<hr/>
Net Position:	
Beginning of Fiscal Year, as previously reported	65,870,520
Restatements	(2,717,152)
	<hr/>
Beginning of Fiscal Year, as restated	63,153,368
	<hr/>
End of Fiscal Year	\$ 62,348,918
	<hr/> <hr/>

SAN JUAN WATER DISTRICT

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2016

	<u>2016</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 15,052,150
Cash paid to suppliers for goods and services	(9,894,416)
Cash paid to employees for services	(4,608,192)
	<u>549,542</u>
Net Cash Provided (Used) by Operating Activities	549,542
Cash Flows from Non-Capital Financing Activities:	
Other financing income	1,300,805
Tax assessments received	1,924,306
	<u>3,225,111</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	3,225,111
Cash Flows from Capital and Related Financing Activities:	
Capital contributions	762,439
Acquisition and construction of capital assets	(5,085,509)
Principal paid on capital debt	(897,333)
Interest paid on capital debt	(1,969,685)
Payments for miscellaneous expenses	(2,839,626)
Connection and annexation income	657,865
	<u>(9,371,849)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	(9,371,849)
Cash Flows from Investing Activities:	
Investment income	224,102
	<u>224,102</u>
Net Cash Provided (Used) by Investing Activities	224,102
Net Increase (Decrease) in Cash and Cash Equivalents	(5,373,094)
Cash and Cash Equivalents at Beginning of Year	<u>33,229,491</u>
Cash and Cash Equivalents at End of Year	\$ 27,856,397
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (1,351,757)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:	
Depreciation	3,705,540
(Increase) decrease in accounts receivable	(647,080)
(Increase) decrease in prepaid expenses	(6,521)
(Increase) decrease in inventories	(1,069)
(Increase) decrease in deferred pension related outflows	(715,271)
Increase (decrease) in accounts payable	(588,448)
Increase (decrease) in accrued liabilities	24,047
Increase (decrease) in unearned revenues	(123,317)
Increase (decrease) in deposits payable	(4,370)
Increase (decrease) in compensated absences	245,431
Increase (decrease) in deferred pension related inflows	(464,007)
Increase (decrease) in OPEB liability	(327,778)
Increase (decrease) in net pension liability	804,142
	<u>1,901,299</u>
Total Adjustments	1,901,299
Net Cash Provided (Used) by Operating Activities	\$ 549,542
Non-Cash Investing, Capital, and Financing Activities:	
Gain/(Loss) on investment in joint venture	\$ (6,770)
Amortization of bond premiums	(122,333)
Amortization of deferred charge on refunding	(27,780)

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SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies

The basic financial statements of the San Juan Water District (District) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant District accounting policies are described below.

Reporting Entity

The San Juan Water District (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 - Fund Accounting

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

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the balance sheet. Net position is segregated into amounts 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 position.

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

The District uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Grant revenue is recognized when program expenditures are incurred in accordance with program guidelines. When such funds are received they are recorded as deferred revenues until earned. Earned but unbilled water services are accrued as revenue.

Water lines are constructed by private developers and then dedicated to the District, which is then responsible for their future maintenance. These lines are recorded as capital contributions when they pass inspection by the District and the estimated costs are capitalized as pipelines, reservoirs, pumping stations and buildings.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Operating expenses include source of supply expenses, the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating 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.

Budgetary Principles

The Board of Directors does not operate under any legal budgeting constraints. Budget integration is employed as a management control device. Budgets are formally adopted by the Board and take effect on each July 1.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with an initial maturity of three months or less to be cash equivalents, including restricted assets. Cash and cash equivalents include demand deposits, money market funds and California Local Agency Investment Funds (LAIF).

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 1: Summary of Significant Accounting Policies (Continued)

Restricted Assets

Certain proceeds of the District's long-term debt are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "reserve" account is used to report resources set aside to make up potential future deficiencies in the 2009 Certificates of Participation debt service. The indenture does not establish a reserve fund in connection with the issuance of the 2012 Revenue Refunding Bonds.

Capital Assets

Capital assets are recorded at historical cost if purchased or constructed. Donated assets are valued at estimated fair value on the date received. Depreciation is calculated using the straight line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Life</u>
Building and structures	15-33 years
Machinery and equipment	5-15 years
Plant and pipelines	20-80 years

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 more than \$5,000. 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.

Inventory

Inventories are stated at the lower of cost, on a weighted average method, or market. Inventories consist of materials and supplies.

Deferred Outflows/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(s) and so will not be recognized as an outflow of resources (expense) until then. There are two items to report in this category. One is relating to the deferred charge on refunding associated with debt, which is amortized over the shorter of the life of the refunded or the refunding debt. The second item relates to the GASB 68 net pension liability. These outflows are due to contributions made after the measurement period, which are expensed in the following year, differences between expected and actual experiences, differences between actual and proportionate share of contributions and adjustments due to the difference in proportions, which are deferred and amortized over the expected average remaining service lifetime.

Note 1: Summary of Significant Accounting Policies (Continued)

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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item to report in this category which are relating to the GASB 68 net pension liability. These inflows are due to the net difference between projected and actual earnings on pension plan investments, which is deferred and amortized straight-line over a five year period, differences between actual and proportionate share of contributions, changes in assumptions and adjustment due to differences in proportions, which are deferred and amortized over the expected average remaining service lifetime.

Bond Premiums, Discounts, and Issuance Costs

With the implementation of GASB 65, bond issuance costs are immediately expensed and no longer deferred and amortized over the lives of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premiums and discounts. Premium and discounts are amortized over the remaining life of the bonds.

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 levy 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.

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.

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.

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.

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 2: Cash, Cash Equivalents, Deposits with Financial Institutions, and Investments

Cash and investments as of June 30, 2016, are classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 3,335,680
Restricted investments	2,912,921
Investments	<u>21,607,796</u>
Total cash and investments	<u>\$ 27,856,397</u>

Investment Policy

Investments, with the exception of LAIF, are reported at fair value. California statutes authorize districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 - Financial Affairs.

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage 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

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 2: Cash, Cash Equivalents, Deposits with Financial Institutions, and Investments (Continued)

Cash on hand	\$	100
Deposits with financial institutions		3,335,580
Total cash on hand and deposits		<u>3,335,680</u>
Money market mutual funds		3,909,932
Investments in Local Agency Investment Fund (LAIF)		12,640,911
U.S. agency securities		4,611,471
Certificates of deposit		2,075,101
Medium-term corporate notes		1,283,302
Total investments		<u>24,520,717</u>
Total cash and investments	\$	<u>27,856,397</u>

The District complied with the provisions of California Government Code (or the District's investment policy, where more restrictive) pertaining to the types of investments held, institutions in which deposits were made and security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

Investments Authorized by Debt Agreements

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The 2009 Revenue Certificates of Participation and the 2012 Revenue Refunding Bonds debt agreements contain certain provisions that address interest rate risk and credit risk, but not concentration of credit risk, including 1) the authorization of the investment of the debt service reserve in guaranteed investment contracts required to be held by foreign banks, domestic or Canadian life insurance companies, wholly-owned and guaranteed financial institution subsidiaries of one of the above mentioned institutions or a domestic financial guaranty insurance company or affiliate with a minimum unsecured debt or financial strength rating of AAA by nationally recognized statistical rating organization; 2) a specified maturity date of February 1, 2033; and 3) a requirement that if such provider's unsecured debt or financial strength rating falls below AA-, the guaranteed investment contracts must be collateralized with U.S. Treasury Obligations, or senior debt or mortgage pass-through Obligations of GNMA, FNMA or FHLMC. No collateralized mortgage obligations are allowed for these providers, and collateral levels must be at least 104% of the principal and accrued interest on the guaranteed investment contracts if the collateral type is U.S. Treasury Obligations or Obligations of GNMA and at least 105% if the collateral type is Obligations of FNMA or FHLMC.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will 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 term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 2: Cash, Cash Equivalents, Deposits with Financial Institutions, and Investments (Continued)

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

	Remaining Investment Maturities			
	Total	12 Months Or Less	13 to 24 Months	25 to 60 Months
Investments:				
LAIF	\$ 12,640,911	\$ 12,640,911	\$ -	\$ -
U.S. Agency Securities	4,611,471	-	1,761,463	2,850,008
Certificate of Deposit	2,075,101	1,214,791	860,310	-
Medium-term Corporate Notes	1,283,302	-	1,283,302	-
Money Market Mutual Funds	997,011	357,688	639,323	-
Held by Bond Trustee:				
Money Market Mutual Funds	2,912,921	2,912,921	-	-
Total Investments	\$ 24,520,717	\$ 17,126,311	\$ 4,544,398	\$ 2,850,008

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 required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type.

Investment Type	Total as of June 30, 2016	Minimum Legal Rating	Minimum	
			AAA	Not Rated
LAIF	\$ 12,640,911	N/A	\$ -	\$ 12,640,911
U.S. Agency Securities	4,611,471	N/A	4,611,471	-
Certificate of Deposit	2,075,101	N/A	-	2,075,101
Medium-term Corporate Notes	1,283,302	A	1,283,302	-
Money Market Mutual Funds	997,011	A	997,011	-
Held By Bond Trustee:				
Money Market Mutual Funds	2,912,921	AAA	2,912,921	-
	\$ 24,520,717		\$ 9,804,705	\$ 14,716,012

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 2: Cash, Cash Equivalents, Deposits with Financial Institutions, and Investments (Continued)

Concentration of Credit Risk

The investment policy of the District limits the amount that can be invested in any one issuer to the lesser of the amount stipulated by the California Government Code or 5% of total investments, with the exception of U.S. Treasury obligations, U.S. agency securities and LAIF. Investments in any one issuer (other than mutual funds and external investment pools) that represent 5% or more of total District investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal National Mortgage	U.S. Agency Security	1,906,368

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2016, the carrying amount of the District's deposits was \$3,335,580. In accordance with State law (Government Code Section 53630), deposits are covered by federal depository insurance corporation, supplemental insurance held by the investment broker and collateralized as required by the pledging financial institution with assets held in a common pool for the District and other governmental agencies, but not in the name of the District. As of June 30, 2016, all of the District's deposits with financial institutions in excess of federal depository insurance corporation limits were held in collateralized accounts.

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 2: Cash, Cash Equivalents, Deposits with Financial Institutions, and Investments (Continued)

Investment in LAIF

LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is \$75,368,904,612 managed by the State Treasurer. Of that amount, 100% is invested in non-derivative financial products. 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.

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 observer inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements as of June 30, 2016:

Investment Type	Totals	Level		
		1	2	3
LAIF	\$ 12,640,911	\$ -	\$ 12,640,911	\$ -
U.S. Agency Securities	4,611,471	-	4,611,471	-
Certificates of Deposit	2,075,101	-	2,075,101	-
Medium-term Corporate Notes	1,283,302	-	1,283,302	-
Money Market Mutual Funds	997,011	-	997,011	-
Held by Bond Trustee:				
Money Market Mutual Funds	2,912,921	-	2,912,921	-
Total Investments	\$ 24,520,717	\$ -	\$ 24,520,717	\$ -

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.

Note 3: Accounts Receivable

	2016
Wholesale Customers	\$ 1,242,001
Retail Customers	1,822,214
Accounts Receivable, Net	<u>\$ 3,064,215</u>
Property Taxes	\$ 50,342
Total Taxes Receivable	<u>\$ 50,342</u>

An adjustment to prior year accounts receivable was recorded to correct the balance which was overstated by \$159,124.

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

	Balance at June 30, 2015	Restatements	Restated Balance at June 30, 2015	Transfers	Increases	Decreases	Balance at June 30, 2016
Capital assets, not being depreciated:							
Land	\$ 572,670	\$ (63,074)	\$ 509,596	\$ -	\$ -	\$ -	\$ 509,596
Construction in progress	7,028,976	(1,225,698)	5,803,278	(4,929,876)	1,933,729	-	2,807,131
Total capital assets not being depreciated	7,601,646	(1,288,772)	6,312,874	(4,929,876)	1,933,729	-	3,316,727
Capital Assets, Being Depreciated:							
Pipelines	68,198,134	-	68,198,134	795,893	1,416,534	-	70,410,561
Water Treatment Plant	39,604,204	-	39,604,204	-	58,177	-	39,662,381
Land Improvements	387,015	57,584	444,599	-	-	-	444,599
Reservoirs	5,372,404	(727,057)	4,645,347	-	-	-	4,645,347
Pumping Stations	7,882,194	-	7,882,194	4,015,143	1,384,539	-	13,281,876
Buildings	7,298,131	-	7,298,131	-	-	-	7,298,131
Vehicles and Equipment	11,153,511	-	11,153,511	-	262,295	(55,508)	11,360,298
Intangibles	3,035,738	(1,535,994)	1,499,744	118,840	8,314	-	1,626,898
Total Capital Assets Being Depreciated	142,931,331	(2,205,467)	140,725,864	4,929,876	3,129,859	(55,508)	148,730,091
Less Accumulated Depreciation:							
Pipelines	(33,085,659)	-	(33,085,659)	-	(1,713,270)	-	(34,798,929)
Water Treatment Plant	(19,404,004)	-	(19,404,004)	-	(1,005,615)	-	(20,409,619)
Land Improvements	(276,291)	(57,584)	(333,875)	-	(9,655)	-	(343,530)
Reservoirs	(4,325,175)	135,968	(4,189,207)	-	(57,216)	-	(4,246,423)
Pumping Stations	(3,553,666)	463,595	(3,090,071)	-	(215,270)	-	(3,305,341)
Buildings	(1,719,342)	-	(1,719,342)	-	(207,013)	-	(1,926,355)
Vehicles and Equipment	(3,803,423)	-	(3,803,423)	-	(452,892)	55,508	(4,200,807)
Intangibles	(1,635,108)	670,263	(964,845)	-	(44,609)	-	(1,009,454)
Total Accumulated Depreciation	(67,802,668)	1,212,242	(66,590,426)	-	(3,705,540)	55,508	(70,240,458)
Total Capital Assets Being Depreciated, Net	75,128,663	(993,225)	74,135,438	4,929,876	(575,681)	-	78,489,633
Capital Assets, Net	\$ 82,730,309	\$ (2,281,997)	\$ 80,448,312	\$ -	\$ 1,358,048	\$ -	\$ 81,806,360

After fiscal year ending June 30, 2015 was closed, a review of the District's fixed assets and construction-in-progress was completed and it was determined that a prior year adjustment was required.

Construction-in-progress adjustments included: 1) Barton Road pipeline intertie construction project is a joint effort with Placer County Water Agency (PCWA), since the pipeline is owned PCWA, \$1,225,698 should have been posted as a retail expense.

Asset adjustments included: 1) Disposal of intangible assets that did not meet the "pre-conditions for capitalization" standard - \$979,440 in wholesale and \$556,506 in retail; 2) Application of a write-off of \$535,380 for the Bacon Pump Station, which did not impact the asset total, but did require an adjustment to depreciation; 3) Disposal of assets that were for maintenance - \$235,029 in wholesale and \$497,518 in retail; and 4) Transferring a WEL Garden improvement asset, \$57,584, from non-depreciable land to land improvements.

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 4: Capital Assets (Continued)

Depreciation adjustments included, depreciation recorded for the: 1) Disposed intangible assets that did not meet the "pre-conditions for capitalization" standard - \$319,665 in wholesale and \$350,598 in retail; 2) Assets disposed with the write-off of Bacon Pump Station \$463,595; 3) Disposed assets that were for maintenance - \$75,120 in wholesale and \$60,308 in retail; and 4) Full depreciation of WEL Garden asset moved to land improvements.

Current Year Activity: During Fiscal Year 2015-2016, the District acquired \$990,874 in wholesale assets and \$7,068,870 in retail assets. The District disposed of \$55,507 (split equally between wholesale and retail) in assets that had reached the end of their useful life, and recorded an equal amount of adjustments to depreciation. Current depreciation for all assets totaled: \$3,705,540: \$2,391,651 in wholesale and \$1,313,879 in retail.

Note 5: 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 0.13 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 0.13 % of the net losses of the Project; it also has the right to receive 0.13 % of the operating results of the Project income. 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, 2016 are available from the California-Oregon Transmission Project at P.O. Box 15140, Sacramento, CA, 95866.

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 5: Investment in Electrical Power (Continued)

The following is the summarized financial information for the Project as of and for the years ended June 30, 2016:

	<u>Unaudited 2016</u>
Balance Sheet:	
Assets	\$ 262,554,679
Liabilities	\$ 20,455,414
Net Position	242,099,265
Liabilities and Net Position	<u>\$ 262,554,679</u>
Income Statement:	
Operating Revenues	\$ 13,077,796
Operating Expenses	18,733,422
Operating Loss	(5,655,626)
Net Non-operating Revenue - Interest and Other	5,831
Adjustment to Net Position for Capital Improvements	2,310,267
Change in Net Position	<u>\$ (3,339,528)</u>
Districts Share of Change in Net Position	\$ (4,455)

Note 6: Long-Term Liabilities

As of June 30, 2016, the District has three components of outstanding debt described below.

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. Principal payments are due on February 1 through 2033 and range from \$250,000 to \$1,480,000, with semi-annual interest payments due on February 1 and August 1 through February 1, 2033 that range from \$24,281 to \$284,550. Interest rates range from 1% to 5.25%.

2009 Revenue Certificates of Participation

On June 30, 2009, the District issued Revenue Certificates of Participation in the amount of \$30,510,000 to fund certain capital improvements secured by a lien on all revenues on the District. Principal payments are due on February 1 through 2039 and range from \$10,000 to \$3,015,000, with semi-annual interest payments due on February 1 and August 1 through February 1, 2033 that range from \$90,450 to \$1,008,477. Interest rates range from 3% to 6%.

1977 Economic Development Administration (EDA) Loan

On September 14, 1977, the District entered into a loan agreement in the amount of \$512,000 with the EDA related to the 1977 Drought Act. The interest rate is 5% with annual principal and interest payments of \$30,091 and \$29,217 due July 1 through 2016 and 2017, respectively.

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 6: Long-Term Liabilities (Continued)

The District's long-term liability activity and outstanding balances for the year ended June 30, 2016 was:

	June 30, 2015	Adjustments	Additions	Reductions	June 30, 2016	Due Within One Year
2012 Revenue Refunding Bonds	\$ 11,475,000	\$ -	\$ -	\$ (440,000)	\$ 11,035,000	\$ 450,000
2009 Revenue Certificates of Participation	29,255,000	-	-	(430,000)	28,825,000	450,000
1977 Economic Development	55,159	-	-	(27,333)	27,826	27,826
Total Bonds and Notes Payable	<u>\$ 40,785,159</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (897,333)</u>	<u>39,887,826</u>	<u>\$ 927,826</u>
				Bond Premiums	1,312,829	
					<u>\$ 41,200,655</u>	
Compensated Absences	<u>\$ 540,932</u>	<u>\$ 276,031</u>	<u>\$ 526,999</u>	<u>\$ (557,599)</u>	<u>\$ 786,363</u>	<u>\$ 534,726</u>

An adjustment to Compensated Absences was recorded by the District to correct an error in calculation of the prior fiscal year end balance.

The following is a schedule of maturities from long-term debt at June 30, 2016:

2012 Revenue Refunding Bonds

Year Ended June 30,	Principal	Interest	Total
2017	\$ 450,000	\$ 518,500	\$ 968,500
2018	465,000	499,281	964,281
2019	485,000	481,013	966,013
2020	500,000	462,108	962,108
2021	530,000	436,483	966,483
2022-2026	3,025,000	1,798,261	4,823,261
2027-2031	3,775,000	1,006,009	4,781,009
2032-2033	1,805,000	103,841	1,908,841
Total Long-Term Debt	<u>\$ 11,035,000</u>	<u>\$ 5,305,496</u>	<u>\$ 16,340,496</u>

2009 Revenue Certificates of Participation

Year Ended June 30,	Principal	Interest	Total
2017	\$ 450,000	\$ 1,643,675	\$ 2,093,675
2018	475,000	1,620,654	2,095,654
2019	500,000	1,595,863	2,095,863
2020	525,000	1,568,519	2,093,519
2021	550,000	1,539,071	2,089,071
2022-2026	3,260,000	7,181,507	10,441,507
2027-2031	4,240,000	6,186,269	10,426,269
2032-2036	10,290,000	4,335,461	14,625,461
2037-2039	8,535,000	830,925	9,365,925
Total	<u>\$ 28,825,000</u>	<u>\$ 26,501,944</u>	<u>\$ 55,326,944</u>

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 6: Long-Term Liabilities (Continued)

1977 Economic Development Administration Loan

Year Ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 27,826	\$ 1,391	\$ 29,217
Total Long-Term Debt	<u>\$ 27,826</u>	<u>\$ 1,391</u>	<u>\$ 29,217</u>

The District is required by its 2009 Revenue Certificates of Participation 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.

Note 7: Net Investment in Capital Assets

Capital Assets, gross	\$ 152,046,828
Less: Accumulated Depreciation	<u>(70,240,468)</u>
Net Capital Assets	81,806,360
Add: Deferred Costs on Bond Refunding	276,138
Less: Debt Used for Capital Purposes	<u>(39,887,826)</u>
Less: Unamortized Premium	<u>(1,312,829)</u>
Net Investment in Capital Assets	<u>\$ 40,881,843</u>

Note 8: Construction Commitments

The District has active construction projects as of June 30, 2016. At fiscal year-end, the District's commitment with contractors was as follows:

Floc Sediment Basin Improvement Project	\$ 5,398,018
	<u>\$ 5,398,018</u>

Note 9: Restricted Net Position

Restricted net position consist of constraints placed on net position use through external requirements imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints by law through constitutional provisions or enabling legislation. Restricted net position consisted of the debt service reserve on the 2009 Certificates of Participation of \$2,912,921 at June 30, 2016.

	<u>Wholesale</u>	<u>Retail</u>	<u>Total</u>
2009 COP Reserve Fund	\$ 1,849,393	\$ 1,063,528	\$ 2,912,921
Restricted Net Position	<u>\$ 1,849,393</u>	<u>\$ 1,063,528</u>	<u>\$ 2,912,921</u>

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 10: Unrestricted 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.

	<u>Wholesale</u>	<u>Retail</u>	<u>Total</u>
Capital Reserves	\$ 3,661,904	\$ 4,143,399	\$ 7,805,303
Operating Reserves	2,013,755	2,262,500	4,276,255
Hinkle Reservoir Lining Replacement Reserve	2,682,852	-	2,682,852
Rate Stabilization Reserve	1,000,000	-	1,000,000
Reserve for Employees' Vacation/Sick Leave	330,058	456,305	786,363
Kokila Reservoir Lining Replacement Reserve	-	395,182	395,182
Developers' Deposits	-	72,928	72,928
Delta/Water Rights	102,166	-	102,166
PERS Stabilization	413,933	410,172	824,105
Vehicles/Equipment Replacemen	234,500	374,500	609,000
Total Unrestricted, Designated Net Position	<u>\$ 10,439,168</u>	<u>\$ 8,114,986</u>	<u>\$ 18,554,154</u>

Note 11: Deferred Compensation Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide deferred compensation for employees who elect to participate in the Program. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes. This information is reported in accordance with the Internal Revenue Code and listed on participating employees' W2s. Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. The District is not provided with market value of all plan assets held in trust by the three deferred compensation plans.

The District has implemented GASB Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the statement of net position.

SAN JUAN WATER DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016**

Note 12: Employees' Retirement Plan

Plan Description

The District contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. 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. Copies of the PERS annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, CA 95814.

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 and 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 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Below is a summary of the plans' provisions and benefits in effect at June 30, 2016, for which the District has contracted:

	Miscellaneous Tier I Rate Plan*	Miscellaneous Tier II Rate Plan *	Miscellaneous PEPRA Rate
Hire Date	Prior to January 1, 2011	After January 1, 2011 and before January 1, 2013	On or after January 1, 2013
Benefit Formula	3.0% @ 60	3.0% @ 60	2.0% @ 62
Benefit vesting schedule	5 yrs service	5 yrs service	5 yrs service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50	minimum 50	minimum 50
Monthly benefits, as a % of eligible compensation	1.426% to 3.000%	1.426% to 3.000%	1.0% to 2.5%
Required employer contribution rates	7.762%	7.762%	6.250%
Required employee contribution rates	11.718%	11.065%	6.237%

*Closed to new entrants

SAN JUAN WATER DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016**

Note 12: Employees' Retirement Plan (Continued)

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) 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. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer-Paid Member Contributions or situations where members are paying a portion of the employer contribution.

For the year ended June 30, 2016, the contributions recognized as a reduction to the net pension liability for the Plan was \$591,634.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2016, the District reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability/(Asset)
Miscellaneous Tier I Rate Plan	\$ 6,003,988
Miscellaneous Tier II Rate Plan	56,715
Miscellaneous PEPRARate Plan	(750)
Total Plan	<u>\$ 6,059,953</u>

The District's net pension liability for each rate plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the rate plans is measured as of June 30, 2015, and the total pension liability for each rate plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014, rolled forward to June 30, 2015, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for each rate plan as of June 30, 2013 and 2014, was as follows:

Proportions as a percentage of the CalPERS Miscellaneous risk pool:

	Miscellaneous Tier I Rate Plan	Miscellaneous Tier II Rate Plan	Miscellaneous PEPRA Rate Plan	Total Plan
Proportion - June 30, 2013	0.20909%	0.00356%	0.00000%	0.21266%
Proportion - June 30, 2014	0.21885%	0.00207%	-0.00003%	0.22089%
Change - Increase (Decrease)	<u>0.00976%</u>	<u>-0.00149%</u>	<u>-0.00003%</u>	<u>0.00823%</u>

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 12: Employees' Retirement Plan (Continued)

For the year ended June 30, 2016, the District recognized pension expense of \$355,225. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Miscellaneous Tier I Rate Plan		
Change in assumptions	\$ -	\$ 231,208
Pension contributions subsequent to measurement date	540,966	-
Difference between expected and actual experiences	24,438	-
Differences between actual contributions and the proportionate share of contributions	-	490,431
Net difference between projected and actual earnings on pension plan investments	-	115,908
Adjustment due to difference in proportions	36,076	418,548
Total	601,480	1,256,095
Miscellaneous Tier II Rate Plan		
Change in assumptions	-	117,788
Pension contributions subsequent to measurement date	151,253	-
Difference between expected and actual experiences	12,450	-
Differences between actual contributions and the proportionate share of contributions	179,258	-
Net difference between projected and actual earnings on pension plan investments	-	59,049
Adjustment due to difference in proportions	300,373	35,126
Total	643,334	211,963
Miscellaneous PEPRA Rate Plan		
Change in assumptions	-	16,998
Pension contributions subsequent to measurement date	38,141	-
Difference between expected and actual experiences	1,797	-
Differences between actual contributions and the proportionate share of contributions	28,061	-
Net difference between projected and actual earnings on pension plan investments	-	8,521
Adjustment due to difference in proportions	50,211	3,276
Total	118,210	28,795
Total Plan	\$ 1,363,024	\$ 1,496,853

SAN JUAN WATER DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016**

Note 12: Employees' Retirement Plan (Continued)

\$730,360 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 year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Period ended June 30:	Deferred Outflows/(Inflows) of Resources			
	Miscellaneous Tier I Rate Plan	Miscellaneous Tier II Rate Plan	Miscellaneous PEPRA Rate Plan	Total Plan
2016	\$ (492,678)	\$ 81,062	\$ 16,027	\$ (395,589)
2017	(482,005)	78,389	15,387	(388,229)
2018	(369,056)	45,189	8,967	(314,900)
2019	148,158	75,478	10,893	234,529

Actuarial Assumptions

For the measurement period ended June 30, 2015 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2014 total pension liability. The June 30, 2014 and the June 30, 2015, total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.65% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Mortality Rate Table (1)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report on the CalPERS website.

All other actuarial assumptions used in the June 30, 2014, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Note 12: Employees' Retirement Plan (Continued)

Change of Assumptions

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 percent. To determine whether the municipal bond rate should be used in the calculation of a 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. Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the current 7.65 percent discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The long-term expected discount rate of 7.65 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

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, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) 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 on the following page reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

SAN JUAN WATER DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016**

Note 12: Employees' Retirement Plan (Continued)

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00	0.99	2.43
Inflation Sensitive	6.00	0.45	3.36
Private Equity	10.00	6.83	6.95
Real Estate	10.00	4.50	5.13
Infrastructure and Forestland	2.00	4.50	5.09
Liquidity	2.00	(0.55)	(1.05)

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

(2) An expected inflation of 3.0% 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/ (asset) of the Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Plans Net Pension Liability/(Asset)	Discount Rate - 1% 6.65%	Current Discount 7.65%	Discount Rate +1% 8.65%
Miscellaneous Tier I Rate Plan	\$ 10,224,400	\$ 6,003,988	\$ 2,519,547
Miscellaneous Tier II Rate Plan	158,266	56,715	(27,126)
Miscellaneous PEPRA Rate Plan	3,095	(750)	(3,924)
TOTAL Plan:	\$ 10,385,761	\$ 6,059,953	\$ 2,488,497

Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports. See CalPERS website for additional information.

Note 13: Other Post-Employment Benefits (OPEB)

Plan Description

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.

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 13: Other Post-Employment Benefits (OPEB) (Continued)

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.

The contribution requirements of the District are established and may be amended by the District's Board. Plan members are currently not required to contribute. The District is required to contribute at an actuarially determined rate.

Annual OPEB and NET OPEB Obligations

The year ended June 30, 2011 is the initial year for this OPEB plan. Accordingly, the annual required contribution of \$484,738, as determined by an actuarial valuation performed at February 8, 2016. The end of the year net OPEB obligation is determined as follows:

	<u>2016</u>
Annual OPEB Cost	\$ 484,673
Contributions Made	(812,451)
Decrease in Net OPEB Obligation	<u>(327,778)</u>
Net OPEB Obligation, Beginning of Year	634,843
Net OPEB Obligation, End of Year	<u><u>\$ 307,065</u></u>

The District's annual OPEB cost, percentage of OPEB cost contributed, and net post-employment benefit obligation for the plan for the current fiscal year ended June 30, 2016 is as follows:

<u>Actuarial Valuation Date</u>	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation
June 30, 2014	\$ 394,987	67%	\$ 238,965
June 30, 2015	475,891	17%	634,843
June 30, 2016	484,673	168%	307,065

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 13: Other Post-Employment Benefits (OPEB) (Continued)

As of July 1, 2015, the most recent actuarial valuation date, the funded status of the plan was as follows:

Initial Actuarial Accrued Liability (AAL)	\$ 6,425,519
Unamortized Initial Unfunded Actuarial Accrued Liability (UUAL)	5,044,160
Actuarial Value of Plan Assets at 6/30/15	2,376,430
Residual Unfunded Actuarial Accrued Liability (UUAL)	<u>\$ (995,071)</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	<u>36.98%</u>
Covered Payroll (Annual Payroll of Active Employees covered by the Plan)	\$ 4,592,434
UUAL as a Percentage of Covered Payroll	109.84%

Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These actuarially determined amounts are subject to continual revisions as actual results are compared to past expectations and new estimates are made about the future. The schedule of funding progress presented immediately following the financial statements as required supplementary information, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The ARC for the plan's current year was determined as part of the July 1, 2015 actuarial valuation using the following methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Amortization Method (Initial)	Level Percentage, Closed
Remaining Amortization Period (Initial)	30 years
Amortization Method (Residual)	Level Percentage, open
Remaining Amortization Period (Residual)	22 years
Inflation Rate	2.75%
Asset Valuation Method	5-year smoothed with a 20% corridor around market value
Investment Return	7.00%
Projected Salary Increases	None
Cost of Living Adjustments	2.75%
Healthcare Cost Trend Rate	4.00%

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 14: Insurance

The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA), a public entity risk pool of California water agencies, for general and auto liability, public officials' liability property damage and fidelity insurance. 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 Limits Amount		Provider	Funding Source	
General & Auto Liability (includes public officials liability)				
\$	-	\$ 2,000,000	ACWA/JPIA	Shared risk pool
	2,000,001	9,000,000	Allied World National Assurance Company	Shared risk pool
	9,000,001	10,000,000	Great American Insurance Company	Shared risk pool
	10,000,001	30,000,000	Endurance Risk Solutions Assurance Company	Shared risk pool
Property Damage				
\$	-	\$ 100,000	ACWA/JPIA (Mobile Equipment/Vehicles)	Deductible
	100,001	150,000,000	XL Insurance America, Inc	Deductible
Fidelity				
\$	-	\$ 100,000	ACWA/JPIA	Deductible
Workers				
Compensation Liability				
\$	-	\$ 2,000,000	ACWA/JPIA	Shared risk pool
Employers Liability				
\$	-	\$ 2,000,000	ACWA/JPIA	Shared risk pool

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.

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2016

Note 15: Net Position Restatement

As discussed in Note 4 to the financial statements, a review of the District's fixed assets and construction-in-progress was completed and it was determined that a prior year adjustment was required. As a result, there has been a total restatement of \$2,281,997 for the District relating to capital assets. Additionally, as discussed in Note 6, an adjustment in the amount of \$276,031 was made to correct an error in the calculation of the prior fiscal year compensated absences balance. Accounts receivables were also adjusted by \$159,124 as disclosed in Note 3.

Net position as previously reported, June 30, 2015	\$ 65,870,520
Effect of Fixed Assets Review	(2,281,997)
Compensated Absences Adjustment	(276,031)
Overstated Accounts Receivable	(159,124)
Restatement of Net Position	<u>(2,717,152)</u>
Net position, as restated, July 1, 2015	<u>\$ 63,153,368</u>

Note 16: Wholesale Customer Contingency

Citrus Heights Water District (CHWD) and the Fair Oaks Water Districts (FOWD), both wholesale customers of the San Juan Water District, are owners and operators of groundwater production facilities that can be used to provide water supply for the benefit of all San Juan Water District wholesale customer agencies. In 2008, a surface water shortage and reimbursement agreement to provide groundwater supplies during times of surface water shortage was prepared. The agreement, while included as a reference in the 2008 Wholesale Water Supply Agreements executed by the San Juan Water District and each of its wholesale water customer agencies, was never executed. Nevertheless, San Juan Water District in its capacity as the wholesale supplier, determined that there was a potential need for groundwater pumping in between 2009 and 2013 and asked both the CHWD and FOWD to maintain their readiness to supply groundwater. In 2014, due to a shortage in surface water supplies caused by a third year of drought, San Juan Water District requested groundwater to be pumped.

Both CHWD and FOWD failed to provide the San Juan Water District with annual bills for both their incremental costs to maintain active wells and for the pumping which occurred in 2014. In 2014, San Juan Water District was provided with bills in the approximate amount of \$4 million. San Juan Water District is disputing the amount and resolution of the matter is expected to occur in Fiscal Year 2016-2017. It is anticipated that the San Juan Water District will reach a settlement with the CHWD and FOWD, significantly less than the amount originally invoiced, but the Board of Directors has not yet approved a proposed settlement agreement. Approval is expected to occur in Fiscal Year 2016-2017.

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REQUIRED SUPPLEMENTARY INFORMATION SECTION

**SAN JUAN WATER DISTRICT
 COST SHARING MULTIPLE EMPLOYER BENEFIT PLAN
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 AS OF JUNE 30, 2016**

	<u>2015</u>	<u>2016</u>
<u>Miscellaneous Tier I Rate Plan</u>		
Rate Plan's Proportion of the Net Pension Liability	0.08305%	0.08747%
Rate Plan's Proportionate Share of the Net Pension Liability	\$ 5,167,620	\$ 6,003,988
Rate Plan's Covered Payroll	\$ 2,574,657	\$ 2,251,990
Rate Plan's Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	200.71%	266.61%
<u>Miscellaneous Tier II Rate Plan</u>		
Rate Plan's Proportion of the Net Pension Liability/(Asset)	0.00142%	0.00083%
Rate Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$ 88,079	\$ 56,715
Rate Plan's Covered Payroll	\$ 905,536	\$ 1,155,826
Rate Plan's Proportionate Share of the Net Pension Liability/(Asset) as Percentage of Covered Payroll	9.73%	4.91%
<u>Miscellaneous PEPRA Rate Plan</u>		
Rate Plan's Proportion of the Net Pension Liability	0.00000%	-0.00001%
Rate Plan's Proportionate Share of the Net Pension Liability	\$ 112	\$ (750)
Rate Plan's Covered Payroll	\$ 305,472	\$ 429,152
Rate Plan's Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	0.04%	-0.17%
<u>Total Plan</u>		
Plan's Proportion of the Net Pension Liability	0.08447%	0.08829%
Plan's Proportionate Share of the Net Pension Liability	\$ 5,255,811	\$ 6,059,953
Plan's Covered Payroll	\$ 3,785,664	\$ 3,836,968
Plan's Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	138.83%	157.94%
The Pension Plan's (PERF-C) Fiduciary Net Position as a Percentage of the Total Pension Liability	79.82%	78.40%

Notes to Schedule:

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2014 valuation date. This applies for voluntary benefit changes as well as any offer of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: The discount rate was changed from 7.5 percent to 7.65 percent (net of administrative expense) to correct for an adjustment to exclude administrative expense.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

**SAN JUAN WATER DISTRICT
 COST SHARING MULTIPLE EMPLOYER BENEFIT PLAN
 SCHEDULE OF PLAN CONTRIBUTIONS
 AS OF JUNE 30, 2016**

	2015	2016
Miscellaneous Tier I Rate Plan		
Actuarially Determined Contribution	\$ 378,019	\$ 540,966
Contribution in Relation to the Actuarially Determined Contribution	(378,019)	(540,966)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 2,251,990	\$ 2,237,805
Contributions as a Percentage of Covered-Employee Payroll	16.79%	24.17%
Miscellaneous Tier II Rate Plan		
Actuarially Determined Contribution	\$ 186,793	\$ 151,253
Contribution in Relation to the Actuarially Determined Contribution	(186,793)	(151,253)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 1,155,826	\$ 1,424,022
Contributions as a Percentage of Covered-Employee Payroll	16.16%	10.62%
Miscellaneous PEPRA Rate Plan		
Actuarially Determined Contribution	\$ 26,822	\$ 38,141
Contribution in Relation to the Actuarially Determined Contribution	(26,822)	(38,141)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 429,152	\$ 630,896
Contributions as a Percentage of Covered-Employee Payroll	6.25%	6.05%
Total Plan		
Actuarially Determined Contribution	\$ 591,634	\$ 730,360
Contribution in Relation to the Actuarially Determined Contribution	(591,634)	(730,360)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 3,836,968	\$ 4,292,723
Contributions as a Percentage of Covered-Employee Payroll	15.42%	17.01%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only two years are shown.

Note to Schedule:

Valuation Date:	June 30, 2013
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method/period	Level percent payroll/closed
Asset valuation method	Market value
Inflation	2.75%
Salary increases	3.30% to 14.20%
Payroll growth	3.00%
Investment rate of return	7.5% net of pension plan investment and administrative expenses; includes inflation
Retirement age	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007
Mortality	The probabilities of retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

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SUPPLEMENTARY INFORMATION SECTION

SAN JUAN WATER DISTRICT

**STATEMENT OF NET POSITION
WHOLESALE OPERATING
JUNE 30, 2016**

	<u>2016</u>
Assets:	
Current Assets:	
Cash and investments	\$ 3,678,657
Receivables:	
Accounts	1,193,318
Prepaid expenses	<u>153,840</u>
Total Current Assets	<u>5,025,815</u>
Noncurrent:	
Capital assets, not being depreciated	1,599,840
Capital assets - net of accumulated depreciation	<u>54,069,541</u>
	55,669,381
Restricted noncurrent assets:	
Investments	<u>1,849,393</u>
	1,849,393
Other assets:	
Investment in electrical power	<u>350,248</u>
	350,248
Total Noncurrent Assets	<u>57,869,022</u>
Total Assets	<u>62,894,837</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	178,965
Deferred pension related outflows	<u>559,962</u>
Total Deferred Outflows of Resources	<u>738,927</u>
Liabilities, Deferred Inflows of Resources, and Net Position:	
Liabilities:	
Current:	
Accounts payable	361,392
Accrued liabilities	153,384
Accrued interest	582,861
Unearned revenues	18,123
Accrued compensated absences	224,439
Bonds, notes, and capital leases	<u>607,471</u>
Total Current Liabilities	<u>1,947,670</u>
Noncurrent:	
Accrued compensated absences	105,619
Bonds, notes, and capital leases	25,868,894
Net OPEB liability	113,655
Net pension liability	<u>2,484,581</u>
Total Noncurrent Liabilities	<u>28,572,749</u>
Total Liabilities	<u>30,520,419</u>
Deferred Inflows of Resources:	
Deferred pension related inflows	<u>615,542</u>
Total Deferred Inflows of Resources	<u>615,542</u>
Net Position:	
Net investment in capital assets	29,371,981
Restricted for debt service	1,849,393
Unrestricted	<u>1,276,429</u>
Total Net Position	<u>\$ 32,497,803</u>

SAN JUAN WATER DISTRICT

STATEMENT OF NET POSITION
WHOLESALE CAPITAL
JUNE 30, 2016

	<u>2016</u>
Assets:	
Current Assets:	
Cash and investments	\$ 9,715,279
Receivables:	
Accounts	48,683
Taxes	<u>25,171</u>
Total Current Assets	<u>9,789,133</u>
Total Assets	<u>9,789,133</u>
Liabilities and Net Position:	
Liabilities:	
Current:	
Accounts payable	<u>626,394</u>
Total Current Liabilities	<u>626,394</u>
Total Liabilities	<u>626,394</u>
Net Position:	
Unrestricted	<u>9,162,739</u>
Total Net Position	<u>\$ 9,162,739</u>

SAN JUAN WATER DISTRICT

STATEMENT OF NET POSITION
RETAIL OPERATING
JUNE 30, 2016

	<u>2016</u>
Assets:	
Current Assets:	
Cash and investments	\$ 2,644,741
Receivables:	
Accounts	1,782,460
Prepaid expenses	35,369
Inventories	<u>106,421</u>
Total Current Assets	<u>4,568,991</u>
Noncurrent:	
Capital assets, not being depreciated	1,716,887
Capital assets - net of accumulated depreciation	<u>24,420,092</u>
	26,136,979
Restricted noncurrent assets:	
Investments	<u>1,063,528</u>
	1,063,528
Total Noncurrent Assets	<u>27,200,507</u>
Total Assets	<u>31,769,498</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	97,173
Deferred pension related outflows	<u>803,062</u>
Total Deferred Outflows of Resources	<u>900,235</u>
Liabilities, Deferred Inflows of Resources, and Net Position:	
Liabilities:	
Current:	
Accounts payable	163,430
Accrued liabilities	207,659
Accrued interest	325,083
Deposits payable	72,928
Accrued compensated absences	310,287
Bonds, notes, and capital leases	<u>320,355</u>
Total Current Liabilities	<u>1,399,742</u>
Noncurrent:	
Accrued compensated absences	146,018
Bonds, notes, and capital leases	14,403,935
Net OPEB liability	193,410
Net pension liability	<u>3,575,372</u>
Total Noncurrent Liabilities	<u>18,318,735</u>
Total Liabilities	<u>19,718,477</u>
Deferred Inflows of Resources:	
Deferred pension related inflows	<u>881,311</u>
Total Deferred Inflows of Resources	<u>881,311</u>
Net Position:	
Net investment in capital assets	11,509,862
Restricted for debt service	1,063,528
Unrestricted	<u>(503,445)</u>
Total Net Position	<u>\$ 12,069,945</u>

SAN JUAN WATER DISTRICT

STATEMENT OF NET POSITION
RETAIL CAPITAL
JUNE 30, 2016

	<u>2016</u>
Assets:	
Current Assets:	
Cash and investments	\$ 8,904,799
Receivables:	
Accounts	39,754
Taxes	<u>25,171</u>
Total Current Assets	<u>8,969,724</u>
Total Assets	<u>8,969,724</u>
Liabilities and Net Position:	
Liabilities:	
Current:	
Accounts payable	<u>351,293</u>
Total Current Liabilities	<u>351,293</u>
Total Liabilities	<u>351,293</u>
Net Position:	
Unrestricted	<u>8,618,431</u>
Total Net Position	<u>\$ 8,618,431</u>

SAN JUAN WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - BUDGET TO ACTUAL (Non-GAAP Basis)
WHOLESALE OPERATING
YEAR ENDED JUNE 30, 2016

	Actual	Final Budget	Variance with Final Budget Positive (Negative)
Operating Revenues:			
Water sales - wholesale	\$ 7,067,960	\$ 6,325,986	\$ 741,974
Other revenue	106,699	556,001	(449,302)
Total Operating Revenues	7,174,659	6,881,987	292,672
Operating Expenses:			
Source of supply			
Placer County Water Agency	104,050	176,025	71,975
US Bureau of Reclamation	59,704	60,827	1,123
Wheeling	50,516	187,817	137,301
Bureau pumping	76,289	100,204	23,915
Other Public Agencies	39,493	73,973	34,480
Depreciation and amortization	2,391,653	-	(2,391,653)
Administration and general	2,201,766	2,062,290	(139,476)
Water treatment	1,926,345	2,246,596	320,251
Engineering	298,106	247,586	(50,520)
Conservation	104,556	319,159	214,603
Retirement Benefits (OPEB)	13,259	200,000	186,741
Pension expense	31,166	317,247	286,081
Total Operating Expenses	7,296,903	5,991,724	(1,305,179)
Operating Income (Loss)	(122,244)	890,263	1,597,851
Nonoperating Revenues (Expenses):			
Investment income	33,529	7,000	(26,529)
Other revenue	102,287	125,874	23,587
Interest expense	(1,352,674)	(1,458,019)	(105,345)
Other expenses	(9,114)	(46,916)	(37,802)
Capital outlay	2,141,667	-	(2,141,667)
Total Nonoperating Revenues (Expenses)	915,695	(1,372,061)	(2,287,756)
Income (Loss) Before Capital Contributions	793,451	(481,798)	(689,905)
Transfers in	132,679	-	(132,679)
Transfers out	(11,203,318)	-	11,203,318
Changes in Net Position	\$ (10,277,188)	\$ (481,798)	\$ 10,380,734

SAN JUAN WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION - BUDGET TO ACTUAL (Non-GAAP Basis)
 WHOLESALE CAPITAL
 YEAR ENDED JUNE 30, 2016

	Actual	Final Budget	Variance with Final Budget Positive (Negative)
Operating Expenses:			
Water treatment	77,731	-	(77,731)
Total Operating Expenses	77,731	-	(77,731)
Operating Income (Loss)	(77,731)	-	77,731
Nonoperating Revenues (Expenses):			
Tax assessments	954,067	995,000	40,933
Investment income	86,005	43,000	(43,005)
Connections and annexations	91,566	45,180	(46,386)
Other revenue	399,400	-	(399,400)
Other expenses	(2,178,540)	(700,000)	1,478,540
Capital outlay	(2,141,667)	(1,984,000)	157,667
Total Nonoperating Revenues (Expenses)	(2,789,169)	(1,600,820)	1,188,349
Income (Loss) Before Capital Contributions	(2,866,900)	(1,600,820)	1,266,080
Capital contributions	959,000	568,350	(390,650)
Transfers in	11,203,318	-	(11,203,318)
Transfers out	(132,679)	-	132,679
Changes in Net Position	\$ 9,162,739	\$ (1,032,470)	\$ (10,195,209)

SAN JUAN WATER DISTRICT

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION - BUDGET TO ACTUAL (Non-GAAP Basis)
RETAIL OPERATING
YEAR ENDED JUNE 30, 2016**

	Actual	Final Budget	Variance with Final Budget Positive (Negative)
Operating Revenues:			
Water sales - retail	\$ 8,255,437	\$ 8,695,800	\$ (440,363)
Other revenue	392,451	121,500	270,951
Total Operating Revenues	8,647,888	8,817,300	(169,412)
Operating Expenses:			
Source of supply			
Water charged to retail service area	2,531,576	2,050,900	(480,676)
Depreciation and amortization	1,313,887	-	(1,313,887)
Administration and general	1,525,471	1,385,282	(140,189)
Transmission and distribution	2,530,756	3,002,300	471,544
Customer service	572,400	653,400	81,000
Engineering	305,321	316,600	11,279
Conservation	621,535	668,300	46,765
Retirement Benefits (OPEB)	65,901	200,000	134,099
Pension expense	332,823	-	(332,823)
Total Operating Expenses	9,799,670	8,276,782	(1,522,888)
Operating Income (Loss)	(1,151,782)	540,518	1,353,476
Nonoperating Revenues (Expenses):			
Investment income	12,352	1,250	(11,102)
Other revenue	85,428	1,000	(84,428)
Interest expense	(753,568)	(1,186,200)	(432,632)
Other expenses	(2,359)	(3,000)	(641)
Capital outlay	2,943,840	-	(2,943,840)
Total Nonoperating Revenues (Expenses)	2,285,693	(1,186,950)	(3,472,643)
Income (Loss) Before Capital Contributions	1,133,911	(646,432)	(2,119,167)
Transfers in	889,431	-	(889,431)
Transfers out	(10,331,774)	-	10,331,774
Changes in Net Position	\$ (8,308,432)	\$ (646,432)	\$ 7,323,176

SAN JUAN WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION - BUDGET TO ACTUAL (Non-GAAP Basis)
 RETAIL CAPITAL
 YEAR ENDED JUNE 30, 2016

	Actual	Final Budget	Variance with Final Budget Positive (Negative)
Nonoperating Revenues (Expenses):			
Tax assessments	954,067	948,000	(6,067)
Investment income	85,446	3,500	(81,946)
Connections and annexations	566,299	350,000	(216,299)
Other revenue	713,690	-	(713,690)
Other expenses	(3,014)	(176,700)	(173,686)
Capital outlay	(2,943,839)	(5,058,500)	(2,114,661)
Total Nonoperating Revenues (Expenses)	(627,351)	(3,933,700)	(3,306,349)
Income (Loss) Before Capital Contributions	(627,351)	(3,933,700)	(3,306,349)
Capital contributions	(196,561)	-	196,561
Transfers in	10,331,774	-	(10,331,774)
Transfers out	(889,431)	-	889,431
Changes in Net Position	\$ 8,618,431	\$ (3,933,700)	\$ (12,552,131)

SAN JUAN WATER DISTRICT

CAPITAL ASSET ROLLFORWARD
 WHOLESAL
 JUNE 30, 2016

	<u>Balance at June 30, 2015</u>	<u>Restatements</u>	<u>Restated Balance at June 30, 2015</u>
Capital assets, not being depreciated:			
Land	\$ 406,398	\$ (63,074)	\$ 343,324
Construction-in-progress	112,829	7,940	120,769
Total capital assets not being depreciated	<u>519,227</u>	<u>(55,134)</u>	<u>464,093</u>
Capital assets, being depreciated:			
Pipelines	22,982,559	-	22,982,559
Water Treatment Plant	39,274,302	-	39,274,302
Land Improvements	311,130	57,584	368,714
Reservoirs	3,214,649	(229,539)	2,985,110
Pumping Stations	7,368,032	-	7,368,032
Buildings	7,236,728	-	7,236,728
Vehicles and Equipment	9,401,421	-	9,401,421
Intangibles	1,764,227	(979,490)	784,737
Total capital assets being depreciated	<u>91,553,048</u>	<u>(1,151,445)</u>	<u>90,401,603</u>
Less Accumulated Depreciation			
Pipelines	(5,676,991)	-	(5,676,991)
Water Treatment Plant	(19,081,656)	-	(19,081,656)
Land Improvements	(238,407)	(57,584)	(295,991)
Reservoirs	(2,874,543)	75,660	(2,798,883)
Pumping Stations	(3,094,021)	463,595	(2,630,426)
Buildings	(1,707,710)	-	(1,707,710)
Vehicles and Equipment	(2,460,300)	-	(2,460,300)
Intangibles	(598,984)	319,665	(279,319)
Total Accumulated Depreciation	<u>(35,732,612)</u>	<u>801,336</u>	<u>(34,931,276)</u>
Total Capital Assets Being Depreciated, Net	<u>55,820,436</u>	<u>(350,109)</u>	<u>55,470,327</u>
Capial Assets, Net	<u>\$ 56,339,663</u>	<u>\$ (405,243)</u>	<u>\$ 55,934,420</u>

SAN JUAN WATER DISTRICT

CAPITAL ASSET ROLLFORWARD
WHOLESALE
JUNE 30, 2016

	<u>Transfers</u>	<u>Increase</u>	<u>Decreases</u>	<u>Balance at June 30, 2016</u>
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ 343,324
Construction-in-progress	(108,788)	1,244,535	-	1,256,516
Total capital assets not being depreciated	<u>(108,788)</u>	<u>1,244,535</u>	<u>-</u>	<u>1,599,840</u>
Capital assets, being depreciated:				
Pipelines	49,368	671,056	-	23,702,983
Water Treatment Plant	-	58,177	-	39,332,479
Land Improvements	-	-	-	368,714
Reservoirs	-	-	-	2,985,110
Pumping Stations	-	-	-	7,368,032
Buildings	-	-	-	7,236,728
Vehicles and Equipment	-	148,688	(27,754)	9,522,355
Intangibles	59,420	4,158	-	848,315
Total capital assets being depreciated	<u>108,788</u>	<u>882,079</u>	<u>(27,754)</u>	<u>91,364,716</u>
Less Accumulated Depreciation				
Pipelines	-	(554,897)	-	(6,231,888)
Water Treatment Plant	-	(1,005,130)	-	(20,086,786)
Land Improvements	-	(7,356)	-	(303,347)
Reservoirs	-	(7,176)	-	(2,806,059)
Pumping Stations	-	(210,190)	-	(2,840,616)
Buildings	-	(203,792)	-	(1,911,502)
Vehicles and Equipment	-	(371,655)	27,754	(2,804,201)
Intangibles	-	(31,457)	-	(310,776)
Total Accumulated Depreciation	<u>-</u>	<u>(2,391,653)</u>	<u>27,754</u>	<u>(37,295,175)</u>
Total Capital Assets Being Depreciated, Net	<u>108,788</u>	<u>(1,509,574)</u>	<u>-</u>	<u>54,069,541</u>
Capial Assets, Net	<u>\$ -</u>	<u>\$ (265,039)</u>	<u>\$ -</u>	<u>\$ 55,669,381</u>

SAN JUAN WATER DISTRICT

CAPITAL ASSET ROLLFORWARD
 RETAIL
 JUNE 30, 2016

	<u>Balance at June 30, 2015</u>	<u>Restatements</u>	<u>Restated Balance at June 30, 2015</u>
Capital assets, not being depreciated:			
Land	\$ 166,272	\$ -	\$ 166,272
Construction-in-progress	6,916,147	(1,233,638)	5,682,509
Total capital assets not being depreciated	<u>7,082,419</u>	<u>(1,233,638)</u>	<u>5,848,781</u>
Capital assets, being depreciated:			
Pipelines	45,215,575	-	45,215,575
Water Treatment Plant	329,902	-	329,902
Land Improvements	75,885	-	75,885
Reservoirs	2,157,755	(497,518)	1,660,237
Pumping Stations	514,162	-	514,162
Buildings	61,403	-	61,403
Vehicles and Equipment	1,752,090	-	1,752,090
Intangibles	1,271,511	(556,504)	715,007
Total capital assets being depreciated	<u>51,378,283</u>	<u>(1,054,022)</u>	<u>50,324,261</u>
Less Accumulated Depreciation			
Pipelines	(27,408,668)	-	(27,408,668)
Water Treatment Plant	(322,348)	-	(322,348)
Land Improvements	(37,884)	-	(37,884)
Reservoirs	(1,450,632)	60,308	(1,390,324)
Pumping Stations	(459,645)	-	(459,645)
Buildings	(11,632)	-	(11,632)
Vehicles and Equipment	(1,343,123)	-	(1,343,123)
Intangibles	(1,036,124)	350,598	(685,526)
Total Accumulated Depreciation	<u>(32,070,056)</u>	<u>410,906</u>	<u>(31,659,150)</u>
Total Capital Assets Being Depreciated, Net	<u>19,308,227</u>	<u>(643,116)</u>	<u>18,665,111</u>
Capial Assets, Net	<u>\$ 26,390,646</u>	<u>\$ (1,876,754)</u>	<u>\$ 24,513,892</u>

SAN JUAN WATER DISTRICT

CAPITAL ASSET ROLLFORWARD

RETAIL

JUNE 30, 2016

	<u>Transfers</u>	<u>Increase</u>	<u>Decreases</u>	<u>Balance at June 30, 2016</u>
Capital assets, not being depreciated:				
Land	\$ -	\$ -	\$ -	\$ 166,272
Construction-in-progress	(4,821,088)	689,194	-	1,550,615
Total capital assets not being depreciated	<u>(4,821,088)</u>	<u>689,194</u>	<u>-</u>	<u>1,716,887</u>
Capital assets, being depreciated:				
Pipelines	746,525	745,478	-	46,707,578
Water Treatment Plant	-	-	-	329,902
Land Improvements	-	-	-	75,885
Reservoirs	-	-	-	1,660,237
Pumping Stations	4,015,143	1,384,539	-	5,913,844
Buildings	-	-	-	61,403
Vehicles and Equipment	-	113,607	(27,754)	1,837,943
Intangibles	59,420	4,156	-	778,583
Total capital assets being depreciated	<u>4,821,088</u>	<u>2,247,780</u>	<u>(27,754)</u>	<u>57,365,375</u>
Less Accumulated Depreciation				
Pipelines	-	(1,158,373)	-	(28,567,041)
Water Treatment Plant	-	(485)	-	(322,833)
Land Improvements	-	(2,299)	-	(40,183)
Reservoirs	-	(50,040)	-	(1,440,364)
Pumping Stations	-	(5,080)	-	(464,725)
Buildings	-	(3,221)	-	(14,853)
Vehicles and Equipment	-	(81,237)	27,754	(1,396,606)
Intangibles	-	(13,152)	-	(698,678)
Total Accumulated Depreciation	<u>-</u>	<u>(1,313,887)</u>	<u>27,754</u>	<u>(32,945,283)</u>
Total Capital Assets Being Depreciated, Net	<u>4,821,088</u>	<u>933,893</u>	<u>-</u>	<u>24,420,092</u>
Capital Assets, Net	<u>\$ -</u>	<u>\$ 1,623,087</u>	<u>\$ -</u>	<u>\$ 26,136,979</u>

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STATISTICAL SECTION

This part of the San Juan Water District’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplemental information says about the district’s overall financial health.

Financial Trends 63

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

Revenue Capacity 65

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 71

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 75

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.

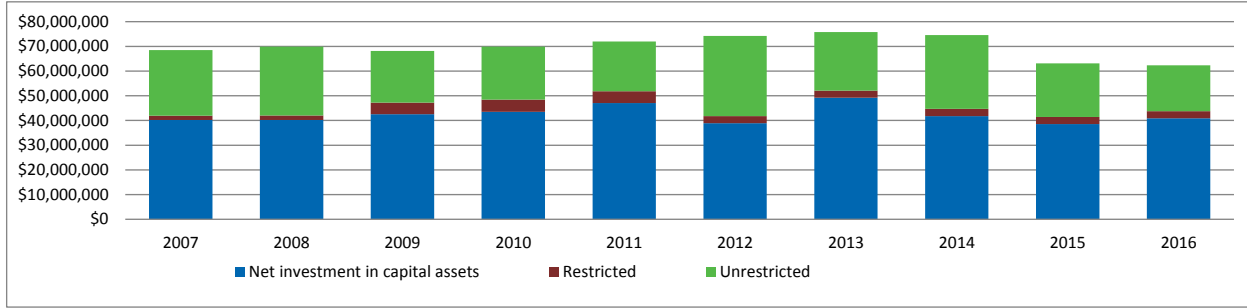
Operating Information 77

These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government 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 comprehensive annual financial reports for the relevant year.

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



	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net Position:										
Net investment in capital assets	\$40,198,780	\$40,225,803	\$42,545,198	\$43,492,739	\$47,026,193	\$38,861,678	\$49,186,800	\$41,785,998	\$38,531,907	\$40,881,843
Restricted	1,747,260	1,798,667	4,704,111	4,931,780	4,835,676	2,911,170	2,911,170	2,911,170	2,911,577	2,912,921
Unrestricted	26,577,138	27,894,578	20,886,799	21,465,447	20,112,276	32,444,787	23,665,458	29,880,325	21,709,884	18,554,154
Total net position	\$68,523,178	\$69,919,048	\$68,136,108	\$69,889,966	\$71,974,145	\$74,217,635	\$75,763,428	\$74,577,493	\$63,153,368	\$62,348,918

* Restated to reflect implementation of GASB Statements 63 and 65, and other prior-year adjustments.

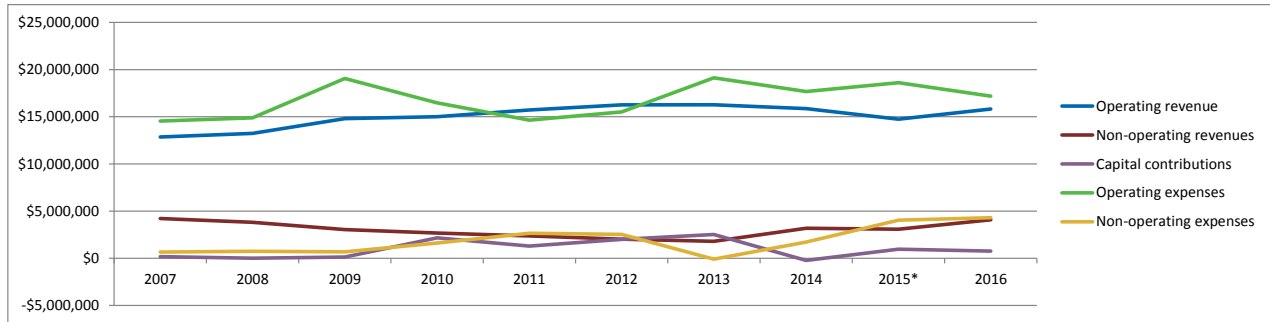
** Restated to reflect implementation of GASB Statement 68 and fixed asset prior year adjustments.

***Restated to reflect fixed asset and compensated absences prior year adjustments.

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										
	2003	2007	2008	2009	2010	2011	2012	2013	2014	2015*	2016
Operating Revenues											
Wholesale Revenue	\$ 4,721,626	\$ 6,228,302	\$ 6,410,654	\$ 7,111,207	\$ 7,554,791	\$ 7,764,982	\$ 7,364,002	\$ 7,013,144	\$ 6,614,718	\$ 6,220,759	\$ 7,067,960
Retail Revenue	4,940,654	6,575,947	6,766,657	7,542,865	7,299,989	7,834,917	8,090,259	8,544,267	8,481,583	7,846,437	8,255,437
Other Revenue	51,577	49,218	48,498	147,769	144,086	123,714	803,986	700,236	766,591	666,965	499,150
Total Operating Revenue	9,713,857	12,853,467	13,225,809	14,801,841	14,998,866	15,723,613	16,258,247	16,257,647	15,862,892	14,734,161	15,822,547
Operating Expenses	11,751,877	14,543,281	14,893,792	19,062,904	16,465,647	14,640,270	15,522,579	19,124,440	17,673,564	18,617,237	17,174,304
Net loss from operations	(2,038,020)	(1,689,814)	(1,667,983)	(4,261,063)	(1,466,781)	1,083,343	735,668	(2,866,793)	(1,810,672)	(3,883,076)	(1,351,757)
Non-operating revenues	3,329,045	4,212,810	3,808,095	3,036,346	2,665,689	2,367,655	2,033,319	1,796,677	3,187,986	3,091,137	4,084,136
Non-operating expenses	428,465	663,380	745,278	690,024	1,617,298	2,650,494	2,534,731	(93,601)	1,725,227	4,035,641	4,299,268
Net income before capital contributions	862,560	1,859,616	1,394,834	(1,914,741)	(418,390)	800,504	234,256	(976,515)	(347,912)	(4,827,580)	(1,566,889)
Capital contributions	382,314	179,148	1,043	131,801	2,172,250	1,283,677	2,009,234	2,522,308	(225,068)	959,849	762,439
Change in Net Position	\$ 1,244,874	\$ 2,038,764	\$ 1,395,877	\$ (1,782,940)	\$ 1,753,860	\$ 2,084,181	\$ 2,243,490	\$ 1,545,793	\$ (572,980)	\$ (3,867,731)	\$ (804,450)



*Restated to reflect prior year adjustments.

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Uniform Commodity Rate (UCR)¹:										
San Juan Water District Retail	\$ 100.31	\$ 102.85	\$ 115.19	\$ 127.86	\$ 90.60	\$ 90.60	\$ 90.60	\$ 93.32	\$ 89.17	\$ 102.02
Citrus Heights Water District	63.26	69.31	77.71	86.25	90.60	90.60	90.60	93.32	89.17	102.02
Fair Oaks Water Company	63.26	69.31	77.71	86.25	90.60	90.60	90.60	93.32	89.17	102.02
Orange Vale Water Company	63.26	69.31	77.71	86.25	90.60	90.60	90.60	93.32	89.17	102.02
City of Folsom	130.61	130.61	146.28	162.37	90.60	90.60	90.60	93.32	89.17	102.02
Annual Service Charge:										
San Juan Water District Retail	\$335,000	\$237,742	\$266,271	\$295,561	\$311,080	\$311,080	\$311,080	\$320,412	\$440,965	\$505,258
Citrus Heights Water District	357,000	297,343	333,024	369,657	367,450	367,450	367,450	378,474	462,858	530,343
Fair Oaks Water Company	272,000	204,388	228,915	254,095	208,340	208,340	208,340	214,590	356,683	408,687
Orange Vale Water Company	95,600	66,885	74,911	83,151	80,300	80,300	80,300	82,709	156,402	179,205
City of Folsom	37,700	26,360	26,360	32,771	35,160	35,160	35,160	36,215	44,925	51,475
Annual Debt Service Charge²:										
San Juan Water District Retail	\$215,500	\$443,901	\$618,403	\$563,089	\$563,594	\$585,863	\$570,181	\$613,611	\$447,679	\$613,811
Citrus Heights Water District	251,600	534,537	738,294	621,614	627,938	621,477	648,443	672,537	673,415	672,833
Fair Oaks Water Company	184,900	320,878	444,071	415,185	385,416	434,744	405,722	443,222	443,957	443,513
Orange Vale Water Company	56,800	103,854	143,636	173,021	166,458	179,008	180,570	191,913	192,041	191,922
City of Folsom	14,100	48,972	48,972	50,104	59,659	51,581	53,653	56,430	142,591	142,283
Capital Facilities Charge (implemented in 2015)³:										
San Juan Water District Retail									\$458,635	\$493,158
Citrus Heights Water District									-	-
Fair Oaks Water Company									-	-
Orange Vale Water Company									210,270	219,447
City of Folsom									71,595	71,595
Connection Fees (implemented in 2008):										
Up to 1" Meter		\$ 312	\$ 319	\$ 337	\$ 344	\$ 354	\$ 364	\$ 372	\$ 381	\$ 391
1" Meter		520	531	560	572	588	605	619	633	650
1 1/2" Meter		1,040	1,062	1,121	1,145	1,178	1,212	1,240	1,269	1,303
2" Meter		1,664	1,699	1,793	1,832	1,884	1,938	1,983	2,029	2,083
3" Meter		3,328	3,398	3,585	3,663	3,767	3,874	3,964	4,055	4,164
4" Meter		5,200	5,309	5,602	5,724	5,887	6,055	6,196	6,339	6,509
6" Meter		13,000	13,273	14,004	14,309	14,717	15,136	15,489	15,845	16,270
8" Meter		18,720	19,113	20,166	20,606	21,193	21,797	22,305	22,818	23,430
10" Meter		30,160	30,793	32,490	33,199	34,145	35,118	35,936	36,763	37,748
12" Meter		44,720	45,659	48,175	49,226	50,629	52,072	53,285	54,511	55,972

Notes:

¹ Effective 2011, the UCR for SJWD Retail and Folsom no longer include pumping costs. SJWD Retail are now direct costs in the budget and Folsom pays a pumping surcharge to SJWD Retail.

² 2012 Annual Debt Service Charges were revised during the calendar year.

³ 2013 The Capital Facilities Charge was implemented in 2015.

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 ¹

	2007	2008	2009	2010	2011	2012	2013	2014	2015 ²	2016
Commodity Rate per 100 CCF:										
Uniform Rate	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.80	\$ 0.92
Residential										
0 to 20 ccf	0.34	0.37	0.40	0.43	0.44	0.44	0.45	0.46	-	-
21 to 200 ccf	0.57	0.62	0.68	0.73	0.74	0.74	0.75	0.77	-	-
201+ ccf	0.40	0.44	0.48	0.51	0.52	0.52	0.53	0.54	-	-
Commercial	0.49	0.53	0.53	0.62	0.63	0.63	0.64	0.66	-	-
Daily Base Charge (fixed based on meter size):										
Up to 1"	\$ 0.89	\$ 0.97	\$ 1.06	\$ 1.13	\$ 1.15	\$ 1.15	\$ 1.17	\$ 1.20	\$ 1.08	\$ 1.24
1 1/2"	2.37	2.58	2.81	3.01	3.07	3.07	3.13	3.19	2.88	3.31
2"	3.78	4.12	4.49	4.80	4.90	4.90	5.00	5.10	4.59	5.28
3"	7.51	8.19	8.93	9.56	9.75	9.75	9.95	10.14	9.13	10.50
4"	11.72	12.77	13.92	14.89	15.19	15.19	15.49	15.80	14.23	16.36
6"	23.40	25.51	27.81	29.76	30.36	30.36	30.97	31.59	28.46	32.73
8"	42.09	45.88	50.01	53.51	54.58	54.58	55.67	56.79	51.16	58.83
10"	67.79	73.89	80.54	86.18	87.90	87.90	89.66	91.45	82.39	94.75
12"	100.50	109.55	119.41	127.77	130.32	130.32	132.93	135.60	122.16	140.48
Fire District	4.55	4.96	5.41	5.79	5.90	5.90	6.02	6.15	5.53	6.36
Daily Base Charge for Private Fire Lines (fixed based on meter size):										
4"	\$ 0.34	\$ 0.37	\$ 0.40	\$ 0.43	\$ 0.44	\$ 0.44	\$ 0.45	\$ 0.46	\$ 0.47	\$ 0.54
6"	0.50	0.55	0.60	0.64	0.65	0.65	0.66	0.68	0.70	0.81
8"	0.67	0.73	0.80	0.86	0.88	0.88	0.90	0.92	0.95	1.09
10"	0.82	0.89	0.97	1.04	1.05	1.05	1.07	1.09	1.12	1.29
Connection Fees (in addition, new connections also pay a Wholesale Connection fee listed in Wholesale Rates):										
Up to 1" Meter	\$ 11,533	\$ 11,891	\$ 12,164	\$ 12,834	\$ 13,114	\$ 13,488	\$ 13,872	\$ 14,195	\$ 14,521	\$ 14,910
1 1/2" Meter	23,065	23,780	24,327	25,667	26,227	26,974	27,743	28,389	29,042	29,820
2" Meter	36,904	38,048	38,923	41,068	41,963	43,159	44,389	45,423	46,468	47,713
3" Meter	73,808	76,096	77,846	82,135	83,926	86,318	88,778	90,847	92,936	95,427
4" Meter	115,325	118,900	120,806	127,462	130,241	133,953	137,771	140,981	144,224	148,089
6" Meter	230,651	237,801	243,270	256,674	262,269	269,744	277,432	283,896	290,426	298,209
8" Meter	415,179	428,050	437,895	462,023	472,095	485,550	499,388	511,024	522,778	536,788
10" Meter	668,900	689,636	705,498	744,371	760,598	782,275	804,570	823,316	842,252	864,824
12" Meter	991,817	1,022,563	1,046,082	1,103,721	1,127,782	1,159,924	1,192,982	1,220,778	1,248,856	1,282,325

Notes:

- 1 The 2015 rates were amended February 1, 2015.
- 2 Beginning February 1, 2015 the tiered rate structure was replaced with a uniform rate.
- 3 A 10% drought surcharge on the volumetric rate was implemented on June 1, 2015 and removed April 1, 2016.

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)
2007	\$ 5,738,787	\$ 817,126	\$ 6,555,913	6,558,306
2008	5,868,469	879,339	6,747,808	6,267,424
2009	6,580,530	946,169	7,526,699	5,821,462
2010	6,372,458	919,104	7,291,562	5,078,489
2011	6,821,008	1,000,370	7,821,378	5,038,636
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	6,661,233	1,185,368	7,846,601	4,414,012
2016	7,196,801	1,058,636	8,255,437	4,717,454

Sources: *San Juan Water District Customer Service Department (revenue)*
San Juan Water District Water Treatment Department (water deliveries)

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

Commercial Customers	Fiscal Year					
	2016			2008 ¹		
	Total Revenue	Rank	% of Revenue ²	Total Revenue	Rank	% of Revenue
Roseville Joint Union High School	\$ 22,420	1	2.12%	\$ 18,424	1	2.06%
Eureka Union School District/Oakhills	17,347	2	1.64%	8,861	7	0.99%
San Juan Unified School District - Twin School	15,875	3	1.50%			
Rolling Greens Estates LLC	14,646	4	1.38%	14,732	2	1.65%
Bushnells Landscape Creations	11,718	5	1.11%	11,407	3	1.27%
Granite Bay Business Park	11,644	6	1.10%	10,581	4	1.18%
Granite Bay Estates	10,345	7	0.98%			
San Juan Unified School District - Lake Natoma	9,787	8	0.92%	8,715	9	0.97%
City of Folsom	9,444	9	0.89%			
Bayside Covenant Church	8,930	10	0.84%	10,228	5	1.14%
Sierra Valley Real Estate				9,569	6	1.07%
Otow Revocable Living Trust				8,728	8	0.97%
Maison Chapeaux				7,624	10	0.85%
Total	\$ 132,156		12.48%	\$ 108,869		12.16%
Total Commercial Revenue	\$ 1,058,636			\$895,507		

Note:

¹ The District began collecting data in fiscal year 2007-2008.

² "% of Revenue" is expressed as a percentage of the District's total commercial customer retail revenue.

Source: San Juan Water District Customer Service Department

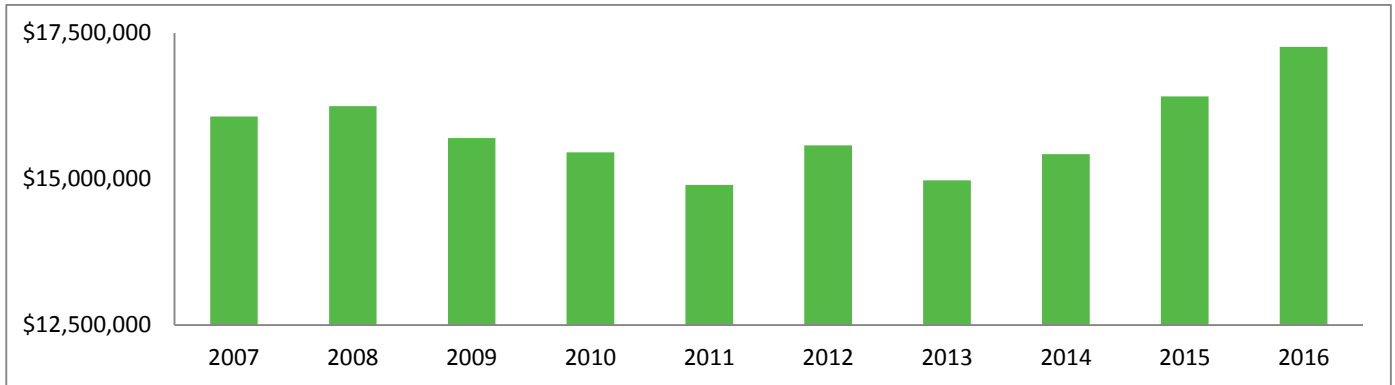
San Juan Water District
Table 7: Principal Property Taxpayers
 Current Year and Ten Years Ago

Taxpayer	Primary Land Use	2016		2007	
		Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Steadfast Sunrise I LLC	Commercial	\$ 63,600,051	0.51%		
MP Birdcage Marketplace LLC	Shopping Center	63,535,957	0.51%	\$ 48,578,265	0.43%
FAOF Oak Creek LLC	Apartments	53,447,826	0.43%		
Rollingwood Commons Apartments LLC	Apartments	40,149,852	0.32%	38,760,000	0.35%
The Realty Associates Fund XIII LP	Shopping Center	37,734,771	0.30%		
Fairfield Sunrise LLC	Apartments	30,387,054	0.24%		
Sacto Fair Oaks Blvd Apartments LLC	Apartments	26,793,066	0.21%		
PK I Cable Park LP	Commercial	24,299,842	0.19%		
Marshall Field Stores Inc	Commercial	23,889,135	0.19%	19,524,030	0.17%
Costco Wholesale Corporation	Commercial	22,481,522	0.18%	20,495,672	0.18%
Fair Oaks Fountains LLC	Apartments	22,094,986	0.18%		
Wal Mart Real Estate Business Trust	Commercial	21,835,000	0.17%		
SW Spring Creek LP	Apartments	21,360,000	0.17%		
Madison & Sunrise Associates LLC	Commercial	21,271,835	0.17%	19,593,505	0.18%
Salishan Apartments LP	Apartments	20,421,133	0.16%		
Lowes HIW Inc	Commercial	19,598,415	0.16%		
Hunting Square Limited LP	Apartments	19,451,325	0.16%	17,106,541	0.15%
Canyon Terrace Folsom LLC	Apartments	19,163,735	0.15%		
Lake Point LLC	Apartments	19,104,136	0.15%		
Woo Family Investment	Commercial	19,061,214	0.15%		
VIF & Lyon Oak Creek LLC	Apartments			58,134,246	0.52%
Demmon Family Partnership	Apartments			34,810,620	0.31%
National Life and Accident Insurance Co.	Commercial			30,354,821	0.27%
Sears Roebuck & Company	Commercial			30,244,039	0.27%
Crystal Springs Apartments LLC	Apartments			26,768,500	0.24%
GW Williams Co	Apartments			23,944,749	0.21%
Mark M Garay Revocable Trust	Apartments			23,611,876	0.21%
Pan Pacific LLC	Commercial			21,965,441	0.20%
Betty A Colwell Revocable Trust	Miscellaneous			20,677,040	0.18%
Trestle Regency LLC	Miscellaneous			20,609,614	0.18%
Ronald P & Maureen A Ashley	Miscellaneous			20,287,798	0.18%
Theodore Mitchell	Miscellaneous			18,829,999	0.17%
Canyon Oaks Apartments LLC	Apartments			18,017,011	0.16%
Muffrey Trust	Miscellaneous			16,500,000	0.15%
Total		\$ 589,680,855	4.70%	\$ 528,813,767	4.73%
2015-2016 Total Secured Assessed Valuation:		\$12,536,599,555			
2006-2007 Total Secured Assessed Valuation:		\$11,178,975,843			

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
2007	\$ 16,073,386	\$ 268,952	\$ 16,342,338	\$ 1,790	0.011%
2008	16,248,701	73,486	16,322,187	1,835	0.011%
2009	15,701,866	74,471	15,776,337	1,822	0.012%
2010	15,454,819	67,677	15,522,496	1,687	0.011%
2011	14,900,077	63,928	14,964,005	1,565	0.010%
2012	15,579,095	32,499	15,611,594	1,561	0.010%
2013	14,980,101	242,107	15,222,208	1,606	0.011%
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%



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 2006-07 through 2014-15)*
California Municipal Statistics, Inc (Fiscal Year 2015-16)

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

Fiscal Year	General Obligation Bonds	Revenue Bonds	Certificates of Participation	Economic Development Admin Loan	California Energy Commission Loan	Total Debt	Percentage of Personal Income	Per Capita
2007	\$ -	\$ -	\$ 20,660,000	\$ 231,751	\$ 26,453	\$20,918,204	43.30%	109.49
2008	-	-	19,765,000	213,251	21,762	20,000,013	39.87%	103.33
2009	-	-	49,345,000	193,826	16,787	49,555,613	94.65%	252.72
2010	-	-	47,980,000	173,430	11,513	48,164,943	89.84%	267.58
2011	-	-	46,985,000	152,013	5,924	47,142,937	62.09%	261.11
2012	-	13,625,000	30,085,000	129,527	-	43,839,527	71.39%	243.55
2013	-	12,145,000	30,075,000	105,916	-	42,325,916	66.26%	232.89
2014	-	11,895,000	29,670,000	81,190	-	41,646,190	63.59%	228.53
2015	-	11,475,000	29,255,000	55,159	-	40,785,159	46.60%	269.15
2016	-	10,585,000	28,375,000	27,826	-	38,987,826	N/A	255.47

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, 2016

2015-16 Assessed Valuation:

\$17,478,443,387

Direct and Overlapping Tax and Assessment Debt	Total Debt 6/30/2016	Percent Applicable	District's Share of Debt 6/30/2016
Los Rios Community College District	\$ 350,740,000	7.759%	\$ 27,213,917
Folsom-Cordova Unified School District School Facilities Improvement District No. 2	25,871,422	10.740%	2,778,591
Folsom-Cordova Unified School District School Facilities Improvement District No. 5	40,000,000	10.805%	4,322,000
San Juan Unified School District	374,301,894	37.094%	138,843,545
Placer Union High School District	26,417,543	4.641%	1,226,038
Roseville Joint Union High School District	74,101,462	16.847%	12,483,873
Eureka Union School District	2,733,176	73.684%	2,013,913
Loomis Union School District	4,395,000	17.923%	787,716
Roseville City School District	20,817,289	0.678%	141,141
City of Folsom	2,315,000	12.481%	288,935
City of Folsom Assessment District No. 90-1	785,000	100.000%	785,000
Sacramento Area Flood Control District Operation and Maintenance Assessment District	2,910,000	13.451%	391,424
California Statewide Community Development Authority Obligations	271,545	100.000%	271,545
San Juan Suburban Water District	-	100.000%	-
Total Direct and Overlapping Tax and Assessment Debt	\$ 925,659,331		\$ 191,547,638
Overlapping General Fund Debt			
Sacramento County General Fund Obligations	\$ 253,645,984	9.448%	\$ 23,964,473
Sacramento County Pension Obligations	960,057,721	9.448%	90,706,253
Sacramento County Board of Education Certificates of Participation	6,480,000	9.448%	612,230
Placer County General Fund Obligations	33,910,000	7.437%	2,521,887
Placer County Office of Education Certificates of Participation	1,480,000	7.437%	110,068
Los Rios Community College District Certificates of Participation	950,000	7.759%	73,711
Sierra Joint Community College District Certificates of Participation	7,254,000	5.623%	407,892
Folsom-Cordova Unified School District Certificates of Participation	15,060,000	6.900%	1,039,140
San Juan Unified School District Certificates of Participation	497,741	37.094%	184,632
Roseville Joint Union High School District Certificates of Participation	1,100,000	16.847%	185,317
Eureka Union School District Certificates of Participation	3,825,000	73.684%	2,818,413
Other School District Certificates of Participation	15,325,000	Various	645,979
City of Folsom Certificates of Participation	5,406,423	12.315%	665,801
City of Roseville Certificates of Participation	27,023,174	2.553%	689,902
Sacramento Metropolitan Fire District Pension Obligations	64,518,975	19.992%	12,898,634
South Placer Fire Protection District Certificates of Participation	5,305,000	79.554%	4,220,340
Sunrise Recreation and Park District Certificates of Participation	6,240,000	37.987%	2,370,389
Placer Mosquito and Vector Control District Certificates of Participation	3,705,000	7.437%	275,541
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT	\$ 1,411,784,018		\$ 144,390,602
Less: City of Roseville supported obligations			91,826
TOTAL NET OVERLAPPING GENERAL FUND DEBT			\$ 144,298,776
TOTAL DIRECT DEBT			\$ -
TOTAL GROSS OVERLAPPING DEBT			\$ 335,938,240
TOTAL NET OVERLAPPING DEBT			\$ 335,846,414
GROSS COMBINED TOTAL DEBT ²			\$ 335,938,240
NET COMBINED TOTAL DEBT			\$ 335,846,414

Ratios to 2015-16 Assessed Valuation

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	1.10%
Gross Combined Total Debt	1.92%
Net Combined Total Debt	1.92%

Notes:

¹ Percentage of overlapping debt applicable to the 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 Divided by the overlapping District's total taxable assessed value.

² 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
Table 11: Ratio of Annual Debt Service Expenses for All Debt to Total General Expenses
 Last Ten Fiscal Years

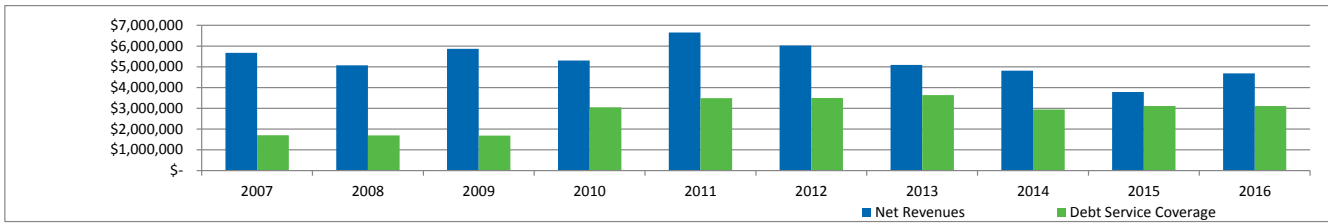
Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenses¹	Ratio of Debt Service to Total General Expenses
2006	\$ 875,960	\$ 916,858	\$ 1,792,818	\$ 12,648,726	14.17%
2007	897,049	948,978	1,846,027	14,366,884	12.85%
2008	918,191	863,197	1,781,388	14,738,945	12.09%
2009	954,401	826,187	1,780,588	18,906,512	9.42%
2010	1,390,670	1,810,145	3,200,815	15,715,490	20.37%
2011	1,024,924	2,465,408	3,490,332	14,143,017	24.68%
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%

Notes:

¹ Total general expenses are total expenses excluding 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



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Retail Water Sales	\$ 6,575,947	\$ 6,766,658	\$ 7,542,865	\$ 7,299,989	\$ 7,834,917	\$ 8,090,259	\$ 8,544,267	\$ 8,481,583	\$ 7,846,601	\$ 8,255,437
Wholesale Water Sales	6,228,302	6,410,653	7,111,208	7,865,283	7,764,982	7,364,002	7,013,144	6,614,968	6,379,883	7,067,960
Connections/Annexations	926,276	174,865	45,699	163,266	163,541	176,362	34,741	1,134,335	1,020,687	657,865
Property Tax Revenue	1,790,197	1,835,558	1,822,166	1,687,204	1,597,524	1,561,130	1,606,174	1,677,842	1,799,464	1,908,134
Investment Income	1,384,866	1,561,139	847,510	468,099	271,233	187,780	52,954	271,721	147,684	217,332
Other	160,689	255,298	327,374	484,166	335,357	108,047	102,808	104,088	123,302	1,799,955
Total	\$ 17,066,277	\$ 17,004,171	\$ 17,696,822	\$ 17,968,007	\$ 17,967,554	\$ 17,487,580	\$ 17,354,088	\$ 18,284,537	\$ 17,317,621	\$ 19,906,683
Operation & Maintenance Costs										
Source of Supply	\$ 3,173,789	\$ 3,240,902	\$ 3,221,008	\$ 3,284,931	\$ 2,820,910	\$ 3,186,686	\$ 3,506,604	\$ 2,912,572	\$ 3,082,424	\$ 2,861,628
Pumping and Telemetry *	623,259	580,370	663,975	542,837	590,217	621,783	609,304	759,067	-	-
Water Treatment	2,146,066	2,223,995	2,211,536	2,171,923	2,119,426	1,701,918	1,932,517	1,888,549	2,147,336	2,004,076
Transmission/Distribution	1,629,065	1,731,271	1,639,125	1,767,690	1,657,517	1,764,998	1,926,664	2,240,966	2,671,982	2,530,756
Administration/General	1,986,027	2,387,564	2,161,541	3,199,146	2,450,651	2,455,196	2,661,692	3,691,980	3,301,971	3,727,237
Customer Service	594,680	679,121	689,023	666,916	658,999	681,163	697,301	597,623	540,731	572,400
Conservation	501,649	503,713	636,509	637,461	617,917	662,589	614,749	649,832	682,311	726,091
Engineering	449,342	319,227	359,576	317,451	342,523	325,113	264,582	633,782	432,701	603,427
Other	285,117	268,108	249,251	76,552	59,022	62,824	52,172	98,895	671,096	2,193,027
Total	\$ 11,388,994	\$ 11,934,271	\$ 11,831,544	\$ 12,664,907	\$ 11,317,182	\$ 11,462,270	\$ 12,265,585	\$ 13,473,266	\$ 13,530,552	\$ 15,218,642
Net Revenues	\$ 5,677,283	\$ 5,069,900	\$ 5,865,278	\$ 5,303,100	\$ 6,650,372	\$ 6,025,310	\$ 5,088,503	\$ 4,811,271	\$ 3,787,069	\$ 4,688,041
Debt Service										
2012 Bonds						\$ -	\$ 1,883,113	\$ 804,300	\$ 971,800	\$ 979,200
2009 COPs				\$ 1,272,129	\$ 1,718,275	\$ 1,718,075	1,717,675	2,112,275	2,106,075	2,102,400
2003 COPs	\$ 1,668,219	\$ 1,661,969	\$ 1,648,383	\$ 1,733,552	1,732,488	1,747,713	-	-	-	-
EDA Loan	30,088	30,088	30,088	30,088	30,088	30,088	30,087	30,091	30,091	30,091
CEC Advance	6,188	6,188	6,188	6,188	6,188	6,188	3,094	-	-	-
Total	\$ 1,704,495	\$ 1,698,245	\$ 1,684,659	\$ 3,041,957	\$ 3,487,039	\$ 3,502,064	\$ 3,633,969	\$ 2,946,666	\$ 3,107,966	\$ 3,111,691
Debt Service Coverage	3.33	2.99	3.48	1.74	1.91	1.72	1.40	1.63	1.22	1.51

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

Source: San Juan Water District Finance & Administrative Services Department

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

Employer	Fiscal Year					
	2016			2010		
	Number of Employees	Rank	% of Total Employed	Number of Employees	Rank	% of Total Employed
<u>County of Sacramento</u>						
State of California	73,676	1	11.22%	73,243	1	12.26%
Sacramento County	11,950	2	1.82%	11,260	2	1.89%
University of California Davis Health System	10,145	3	1.55%	8,500	4	1.42%
U.S. Government	10,007	4	1.52%			
Sutter Health Sacramento Sierra Region	8,905	5	1.36%	8,702	3	1.46%
Kaiser Permanente	8,885	6	1.35%	6,414	6	1.07%
Dignity Health	7,853	7	1.20%			
Intel Corporation	6,000	8	0.91%	6,000	8	1.00%
Elk Grove Unified School District	5,863	9	0.89%	6,391	7	1.07%
City of Sacramento	4,300	10	0.66%			
Sacramento City Unified School District				6,976	5	1.17%
Sacramento Municipal Utility District				5,057	9	0.85%
San Juan Unified School District			0.00%	4,900	10	0.82%
Total	147,584		22.48%	137,443		23.01%
Total Employed in Sacramento County	656,400			597,258		

Employer	Fiscal Year					
	2016			2010		
	Number of Employees	Rank	% of Total Employed	Number of Employees	Rank	% of Total Employed
<u>County of Placer</u>						
Sutter Health	5,435	1	3.17%	1,983	5	1.26%
Kaiser Permanente	5,361	2	3.13%	3,064	1	1.94%
Placer County	2,700	3	1.58%	2,400	3	1.52%
Squaw Valley Alpine Meadows	2,500	4	1.46%			
Hewlett-Packard Co.	2,100	5	1.23%	2,500	2	1.59%
Sierra Joint College District	1,940	6	1.13%			
Thunder Valley Casino Resort	1,915	7	1.12%	1,412	7	0.90%
Safeway, Inc	1,254	8	0.73%			
PRIDE Industries, Inc.	1,155	9	0.67%	1,135	9	0.72%
Solar City Corp	1,120	10	0.65%			
Union Pacific Railroad Co. Inc.				2,000	4	1.27%
Northstar-At-Tahoe				1,500	6	0.95%
City of Roseville			0.00%	1,282	8	0.81%
Raley's				1,006	10	0.64%
Total	25,480		14.87%	18,282		11.60%
Total Employed in Placer County	171,400			157,540		

Note: Information is not available specific to San Juan Water District service area, so counties served are shown. The District began including the employer statistics in the Fiscal Year Ending June 30, 2011 for 2010.

Sources:

Sacramento Business Journal May 13, 2016 (Placer) and July 8, 2016 (Sacramento) issues

Sacramento Business Journal 2010

California State Employment Development Department - Unemployment Rate and Labor Force statistics

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

Fiscal Year	Wholesale Population	Retail Population	Total Personal Income (in millions)	Per Capita Personal Income	Unemployment Rate
2007	191,051	30,512	\$ 48,313,850	\$ 35,197	5.20%
2008	193,554	30,605	50,157,252	36,340	6.80%
2009	196,089	30,578	52,356,182	37,179	11.30%
2010	180,000	30,641	53,612,730	37,700	12.40%
2011	180,548	30,615	75,928,511	42,338	12.30%
2012	180,000	30,722	61,406,829	29,141	10.80%
2013	181,739	30,831	63,877,648	30,050	8.48%
2014	182,239	31,009	65,495,913	30,713	7.37%
2015	151,531	29,452	87,513,638	48,355	5.78%
2016	152,614	29,578	Not yet available		5.61%

Note:

Population for 2006 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. 2015 population estimates are based on the draft 2015 Urban Water Management Plan, which includes a new calculation methodology from the Department of Water Resources.

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

*Sources: U.S. Department of Commerce, Bureau of Economic Analysis (2011 income statistics)
 San Juan Water District Urban Management Plan
 California Employment Development Department*

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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Executive	3	3	3	3	3	3	3	3	3	3
Conservation	3.5	3.5	3.5	5.0	5	4	4	4	4	4
Customer Service	3	3	3	3	3	4	4	4	4	4
Engineering Services	3	3	4	4.0	4	4	4	4	4	4
Field Services	17	17	17	15	15	15	15	15	15	15
Finance/Administrative Services	5	5	5	5	5	5	5	5	5	5
Water Treatment Operations	10	10	10	10	10	10	10	10	10	10
Total	45	45	45	45	45	45	45	45	45	45

Actual Versus Budgeted

	FY 2007		FY 2016	
	Filled as of June 30	Budgeted	Filled as of June 30	Budgeted
Executive	Breakdown of filled position		3	3
Conservation	by department is not		3	4
Customer Service	available.		4	4
Engineering Services			4	4
Field Services			13	14
Finance/Administrative Services			5	5
Operations Manager			1	1
Water Treatment Operations			10	10
Total	39	45	43	45

Certificates and Licenses

	December 8, 2016
California Department of Health Services Water Distribution Operator	
Grade 1	0
Grade 2	5
Grade 3	3
Grade 4	16
Grade 5	2
California Department of Health Services Water Treatment Operator	
Grade 1	1
Grade 2	12
Grade 3	2
Grade 4	2
Grade 5	3
Department of Industrial Relations - General Electrician	1
California Professional Engineer - Civil	5
Irrigation Association Certified Irrigation Landscape Auditor	2
American Water Works Association - Water Use Practitioner	2

Source: San Juan Water District Finance & Administrative Services Department

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Facilities:										
# of Treatment Plants	1	1	1	1	1	1	1	1	1	1
Plant Capacity (MGD) ¹	120	120	120	120	120	120	150	150	150	150
# of ARVs					71	71	86	86	89	90
# of Blow-offs					52	52	59	59	60	59
# of Fire Hydrants					13	13	14	14	14	14
# of Valves					21	21	45	45	48	48
# of Pumping Stations ²	3	3	3	3	-	-	-	-	-	1
# of Storage Tanks/Reservoirs	1	1	1	1	1	1	1	1	1	1
Water Supply Available:										
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:										
Pre-1914 Water Rights	35,402	32,539	28,999	30,364	32,732	34,912	34,961	30,952	29,372	25,226
USBR/CVP Water Contract	9,908	7,884	7,022	418	1,211	555	3,048	-	-	1,230
PCWA Contract	12,249	12,818	11,301	9,075	8,574	8,841	11,326	10,374	-	3,594
Total Water Supply Delivered	57,559	53,241	47,322	39,857	42,517	44,308	49,335	41,326	29,372	30,050
Production (average in acre feet):										
Five Year	69,559	68,168	64,669	61,047	59,005	56,159	54,169	50,834	48,106	43,309
Ten Year	67,421	68,044	67,248	65,683	64,455	62,845	61,166	57,751	54,577	51,157
Fifteen Year	62,200	62,948	63,263	63,363	63,880	63,667	63,419	61,777	59,824	57,406
Twenty Year	59,626	59,885	60,140	59,945	60,385	60,690	60,753	60,156	59,548	58,737
Connections: ³										
San Juan Water District	10,339	10,345	10,348	10,373	10,361	10,410	10,441	10,507	10,559	10,582
Citrus Heights Water District	19,498	19,573	19,547	19,568	19,576	19,547	19,547	19,557	19,600	19,600
Fair Oaks Water District	14,469	14,474	14,450	14,129	14,135	14,133	14,221	14,225	14,278	13,894
Orange Vale Water Company	5,566	5,572	5,572	5,543	5,545	5,545	5,600	5,600	5,600	5,600
City of Folsom				981	981	981	981	981	981	981
Total Connections	49,872	49,964	49,917	50,594	50,598	50,616	50,790	50,870	51,018	50,657
Population ⁴	191,051	193,554	196,089	180,000	180,548	181,048	181,739	182,239	151,531	152,614

Notes:

¹ Treatment plant is rated for 150; 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.

² Pump stations were assigned directly to Retail beginning January 1, 2011. Prior to that, costs were recovered through the Wholesale Rate charged to SJWD Retail.

³ Connections in italics are projections because the agency's fiscal year ends on December 31.

⁴ The District updated population statistics in its 2015 Urban Water Management Plan based on a new calculation methodology from the Department of Water Resources.

Sources:

San Juan Water District Finance & Administrative Services Department
San Juan Water District Engineering Services Department
San Juan Water District Wholesale Operations Department

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

Month	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
July	3,099	2,563	2,937	2,292	3,240	2,866	2,152	2,226	1,634	1,296
August	3,226	2,409	2,917	2,095	3,126	2,714	2,325	2,071	1,620	1,290
September	2,932	1,907	2,427	1,844	2,607	2,345	2,497	1,621	1,389	1,193
October	2,116	1,170	1,646	1,413	1,873	1,525	1,294	1,350	1,110	970
November	1,138	878	857	1,059	786	965	596	931	631	536
December	968	661	764	679	780	930	661	688	454	453
January	1,065	559	728	722	719	922	637	563	488	410
February	962	537	631	673	619	651	534	196	439	491
March	1,308	1,325	620	538	617	549	854	350	726	630
April	1,732	2,021	1,405	577	1,186	835	1,106	629	773	928
May	1,793	2,639	1,854	1,285	1,793	1,788	1,745	1,227	885	1,444
June	2,323	2,791	2,112	2,544	2,042	1,936	1,816	1,613	1,129	1,929
Annual Total	22,662	19,460	18,898	15,721	19,388	18,026	16,219	13,466	11,279	11,571
Average Monthly Water Production	1,889	1,622	1,575	1,310	1,616	1,502	1,352	1,122	940	964
Average Daily Water Production	62.1	53.3	51.8	43.1	53.1	49.4	44.4	36.9	30.9	31.7

Source: San Juan Water District Wholesale Operations Department

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Facilities:										
Miles of Main Line	213.5	213.5	214.0	214	214	214	214	214	216	216
# of ARVs					768	768	807	804	673	769
# of Blow-offs					788	788	861	861	739	798
# of Fire Hydrants					1,412	1,412	1,423	1,443	1,432	1,454
# of Valves					2,761	2,761	2,766	2,810	2,675	2,849
# of Pumping Stations	5	5	5	5	6	6	6	6	6	9
# of Storage Tanks/Reservoirs	1	1	1	1	1	1	1	1	1	3
Connections:										
Single-Family Residential	9,752	9,756	9,761	9,778	9,771	9,811	9,851	9,908	9,989	10,003
Multi-Family Residential	117	121	121	119	119	119	119	119	119	119
Commercial	217	215	215	239	238	239	242	242	242	243
Institutional	11	11	11	11	11	11	11	11	11	11
Landscape Irrigation	230	230	228	214	210	209	205	207	211	212
Agricultural Irrigation	4	4	4	4	4	4	5	5	5	5
Other	8	8	8	8	8	8	8	8	8	8
Total Connections	10,339	10,345	10,348	10,373	10,361	10,401	10,441	10,500	10,585	10,601
Total New Connections	33	6	3	25	-12	40	40	59	85	16
Consumption (units of ccf):										
Single-Family Residential	5,680,870	5,392,177	5,020,192	4,369,153	4,327,393	4,500,448	5,008,334	4,645,129	3,022,810	2,951,662
Multi-Family Residential	99,732	92,353	96,145	87,162	80,391	83,539	80,962	76,392	57,293	54,675
Commercial	173,631	167,395	149,209	171,923	197,402	199,458	175,946	195,122	129,490	122,397
Institutional	104,898	103,931	93,052	81,364	68,920	74,877	116,328	97,881	85,287	78,787
Landscape Irrigation	503,444	501,790	453,918	358,816	355,991	360,465	426,595	402,151	252,183	244,749
Agricultural Irrigation	4,531	8,808	8,144	9,282	7,612	9,634	13,195	12,787	10,745	9,864
Other	1,200	970	802	789	927	871	1,705	908	827	791
Total Consumption	6,568,306	6,267,424	5,821,462	5,078,489	5,038,636	5,229,292	5,823,065	5,430,370	3,558,634	3,462,925
Average Daily Consumption	17,995	17,171	15,949	13,914	13,804	14,327	15,954	14,878	9,750	9,487
Population	30,512	30,605	30,578	30,641	30,615	30,722	30,831	31,009	29,452	29,578

Sources:

*San Juan Water District Customer Services Department
 San Juan Water District Engineering Services Department*

San Juan Water District
Table 19: Retail Water Connection Fee Report
Per Government Code Section 66013(d) and (e)
Fiscal Year Ended June 30, 2016

Connection Fees, beginning balance		\$	-
Connection Fees Collected	\$		657,865
Interest Earned			-
Fees Available		<u> </u>	657,865
Applied to:			
Capital Costs Funded	\$		657,865
Refunds			-
Total Funds Applied		<u> </u>	657,865
Net Changes for the Year			<u> </u> -
Connection Fees, ending balance		<u> </u> <u> </u>	<u> </u> <u> </u> -

California Government Code (CGC) Section 66013 (c) requires the District to place capital facilities connection fees received and any interest income earned from the investment of these monies in a separate capital facilities fund. These monies are to be used solely for the purposes for which they were collected and not commingled with other District funds.

CGC Section 66013(d) requires the District to make certain information available to the public within 180 days after the close of each fiscal year. CGC Section 66013(e) allows the required information to be included in the District's annual financial report. The Retail Water Connection Fee Report meets this requirement.

Capacity fees are imposed for initiating water connection service by the District at the request of the customer. No fees are imposed upon real property or upon person as an incident of property ownership, but rather as a condition of service.

Source: San Juan Water District Finance & Administrative Services Department

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