

# Annual Comprehensive Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30 , 2022



SAN JUAN WATER DISTRICT  
Annual Comprehensive Financial Report  
Fiscal Year Ended June 30, 2022

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## **INTRODUCTORY SECTION**



December 23, 2022

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

Directors  
Edward J. "Ted" Costa  
Kenneth H. Miller  
Dan Rich  
Pamela Tobin  
Manuel Zamorano  
General Manager  
Paul Helliker

We are pleased to present the Annual Comprehensive Financial Report (ACFR) for the San Juan Water District (District) for the fiscal year ended June 30, 2022 (fiscal year 2022).

## **REPORT PURPOSE AND ORGANIZATION**

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

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

reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Davis Farr, LLP, a firm of licensed certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2022, are free from material misstatement. Information on the audit, and the auditor's opinion, can be found in the Independent Auditor's Report beginning on page 1.

## **ABOUT THE DISTRICT**

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

### **History**

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

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

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

San Juan's retail operations consist of operating and maintaining storage, pumping, transmission and distribution facilities, which deliver water to approximately 10,700 retail service connections located in a portion of Northeast Sacramento County and the Granite Bay area of South Placer County, and providing the administrative,

customer service, water efficiency and engineering support necessary to successfully carry out those functions.

### **Mission Statement**

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

### **Water Supply**

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

All sources of surface water are either stored or flow through Folsom Lake and delivery is taken at Folsom Dam outlets, either by gravity or pumped by the U. S. Bureau of Reclamation Folsom Pumping Plant. Total raw water delivery for the fiscal year 2022 was 36,894.49 acre-feet.

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

### **Water Efficiency**

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

The District's water efficiency programs include:

- Water Awareness Poster Contest and Calendar – Since 1992, the District and its wholesale agency customers, Citrus Heights and Fair Oaks water districts and Orange Vale Water Company, have promoted water awareness at the elementary school level through an annual water conservation poster contest.

- Rebate Program – The District provides rebates for the purchase of high-efficiency washing machines, and hot water on-demand recirculation systems as well as irrigation efficiency rebates to both residential and non-residential customers.
- Free Programs – District staff provides free indoor and outdoor water audits, leak detection, and recommendations to improve irrigation system performance. Staff also creates landscape water budgets and irrigation schedules to improve efficiency. The District conducts and hosts a variety of workshops on drip systems and proper irrigation techniques, landscape design, soil health, tree maintenance, controller management and other water efficiency topics. A speakers' bureau is available to talk to groups about water efficiency programs and water supply and reliability issues.
- Water Efficient Landscape (WEL) Garden – Located behind the District's administrative office are gardens to inspire visitors to create a water efficient landscape that looks beautiful every season. The garden demonstrates efficient irrigation and non-water-using materials to create a beautiful landscape.

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

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

### **Water Treatment Plant**

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

The WTP receives delivery of raw water directly from Folsom Dam outlets. The raw water undergoes an extensive water treatment process to ensure the highest quality of water for all customers. From the WTP, the water flows into the District's 62 million gallon Hinkle Reservoir for storage and distribution. The District maintains approximately 220 miles of transmission and distribution pipelines, which transport the high quality treated water to wholesale and retail customers.

During the fiscal year 2022, the District worked on and/or completed several capital improvement projects to improve the water system reliability:

- Water Treatment Plant Filter Basins Rehabilitation – includes cleaning, repairing, and resurfacing the basin walls and floors.
- Hinkle Reservoir Cover and Liner Replacement Design– critical to operations, the Hinkle Reservoir is a 62-million-gallon earthen reservoir, lined and covered with Hypalon, which is a flexible membrane used to protect the water from contamination. The Hypalon was installed in 1981 with an estimated life of 25 years. Regular maintenance has extended its life but it is now in need of replacement. Both the design and the operations planning were completed this year. Construction will commence next year.
- Construction of Residual Area Storm water Lift Station – directs the water that is in the sludge back to the Treatment Plant for re-processing.

Other projects underway in the fiscal year 2022-2023 will continue to improve and efficiently maintain District water facilities.

### **Accounting System and Budgetary Controls**

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

The District staff works with the Finance Department to develop the annual budget. The budget is used as a management tool for projecting and measuring revenues and expenses. The process typically begins in January when managers begin developing their budget requests to fulfill the District's mission, goals and objectives for the next fiscal year. The Finance Department prepares the proposed budget which is presented to the Board of Directors in May for their review. A public hearing is usually held in June, with anticipated finalization and adoption scheduled for the following meeting or ideally no later than June 30th. The District is legally required to adopt a budget by September 1<sup>st</sup> of the budget year.

### **Enterprise Operations**

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

### **FACTORS AFFECTING FINANCIAL CONDITION**

## **Economic Outlook**

The information presented in the financial statements is best understood when it is considered from the broader perspective of the specific economy within which the District operates. The District is located in Northern California approximately 20 miles Northeast of Sacramento and between the Cities of Folsom and Roseville. The District spans two counties in the region with the wholesale-only service area primarily in Sacramento County, and the wholesale/retail service area primarily within Placer County. Consistent with the national economy, the region as a whole has been experiencing a rebound in economic strength. For example, the Placer County unemployment rate continued a two year decline, falling from 5.5% in June 2021 to 2.6% in June 2022.<sup>1</sup> Sacramento County's unemployment rate also declined, from 7.5% to 3.7% over the same time period<sup>1</sup>. The national average unemployment rate in June 2022 was 3.6%<sup>2</sup>. Placer County's unemployment rate is slightly better than the national average and Sacramento County is slightly behind.

Total assessed property values in both counties have improved. Placer County experienced a 3.87% increase in assessed property values in fiscal year 2021-2022 over the prior fiscal year<sup>3</sup>, and Sacramento County experienced a 4.5%<sup>4</sup> increase in fiscal year 2021-2022 values over the prior fiscal year. The San Juan Water District is located in a relatively low growth area of both counties. There were 80 more service connections for the current fiscal year, which represents a growth rate of approximately 0.75% for the year.

## **Water Supply Outlook**

As a result of California's severe multi-year drought that began in 2013, the State required the District's retail enterprise to achieve a 36% reduction in water use from June 2015 through February 2016, and a 33% reduction in water use from March through May 2016, as measured against 2013 usage. Over that time period the District achieved an actual overall reduction in use of 35.6%. In June 2016, the State's conservation mandate was lifted.

Though increasing slightly from 2016 to 2021, water demands did not fully rebound to pre-drought/pre-2015 levels. This was anticipated as some customers permanently modified their landscapes to use less water.

In July 2021, Governor Newsom signed an executive order encouraging all Californians to reduce water use by 15% as 50 of the state's 58 counties were declared to be in another drought-related state of emergency. On October 19, 2021

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1 California Employment Development Department

2 United States Department of Labor - Bureau of Labor Statistics

3. Placer County Auditor-Controller

4. Sacramento County Auditor-Controller

he issued a proclamation extending the drought emergency statewide and further urging Californians to step up their water conservation efforts as the western U.S. faced a potential third dry year.

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

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

Based upon the previous 5 Year Retail Financial Plan, the District applied its rate increases to the daily (fixed) base rate, as opposed to the volumetric rate. This resulted in a shift in the proportion of total revenue derived from the base rate from 55%, to close to 68% of total rate revenues. The financial plan and rate schedule adopted by the Board in January 2023 continues this shift towards the base rate for one more year, at which point approximately 72% of retail revenues will be derived from the base rate, which aligns more closely with the ratio of the District's fixed versus variable costs. This rebalancing has helped strengthen the District's financial stability and reduced the need for special drought related rate increases.

### **Long-term Financial Planning**

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

The District's last Wholesale and Retail Financial Plan's resulted in a five-year rate plan. The last rate increase went into effect January 2021. The District completed an update to the Retail Financial Plan, resulting in a three year rate schedule adopted by the Board of Directors at the January 26, 2022 board meeting. Rate increase approximately 8% for each of the next three years, commencing with February 2022.

An update to the Wholesale Master Plan is currently underway. Once complete the District will commence work on the Wholesale Financial Plan and Rate Study. It is anticipated that any proposed rate increases would not go into effect until January 2024.

### **Relevant Financial Policies**

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

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the San Juan Water District for its annual comprehensive financial report for the fiscal year ended June 30, 2021. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully Submitted,



Donna Silva, CPA  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**San Juan Water District  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morill*

Executive Director/CEO

SAN JUAN WATER DISTRICT  
List of Elected and Appointed Officials June 30, 2022

**BOARD OF DIRECTORS – ELECTED OFFICIALS**

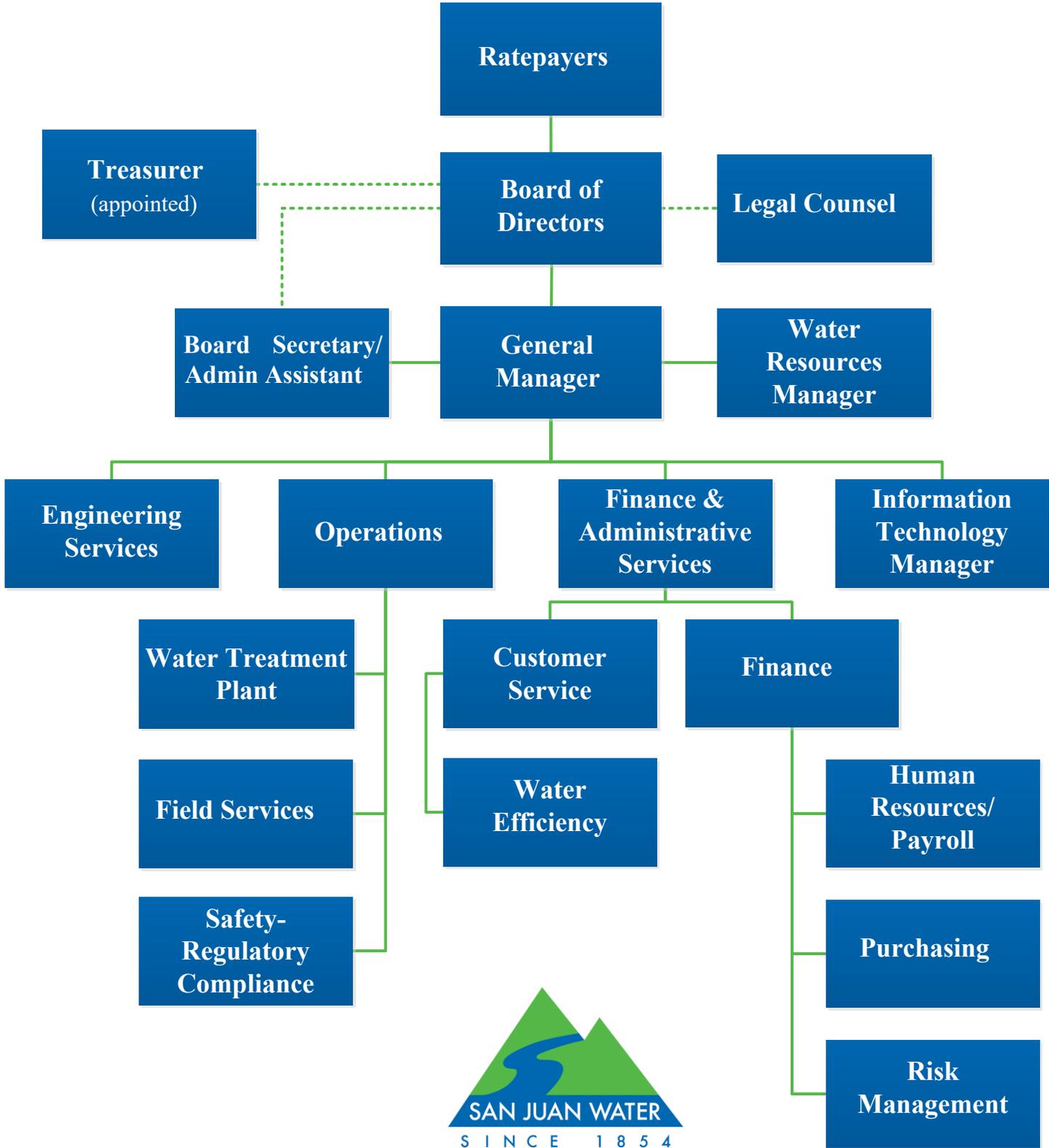
<u>Title</u>	<u>Name</u>	<u>Term</u>
President	Kenneth H. Miller	12/2016 – 12/2024
Vice President	Dan Rich	12/2014 – 12/2022
Director	Edward J. “Ted” Costa	12/2014 – 12/2022
Director	Pamela Tobin	12/2016 – 12/2024
Director	Manuel Zamorano	03/2022 – 12/2022

**STAFF – APPOINTED OFFICIALS**

General Manager	Paul Helliker
Administrative Assistant/Board Secretary	Teri Grant
Director of Finance/Treasurer	Donna Silva
Director of Operations	Tony Barela
Director of Engineering Services	Andrew Pierson
Customer Service Manager	Devon Barrett
Field Services Manager	Adam Larsen
Information Technology Manager	Chris von Collenberg
Water Resources Manager	Greg Zlotnick
Water Treatment Plant Manager	Greg Turner

# Organization Chart by Functional Area

As of June 30, 2022



## **FINANCIAL SECTION**

## **Independent Auditor's Report**

Board of Directors  
San Juan Water District  
Granite Bay, California

### **Report on the Audit of the Financial Statements**

We have audited the financial statements of the San Juan Water District (the District) as of and for the year June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the District, as of June 30, 2022, 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.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Emphasis of Matters***

As described further in Note 3 to the financial statements, during the year ended June 30 2022, the City implemented Government Accounting Standard (GASB) No. 87: Lease Accounting. As described further in Note 13 to the financial statements, the beginning net position was restated to include the implied rate subsidy in the other post employment benefits liability. Our opinion is not modified with respect to these matters.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

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

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

### **Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The *supplemental sub-fund statements and schedules and capital asset rollforward schedules* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The *supplemental statements and schedules* 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, the *supplemental statements and schedules* are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Information**

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the *introductory section and statistical section* but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2022 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 solely 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 the effectiveness of 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 blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California  
December 23, 2022

## **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, 2022 (Fiscal Year 2022). We encourage readers to consider the information here in conjunction with that transmittal letter, which can be found on pages i-viii of this report. The information is intended to provide a better understanding of the District's financial operations and performance.

### **HIGHLIGHTS**

The District's activities vary, sometimes significantly, from year to year resulting in changes to the District's revenues, expenses and capital project spending, and overall cash flows. Operating revenues were stable with just a 1.1% increase over the prior year. Operating expenses were 12% lower than the prior year. Non-Operating Revenues and Expenses combined were 26.8% less than the prior year and capital contributions were 107% greater. Those activities that affected District revenues and expenses most notably for the period ending June 30, 2022 are highlighted below, in order of magnitude.

- Pension Expense: the District's pension expense was \$2,006,550 in the prior year. Due to the District's commitment to paying off its unfunded pension liability and a 21.3% investment return experienced by CalPERS, the District actually had a pension revenue in the current year of \$1,041,377, creating a positive year over year variance of \$3 million. The District's pension fund is now fully funded.
- Even though the District is relatively built out, there has been a boon in development in the past year. Capital facility fee revenues were \$1.18 million greater than the prior year, an 83.4% increase. There was an increase in the number of development projects that finished during the year, resulting in an increase of \$948 thousand in contributed assets.
- Investment Income declined by \$711,604 from the prior year. This 494.3% decline is primarily due to unrealized market value losses, which totaled \$799,129. Interest income and gains/losses from sales of investments partially offset the unrealized losses. The majority of the unrealized market value loss stems from an unrealized loss in the District's investment in the State of California Local Agency Investment Fund (LAIF). While the District is able to withdrawal 100% of its contributions, plus interest, at any time, it is required to report on the market value of the pool. The District recognized a \$326,592 unrealized market value loss on its investment in LAIF even though that loss will never be realized.

- Revenue from Contributed Assets increased by \$948,589 from the prior year. When the District determines existing District facilities are inadequate to serve a development project, or a new single service connection, the new service or services are not allowed to connect into the system until the applicant makes arrangements with the District for a main line extension or for water facilities improvements in accordance with Ordinance 130000. Usually this results in the developer or applicant constructing the new facilities and donating them to the District. In the prior year there was only one development who donated assets. In the current year there were four development projects and one lot split, leading to the increase in the revenue from Contributed Assets.
- Capital Charges and Other Capital Revenue increased by \$1,184,949 over the prior year. This increase is driven by an increase in Capital Facility Fees collected in both the wholesale and retail divisions. While all new development pays these fees, the timing is dependent upon when the developers choose to move forward with their projects. The real estate market prompted many developers to move forward with their projects in the current fiscal year, resulting in the increase in these revenues over the prior year.
- Operating Expenses at the Water Treatment Plant were 19.4% greater than the prior year, an increase of \$531,446. Several factors contributed to this increase including increased chemical costs, significant maintenance of the fire break at the Baldwin Reservoir, in-plant painting and wiring repairs as well as costs incurred to update the District's wholesale master plan.
- Following on the heels of a July 2020 rating upgrade, Fitch Ratings affirmed the District's AA+ bond rating on July 8, 2021, citing the District's "very strong financial profile in the context of very strong revenue defensibility and very strong operating risk profiles".

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

The Financial Section includes the auditor's report, management's discussion and analysis and basic financial statements. The District's basic financial statements are comprised of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows. The Statement of Net Position presents information on all assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these items reported as net position. When evaluated over a period of time, increases or decreases in net position may serve as an indicator of whether the financial position of the District is improving or deteriorating. The Statement of Revenues, Expenses and Changes in Net Position

reflects the revenues and expenses for the fiscal year ended. The Statement of Cash Flows shows the sources and uses of cash in the operating, non-capital, capital and related financing, and investing activities. The notes provide in-depth information that is vital to gaining a full understanding of the data provided in the financial statements. The notes to the financial statements begin on page 17.

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

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

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

## **FINANCIAL ANALYSIS OF THE DISTRICT**

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

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

The financial statements assist a reader in determining whether the District is meeting these goals. In general, net position provides a realistic indicator of a government's financial position. For the fiscal year ending June 30, 2022, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$91,900,063. In the prior year, assets exceeded liabilities by \$81,790,139.

A summary of the Statement of Net Position follows:

**Condensed Statement of Net Position**

	<u>2022</u>	<u>2021</u>	<u>Change</u>
<b>Assets</b>			
Current Assets	43,025,657	\$ 36,519,994	\$ 6,505,663
Capital Assets, Net	87,946,620	86,733,722	1,212,898
Other Noncurrent Assets	<u>3,154,630</u>	<u>146,176</u>	<u>3,008,454</u>
Total Assets	<u>134,126,907</u>	<u>123,399,892</u>	<u>10,727,015</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	1,347,549	1,580,165	(232,616)
Deferred Pensions Related Outflows	2,681,777	2,481,330	200,447
Deferred Other Post Employment Benefits Related Outflows	<u>1,037,264</u>	<u>744,524</u>	<u>292,740</u>
Total Deferred Outflows of Resources	<u>5,066,590</u>	<u>4,806,019</u>	<u>260,571</u>
<b>Liabilities</b>			
Current Liabilities	4,651,448	4,313,855	337,593
Noncurrent Liabilities	<u>35,088,741</u>	<u>40,114,295</u>	<u>(5,025,554)</u>
Total Liabilities	<u>39,740,189</u>	<u>44,428,150</u>	<u>(4,687,961)</u>
<b>Deferred Inflows of Resources</b>			
Deferred amounts on refunding	376,646	-	376,646
Deferred Pension Related Inflows	5,657,573	1,421,893	4,235,680
Deferred Other Post Employment Benefits Related Inflows	<u>1,053,544</u>	<u>565,729</u>	<u>487,815</u>
Lease related	465,482	-	465,482
Total Deferred Inflows of Resources	<u>7,553,245</u>	<u>1,987,622</u>	<u>4,723,495</u>
<b>Net Position</b>			
Net Investment in Capital Assets	56,229,119	53,859,693	2,369,426
Restricted	1,026,250	-	1,026,250
Unrestricted	<u>34,644,694</u>	<u>27,930,446</u>	<u>6,714,248</u>
Total Net Position	<u>\$ 91,900,063</u>	<u>\$ 81,790,139</u>	<u>\$ 10,109,924</u>

As shown in the table above, total assets increased \$10.7 million or 13% compared to the prior fiscal year. This change was primarily due to a \$6.5 million increase in current assets mostly from the favorable results of operations. Capital Assets increased by \$1.21 million primarily due to \$4.18 million in capital asset additions, offset by current year depreciation and disposals. Noncurrent assets increased by \$3 million primarily due to the creation of a net pension asset. The District has been remitting supplemental payments towards the previously unfunded pension liability. Those contributions, combined with the 21.3% investment return achieved by CalPERS in the fiscal year ended June 30, 2021 converted the District's unfunded pension liability to a net pension asset.

Deferred Outflows of Resources increased by 5.42% or \$260,571. The increase is attributable to pension and OPEB related deferred outflows \$493,187, predominately due to difference between the District's actual contributions and the District's proportionate share of the pooled plans contributions between the prior and current

year, offset by a decrease in deferred charges on refunding \$232,616, which is due to the refunding of the 2012 Refunding Bonds.

Total liabilities decreased by \$4.69 million, 11% from the prior year. The majority of the decrease is due to the elimination of the prior year pension liability of \$3.3 million as discussed above and in note 9.

Deferred Inflows of Resources increased by \$4,723,495 or 237.65%. Most of the increase is due to pension related deferred inflows of \$4,235,680 and \$465,482 as a result of implementing GASB 87.

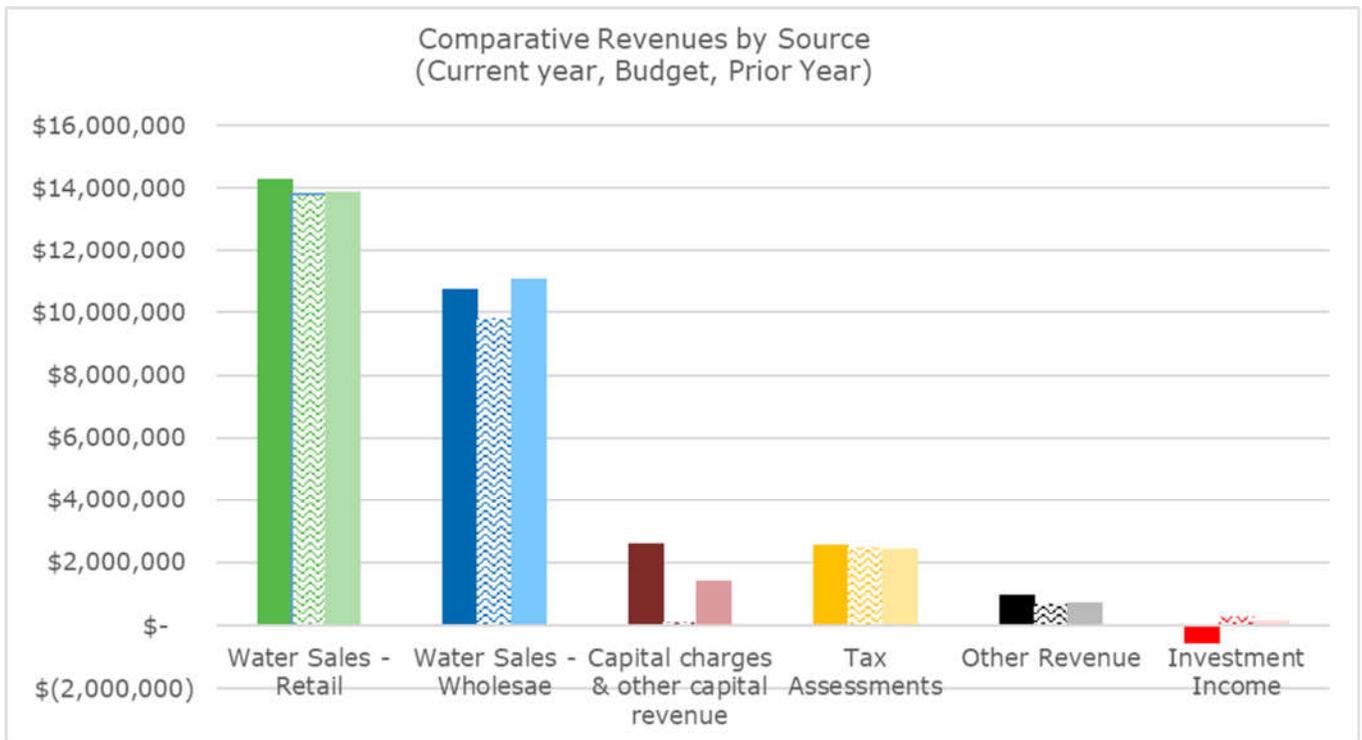
The District realized an overall increase in net position of \$10.1 million for the year ended June 30, 2022. The components of net position as of June 30, 2022 are:

- Net Investment in Capital Assets: is the largest portion of the District's net position, 62%, and reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. In the prior year, net investment in capital assets represented 65.9% 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, 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.
- Restricted Net Position: The District charges Capital Facility Fees to new development. A portion of the fee is designed to help pay for the expansion of the system to accommodate new development. As such, a portion of the fees collected, but not spent by the end of a fiscal year are restricted for future use on the designated capital projects. As of June 30, 2022 the District held \$1,026,250 of capital facility fee revenues earmarked for such expansionary projects.
- Unrestricted Net Position represents resources available to the District to utilize in the future for various needs. The Board of Directors has designated the unrestricted net position for various specific purposes. An explanation of these reserve funds can be found in Note 8 to the financial statements. Unrestricted Net Position increased by \$6.7 million due to total revenues exceeding total expenses, as described below.

**Condensed Statement of Revenues, Expenses and Changes in Net Position**

	<u>FY 21-22</u>	<u>FY 20-21</u>	<u>Change</u>	<u>% Difference</u>
<b>REVENUES</b>				
Water Sales - Retail	\$ 14,302,816	\$ 13,902,296	400,520	2.9%
Water Sales - Wholesae	10,750,045	11,077,962	(327,917)	-3.0%
Capital charges & other capital revenue	2,605,254	1,420,305	1,184,949	83.4%
Tax Assessments	2,562,122	2,431,477	130,645	5.4%
Other Revenue	993,006	748,303	244,703	32.7%
Investment Income	<u>(567,637)</u>	<u>143,967</u>	<u>(711,604)</u>	<u>-494.3%</u>
Total Revenues	<u>30,645,606</u>	<u>29,724,310</u>	<u>921,296</u>	<u>3.1%</u>
<b>EXPENSESES</b>				
Sources of Supply	4,116,474	4,186,231	(69,757)	-1.7%
Admin and General	3,027,298	3,111,632	(84,334)	-2.7%
Water Treatment	3,273,651	2,742,205	531,446	19.4%
Transmission and Distribution	4,182,100	4,049,269	132,831	3.3%
Customer service	731,226	690,755	40,471	5.9%
Engineering	731,305	896,033	(164,728)	-18.4%
Water Efficinecy	508,747	491,287	17,460	3.6%
Depreciation	3,978,340	3,915,737	62,603	1.6%
Retirement Benefits (OPEB)	193,666	307,064	(113,398)	-36.9%
Pension Expense (credit)	<u>(1,041,377)</u>	<u>2,006,550</u>	<u>(3,047,927)</u>	<u>-151.9%</u>
Interest Expense	1,180,615	1,307,036	(126,421)	-9.7%
Other Expenses	<u>107,730</u>	<u>159,282</u>	<u>(51,552)</u>	<u>-32.4%</u>
Total Expenses	<u>20,989,775</u>	<u>23,863,081</u>	<u>(2,873,306)</u>	<u>-12%</u>
Contributed assets	1,520,460	571,871	948,589	165.9%
Change in Net Position	<u>11,176,291</u>	<u>6,433,100</u>	<u>4,743,191</u>	<u>74%</u>
Net position at beginning of year, as restated	<u>80,723,772</u>	<u>75,357,039</u>		
Net position at end of year	<u>\$ 91,900,063</u>	<u>\$ 81,790,139</u>		

As shown in the table above, the District's net position increased by \$11.1 million for the period ended June 30, 2022. Revenues were relatively stable, increasing 3.1%, which was largely due to a \$1.1 million increase in capital facility fees over the prior year. Expenses decreased 12% or \$2.87 million mainly because of the \$3.35 million decrease in retiree medical (OPEB) and Pension Benefit expenses. Contributed assets (infrastructure donated by developers upon completion of their projects), increased by \$3.7 million, due to a real estate market driven increase in development activity. Year over year changes and variances from the budget are more fully described and depicted below.



The graph above shows revenue sources, in order of magnitude, as compared to the budget and the prior year.

Water Sales:

Wholesale water sales were down \$327,917 from the prior year while Retail water sales were up by \$400,520 for a combined increase of \$72,603 over the prior year. The budget anticipated a decline in both wholesale and retail water sales revenues.

- **Retail Water Sales:** For the period ended June 30, 2022, the District supplied 10,934 acre-feet of water to 10,776 retail connections, compared to 12,184 acre-feet of water to 10,696 connections in the prior fiscal year. This, combined with an effective 8% rate increase that went into effect on February 1, 2022, resulted in total retail water sale revenues of \$14.30 million, an increase of \$0.4 million or 3.3%, from the prior year. The District was expecting a 5% decline in water demand due to conservation messaging and people returning to offices and business establishments after the COVID lockdowns. During lockdown we saw an increase in residential water use, but no decline in commercial use. Therefore, we anticipated residential water use to decline as people started returning to commercial establishments. The decline in water demand was offset by an increase in the rates, which was not anticipated in the budget.
- **Wholesale Water Sales:** The District has five core wholesale water customers. It periodically enters into separate agreements with other agencies to provide for the sale of water that is surplus to the needs of the core customers. In the prior fiscal year the District sold 38,005 acre feet of water to the core customers. A 7.25% decrease in sales was anticipated in the FY 2021-22 budget. Actual sales

were 32,024 acre feet, a 16% decline from the prior year. However, during the fiscal year the District had agreements in place with three entities outside of the wholesale service area as follows:

- Sacramento Suburban Water District (SSWD): SSWD relies primarily on groundwater to serve its customers but occasionally purchases raw water from the Placer County Water Agency (PCWA). When they do so, they pay the District to treat the raw water on their behalf. SSWD is only able to purchase raw water from PCWA when the estimated March-November unimpaired inflow to Folsom Reservoir is 1.6 million acre-feet or more, creating uncertainty in their surface water supply availability. During the fiscal year the District and SSWD negotiated two separate, concurrent agreements wherein the District sold SSWD treated water, as opposed to simply treating SSWD's water purchased from others. A total of 3,602 acre feet of water was sold to SSWD under these agreements, yielding revenues of \$1,065,007. It treated 167 acre feet of PCWA for SSWD generating additional revenues of \$36,815.16 for combined revenues from SSWD of \$1,101,822. Revenues from SSWD were \$151,600 more in the prior year but were not anticipated in the budget due to the timing of the execution of the agreements.
- City of Roseville: two different take or pay contracts resulting in payments of \$132,322.
- Carmichael Water District: 316.5 acre feet delivered generating revenues of \$31,650.

#### Capital Charges:

Revenues from Capital Charges increased 107.1% or \$2,133,538. These are fees paid by developers to defray the impact of their development on existing rate payers. The timing of the payments are at the discretion of the developer. Favorable market conditions resulted in a significant increase in payments received as compared to both the prior year and the budget.

#### Tax Assessments:

Revenues from Property Taxes increased by \$130,645 or 5.4%, a result of increasing assessed values within both Sacramento and Placer counties.

#### Other Revenues:

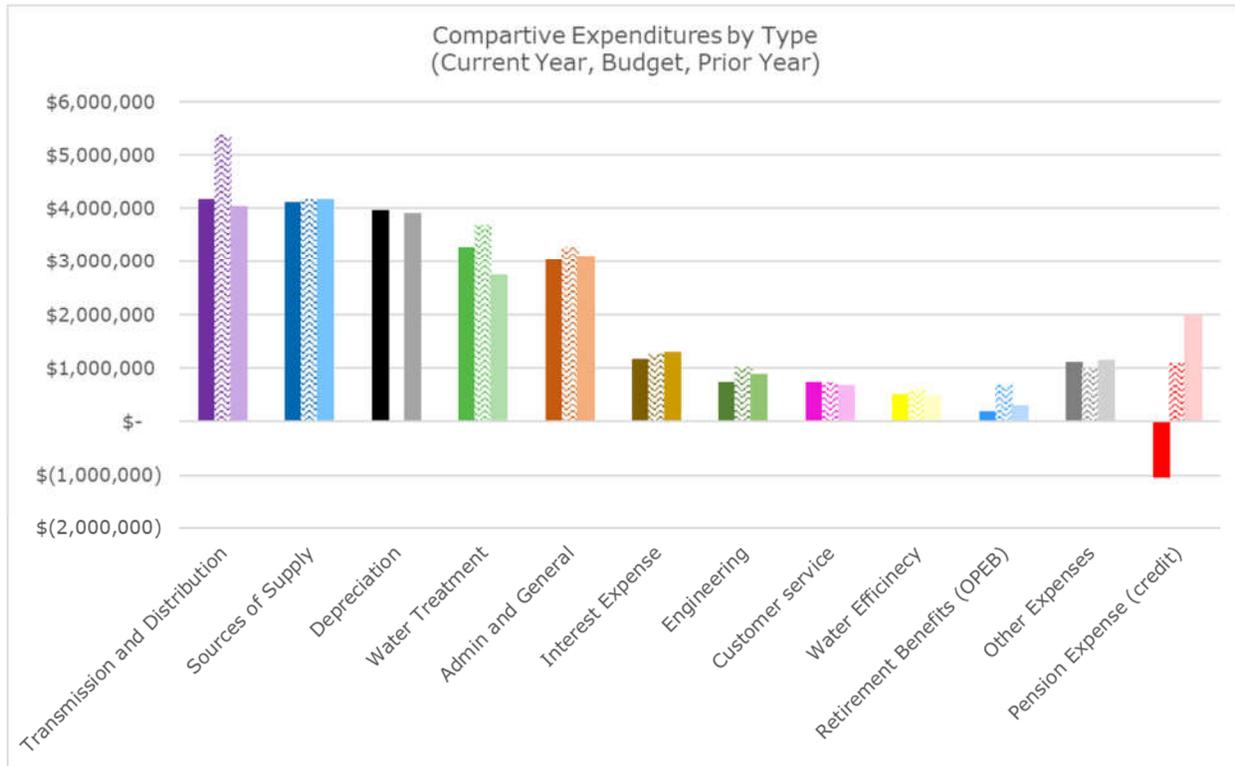
Revenue from other operating and non-operating activities increased by \$244,703 from the prior year, a 33% increase. In the prior year the District recorded a loss of \$156,278 on it's investment in the California Oregon Transmission Pipeline. The current year loss was only \$2,242 accounting for the majority of the variance from the prior year. The increase came from ore than anticipated. remained flat.

#### Investment Income:

Total cash and investments increased by \$6.1 million. However, due to market value changes investment income declined \$711,604 as compared to the prior year. The

District realized interest income of \$213,716, however this was offset by unrealized losses.

The graph below depicts expenditures by type, in order of magnitude, as compared to the budget and prior year.



Transmission and Distribution

These expenses, originating from the Retail Field Services Department, increased just 3.3% over the prior year, but were 22% less than anticipated in the budget. This is primarily due to the implementation of the meter replacement program and the service lateral replacement program, both of which were initially budgeted as expenses, but are actually reflected in the increase in capital assets.

Source of Supply

This is the second largest expense category and was stable relative to the prior year, decreasing 1.67% and to the budget, with just a -1.5% variance.

Depreciation

Depreciation increased slightly by \$62,603 or 1.6% due to asset additions. The District does not budget for depreciation.

Water Treatment

These expenses originate primarily from the District’s Water Treatment Plant. Actual expenses were \$531,466 greater than the prior year, but \$411,549 less than

budgeted. The budget had anticipated general price increases, some but not all of which were realized.

#### Administration and General

Actual expenses were less than the prior year by 2.7% and were \$245,600, or 7.5% less than the budget. This category includes many departments such as Board of Directors, Executive, Finance, Human Resources, Information Technologies, etc. so the decrease is due to a combination of small items some of which include the delay of the Wholesale Financial Plan and no election expenses incurred.

#### Interest Expense

Debt Interest decreased by \$126,421 or 9.7% due to maturation of existing debt and the refunding of the 2012 Refunding Bonds with a loan at a significantly lower interest rate.

#### OPEB and Pension Expenses

Other Post-Employment Benefits (OPEB) and Pension Expenses both varied significantly from the prior year and the budget. OPEB, or retiree medical, expenses were down relative to the prior year due to favorable returns in the OPEB Trust, managed by CalPERS. Actual expenses were lower than budget as the budget is prepared on a cash basis, planning for actual retiree medical premiums and a supplemental contribution to the trust.

Pension expense, was actually a revenue this year due to the 21.3% investment return realized by CalPERS in fiscal year ending June 30, 2022. The return, combined with supplemental payments the District has been making against its previously unfunded pension liability have resulted in a pension asset. The District will cease making those supplemental payments until such time as it falls below the 95% funded level. Like OPEB, pension expenses are budgeted based on cash payments expected to be remitted to CalPERS during the year while the pension expense is calculated in conformance with GASB 68.

### **CAPITAL ASSET AND DEBT ADMINISTRATION**

#### **Capital Assets**

The District's investment in capital assets as of June 30, 2022, net of accumulated depreciation, is \$87,946,620. This investment includes land, buildings, water treatment plant, distribution system, construction in progress, vehicles, equipment, office equipment and furniture. At June 30, 2021, this amount was \$86,733,722.

The increase of \$1,212,898 from the prior fiscal year is largely due to an increase to pipelines. At June 30, 2022, the District had \$77,232,584 in pipelines. At June 30, 2021, the District had \$74,681,077.

Additional information on capital assets can be located in Note 4.

Changes in capital asset amounts for Fiscal Year 2022 were as follows:

<b>Capital assets</b>	<u>2021 Balance</u>	<u>Transfers</u>	<u>Additions</u>	<u>Disposals</u>	<u>2022 Balance</u>
Non-Depreciable assets	\$ 9,823,192	\$ (8,022,489)	\$ 1,160,256	\$ (63,095)	\$ 2,897,864
Depreciable assets	149,024,978	8,022,489	4,181,096	(778,371)	160,450,192
Accumulated Depreciation	(72,114,448)		(3,979,199)	692,211	(75,401,436)
Total Capital Assets, Net	<u>\$ 86,733,722</u>	<u>\$ -</u>	<u>\$ 1,362,153</u>	<u>\$ (149,255)</u>	<u>\$ 87,946,620</u>

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

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

### **Debt Administration**

As of June 30, 2022, the District had two different debt issues outstanding in an aggregate amount of \$30,947,537. Of this amount, \$1,362,214 represents the current portion due in Fiscal Year 2022. For more information on Long-Term Liabilities, refer to Note 6.

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
2017 Revenue Bonds	22,795,000	23,425,000	24,030,000	24,615,000	25,180,000
2012 Revenue Bonds	-	8,605,000	9,135,000	9,635,000	10,120,000
2022 Refunding Loan	8,152,537	-	-	-	-
Total	<u>\$ 22,795,000</u>	<u>\$ 32,030,000</u>	<u>\$ 33,165,000</u>	<u>\$ 34,250,000</u>	<u>\$ 35,300,000</u>

The 2017 Revenue Refunding Bonds advance refunded the 2009 Certificates of Participation and were issued with ratings of "AA" from Standard & Poor's Rating Group. The 2012 Refunding Certificates of Participation (COP) were issued with ratings of "AA" from Standard & Poor's Ratings Group and upgraded to "AA+" by Fitch Ratings, Inc. They were refunded this year with the 2022 Refunding Loan at a favorable interest rate of 1.6%.

### **BUDGET AND RATES**

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

The District's budget contains four funds: one operating budget each for wholesale and retail, and one capital budget each. On August 3, 2022 the Board approved the Fiscal Year 2022-2023 operating and capital budget in a total amount of \$62,973,500.

The District completed a 10-year Retail Financial Plan and Rate study in 2021 that resulted in a 3-year rate schedule, commencing February 1, 2022. Under the

approved schedule retail water rates will effectively increase by 8% in each year through 2024. The District's wholesale rate schedule has been unchanged since the last increase in January 2021. The District is currently finalizing an update to the Wholesale Master Plan. When complete, it will commence a new 10-Year Wholesale Finance and Rate study.

## **CONDITIONS AFFECTING CURRENT FINANCIAL POSITION**

The District is currently challenged by both supply chain issues and inflation. Inflation is at levels not seen in more than 25 years. While current financial activity thus far has been within the estimates contained in the Retail Financial Plan, if it continues at this pace it could result in higher rate increases in the future than planned. Since the Wholesale Financial Plan has yet to be completed, the District has the opportunity to adjust its inflation estimates accordingly.

While slowly improving, the District is still struggling with supply chain issues. The District implemented its permanent meter replacement program in 2022 but was unable to procure the needed number of meters to hit its replacements target. We are now ordering 6 months out in order to have adequate supplies on hand to carry out our maintenance and capital programs.

On a more positive note, all of the rate increases in the previous rate schedule were applied to the fixed portion of the rate, as opposed to the volumetric rate. This resulted in a shift in the proportion of total revenue derived from the base rate from 55%, to close to 68% of total rate revenues. The financial plan and rate schedule adopted by the Board in January 2023 continues this shift towards the base rate for one more year, at which point approximately 72% of retail revenues will be derived from the base rate, which aligns more closely with the ratio of the District's fixed versus variable costs. This rebalancing has helped strengthen the District's financial stability and reduced the need for special drought related rate increases.

## **REQUESTS FOR INFORMATION**

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

## **BASIC FINANCIAL STATEMENTS**

**SAN JUAN WATER DISTRICT**

**Statement of Net Position**

**June 30, 2022**

Assets:	
Current Assets:	
Cash and investments (note 2)	\$ 37,953,077
Accounts receivables	4,529,104
Taxes receivables	108,884
Interest receivable	43,345
Leases receivables (note 3)	83,511
Prepaid items	52,761
Inventories	254,975
Total Current Assets	<u>43,025,657</u>
Noncurrent Assets:	
Leases receivables (note 3)	399,284
Capital assets, not being depreciated (note 4)	2,897,864
Capital assets, net of accumulated depreciation (note 4)	85,048,756
Investment in electrical power (note 5)	143,934
Net pension asset (note 9)	2,611,412
Total Noncurrent Assets	<u>91,101,250</u>
Total Assets	<u>134,126,907</u>
Deferred Outflows of Resources:	
Deferred amounts on refunding	1,347,549
Pension related (note 9)	2,681,777
Other postemployment benefits related (note 10)	1,037,264
Total Deferred Outflows of Resources	<u>5,066,590</u>
Liabilities:	
Current Liabilities:	
Accounts payable	1,633,549
Accrued liabilities	422,997
Interest payable	438,291
Unearned revenues	122,914
Deposits payable	144,741
Due within one year:	
Compensated absences (note 6)	421,762
Long-term debt (note 6)	1,467,194
Total Current Liabilities	<u>4,651,448</u>
Noncurrent Liabilities:	
Compensated absences (note 6)	518,272
Long-term debt (note 6)	31,221,210
Net other postemployment benefit liability (note 10)	3,349,259
Total Noncurrent Liabilities	<u>35,088,741</u>
Deferred Inflows of Resources:	
Deferred amounts on refunding	376,646
Pension related (note 9)	5,657,573
Other postemployment benefits related (note 10)	1,053,544
Lease related (note 3)	465,482
Total Deferred Inflows of Resources	<u>7,553,245</u>
Net Position:	
Net investment in capital assets (note 7)	56,229,119
Restricted	1,026,250
Unrestricted	34,644,694
Total Net Position	<u>\$ 91,900,063</u>

See accompanying notes to the basic financial statements.

**SAN JUAN WATER DISTRICT**  
**Statement of Revenues, Expenditures,**  
**and Changes in Net Position**  
**Fiscal Year Ended June 30, 2022**

Operating Revenues:	
Water sales - wholesale	\$ 10,750,045
Water sales - retail	14,302,816
Other charges for services	730,921
Total Operating Revenues	<u>25,783,782</u>
Operating Expenses:	
Source of supply:	
Water charged to retail service area	3,273,284
Placer County Water Agency	393,813
Wheeling charges	256,484
Bureau pumping	87,817
Other public agencies	105,076
Administration and general	3,027,298
Water treatment	3,273,651
Transmission and distribution	4,182,100
Customer service	731,226
Engineering	731,305
Water efficiency	508,747
Depreciation	3,978,340
Retirement benefits (OPEB)	193,666
Pension expense (credit)	(1,041,377)
Total Operating Expenses	<u>19,701,430</u>
Operating Income (Loss)	<u>6,082,352</u>
Non-Operating Revenues (Expenses):	
Tax assessments	2,562,122
Investment income (loss)	(567,637)
Lease revenue	109,004
Other revenue	153,081
Interest expense	(1,180,615)
Other expenses	(107,730)
Total Non-Operating Revenues (Expenses)	<u>968,225</u>
Income (Loss) before Capital Contributions	7,050,577
Capital Contributions:	
Contributed assets	1,520,460
Capital charges and other capital revenue	2,605,254
Total Capital Contributions	<u>4,125,714</u>
Change in Net Position	11,176,291
Net position at beginning of year, as restated (note 13)	<u>80,723,772</u>
Net position at end of year	<u><u>\$ 91,900,063</u></u>

See accompanying notes to the basic financial statements.

**SAN JUAN WATER DISTRICT**  
**Statement of Cash Flows**  
**Fiscal Year Ended June 30, 2022**

Cash Flows from Operating Activities:	
Cash received from customers	\$ 25,286,860
Cash paid to suppliers for goods and services	(13,054,883)
Cash paid to employees for services	(3,519,900)
Net Cash Provided by (Used for) Operating Activities	<u>8,712,077</u>
Cash Flows from Noncapital Financing Activities:	
Tax assessments received	<u>2,549,644</u>
Net Cash Noncapital Financing Activities	<u>2,549,644</u>
Cash Flows from Capital and Related Financing Activities:	
Capital charges received	2,605,254
Payments from lease receivable	91,691
Acquisition and construction of capital assets	(3,757,797)
Proceeds from the sale of capital assets	87,019
Proceeds from loan payable	8,152,537
Payment to escrow for refunded debt	(8,050,000)
Principal paid on debt	(1,185,000)
Interest paid on debt	(1,385,238)
Net Cash Used by Capital and Related Financing Activities	<u>(3,441,534)</u>
Cash Flows from Investing Activities:	
Investment income (loss)	<u>(595,543)</u>
Net Cash Flows from Investing Activities	<u>(595,543)</u>
Net Increase in Cash and Cash Equivalents	7,224,644
Cash and cash equivalents at beginning of year	<u>31,794,800</u>
Cash and cash equivalents at end of year	<u>\$ 37,953,077</u>

(Continued)

See accompanying notes to the basic financial statements.

**SAN JUAN WATER DISTRICT**  
**Statement of Cash Flows (Continued)**  
**Fiscal Year Ended June 30, 2022**

Reconciliation of Operating Income to Net Cash	
Provided (Used) by Operating Activities:	
Operating income	\$ 6,082,352
Nonoperating income received	153,081
Nonoperating expenses paid	(107,730)
Adjustments to reconcile operating income	
to net cash provided (used) by operating activities:	
Depreciation	3,978,340
(Increase) decrease in accounts receivable	(296,332)
(Increase) decrease in prepaid expenses	163,361
(Increase) decrease in inventories	(55,250)
(Increase) decrease in investment in electrical power	2,242
(Increase) decrease in deferred pension related outflows	(200,447)
(Increase) decrease in OPEB related deferred outflows	(292,740)
Increase (decrease) in accounts payable	179,835
Increase (decrease) in accrued liabilities	42,099
Increase (decrease) in unearned revenues	(11,139)
Increase (decrease) in deposits payable	(36,370)
Increase (decrease) in compensated absences	(42,443)
Increase (decrease) in deferred pension related inflows	4,235,680
Increase (decrease) in OPEB related deferred inflows	487,815
Increase (decrease) in net OPEB liability	363,332
Increase (decrease) in net pension liability	<u>(5,933,609)</u>
Net Cash Provided by Operating Activities	<u>\$ 8,712,077</u>
Noncash Investing, Capital and Financing Activities:	
Contributed assets	<u>\$ 1,520,460</u>

See accompanying notes to the basic financial statements.

**SAN JUAN WATER DISTRICT**

**Notes to the Basic Financial Statements**

**June 30, 2022**

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# SAN JUAN WATER DISTRICT

## Notes to the Basic Financial Statements

June 30, 2022

### (1) Summary of Significant Accounting Policies

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

#### (a) Reporting Entity

The District was incorporated March 4, 1954 as a community service district under community service district law of the State of California (Section 60000 et. seq., Title 5, Division 3 of the California Government Code). The District is governed by a five member Board of Directors elected by the voters within specific geographic divisions 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 financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP), as applied to enterprise funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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 "blended" 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.

#### (b) Basis of Presentation

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

**SAN JUAN WATER DISTRICT**

**Notes to the Basic Financial Statements**

**June 30, 2022**

**(1) Summary of Significant Accounting Policies (Continued)**

(c) Basis of Accounting

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

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

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

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

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

(d) Cash and Investments

For the purposes of the Statement of Cash Flows, the District's cash and cash equivalents include restricted and unrestricted cash on hand or on deposit, and demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

**SAN JUAN WATER DISTRICT**

**Notes to the Basic Financial Statements**

**June 30, 2022**

**(1) Summary of Significant Accounting Policies (Continued)**

(e) Fair Value Hierarchy

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. In determining fair value, the District's custodians use various methods including market and income approaches. Based on these approaches, the District's custodians utilize certain assumptions that market participants would use in pricing the asset or liability. The District's custodians utilize valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

Various inputs are used in determining the value of the District's investments and other financial instruments. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. These inputs are summarized in the three broad levels: Level 1 – quoted prices in active markets for identical investments, Level 2 – other significant observable inputs (including quoted prices for similar securities, interest rates, prepayment speeds, credit risk, etc.) and Level 3 – significant unobservable inputs (including the District's own assumptions in determining the fair value of instruments).

(f) Prepaid Items

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

(g) Inventories

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

(h) Capital Assets

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

Buildings and structures	10-50 years
Improvements other than buildings	7-35 years
Machinery and equipment (including furniture)	5-70 years
Plant and pipelines	10-80 years
Pump stations/pressure control stations	12-40 years
Reservoirs and improvements	25-50 years
Vehicles	10 years
Software	10 years
Intangible assets	Varies based on asset

**SAN JUAN WATER DISTRICT**

**Notes to the Basic Financial Statements**

**June 30, 2022**

**(1) Summary of Significant Accounting Policies (Continued)**

The cost of maintenance and repairs that do not add to the value of the asset or materially extend asset lives are charged to operations when incurred. It is the District's policy to capitalize all capital assets with a cost of \$5,000 or more. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

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

(i) Long-Term Liabilities

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

(j) Compensated Absences

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

(k) Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, and information about the plan (OPEB Plan), have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

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

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Measurement Period	June 30, 2020 to June 30, 2021

**SAN JUAN WATER DISTRICT**

**Notes to the Basic Financial Statements**

**June 30, 2022**

**(1) Summary of Significant Accounting Policies (Continued)**

(l) Pensions

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

GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. The following timeframes are used for pension reporting:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Measurement Period	June 30, 2020 to June 30, 2021

(m) Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until the earnings process is complete. Deferred amounts on refunding result from the difference in carrying amount of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The District has three items that qualify for reporting in this category, deferred outflows related to refunding of debt, pensions and OPEB.

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 assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until the earnings process is complete. Deferred amounts on refunding may be reported as deferred inflows of resources. The District has four items that qualify for reporting in this category, deferred inflow related refunding of debt, leases, pensions and OPEB.

(n) Property Taxes

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

**SAN JUAN WATER DISTRICT**

**Notes to the Basic Financial Statements**

**June 30, 2022**

**(1) Summary of Significant Accounting Policies (Continued)**

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 plan. Under this program the District receives 100% of the levied property taxes in periodic payments with the Counties assuming responsibility for delinquencies.

(o) 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.

(p) Net Position

The net position amount is the difference between assets/deferred outflows and liabilities/deferred inflows. Net investment in capital assets are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction or improvement of those assets, as well as any deferred amounts on debt refunding. Net position is reported as restricted when there are legal limitations imposed on their use by the District or external restrictions by other governments, creditors or grantors. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

(q) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**(2) Cash and Investments**

Cash and investments are classified as the accompanying financial statements as follows:

Cash and cash equivalents	\$ 3,392,718
Investments	<u>34,560,359</u>
Total cash and investments	<u><u>\$ 37,953,077</u></u>

**SAN JUAN WATER DISTRICT**

**Notes to the Basic Financial Statements**

**June 30, 2022**

**(2) Cash and Investments (Continued)**

Cash and investments were comprised of the following at June 30, 2022:

Cash on hand		\$ 300
Deposits with financial institutions		<u>3,392,418</u>
	Total cash	<u>3,392,718</u>
Local Agency Investment Fund (LAIF)		25,040,636
U.S. Treasury bond / note obligations		4,750,508
U.S. Federal Agency securities		2,555,288
Medium-term corporate notes		1,065,647
Negotiable certificates of deposit		139,979
Asset-backed Security/collateralized mortgage obligations		247,913
Federal Agency collateralized mortgage obligations		168,320
Municipal Bond / Note		365,279
Supra-National agency bond / note		209,302
Money market mutual funds		<u>17,487</u>
	Total investments	<u>34,560,359</u>
	Total cash and investments	<u><u>\$ 37,953,077</u></u>

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

Authorized Investment Type	Maximum Maturity	Maximum Total of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Federal Agency Securities	5 years	None	None
U.S. Instrumentalities	5 years	30%	5%
Registered Warrants, Notes & Bonds of CA	5 years	None	5%
Registered Notes & Bonds of Other 49 States	5 years	None	5%
Local Agency Bonds, Notes & Warrants	5 years	None	5%
Banker's Acceptances	180 days	40%	5%
High Grade Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	5%
Local Agency Investment Fund (LAIF)	N/A	None	\$75M
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 the Basic Financial Statements

June 30, 2022

#### (2) Cash and Investments (Continued)

##### Investments Authorized by Debt Agreements

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

##### Interest Rate Risk

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

Information about the sensitivity of the fair values of the District's investments (including investments held by the bond trustee) to market rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2022:

	Total	Remaining Investment Maturities		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Local Agency Investment Fund (LAIF)	\$ 25,040,636	\$ 25,040,636	\$ -	\$ -
U.S. Treasury bond / note obligations	4,750,508	1,603,664	1,059,757	2,087,087
U.S. Federal Agency securities	2,555,288	348,788	788,658	1,417,842
Medium-term corporate notes	1,065,647	297,737	48,757	719,153
Negotiable certificates of deposit	139,979	139,979	-	-
Asset-backed security/collateralized mortgage obligations	247,913	9,434	75,203	163,276
Federal Agency collateralized	168,320	13,704	55,069	99,547
Municipal Bond / Note	365,279	-	98,988	266,291
Supra-National agency bond / note	209,302	-	72,222	137,080
Money market mutual funds	17,487	17,487	-	-
	<u>\$ 34,560,359</u>	<u>\$ 27,471,429</u>	<u>\$ 2,198,654</u>	<u>\$ 4,890,276</u>

##### Disclosures Relating to Credit Risk

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

## SAN JUAN WATER DISTRICT

### Notes to the Basic Financial Statements

June 30, 2022

#### (2) Cash and Investments (Continued)

Investment Type	Total as of June 30, 2022	Minimum Legal Rating	Aaa	P1 to Aa3	Not Rated
Local Agency Investment Fund (LAIF)	\$ 25,040,636	N/A	\$ -	\$ -	\$ 25,040,636
U.S. Treasury bond/note obligations	4,750,508	N/A	4,750,508	-	-
U.S. Federal Agency securities	2,555,288	N/A	2,555,288	-	-
Medium-term corporate notes	1,065,648	A	-	1,065,648	-
Negotiable certificates of deposit	139,978	N/A	-	139,978	-
Asset-backed security/collateralized mortgage obligations	247,914	AA	170,488	-	77,426
Federal Agency collateralized mortgage obligations	168,320	N/A	168,320	-	-
Municipal Bond/Note	365,279	AA	37,032	328,247	-
Supra-National agency bond/note	209,302	A	209,302	-	-
Money market mutual funds	17,486	AAA	-	-	17,486
	<u>\$ 34,560,359</u>		<u>\$ 7,890,938</u>	<u>\$ 1,533,873</u>	<u>\$ 25,135,548</u>

#### Custodial Credit Risk

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

At June 30, 2022, the carrying amount of the District's deposits were \$3,392,418 and the balances in financial institutions were \$3,409,517 and of this amount \$3,159,517 was not insured by federal depository insurance.

#### Investment in LAIF

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's 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).

## SAN JUAN WATER DISTRICT

### Notes to the Basic Financial Statements

June 30, 2022

#### (2) Cash and Investments (Continued)

The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is not registered with the Securities and Exchange Commission and is not rated. Deposits and withdrawals to and from LAIF are transferred on the basis of \$1 and not fair value. This external pool has no limitations or restrictions on participant withdrawals.

#### Fair Value Hierarchy

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District has the following recurring fair value measurements as of June 30, 2022:

Investments by Fair Value Level	Totals	Level			Not Subject to Categorization
		1	2	3	
Local Agency Investment Fund (LAIF)	\$ 25,040,636	\$ -	\$ -	\$ -	\$ 25,040,636
U.S. Treasury bond / note obligations	4,750,508	-	4,750,508	-	-
U.S. Federal Agency securities	2,555,288	-	2,555,288	-	-
Medium-term corporate notes	1,065,647	-	1,065,647	-	-
Negotiable certificates of deposit	139,979	-	139,979	-	-
Asset-backed security/collateralized mortgage obligations	247,913	-	247,913	-	-
Federal Agency collateralized mortgage obligations	168,320	-	168,320	-	-
Municipal Bond / Note	365,279	-	365,279	-	-
Supra-National agency bond / note	209,302	-	209,302	-	-
Money Market Funds	17,487	-	-	-	17,487
<b>Total Investments</b>	<b>\$ 34,560,359</b>	<b>\$ -</b>	<b>\$ 9,502,236</b>	<b>\$ -</b>	<b>\$ 25,040,636</b>

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

#### (3) Lease Receivable

The District is a lessor in 3 noncancellable leases for use of District property for cell towers. The leases range from 25 to 30 years. The leases are required to make fixed monthly or annual escalating payments starting at \$600 per month to \$7,560 per year. The District is also a lessor in a 20 year noncancellable lease for transmission capacity with annual payments ranging from \$27,072 to \$48,960. The District recognized \$77,715 in lease revenue and \$20,459 in interest revenue during the current fiscal year related to these agreements. As of June 30, 2022, the lease receivable is \$482,795 and deferred inflows of resources is \$465,482.

**SAN JUAN WATER DISTRICT**

**Notes to the Basic Financial Statements**

**June 30, 2022**

**(4) Capital Assets**

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

	Balance at July 01, 2021	Additions	Disposals *	Transfers	Balance at June 30, 2022
Capital Assets, not being Depreciated:					
Land	\$ 264,484	\$ -	\$ -	\$ -	\$ 264,484
Construction in progress	9,558,708	1,160,256	(63,095)	(8,022,489)	2,633,380
Total Capital Assets not being Depreciated	<u>9,823,192</u>	<u>1,160,256</u>	<u>(63,095)</u>	<u>(8,022,489)</u>	<u>2,897,864</u>
Capital Assets, being Depreciated:					
Pipelines	74,681,077	2,845,159	(457,282)	163,630	77,232,584
Water treatment plant	35,737,515	683,050	-	5,538,590	41,959,155
Land improvements	919,351	12,590	-	-	931,941
Reservoirs	5,415,870	56,177	-	1,829,288	7,301,335
Pumping stations	13,392,425	54,676	(12,108)	430,173	13,865,166
Buildings	1,555,874	-	(25,794)	25,794	1,555,874
Vehicles and equipment	15,815,790	511,133	(283,187)	35,014	16,078,750
Intangibles	1,507,076	18,311	-	-	1,525,387
Total Capital Assets being Depreciated	<u>149,024,978</u>	<u>4,181,096</u>	<u>(778,371)</u>	<u>8,022,489</u>	<u>160,450,192</u>
Less Accumulated Depreciation:					
Pipelines	(37,031,444)	(1,825,216)	457,279	-	(38,399,381)
Water treatment plant	(17,896,643)	(851,635)	-	-	(18,748,278)
Land improvements	(705,225)	(14,208)	-	-	(719,433)
Reservoirs	(4,061,514)	(119,645)	-	-	(4,181,159)
Pumping stations	(4,442,824)	(406,655)	12,108	-	(4,837,371)
Buildings	(1,229,256)	(29,438)	-	-	(1,258,694)
Vehicles and equipment	(6,203,896)	(635,710)	221,964	-	(6,617,642)
Intangibles	(543,646)	(95,832)	-	-	(639,478)
Total Accumulated Depreciation	<u>(72,114,448)</u>	<u>(3,978,339)</u>	<u>691,351</u>	<u>-</u>	<u>(75,401,436)</u>
Total Capital Assets being Depreciated, net	<u>76,910,530</u>	<u>202,757</u>	<u>(87,020)</u>	<u>8,022,489</u>	<u>85,048,756</u>
Capital Assets, net	<u>\$ 86,733,722</u>	<u>\$ 1,363,013</u>	<u>\$ (150,115)</u>	<u>\$ -</u>	<u>\$ 87,946,620</u>

\* - Construction in progress deletions included \$63,095 of write offs due to decisions to not move forward with certain construction projects.

# SAN JUAN WATER DISTRICT

## Notes to the Basic Financial Statements

June 30, 2022

### (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 0.069 percent equity interest in the net position of the Project as defined in the Long-Term Participation Agreement. The District also has an obligation to finance 0.1333 percent of the net losses of the Project. The District is billed monthly for its share of the operations and maintenance costs of the Project. The District's net investment and its share of the operating results of the Project are reported as Investment in Electrical Power. The Project unaudited interim financial statements for the year ended June 30, 2022 are available from the California-Oregon Transmission Project at P.O. Box 15140, Sacramento, CA, 95866.

The following is the summarized financial information for the Project as of and for the year ended June 30, 2022:

Balance Sheet:	
Assets	<u>\$ 274,622,537</u>
Liabilities	\$ 50,513,770
Deferred Inflows	1,067,827
Net position	<u>223,040,940</u>
Liabilities and Net Position	<u>\$ 274,622,537</u>
Income Statement:	
Operating revenues	\$ 13,296,544
Operating expenses	<u>19,853,997</u>
Operating loss	(6,557,453)
Net non-operating revenues (expenses)	191,081
Adjustment to net position for capital improvements	<u>3,286,560</u>
Change in Net Position	<u>\$ (3,079,812)</u>
District's share of net position	<u>\$ 143,934</u>

**SAN JUAN WATER DISTRICT**

**Notes to the Basic Financial Statements**

**June 30, 2022**

**(6) Long Term Liabilities**

The District's long-term liability activity and outstanding balances for the year ended June 30, 2022 is as follows:

	July 01, 2021	Additions	Reductions	June 30, 2022	Due Within One Year
Loan Payable	\$ -	\$ 8,152,537	\$ -	\$ 8,152,537	\$ 707,214
2017 Revenue Refunding Bonds	23,425,000	-	(630,000)	22,795,000	655,000
2012 Revenue Refunding Bonds	8,605,000	-	(8,605,000)	-	-
Add: Unamortized premiums	2,424,194	-	(683,327)	1,740,867	104,980
Total Bonds and Notes Payable	34,454,194	8,152,537	(9,918,327)	32,688,404	1,467,194
Compensated absences	982,477	687,206	(729,649)	940,034	421,762
	<u>\$ 35,436,671</u>	<u>\$ 8,839,743</u>	<u>\$ (10,647,976)</u>	<u>\$ 33,628,438</u>	<u>\$ 1,888,956</u>

**Loan Payable**

On January 31, 2022, the District entered into a loan agreement with Sterling National Bank to refinance the 2012 Revenue Refunding Bonds. The District borrowed \$8,152,537 with an interest rate of 1.63%. Annual principal payments, ranging from \$707,214 to \$882,454 are due on June 30 through June 30, 2032 and semi-annual interest payments ranging from \$7,192 to \$121,812 are due on June 30 and December 30 through June 30, 2032. The repayment of the loan will be payable from and secured by a pledge of and lien of the net revenues of the Water System.

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 707,214	\$ 188,256	\$ 895,470
2024	775,031	121,358	896,389
2025	789,228	108,726	897,954
2026	803,104	95,862	898,966
2027	812,400	82,770	895,170
2028-2032	4,265,560	210,892	4,476,452
Total	<u>\$ 8,152,537</u>	<u>\$ 807,864</u>	<u>\$ 8,960,401</u>

**2017 Revenue Refunding Bonds**

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

**SAN JUAN WATER DISTRICT**

**Notes to the Basic Financial Statements**

**June 30, 2022**

**(6) Long Term Liabilities (Continued)**

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2023	\$ 655,000	\$ 909,460	\$ 1,564,460
2024	680,000	881,921	1,561,921
2025	710,000	847,296	1,557,296
2026	745,000	811,067	1,556,067
2027	785,000	772,983	1,557,983
2028-2032	4,565,000	3,221,334	7,786,334
2033-2037	9,795,000	1,823,568	11,618,568
2038-2039	4,860,000	172,412	5,032,412
Total	<u>\$ 22,795,000</u>	<u>\$ 9,440,041</u>	<u>\$ 32,235,041</u>

Pledged Revenue

The District is required by its 2022 Loan and 2017 Revenue Refunding Bonds to collect rates and charges from its water system that will be sufficient to yield net revenues equal to 115% of debt service payments on any future debt issued and deposit the net revenues in a revenue fund pledged for such future debt service payments. At June 30, 2022, the District's net revenues were 636% of debt service payments.

Arbitrage Rebate Liability

Section 148(f) of the Internal Revenue Code requires issuers of tax-exempt state and local bonds to remit to the federal government amounts equal to (a) the excess of the actual amounts earned on all "Non-purpose Investments" allocable to "Gross Proceeds" of an issue of municipal obligations less the amount that would have been earned if the investments bore a rate equal to the amount that would have been earned if the investments bore a rate equal to the yield on the issue, plus (b) all income attributable to the excess. Issuers must make rebate payments at least once every five years and upon final retirement or redemption of the bonds.

**(7) Net Investment in Capital Assets**

Net investments in capital assets consist of the following at June 30, 2022:

Capital assets, gross	\$ 163,348,056
Less: accumulated depreciation	<u>(75,401,436)</u>
Net capital assets	87,946,620
Add: Deferred costs on bond refunding	1,347,549
Less: Debt used for capital purposes	(30,947,537)
Less: Deferred charge on refunding	(376,646)
Less: Unamortized premium	<u>(1,740,867)</u>
Net investment in capital assets	<u>\$ 56,229,119</u>

**SAN JUAN WATER DISTRICT**

**Notes to the Basic Financial Statements**

**June 30, 2022**

**(8) Net Position**

Designations of unrestricted net position may be imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Designation may be modified, amended or removed by Board action. Designations included the following as of June 30, 2022:

	<u>Wholesale</u>	<u>Retail</u>	<u>Total</u>
Capital reserves	\$ 17,244,574	\$ 13,695,235	\$ 30,939,809
Operating reserve	<u>2,053,960</u>	<u>2,717,940</u>	<u>4,771,900</u>
Total Unrestricted, Designated Net Position	<u>\$ 19,298,534</u>	<u>\$ 16,413,175</u>	<u>\$ 35,711,709</u>

**(9) Defined Benefit Pension Plan**

Plan Descriptions

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

All permanent full and part-time District employees working at least 1,000 hours per year are eligible to participate in PERS. Under PERS, benefits vest after five years of service. Upon retirement, participants are entitled to an annual retirement benefit, payable for life, in an amount equal to a benefit factor times the monthly average salary of their highest twelve (Tier 1) and thirty-six (Tier 2 and PEPRA) consecutive months full-time equivalent monthly pay. Benefit provisions under the Plans are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

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

The Plan operates under the provisions of the California Public Employees' Retirement Law ("PERL"), the California Public Employees' Pension Reform Act of 2013 ("PEPRA"), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plans' authority to establish and amend the benefit terms are set by the PERL and PEPRA and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

**SAN JUAN WATER DISTRICT**

**Notes to the Basic Financial Statements**

**June 30, 2022**

**(9) Defined Benefit Pension Plan (Continued)**

The Plans' provisions and benefits in effect for the year ended June 30, 2022 are summarized as follows:

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

In addition to the contribution rates above, the District was also made payments of \$290,772 toward its unfunded actuarial liability during the year ended June 30, 2022.

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

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are 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. Payments made by the employer to satisfy contribution requirements are classified as plan member contributions.

For the year ended June 30, 2022 the employer contributions for the Plan (all rate plans combined) were \$864,252.

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

As of June 30, 2022, the District reported a net pension asset of \$2,611,412 representing the District's proportionate share of the net pension liability.

The District's net pension asset is measured as the proportionate share of the net pension liability. The net pension asset as of June 30, 2022 is measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures as required by GASB Statement No. 68.

**SAN JUAN WATER DISTRICT**

**Notes to the Basic Financial Statements**

**June 30, 2022**

**(9) Defined Benefit Pension Plan (Continued)**

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2022 was as follows:

Proportion - June 30, 2021	0.03053%
Proportion - June 30, 2022	<u>-0.04829%</u>
Change - Increase (Decrease)	-0.07882%

For the year ended June 30, 2022, the District recognized pension credit of \$1,034,125. At June 30, the District reported deferred outflows of resources and deferred inflows of resources related to all Plans combined from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 864,252	\$ -
Differences between actual and expected experience	478,007	-
Differences between the employer's contributions and the employer's proportionate share of contributions	-	(1,305,830)
Change in employer's proportion	1,339,518	-
Differences between projected and actual investment earnings	<u>-</u>	<u>(4,351,743)</u>
Total	<u>\$ 2,681,777</u>	<u>\$ (5,657,573)</u>

The \$864,252 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as net deferred inflows of resources related to pensions will be recognized as pension expense (credit) as follows:

Year Ended June 30	
2023	\$ (1,015,325)
2024	(941,177)
2025	(886,044)
2026	<u>(997,502)</u>
	<u>\$ (3,840,048)</u>

**SAN JUAN WATER DISTRICT**

**Notes to the Basic Financial Statements**

**June 30, 2022**

**(9) Defined Benefit Pension Plan (Continued)**

Actuarial Assumptions

The total pension liabilities in the June 30, 2022 actuarial valuation for the Plan was determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by entry age and service
Mortality Rate Table <sup>1</sup>	Derived using CalPERS Membership Data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Discount Rate

The discount rates used by CalPERS to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach.

**SAN JUAN WATER DISTRICT**

**Notes to the Basic Financial Statements**

**June 30, 2022**

**(9) Defined Benefit Pension Plan (Continued)**

Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class for the Plan as of the measurement date of June 30, 2021. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

<u>Investment Type</u> <sup>1</sup>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10</u> <sup>2</sup>	<u>Real Return Years 11+</u> <sup>3</sup>
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	<u>1.0%</u>	0%	(0.92)%
Total	<u>100.0%</u>		

<sup>1</sup> In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt

<sup>2</sup> An expected inflation of 2.00% used for this period.

<sup>3</sup> An expected inflation of 2.92% used for this period.

**Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the District's proportionate share of the net pension liability for the Plans, calculated using the discount rate for the Plans, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease (6.15%)</u>	<u>Current Discount Rate (7.15%)</u>	<u>1% Increase (8.15%)</u>
Net Pension Liability (Asset)	<u>\$ 3,306,017</u>	<u>\$ (2,611,412)</u>	<u>\$ (7,503,266)</u>

**Pension Plan Fiduciary Net Position**

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

**SAN JUAN WATER DISTRICT**

**Notes to the Basic Financial Statements**

**June 30, 2022**

**(9) Defined Benefit Pension Plan (Continued)**

Subsequent Events

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

**(10) Other Post Employment Benefits (OPEB)**

Description of the Plan

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

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

Funding Policy

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

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

**SAN JUAN WATER DISTRICT**

**Notes to the Basic Financial Statements**

**June 30, 2022**

**(10) Other Post Employment Benefits (OPEB) (Continued)**

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms:

Active employees	45
Inactive employees or beneficiaries currently receiving benefit payments	<u>40</u>
Total number of participants	<u><u>85</u></u>

Contributions

The Board of Directors grants the authority to establish and amend the contribution requirements of the District. During the year ended June 30, 2022, the District's cash contributions to the trust were \$182,000 and the benefit payments were \$469,090, resulting in total payments of \$651,090.

Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	6.75%
Inflation rate	2.50%
Aggregate salary increases	2.75% per year
Investment rate of return	6.75%
Healthcare cost trend rate	4.0% annually
Mortality rates	Derived using CalPERS membership data

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

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

**SAN JUAN WATER DISTRICT**

**Notes to the Basic Financial Statements**

**June 30, 2022**

**(10) Other Post Employment Benefits (OPEB) (Continued)**

Asset Class	Percentage of Portfolio	Assumed Gross Return
All Equities	59.00%	7.55%
All Fixed Income	25.00%	4.25%
Real Estate Investment Trusts	8.00%	7.25%
All Commodities	3.00%	7.55%
Treasury Inflation Protected Securities (TIPS)	5.00%	3.00%
	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that District contributions will continue based upon the current funding policy.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make projected future benefit payments for current members for all future years. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021	\$ 8,073,418	\$4,021,124	\$ 4,052,294
Changes in the year:			
Service cost	181,547	-	181,547
Interest on the total OPEB liability	481,135	-	481,135
Differences between expected and actual experience	(8,375)		(8,375)
Changes in assumptions	379,797		379,797
Contribution - employer to Trust	-	182,000	(182,000)
Contribution - employer as benefit pa	-	469,090	(469,090)
Expected investment income	-	287,795	(287,795)
Investment gains / losses	-	819,936	(819,936)
Benefit payments	(469,090)	(469,090)	-
Administrative expenses	20,156	(1,526)	21,682
Net changes	585,170	1,288,205	(703,035)
Balance at June 30, 2022 (measurement date June 30, 2021)	\$ 8,658,588	\$5,309,329	\$ 3,349,259

**SAN JUAN WATER DISTRICT**

**Notes to the Basic Financial Statements**

**June 30, 2022**

**(10) Other Post Employment Benefits (OPEB) (Continued)**

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

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

	<u>1% Decrease</u> <u>5.75%</u>	<u>Current</u> <u>Discount Rate</u> <u>6.75%</u>	<u>1% Increase</u> <u>7.75%</u>
Net OPEB liability	\$ 3,161,395	\$ 2,282,892	\$ 1,548,158

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u> <u>to 3.00%</u>	<u>Current</u> <u>Healthcare Cost</u> <u>Trend Rates</u> <u>4.00%</u>	<u>1% Increase</u> <u>to 5.00%</u>
Net OPEB liability	\$ 1,434,304	\$ 2,282,892	\$ 3,316,388

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$193,666. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Employer contributions subsequent to measurement date	\$ 701,625	\$ -
Changes in assumptions	325,540	-
Difference between expected and actual experience	-	(468,209)
Difference between projected and actual investment earnings	<u>10,099</u>	<u>(585,335)</u>
Total	<u>\$ 1,037,264</u>	<u>\$ (1,053,544)</u>

**SAN JUAN WATER DISTRICT**

**Notes to the Basic Financial Statements**

**June 30, 2022**

**(10) Other Post Employment Benefits (OPEB) (Continued)**

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

<u>Year Ended June 30</u>	
2023	\$ (182,744)
2024	(178,366)
2025	(184,981)
2026	(205,564)
2027	(22,096)
Thereafter	<u>55,846</u>
	<u>\$ (717,905)</u>

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

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs.

The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss. The net difference between projected and actual earnings on OPEB plan investments is recognized over 5 years. The net difference between expected and actual experience are recognized over the expected average remaining service lifetime (EARSL), which was 6.8 years at the June 30, 2021 valuation date.

**(11) Risk Management**

The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) a public entity risk pool of California water agencies, for general and auto liability, public officials liability, property damage, fidelity insurance and workers compensation liability. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which group-purchased commercial excess insurance is obtained.

The District pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA. ACWA/JPIA may be terminated at any time by written consent of three-fourths of voting members at which time the members may be required to pay their share of any additional amount of premium in accordance with loss allocation formulas for final disposition of all claims and losses covered by the joint powers agreement. The ACWA/JPIA's financial statements are available at 5620 Birdcage Street, Suite 200, Citrus Heights, CA 95610-7632.

**SAN JUAN WATER DISTRICT**

**Notes to the Basic Financial Statements**

**June 30, 2022**

**(11) Risk Management (Continued)**

The District’s deductibles and maximum coverage are as follows:

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

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

**(12) Commitments**

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

The District has active construction and other significant projects as of June 30, 2022. At year end, the District’s construction and other significant commitments were as follows:

Hinkle Reservoir Liner and Cover	\$ 20,139,000
Eureka Road Pipeline Replacement Project	2,735,883
Bacon and Upper Granite Bay Generator Replacements	1,856,179
Construction Management Inspection Services	826,905
Construction of Facilities	547,000
Hinkle Reservoir Cover and Liner Replacement Design	297,721
Upper Granita Bay Geneator Replacement Project	181,329
Kokila Reservoir Replacement Project Engr Services	159,667
Solar Site Access Culvert Replacement Services	74,346
Eureka Road 18" Transmission Pipeline Design	63,228
Folsom Reservoir Raw Water Delivery Project	59,377
Other Projects	778,434
Total commitment with contractors	<u>\$ 27,719,069</u>

**SAN JUAN WATER DISTRICT**

**Notes to the Basic Financial Statements**

**June 30, 2022**

**(13) Prior Period Adjustment**

The accompanying financial statements include an adjustment to beginning net position to restate the other post employment benefits liability as follows:

Net position as previously reported, June 30, 2021	\$ 81,790,139
Effect of including the implied rate subsidy in the OPEB liability	<u>(1,066,367)</u>
Net position, as restated, July 1, 2021	<u>\$ 80,723,772</u>

**(14) Subsequent Events**

Hinkle Reservoir Rehabilitation Project Loan

The District entered into a construction installment sale agreement with the California State Water Resources Control Board to provide funding for the Hinkle Reservoir Rehabilitation Project. The District will be reimbursed for eligible project costs up to \$23,120,621. Interest is due annually on September 1 based on a variable rate equal to the average of the SIFMA during the 24 months preceding the date of the calculation. Principal and interest payments commence one year after the completion of construction. The timing and amount of principal and interest payments will be calculated upon the completion of construction.

**REQUIRED SUPPLEMENTARY INFORMATION**

**SAN JUAN WATER DISTRICT**

**Required Supplementary Information**

**Schedule of the Proportionate Share of the Net Pension Liability - Last Ten Years\***

**Year Ended June 30, 2022**

	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	-0.04829%	0.03053%	0.02397%	0.01624%	0.04842%	0.09208%	0.08829%	0.08447%
Proportionate share of the net pension liability	\$ (2,611,412)	\$ 3,322,197	\$ 2,456,425	\$ 1,564,717	\$ 4,801,816	\$ 7,968,028	\$ 6,059,953	\$ 5,255,811
Covered payroll - measurement period	\$ 4,704,170	\$ 4,703,514	\$ 4,599,756	\$ 4,254,297	\$ 4,171,684	\$ 4,292,723	\$ 3,836,968	\$ 3,785,664
Proportionate share of the net pension liability as a percentage of covered payroll	-180.14%	70.63%	53.40%	36.78%	115.10%	185.62%	157.94%	138.83%
Plan fiduciary net position as a percentage of the total pension liability	92.36%	92.36%	94.03%	96.04%	87.20%	76.19%	78.40%	79.82%
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Notes to Schedule:								
Reporting valuation date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Reporting measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

\* - GASB Statement No. 68 was implemented during the year ended June 30, 2015. Therefore only eight years are presented.

Notes to the schedule:

Summary of Changes in Benefits or Assumptions:

Benefit Changes: There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified time period (a.k.a Golden Handshakes).

Changes in Assumptions: None from 2019 to 2021. In 2018, demographic assumptions and inflation rate were changed in accordance to CalPERS Experience Study and Review of Actuarial Assumptions December 2017. In 2017, the accounting discount rate was reduced from 7.65 percent to 7.15 percent.

**SAN JUAN WATER DISTRICT**

**Required Supplementary Information**

**Schedule of Contributions to the Pension Plan - Last Ten Years\***

**Year Ended June 30, 2022**

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 864,252	\$ 820,954	\$ 750,670	\$ 675,697	\$ 569,048	\$ 795,103	\$ 730,360	\$ 591,634
Contributions in relation to the actuarially determined contributions	(864,252)	(1,020,954)	(750,670)	(675,697)	(3,359,478)	(4,908,731)	(730,360)	(591,634)
Contribution deficiency (excess)	\$ -	\$ (200,000)	\$ -	\$ -	\$ (2,790,430)	\$ (4,113,628)	\$ -	\$ -
Covered payroll - fiscal year	\$ 4,704,170	\$ 4,704,170	\$ 4,703,514	\$ 4,599,756	\$ 4,254,297	\$ 4,171,684	\$ 4,292,723	\$ 3,836,968
Contributions as a percentage of covered payroll	18.37%	17.45%	15.96%	14.69%	13.38%	19.06%	17.01%	15.42%
Contribution valuation date:	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012

Methods and assumptions used to determine contribution rates:

Amortized cost method	Entry age normal
Amortized method	Level percentage of payroll, closed
Remaining amortization period	Varies, not more than 30 years
Discount rate	7.00%
Inflation	2.50%
Salary increases	Varies by entry age and service
Payroll growth	2.75%
Retirement age	The probabilities of Retirement are based on the 2010 CalPERS study for the period from 1997 to 2007.
Mortality	Most recent CalPERS Experience Study.
Post Retirement Benefit increase	Contract COLA up to 2.75% until Purchasing Power Protection Floor Purchasing Power applies, 2.75% thereafter

\* - GASB Statement No. 68 was implemented during the year ended June 30, 2015. Therefore only eight years are presented.

The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Changes in Assumptions: At its December 2016 meeting, the CalPERS Board of Administration lowered the discount rate from 7.50 percent to 7.00 percent using a three-year phase-in beginning with the June 30, 2016 valuations. The minimum employer percent to 7.00 percent using a three-year phase-in beginning with the June 30, 2016 valuations. The minimum employer contributions for Fiscal Year 2019-20 determined in this valuation were calculated using a discount rate of 7.25 percent.

On December 19, 2017 the CalPERS Board of Administration adopted new actuarial assumptions based on the recommendations in the December 2017 CalPERS Experience Study and Review of Actuarial Assumptions. This study reviewed the retirement rates, termination rates, mortality rates, rates of salary increases and inflation assumption for Public Agencies. In addition, the Board adopted a new asset portfolio as part of its Asset Liability Management. The new asset mix supports a 7.00 percent discount rate. The reduction of the inflation assumption will be implemented in two steps in conjunction with the decrease in the discount rate. For June 30, 2017 valuation an inflation rate of 2.625 percent will be used and a rate of 2.50 percent in the following valuation.

**SAN JUAN WATER DISTRICT**

**Required Supplementary Information**

**Schedule of Changes in Total OPEB Liability and Related Ratios - Last 10 Years\***

**For the Year Ended June 30, 2022**

Measurement Date	<u>6/30/2021<sup>1</sup></u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 181,547	\$ 176,688	\$ 164,051	\$ 159,660
Interest on the Total OPEB liability	481,135	467,317	503,512	491,254
Difference between expected and actual experience	-	-	(724,602)	-
Changes in assumptions	379,797	-	-	-
Experience gains/losses	11,781	-	-	-
Benefit payments	(469,090)	(448,200)	(448,458)	(472,409)
Expected minus actual benefit payments	-	(933)	(35,114)	-
Net change in Total OPEB liability	585,170	194,872	(540,611)	178,505
Total OPEB liability - beginning	<u>8,073,418</u>	<u>6,812,179</u>	<u>7,352,790</u>	<u>7,174,285</u>
Total OPEB liability - ending (a)	<u>\$ 8,658,588</u>	<u>\$ 7,007,051</u>	<u>\$ 6,812,179</u>	<u>\$ 7,352,790</u>
<b>Plan Fiduciary Net Position:</b>				
Contributions - employer to Trust	\$ 651,090	\$ 177,000	\$ 160,000	\$ 224,554
Contributions - employer to benefit payments	-	448,200	448,458	441,109
Net investment income	1,107,731	161,133	204,937	230,539
Benefits payments	(469,090)	(448,200)	(448,458)	(472,209)
Other	-	-	31,300	-
Administrative expenses	(1,526)	(1,826)	(711)	(5,363)
Net change in Fiduciary Net Position	1,288,205	336,307	395,526	418,630
Plan Fiduciary Net Position - beginning	<u>4,021,124</u>	<u>3,684,817</u>	<u>3,289,491</u>	<u>2,870,861</u>
Plan Fiduciary Net Position -ending (b)	<u>\$ 5,309,329</u>	<u>\$ 4,021,124</u>	<u>\$ 3,685,017</u>	<u>\$ 3,289,491</u>
Plan Net Position Liability (asset) - Ending (a) - (b)	<u>\$ 3,349,259</u>	<u>\$ 2,985,927</u>	<u>\$ 3,127,162</u>	<u>\$ 4,063,299</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB liability	61.32%	57.39%	54.09%	44.74%
Covered-employee payroll	\$ 4,634,471	\$ 4,707,984	\$ 4,599,756	\$ 4,254,297
Total OPEB liability as a percentage of covered-employee payroll	186.83%	148.83%	148.10%	172.83%

<sup>1</sup> Restated to include implied rate subsidy

\*Future years' information will be displayed up to 10 years as information becomes available.

**SAN JUAN WATER DISTRICT**

**Required Supplementary Information**

**Schedule of Contributions to the OPEB Plan**

**For the Year Ended June 30, 2022**

	2022	2021	2020	2019	2018
Statutorily required contribution					
- employer fiscal year	\$ 651,090	\$ 469,090	\$ 448,200	\$ 448,458	\$ 449,109
Contributions in relation to the actuarially determined contributions	(651,090)	(469,090)	(448,200)	(448,458)	(449,109)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -

**Notes to Schedule:**

Valuation date	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Measurement period - fiscal year ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

\*Future years' information will be displayed up to 10 years as information becomes available.

## **SUPPLEMENTARY INFORMATION**

**SAN JUAN WATER DISTRICT**

**Statement of Net Position  
Wholesale Operating**

**June 30, 2022**

Assets:

Current Assets:

Cash and investments	\$ 2,416,730
Accounts receivables	1,049,132
Interest receivable	5,464
Leases receivables	46,023
Prepaid expenses	46,004
Inventories	4,614
Total Current Assets	<u>3,567,967</u>

Noncurrent Assets:

Leases receivables	220,046
Capital assets, not being depreciated	1,623,787
Capital assets, net of accumulated depreciation	55,326,415
Investment in electrical power	143,934
Net pension asset	1,149,021
Total Noncurrent Assets	<u>58,463,203</u>
Total Assets	<u>62,031,170</u>

Deferred Outflows of Resources:

Deferred amounts on refunding	862,430
Pension related	1,179,982
Other postemployment benefits related	448,021
Total Deferred Outflows of Resources	<u>2,490,433</u>

Liabilities:

Current Liabilities:

Accounts payable	634,928
Accrued liabilities	183,734
Interest payable	280,955
Deposits payable	2,153
Due within one year:	
Compensated absences	190,213
Long-term debt	941,968
Total Current Liabilities	<u>2,233,951</u>

Noncurrent Liabilities:

Compensated absences	234,943
Long-term debt	20,044,646
Net other postemployment benefit liability	1,473,961
Total Noncurrent Liabilities	<u>21,753,550</u>

Deferred Inflows of Resources:

Deferred amounts on refunding	244,104
Pension related	2,489,332
Other postemployment benefits related	455,153
Lease related	257,037
Total Deferred Inflows of Resources	<u>3,445,626</u>

Net Position:

Net investment in capital assets	36,581,914
Unrestricted	506,562
Total Net Position	<u>\$ 37,088,476</u>

**SAN JUAN WATER DISTRICT**

**Statement of Net Position  
Wholesale Capital**

**June 30, 2022**

Assets:	
Cash and investments	\$ 18,484,411
Accounts receivable	23,818
Interest receivable	18,418
Taxes receivable	54,442
	<hr/>
Total Assets	18,581,089
Liabilities:	
Accounts payable	159,310
	<hr/>
Total Liabilities	159,310
Net Position:	
Unrestricted	18,421,779
	<hr/>
Total Net Position	<u>\$ 18,421,779</u>

**SAN JUAN WATER DISTRICT**

**Statement of Net Position  
Retail Operating**

**June 30, 2022**

Assets:

Current Assets:

Cash and investments	\$ 863,926
Accounts receivables	3,428,316
Interest receivable	4,628
Leases receivables	37,488
Prepaid expenses	6,757
Inventories	210,426
Total Current Assets	<u>4,551,541</u>

Noncurrent Assets:

Leases receivables	179,238
Capital assets, not being depreciated	1,274,077
Capital assets, net of accumulated depreciation	29,722,341
Net pension asset	1,462,391
Total Noncurrent Assets	<u>32,638,047</u>
Total Assets	<u>37,189,588</u>

Deferred Outflows of Resources:

Deferred amounts on refunding	485,119
Pension related	1,501,795
Other postemployment benefits related	589,243
Total Deferred Outflows of Resources	<u>2,576,157</u>

Liabilities:

Current Liabilities:

Accounts payable	420,686
Accrued liabilities	239,263
Interest payable	157,336
Unearned revenues	122,914
Deposits payable	142,588
Due within one year:	
Compensated absences	231,549
Long-term debt	525,226
Total Current Liabilities	<u>1,839,562</u>

Noncurrent Liabilities:

Compensated absences	283,328
Long term debt	11,176,564
Net other postemployment benefit liability	1,875,298
Total Noncurrent Liabilities	<u>13,335,190</u>

Deferred Inflows of Resources:

Deferred amounts on refunding	132,542
Pension related	3,168,241
Other postemployment benefits related	598,391
Leases related	208,445
Total Deferred Inflows of Resources	<u>4,107,619</u>

Net Position:

Net investment in capital assets	19,647,205
Unrestricted	836,169
Total Net Position	<u>\$ 20,483,374</u>

**SAN JUAN WATER DISTRICT**

**Statement of Net Position  
Retail Capital**

**June 30, 2022**

Assets:	
Cash and investments	\$ 16,188,010
Accounts receivable	27,838
Interest receivable	14,835
Taxes receivable	54,442
Inventory	<u>39,935</u>
Total Assets	<u>16,325,060</u>
Liabilities:	
Accounts payable	<u>418,625</u>
Total Liabilities	<u>418,625</u>
Net Position:	
Restricted	1,026,250
Unrestricted	<u>14,880,185</u>
Total Net Position	<u>\$ 15,906,435</u>

**SAN JUAN WATER DISTRICT**

**Combining Schedule of Revenues, Expenditures,  
and Changes in Net Position  
Budget to Actual - Wholesale Operating**

**For the year ended June 30, 2022**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget</u>
Operating Revenues:			
Wholesale revenue by entity:			
San Juan Water District - retail	\$ 3,273,284	\$ 3,265,725	\$ 7,559
Citrus Heights Water District	2,781,381	2,956,340	7,559
Fair Oaks Water District	2,038,471	2,040,029	(174,959)
Sacramento Suburban Water District	1,101,822	-	(1,558)
Orange Vale Water Company	1,066,845	1,067,468	1,101,822
City of Folsom	312,569	316,723	(623)
City of Roseville	132,322	145,110	(4,154)
Granite Bay Golf Course	11,701	10,605	(12,788)
Carmichael Water District	31,650	-	1,096
Other charges for services	44,898	31,300	31,650
Total Operating Revenues	<u>10,794,943</u>	<u>9,833,300</u>	<u>955,604</u>
Operating Expenses:			
Source of supply:			
Placer County Water Agency	393,813	432,000	38,187
Wheeling	256,484	336,100	79,616
Bureau pumping	87,817	95,000	7,183
Other public agencies	105,076	49,600	(55,476)
Administration and general	1,879,998	2,051,500	171,502
Water treatment	2,999,036	3,342,000	342,964
Engineering	331,892	432,900	101,008
Water efficiency	46,433	62,900	16,467
Depreciation	2,433,219	-	(2,433,219)
Retirement benefits (OPEB)	85,213	289,400	204,187
Pension expense (credit)	(433,524)	498,000	931,524
Total Operating Expenses	<u>8,185,457</u>	<u>7,589,400</u>	<u>(596,057)</u>
Net Income (Loss) from Operations	2,609,486	2,243,900	1,551,661
Non-Operating Revenues (Expenses)			
Investment income (loss)	(52,044)	35,000	(87,044)
Lease revenue	66,650	74,800	(8,150)
Other revenue	538	-	538
Interest expense	(757,784)	(772,555)	(14,771)
Other expenses	(70,172)	(1,500)	68,672
Capital outlay offsets	1,139,203	-	1,139,203
Total Non-Operating Revenues (Expenses)	<u>326,391</u>	<u>(664,255)</u>	<u>1,098,448</u>
Income (Loss) before Transfers	2,935,877	1,579,645	2,650,109
Transfers:			
Transfers out	<u>(2,319,557)</u>	<u>(726,400)</u>	<u>1,593,157</u>
Total Transfers	<u>(2,319,557)</u>	<u>(726,400)</u>	<u>1,593,157</u>
Change in Net Position	616,320	853,245	4,243,266
Net position at beginning of year, as restated	<u>36,472,156</u>	<u>36,472,156</u>	<u>-</u>
Net position at end of year	<u>\$ 37,088,476</u>	<u>\$ 37,325,401</u>	<u>\$ 4,243,266</u>

**SAN JUAN WATER DISTRICT**

**Combining Schedule of Revenues, Expenditures,  
and Changes in Net Position  
Budget to Actual - Wholesale Capital**

**For the year ended June 30, 2022**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget</u>
Operating Expenses:			
Water treatment	\$ 274,615	\$ 343,200	\$ 68,585
Total Operating Expenses	<u>274,615</u>	<u>343,200</u>	<u>68,585</u>
Net Income (Loss) from Operations	(274,615)	(343,200)	(68,585)
Non-Operating Revenues (Expenses)			
Tax assessments	1,281,061	1,248,000	33,061
Investment income (loss)	(263,135)	150,000	413,135
Other revenues	26,872	-	26,872
Capital outlay	<u>(1,139,285)</u>	<u>(1,683,300)</u>	<u>(544,015)</u>
Total Non-Operating Revenues (Expenses)	(94,487)	(285,300)	(70,947)
Capital contributions and other capital revenue	<u>189,894</u>	<u>75,000</u>	<u>114,894</u>
Income (Loss) before Transfers	(179,208)	(553,500)	(24,638)
Transfers:			
Transfers in	<u>2,319,557</u>	<u>726,400</u>	<u>1,593,157</u>
Total Transfers	<u>2,319,557</u>	<u>726,400</u>	<u>1,593,157</u>
Change in Net Position	2,140,349	172,900	1,568,519
Net position at beginning of year	<u>16,281,430</u>	<u>16,281,430</u>	-
Net position at end of year	<u><u>\$ 18,421,779</u></u>	<u><u>\$ 16,454,330</u></u>	<u><u>\$ 1,568,519</u></u>

**SAN JUAN WATER DISTRICT**

**Combining Schedule of Revenues, Expenditures,  
and Changes in Net Position  
Budget to Actual - Retail Operating**

**For the year ended June 30, 2022**

	<u>Actual</u>	<u>Final Budget</u>	Variance with <u>Final Budget</u>
Operating Revenues:			
Water sales - retail	\$ 14,302,816	\$ 13,816,000	\$ 486,816
Other charges for services	690,938	466,500	224,438
Total Operating Revenues	<u>14,993,754</u>	<u>14,282,500</u>	<u>1,141,798</u>
Operating Expenses:			
Source of supply			
Water charged to retail service area	3,273,284	3,265,700	(7,584)
Administration and general	1,147,300	1,221,480	74,180
Transmission and distribution	4,098,167	5,161,700	1,063,533
Customer service	731,226	747,800	16,574
Engineering	399,413	589,100	189,687
Water efficiency	462,314	525,200	62,886
Depreciation	1,545,121	-	(1,545,121)
Retirement benefits (OPEB)	108,453	390,100	281,647
Pension expense (credit)	(607,853)	602,000	1,209,853
Total Operating Expenses	<u>11,157,425</u>	<u>12,503,080</u>	<u>1,345,655</u>
Net Income (Loss) from Operations	3,836,329	1,779,420	(203,857)
Non-Operating Revenues (Expenses)			
Investment income (loss)	(52,901)	23,000	(75,901)
Lease revenue	42,354	45,400	(3,046)
Other revenue	91,532	85,800	5,732
Interest expense	(422,831)	(489,162)	(66,331)
Other expenses	(37,558)	(1,503)	36,055
Capital outlay offsets	2,819,691	-	2,819,691
Total Non-Operating Revenues (Expenses)	<u>2,440,287</u>	<u>(336,465)</u>	<u>2,716,200</u>
Contributed assets	<u>1,235,594</u>	-	<u>1,235,594</u>
Income (Loss) before Transfers	7,512,210	1,442,955	3,747,937
Transfers:			
Transfers out	<u>(3,220,026)</u>	<u>(803,900)</u>	<u>(1,883,525)</u>
Total Transfers	<u>(3,220,026)</u>	<u>(803,900)</u>	<u>(1,883,525)</u>
Change in Net Position	4,292,184	639,055	1,864,412
Net position at beginning of year, as restated	<u>16,191,190</u>	<u>16,191,190</u>	-
Net position at end of year	<u><u>\$ 20,483,374</u></u>	<u><u>\$ 16,830,245</u></u>	<u><u>\$ 1,864,412</u></u>

**SAN JUAN WATER DISTRICT**

**Combining Schedule of Revenues, Expenditures,  
and Changes in Net Position  
Budget to Actual - Retail Capital**

**For the year ended June 30, 2022**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget</u>
Operating Revenues:			
Other charges for services	\$ (4,915)	\$ -	\$ (4,915)
Total Operating Revenues	(4,915)	-	(4,915)
Operating Expenses:			
Transmission and distribution	83,933	210,000	\$ 126,067
Total Operating Expenses	<u>83,933</u>	<u>210,000</u>	<u>126,067</u>
Net Income (Loss) from Operations	(88,848)	(210,000)	(130,982)
Non-Operating Revenues (Expenses)			
Tax assessments	1,281,061	1,248,000	33,061
Investment income (loss)	(199,557)	83,200	(282,757)
Other revenue	34,139	-	34,139
Capital outlay	<u>(2,819,608)</u>	<u>(8,374,300)</u>	<u>5,554,692</u>
Total Non-Operating Revenues (Expenses)	(1,703,965)	(7,043,100)	5,339,135
Capital Contributions:			
Contributed assets	284,866	-	284,866
Capital contributions and other capital revenue	<u>2,415,360</u>	<u>50,000</u>	<u>2,365,360</u>
Total Capital Contributions	2,700,226	50,000	2,650,226
Income (Loss) before Transfers	907,413	(7,203,100)	7,858,379
Transfers:			
Transfers in	<u>3,220,026</u>	<u>803,900</u>	<u>2,416,126</u>
Total Transfers	3,220,026	803,900	2,416,126
Change in Net Position	4,127,439	(6,399,200)	10,274,505
Net position at beginning of year	<u>11,778,996</u>	<u>11,778,996</u>	-
Net position at end of year	<u>\$ 15,906,435</u>	<u>\$ 5,379,796</u>	<u>\$ 10,274,505</u>

**SAN JUAN WATER DISTRICT**

**Statement of Cash Flows  
Wholesale Operating**

**For the year ended June 30, 2022**

Cash Flows from Operating Activities:	
Cash received from customers	\$ 10,650,525
Cash paid to suppliers for goods and services	(3,799,964)
Cash paid to employees for services	(1,617,418)
Net Cash Provided by (Used for) Operating Activities	<u>5,233,143</u>
Cash Flows from Capital and Related Financing Activities:	
Payments from lease receivable	57,618
Acquisition and construction of capital assets	(195,660)
Proceeds from the sale of capital assets	198,909
Proceeds from loan payable	5,283,659
Payment to escrow for refunded debt	(5,592,032)
Principal paid on capital debt	(830,083)
Interest paid on capital debt	(448,109)
Transfers to wholesale capital	(2,319,557)
Net Cash Used by Capital and Related Financing Activities	<u>(3,845,255)</u>
Cash Flows from Investing Activities:	
Investment income (loss)	(52,930)
Net Cash Flows Used from Investing Activities	<u>(52,930)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,334,958
Cash and cash equivalents at beginning of year	<u>2,022,163</u>
Cash and cash equivalents at end of year	<u><u>\$ 3,357,121</u></u>

(Continued)

**SAN JUAN WATER DISTRICT**

**Statement of Cash Flows (Continued)  
Wholesale Operating**

**For the year ended June 30, 2022**

Reconciliation of Operating Income to Net Cash	
Provided (Used) by Operating Activities:	
Operating income	\$ 2,609,486
Nonoperating income received	538
Nonoperating expenses paid	(70,172)
Adjustments to reconcile operating income	
to net cash provided (used) by operating activities:	
Depreciation	2,433,219
(Increase) decrease in accounts receivable	(146,326)
(Increase) decrease in prepaid expenses	130,473
(Increase) decrease in inventories	(225)
(Increase) decrease in deferred pension related outflows	(113,010)
(Increase) decrease in OPEB related deferred outflows	(130,280)
Increase (decrease) in accounts payable	360,511
Increase (decrease) in accrued liabilities	9,056
Increase (decrease) in deposits payable	1,370
Increase (decrease) in compensated absences	(6,398)
Increase (decrease) in deferred pension related inflows	1,877,918
Increase (decrease) in OPEB related deferred inflows	214,638
Increase (decrease) in net OPEB liability	639,911
Increase (decrease) in net pension liability	<u>(2,577,566)</u>
Net Cash Provided by Operating Activities	<u>\$ 5,233,143</u>

**SAN JUAN WATER DISTRICT**

**Statement of Cash Flows  
Retail Operating**

**For the year ended June 30, 2022**

Cash Flows from Operating Activities:	
Cash received from customers	\$ 14,938,057
Cash paid to suppliers for goods and services	(8,845,178)
Cash paid to employees for services	<u>(2,028,459)</u>
Net Cash Provided by (Used for) Operating Activities	4,064,420
Cash Flows from Capital and Related Financing Activities:	
Capital charges received	1,235,594
Payments from lease receivable	34,073
Acquisition and construction of capital assets	(3,941,355)
Proceeds from the sale of capital assets	(514,264)
Proceeds from debt	2,868,878
Payment to escrow for refunded debt	(3,036,315)
Principal paid on capital debt	(244,839)
Interest paid on capital debt	<u>(468,860)</u>
Net Cash Used by Capital and Related Financing Activities	(4,067,088)
Cash Flows from Investing Activities	
Investment income (loss)	<u>(55,873)</u>
Net Cash Provided by Investing Activities	<u>(55,873)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(58,541)
Cash and cash equivalents at beginning of year	<u>922,467</u>
Cash and cash equivalents at end of year	<u><u>\$ 863,926</u></u>

(Continued)

**SAN JUAN WATER DISTRICT**

**Statement of Cash Flows (Continued)  
Retail Operating**

**For the year ended June 30, 2022**

Reconciliation of Operating Income to Net Cash	
Provided (Used) by Operating Activities:	
Operating income (loss)	\$ 3,836,329
Nonoperating income received	91,532
Nonoperating expenses paid	(37,558)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	1,545,121
(Increase) decrease in accounts receivable	(133,620)
(Increase) decrease in prepaid expenses	32,888
(Increase) decrease in inventories	(15,090)
(Increase) decrease in deferred pension related outflows	(87,437)
(Increase) decrease in OPEB related deferred outflows	(162,460)
Increase (decrease) in accounts payable	138,986
Increase (decrease) in accrued liabilities	33,043
Increase (decrease) in unearned revenues	24,131
Increase (decrease) in deposits payable	(37,740)
Increase (decrease) in compensated absences	(36,045)
Increase (decrease) in deferred pension related inflows	2,357,762
Increase (decrease) in OPEB related deferred inflows	273,177
Increase (decrease) in net OPEB liability	(3,356,043)
Increase (decrease) in net pension liability	(402,556)
Net Cash Provided by Operating Activities	<u>\$ 4,064,420</u>
Noncash Investing, Capital and Financing Activities:	
Contributed assets	\$ 1,235,594

**SAN JUAN WATER DISTRICT**

**Capital Asset Rollforward  
Wholesale**

**For the year ended June 30, 2022**

	Balance at July 01, 2021	Additions	Disposals	Transfers	Balance at June 30, 2022
Capital Assets, not being Depreciated:					
Land	\$ 98,212	\$ -	\$ -	\$ -	\$ 98,212
Construction in progress	8,687,116	272,081	(57,586)	(7,376,036)	1,525,575
Total Capital Assets not being Depreciated	<u>8,785,328</u>	<u>272,081</u>	<u>(57,586)</u>	<u>(7,376,036)</u>	<u>1,623,787</u>
Capital Assets, not being Depreciated:					
Pipelines	28,195,289	-	(65,254)	-	28,130,035
Water treatment plant	35,721,515	683,050	-	5,538,590	41,943,155
Land improvements	824,743	6,295	-	-	831,038
Reservoirs	2,923,448	56,177	-	1,829,288	4,808,913
Pumping stations	7,047,178	-	-	-	7,047,178
Buildings	1,279,892	-	-	-	1,279,892
Vehicles and equipment	14,014,277	196,795	(141,376)	8,158	14,077,854
Intangibles	918,278	13,733	-	-	932,011
Total Capital Assets being Depreciated	<u>90,924,620</u>	<u>956,050</u>	<u>(206,630)</u>	<u>7,376,036</u>	<u>99,050,076</u>
Less Accumulated Depreciation:					
Pipelines	(9,947,949)	(706,233)	65,254	-	(10,588,928)
Water treatment plant	(17,885,289)	(851,150)	-	-	(18,736,439)
Land improvements	(651,413)	(10,921)	-	-	(662,334)
Reservoirs	(2,813,073)	(87,113)	-	-	(2,900,186)
Pumping stations	(3,579,399)	(208,152)	-	-	(3,787,551)
Buildings	(1,176,281)	(15,757)	-	-	(1,192,038)
Vehicles and equipment	(5,012,434)	(513,508)	106,785	-	(5,419,157)
Intangibles	(396,643)	(40,385)	-	-	(437,028)
Total Accumulated Depreciation	<u>(41,462,481)</u>	<u>(2,433,219)</u>	<u>172,039</u>	<u>-</u>	<u>(43,723,661)</u>
Total Capital Assets being Depreciated, net	<u>49,462,139</u>	<u>(1,477,169)</u>	<u>(34,591)</u>	<u>7,376,036</u>	<u>55,326,415</u>
Capital Assets, net	<u>\$ 58,247,467</u>	<u>\$ (1,205,088)</u>	<u>\$ (92,177)</u>	<u>\$ -</u>	<u>\$ 56,950,202</u>

**SAN JUAN WATER DISTRICT**

**Capital Asset Rollforward  
Retail**

**For the year ended June 30, 2022**

	Balance at July 01, 2021	Additions	Disposals	Transfers	Balance at June 30, 2022
Capital Assets, not being Depreciated:					
Land	\$ 166,272	\$ -	\$ -	\$ -	\$ 166,272
Construction in progress	871,592	888,175	(5,509)	(646,453)	1,107,805
Total Capital Assets not being Depreciated	<u>1,037,864</u>	<u>888,175</u>	<u>(5,509)</u>	<u>(646,453)</u>	<u>1,274,077</u>
Capital Assets, not being Depreciated:					
Pipelines	46,485,788	2,845,159	(392,028)	163,630	49,102,549
Water treatment plant	16,000	-	-	-	16,000
Land improvements	94,608	6,295	-	-	100,903
Reservoirs	2,492,422	-	-	-	2,492,422
Pumping stations	6,345,247	54,676	(12,108)	430,173	6,817,988
Buildings	275,982	-	(25,794)	25,794	275,982
Vehicles and equipment	1,801,513	314,338	(141,811)	26,856	2,000,896
Intangibles	588,798	4,578	-	-	593,376
Total Capital Assets being Depreciated	<u>58,100,358</u>	<u>3,225,046</u>	<u>(571,741)</u>	<u>646,453</u>	<u>61,400,116</u>
Less Accumulated Depreciation:					
Pipelines	(27,083,495)	(1,118,983)	392,025	-	(27,810,453)
Water treatment plant	(11,354)	(485)	-	-	(11,839)
Land improvements	(53,812)	(3,287)	-	-	(57,099)
Reservoirs	(1,248,441)	(32,532)	-	-	(1,280,973)
Pumping stations	(863,425)	(198,503)	12,108	-	(1,049,820)
Buildings	(52,975)	(13,681)	-	-	(66,656)
Vehicles and equipment	(1,191,462)	(122,202)	115,179	-	(1,198,485)
Intangibles	(147,003)	(55,447)	-	-	(202,450)
Total Accumulated Depreciation	<u>(30,651,967)</u>	<u>(1,545,120)</u>	<u>519,312</u>	<u>-</u>	<u>(31,677,775)</u>
Total Capital Assets being Depreciated, net	<u>27,448,391</u>	<u>1,679,926</u>	<u>(52,429)</u>	<u>646,453</u>	<u>29,722,341</u>
Capital Assets, net	<u>\$ 28,486,255</u>	<u>\$ 2,568,101</u>	<u>\$ (57,938)</u>	<u>\$ -</u>	<u>\$ 30,996,418</u>

## **STATISTICAL SECTION**

## STATISTICAL SECTION

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

### **Financial Trends** .....68-69

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

### **Revenue Capacity** .....70-75

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** .....76-79

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**.....80-81

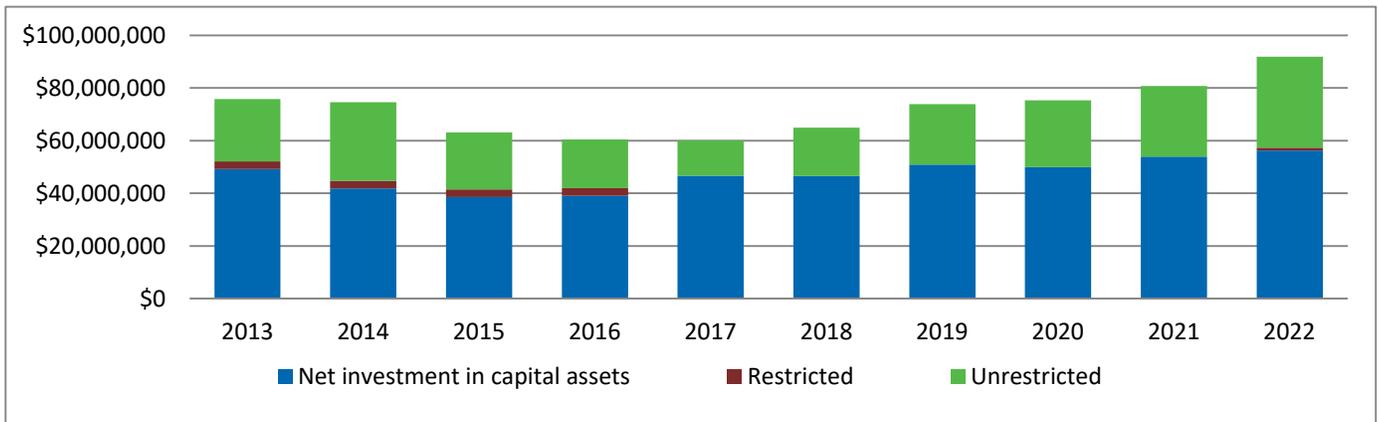
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District’s financial activities take place and to help make comparisons over time and with other governments.

### **Operating Information** .....82-87

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

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

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



Fiscal Year Ending June 30	A 2013	B 2014	C 2015	D 2016	E 2017	D 2018	2019	2020	F 2021	2022
Net Position:										
Net investment in capital assets	\$49,186,800	\$41,785,998	\$38,531,907	\$38,997,463	\$46,693,664	\$46,484,354	\$50,920,596	\$49,887,084	\$53,859,693	\$56,229,119
Restricted	2,911,170	2,911,170	2,911,577	2,912,921	-	-	-	-	-	1,026,250
Unrestricted	23,665,458	29,880,325	21,709,884	18,554,154	13,343,357	18,480,565	22,984,315	25,469,955	26,864,079	34,644,694
<b>Total net position</b>	<b>\$75,763,428</b>	<b>\$74,577,493</b>	<b>\$63,153,368</b>	<b>\$60,464,538</b>	<b>\$60,037,021</b>	<b>\$64,964,919</b>	<b>\$73,904,911</b>	<b>\$75,357,039</b>	<b>\$80,723,772</b>	<b>\$91,900,063</b>

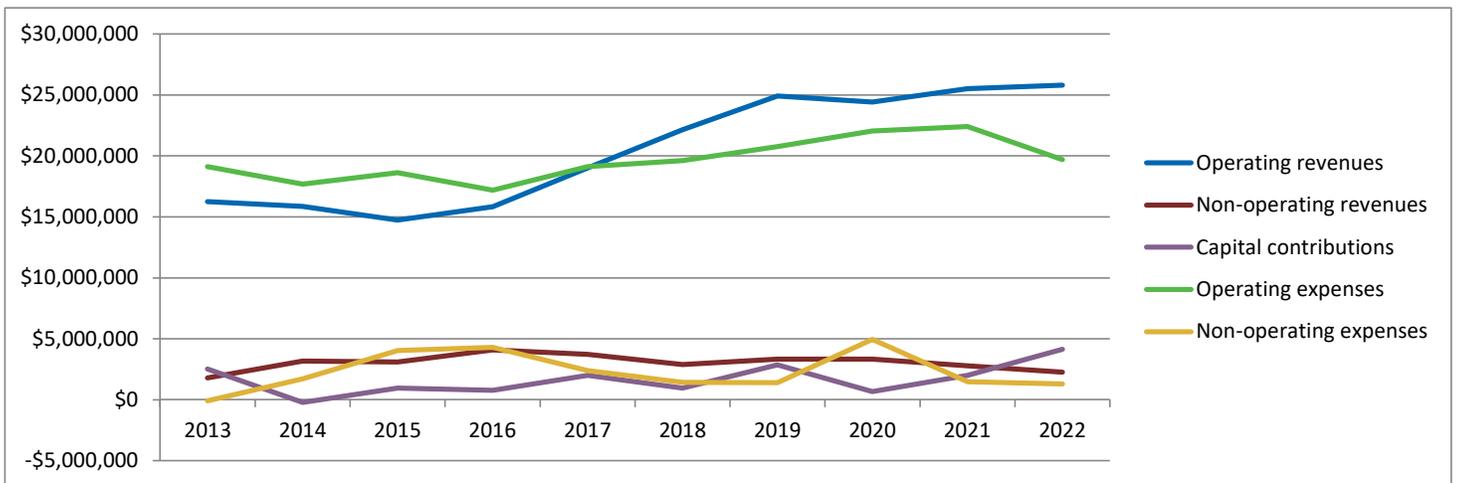
Notes:

- <sup>A</sup> Restated to reflect implementation of GASB Statements 63 and 65, and other prior-year adjustments.
- <sup>B</sup> Restated to reflect implementation of GASB Statement 68 and capital asset prior year adjustments.
- <sup>C</sup> Restated to reflect capital asset and compensated absences prior year adjustments.
- <sup>D</sup> Restated for capital asset prior year adjustment.
- <sup>E</sup> Restated to reflect the implementation of GASB Statement No. 75 for Postemployment Benefits Other Than Pensions (OPEB).
- <sup>F</sup> Restated to reflect change in calculation of OPEB liability due to using the implied rate subsidy

Source: San Juan Water District Finance Department

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

Fiscal Year Ending June 30	2013	2014	<sup>A</sup> 2015	<sup>A</sup> 2016	2017	<sup>A</sup> 2018	2019	2020	2021	2022
<b>Operating Revenues</b>										
Wholesale revenue	\$ 7,013,144	\$ 6,614,718	\$ 6,220,759	\$ 7,067,960	\$ 9,477,539	\$ 10,492,472	\$ 13,044,976	\$ 11,157,014	\$ 11,077,962	\$ 10,750,045
Retail revenue <sup>B</sup>	8,544,267	8,481,583	7,846,437	8,255,437	9,114,487	10,922,285	11,405,735	12,716,838	13,902,296	14,302,816
Other revenue	700,236	766,591	666,965	499,150	421,579	740,184	458,560	548,179	534,464	730,921
Total operating revenue	16,257,647	15,862,892	14,734,161	15,822,547	19,013,605	22,154,941	24,909,271	24,422,031	25,514,722	25,783,782
<b>Operating Expenses</b>	19,124,440	17,673,564	18,617,237	17,174,304	19,111,183	19,627,818	20,777,486	22,056,495	22,396,763	19,701,430
Net loss from operations	(2,866,793)	(1,810,672)	(3,883,076)	(1,351,757)	(97,578)	2,527,123	4,131,785	2,365,536	3,117,959	6,082,352
<b>Non-operating revenues</b> <sup>C</sup>	1,796,677	3,187,986	3,091,137	4,084,136	3,715,929	2,892,495	3,341,333	3,342,281	2,789,283	2,256,570
<b>Non-operating expenses</b>	(93,601)	1,725,227	4,035,641	4,299,268	2,387,144	1,438,018	1,399,653	4,936,534	1,466,318	1,288,345
Net income before capital contributions	(976,515)	(347,912)	(4,827,580)	(1,566,889)	1,231,207	3,981,600	6,073,465	771,283	4,440,924	7,050,577
Capital contributions <sup>C</sup>	2,522,308	(225,068)	959,849	762,439	1,987,666	946,298	2,866,527	680,845	1,992,176	4,125,714
<b>Change in net position</b>	\$ 1,545,793	\$ (572,980)	\$ (3,867,731)	\$ (804,450)	\$ 3,218,873	\$ 4,927,898	\$ 8,939,992	\$ 1,452,128	\$ 6,433,100	\$ 11,176,291



Note:  
<sup>A</sup> Restated to reflect prior year adjustments.  
<sup>B</sup> Retail Revenue only includes residential and commercial consumption from Fiscal Year Ending June 30, 2015 to present. Prior years included some non-consumption revenues.  
<sup>C</sup> Capital facilities fees are included in Capital contributions beginning in Fiscal Year Ending June 30, 2020. Prior to this fiscal year they were included in Non-operating revenues.

Source: San Juan Water District Finance Department

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Uniform Commodity Rate (UCR):</b>										
San Juan Water District Retail	\$ 90.60	\$ 93.32	\$ 89.17	\$ 102.02	\$ 81.14	\$ 81.14	\$ 81.14	\$ 81.14	\$ 81.14	\$ 81.14
Citrus Heights Water District	90.60	93.32	89.17	102.02	81.14	81.14	81.14	81.14	81.14	81.14
Fair Oaks Water Company	90.60	93.32	89.17	102.02	81.14	81.14	81.14	81.14	81.14	81.14
Orange Vale Water Company	90.60	93.32	89.17	102.02	81.14	81.14	81.14	81.14	81.14	81.14
City of Folsom	90.60	93.32	89.17	102.02	81.14	81.14	81.14	81.14	81.14	81.14
<b>Annual Service Charge:</b>										
San Juan Water District Retail	\$ 311,080	\$ 320,412	\$ 440,965	\$ 505,258	\$ 1,114,644	\$ 1,359,660	\$ 1,635,696	\$ 2,049,400	\$ 2,264,755	\$ 2,311,268
Citrus Heights Water District	367,450	378,474	462,858	530,343	1,142,268	1,393,352	1,676,228	1,951,068	2,163,289	2,125,215
Fair Oaks Water Company	208,340	214,590	356,683	408,687	855,824	1,043,948	1,255,888	1,391,644	1,502,009	1,483,977
Orange Vale Water Company	80,300	82,709	156,402	179,205	394,248	480,908	578,540	688,408	747,996	755,610
City of Folsom	35,160	36,215	44,925	51,475	113,664	138,652	166,800	206,256	222,934	224,914
<b>Annual Debt Service Charge: <sup>A</sup></b>										
San Juan Water District Retail	\$ 570,181	\$ 613,611	\$ 447,679	\$ 613,811	\$ 613,752	\$ 613,804	\$ 505,084	\$ 540,568	\$ 535,680	\$ 535,680
Citrus Heights Water District	648,443	672,537	673,415	672,833	672,804	672,752	556,964	514,632	502,200	502,200
Fair Oaks Water Company	405,722	443,222	443,957	443,513	443,452	443,404	371,316	367,072	385,020	385,020
Orange Vale Water Company	180,570	191,913	192,041	191,922	191,952	191,952	155,584	181,580	184,140	184,140
City of Folsom	53,653	56,430	142,591	142,283	142,156	141,952	118,468	140,204	136,172	136,172
<b>Capital Facilities Charge: <sup>B</sup></b>										
San Juan Water District Retail			\$ 458,635	\$ 493,158	\$ 426,660	\$ 34,524	\$ 34,524	\$ 34,524	\$ -	\$ -
Citrus Heights Water District			-	-	-	-	-	-	-	-
Fair Oaks Water Company			-	-	-	-	-	-	-	-
Orange Vale Water Company			210,270	219,447	219,448	9,176	9,176	9,176	-	-
City of Folsom			71,595	71,595	71,596	-	-	-	-	-
<b>Capital Facilities Fees: <sup>C</sup></b>										
Up to 1" Meter	\$ 364	\$ 372	\$ 381	\$ 391	\$ 400	\$ 412	\$ 1,186	\$ 1,216	\$ 1,233	\$ 1,313
1" Meter	605	619	633	650	665	686	1,186	1,216	1,233	1,313
1 1/2" Meter	1,212	1,240	1,269	1,303	1,333	1,374	2,371	2,430	2,464	2,624
2" Meter	1,938	1,983	2,029	2,083	2,131	2,197	3,794	3,889	3,943	4,199
3" Meter	3,874	3,964	4,055	4,164	4,260	4,392	7,589	7,779	7,888	8,400
4" Meter	6,055	6,196	6,339	6,509	6,659	6,865	11,857	12,153	12,323	13,124
6" Meter	15,136	15,489	15,845	16,270	16,644	17,160	29,643	30,384	30,809	32,811
8" Meter	21,797	22,305	22,818	23,430	23,969	24,712	42,686	43,753	44,366	47,249
10" Meter	35,118	35,936	36,763	37,748	38,616	39,813	68,772	70,491	71,478	76,124
12" Meter	52,072	53,285	54,511	55,972	57,259	59,034	101,973	104,522	105,985	112,874

Notes:

<sup>A</sup> Board Approved Rate for Debt originally planned to be issued in 2019. Debt not yet issued as of June 30, 2022 therefore rate not assessed to customers.

<sup>B</sup> The Capital Facilities Charge was implemented in 2015.

<sup>C</sup> Capital Facilities Fees in 2019 were effective on February 26, 2019.

Source: San Juan Water District Finance Department

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

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Commodity Rate per 100 CCF:</b> <sup>A,B,C</sup>										
Uniform Rate	\$ -	\$ -	\$ 0.80	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92	\$ 0.92
<b>Residential</b>										
0 to 20 ccf	0.45	0.46	-	-	-	-	-	-	-	-
21 to 200 ccf	0.75	0.77	-	-	-	-	-	-	-	-
201+ ccf	0.53	0.54	-	-	-	-	-	-	-	-
<b>Commercial</b>	0.64	0.66	-	-	-	-	-	-	-	-
<b>Daily Base Charge (fixed based on meter size):</b> <sup>A</sup>										
Up to 1"	\$ 1.17	\$ 1.20	\$ 1.08	\$ 1.24	\$ 1.42	\$ 1.63	\$ 1.83	\$ 2.05	\$ 2.23	\$ 2.50
1 1/2"	3.13	3.19	2.88	3.31	3.68	4.22	4.75	5.32	5.78	6.30
2"	5.00	5.10	4.59	5.28	5.58	6.72	7.56	8.47	9.20	9.95
3"	9.95	10.14	9.13	10.50	10.90	12.51	14.07	15.76	17.13	18.46
4"	15.49	15.80	14.23	16.36	18.12	20.80	23.40	26.21	28.48	30.62
6"	30.97	31.59	28.46	32.73	36.18	41.54	46.73	52.34	56.88	61.03
8"	55.67	56.79	51.16	58.83	57.85	66.42	74.72	83.68	90.94	97.51
10"	89.66	91.45	82.39	94.75	N/A	N/A	N/A	N/A	N/A	N/A
12"	132.93	135.60	122.16	140.48	N/A	N/A	N/A	N/A	N/A	N/A
Fire District	6.02	6.15	5.53	6.36	7.28	8.36	N/A	10.53	11.44	11.44
<b>Daily Base Charge for Private Fire Lines (fixed based on meter size):</b> <sup>A</sup>										
4"	\$ 0.45	\$ 0.46	\$ 0.47	\$ 0.53	\$ 0.57	\$ 0.62	\$ 0.68	\$ 0.74	\$ 0.78	\$ 1.03
6"	0.66	0.68	0.70	0.78	0.84	0.92	1.00	1.09	1.16	1.20
8"	0.90	0.92	0.95	1.05	1.14	1.24	1.35	1.47	1.56	1.34
10"	1.07	1.09	1.12	1.26	1.36	1.48	1.61	1.75	1.86	1.46
12"										1.60
<b>Capital Facilities Fees (see Table 3: Wholesale Rates for additional fees):</b> <sup>D</sup>										
Up to 1" Meter	\$ 13,872	\$ 14,195	\$ 14,521	\$ 14,910	\$ 15,253	\$ 15,726	\$ 15,726	\$ 15,726	\$ 15,726	\$ 16,084
1 1/2" Meter	27,743	28,389	29,042	29,820	30,506	31,452	31,452	31,452	31,452	32,168
2" Meter	44,389	45,423	46,468	47,713	48,810	50,323	50,323	50,323	50,323	51,469
3" Meter	88,778	90,847	92,936	95,427	97,622	100,648	100,648	100,648	100,648	102,938
4" Meter	137,771	140,981	144,224	148,089	151,495	156,191	156,191	156,191	156,191	160,840
6" Meter	277,432	283,896	290,426	298,209	305,068	314,525	314,525	314,525	314,525	321,680
8" Meter	499,388	511,024	522,778	536,788	549,134	566,157	566,157	566,157	566,157	579,025
10" Meter	804,570	823,316	842,252	864,824	884,715	912,141	912,141	912,141	912,141	932,873
12" Meter	1,192,982	1,220,778	1,248,856	1,282,325	1,311,819	1,352,485	1,352,485	1,352,485	1,352,485	1,383,226

Notes:

<sup>A</sup> The 2015 rates were amended February 1, 2015.

<sup>B</sup> Beginning February 1, 2015 the tiered rate structure was replaced with a uniform rate.

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

<sup>D</sup> 2019 Capital Facilities Fees were effective on February 26, 2019.

Source: San Juan Water District Finance 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)
<b>2013</b>	\$ 7,432,485	\$ 1,110,112	\$ 8,542,597	5,823,065
<b>2014</b>	7,388,798	1,119,919	8,508,716	5,430,370
<b>2015</b> <sup>A</sup>	6,661,233	1,185,368	7,846,601	4,414,012
<b>2016</b> <sup>A</sup>	7,196,801	1,058,636	8,255,437	4,717,454
<b>2017</b> <sup>A</sup>	7,952,605	1,161,882	9,114,487	4,663,318
<b>2018</b> <sup>A</sup>	9,533,095	1,389,190	10,922,285	4,990,170
<b>2019</b>	9,960,544	1,445,191	11,405,735	4,732,317
<b>2020</b>	11,120,000	1,596,838	12,716,838	5,152,696
<b>2021</b>	12,158,447	1,743,849	13,902,296	5,297,359
<b>2022</b>	12,511,345	1,791,470	14,302,815	4,762,931

Note:

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

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

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

Customers	Fiscal Year					
	2022			2013		
	Total Revenue	Rank	Percentage of Revenue	Total Revenue	Rank	Percentage of Revenue
Eureka Union School District/Cavitt Jr. High	\$ 69,132	1	0.48%			
San Juan Unified School District	58,493	2	0.41%	\$ 16,383	3	0.19%
Roseville Joint Union High School	47,264	3	0.33%	23,779	1	0.28%
Parkway Committee	23,148	4	0.16%			
Granite Bay Office LLC	19,250	5	0.14%			
Placer County Department of Facility Services	16,263	6	0.12%	13,219	5	0.15%
City of Folsom	15,851	7	0.11%	12,343	6	0.14%
Bushnells Landscape Creations	14,692	8	0.10%	11,939	7	0.14%
City of Roseville	14,671	9	0.10%			
Placer County - Parks & Open Space	12,704	10	0.09%			
Rolling Greens Estates LLC				18,197	2	0.21%
Eureka Union School District/Oakhills				15,637	4	0.18%
Sierra Valley Real Estate				11,643	8	0.14%
California State Department of Parks & Rec				11,342	9	0.13%
Otow Revocable Living Trust				9,399	10	0.11%
<b>Total</b>	<b>\$ 291,468</b>		<b>2.0400%</b>	<b>\$ 143,881</b>		<b>1.68%</b>
<b>Total Customer Revenue <sup>A</sup></b>	<b>\$ 14,302,815</b>			<b>\$ 8,542,597</b>		

Note:

<sup>A</sup> Total Customer Revenue includes the District's total commercial and residential retail revenue.

Source: San Juan Water District Customer Service Department

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

Taxpayer	Primary Land Use	Fiscal Year			
		2022		2013	
		Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Montage Apartments Prop Owner LLC	Apartments	\$ 80,929,813	0.36%		
Birdcage GRF2 LLC	Shopping Center	68,967,620	0.30%		
Ethan Conrad	Shopping Center	54,293,661	0.24%		
Rollingwood Commons Apartments LLC	Apartments	49,697,322	0.22%	\$ 29,943,790	0.27%
AU Zone Madison LLC/NMC Madison Marketplace	Shopping Center	48,815,863	0.22%		
MG Atwood Apartments RIA LLC	Apartments	48,436,658	0.21%		
Spring Creek Apartments LP	Apartments	46,981,740	0.21%		
Madison Hills Property Owner LLC	Apartments	46,633,164	0.20%		
Mitchell/Sippola LP	Shopping Center	43,795,766	0.19%		
Wal Mart Real Estate Business Trust	Commercial	32,249,116	0.14%	19,850,000	0.18%
Sacto Fair Oaks Blvd. Apts. LP	Apartments	29,634,525	0.13%	23,275,051	0.21%
Almond Heights EAT LLC	Assisted Living Fac	28,673,876	0.13%		
Fair Oaks Fountains LLC	Apartments	27,361,195	0.12%	18,803,062	0.17%
Wedgewood Commons Apartments LLC	Apartments	26,586,840	0.12%		
Marshall Field Stores Inc.	Commercial	26,408,603	0.12%	23,310,903	0.21%
MGP XII Sunrise Village LLC	Shopping Center	26,279,466	0.12%		
HSRE Oakmont Fair Oaks LLC	Assisted Living Fac	25,455,009	0.11%		
Costco Wholesale Corporation	Commercial	25,161,075	0.11%	21,351,728	0.19%
Madison/Sunrise Associates LLC	Shopping Center	24,031,338	0.11%	21,317,670	0.19%
MGP XI US Properties LLC	Shopping Center	23,588,442	0.10%		
Steadfast Sunrise I LLC	Commercial			90,444,627	0.81%
MP Birdcage Marketplace LLC	Shopping Center			58,944,341	0.53%
VIF & Lyon Oak Creek LLC	Apartments			51,230,651	0.46%
The Realty Associates Fund VIII LP	Shopping Center			37,763,562	0.34%
Grove at Sunrise LLC	Apartments			29,091,565	0.26%
PK I Cable Park LP	Commercial			26,316,439	0.24%
Sears Roebuck & Company	Commercial			21,322,072	0.19%
Lowe's HIW Inc.	Commercial			20,758,109	0.19%
Theodore Mitchell	Commercial			20,424,174	0.18%
Salishan Apartments LP	Apartments			19,539,833	0.18%
First Acorn LLC	Commercial			19,427,044	0.18%
Placer Partners LLC	Commercial			19,056,217	0.17%
Hunting Square Limited LP	Apartments			18,611,879	0.17%
<b>Total</b>		<b>\$ 783,981,092</b>	<b>3.46%</b>	<b>\$ 590,782,717</b>	<b>5.32%</b>

2021-2022 Total Secured Assessed Valuation:

\$22,670,248,945

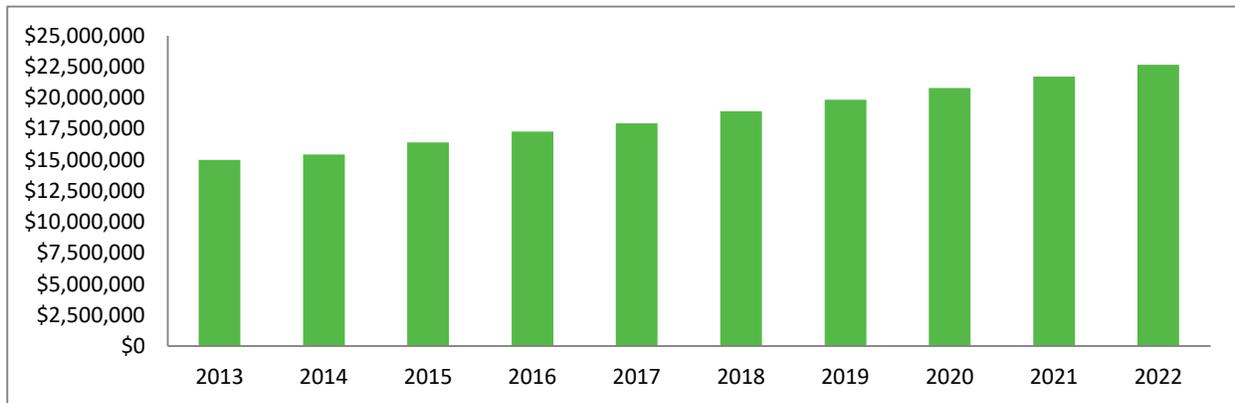
2012-2013 Total Secured Assessed Valuation:

\$11,103,548,995

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
2013	\$ 14,980,101	\$ 242,107	\$ 15,222,208	\$ 1,606	0.010%
2014	15,425,919	232,223	15,658,142	1,678	0.011%
2015	16,414,070	223,352	16,637,422	1,798	0.011%
2016	17,262,244	216,199	17,478,443	1,908	0.011%
2017	17,928,033	216,351	18,144,384	2,037	0.011%
2018	18,906,931	211,559	19,118,490	2,123	0.011%
2019	19,830,731	220,445	20,051,176	2,236	0.011%
2020	20,790,779	231,301	21,022,080	2,329	0.011%
2021	21,721,381	236,016	21,957,397	2,431	0.011%
2022	22,670,249	236,610	22,906,859	2,562	0.011%



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

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

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

<b>Fiscal Year</b>	<b>Revenue Bonds</b>	<b>Certificates of Participation</b>	<b>Economic Development Admin Loan</b>	<b>Refunding Loan</b>	<b>Unamortized Premiums</b>	<b>Total Debt</b>	<b>Percentage of Personal Income</b>	<b>Debt Per Capita <sup>A</sup></b>
2013	\$ 12,145,000	\$ 30,075,000	\$ 105,916	\$ -	\$ 1,686,792	\$ 44,012,708	68.90%	242.18
2014	11,895,000	29,670,000	81,190	-	1,560,211	43,206,401	65.97%	237.09
2015	11,475,000	29,255,000	55,159	-	1,435,162	42,220,321	48.24%	278.63
2016	11,035,000	28,825,000	27,826	-	1,312,829	41,200,655	45.52%	269.97
2017	36,710,000	-	-	-	3,217,870	39,927,870	41.32%	259.78
2018	35,300,000	-	-	-	3,013,568	38,313,568	35.74%	247.53
2019	34,250,000	-	-	-	2,812,806	37,062,806	32.73%	237.79
2020	33,165,000	-	-	-	2,615,939	35,780,939	29.81%	236.43
2021	32,030,000	-	-	-	2,424,194	34,454,194	26.52%	226.82
2022	22,795,000	-	-	8,152,537	1,740,867	32,688,404	N/A	214.40

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

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

Source: San Juan Water District Finance Department

**San Juan Water District**  
**Table 10: Computation of Direct and Overlapping Bonded Debt**  
June 30, 2022

2021-2022 Assessed Valuation: \$ 22,906,858,848

<b>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>	<b>Total Debt</b>	<b>Percent Applicable <sup>A</sup></b>	<b>District's Share of Debt</b>
Los Rios Community College District	\$ 495,095,000	7.34%	\$ 36,349,875
Sierra Joint Community College District School Facilities Improvement District No. 4	158,510,000	7.664	12,148,206
Folsom-Cordova Unified School District School Facilities Improvement District No. 2	13,956,133	9.625	1,343,278
Folsom-Cordova Unified School District School Facilities Improvement District No. 5	178,655,000	10.107	18,056,661
San Juan Unified School District	752,168,565	37.035	278,565,628
Placer Union High School District	19,656,050	4.101	806,095
Placer Union High School District School Facilities Improvement District No. 2	38,815,000	11.290	4,382,214
Roseville Joint Union High School District	117,367,939	15.134	17,762,464
Eureka Union School District	105,670	72.485	76,595
Loomis Union School District	1,265,000	14.857	187,941
Roseville City School District	10,609,759	0.573	60,794
Fair Oaks Recreation and Park District	16,860,000	98.912	16,676,563
California Municipal Finance Authority Community Facilities District No. 2019-6	617,000	100.000	617,000
California Municipal Finance Authority Community Facilities District No. 2020-8	2,830,000	100.000	2,830,000
Roseville Placer Valley Sports Complex and Tourism Marketing Assessment District	31,063,000	2.182	677,795
California Statewide Community Development Authority Obligations	11,200,557	100.000	11,200,557
San Juan Water District	32,688,404	100.000	32,688,404
<b>TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT</b>	<b>\$ 1,881,463,077</b>		<b>\$ 434,430,070</b>
<b>OVERLAPPING GENERAL FUND DEBT</b>			
Sacramento County General Fund Obligations	\$ 128,277,354	8.85%	\$ 11,347,415
Sacramento County Pension Obligation Bonds	625,201,330	8.846	55,305,310
Sacramento County Board of Education Certificates of Participation	2,635,000	8.846	233,092
Placer County General Fund Obligations	85,380,000	6.648	5,676,062
Placer County Office of Education Certificates of Participation	245,000	6.648	16,288
Sierra Joint Community College District Certificates of Participation	1,189,000	5.071	60,294
Roseville Joint Union High School District Certificates of Participation	61,150,000	15.134	9,254,441
Eureka Union School District Certificates of Participation	2,290,000	72.485	1,659,907
Other School District Certificates of Participation	2,405,000	Various	13,781
City of Citrus Heights Certificates of Participation	3,520,001	67.128	2,362,906
City of Folsom Certificates of Participation	1,000,748	10.991	109,992
City of Roseville Certificates of Participation	17,652,988	2.18	384,835
Sacramento Metropolitan Fire District Certificates of Participation	8,030,000	19.517	1,567,215
Sacramento Metropolitan Fire District Pension Obligation Bonds	27,530,000	19.517	5,373,030
South Placer Fire Protection District Certificates of Participation	4,680,000	61.872	2,895,610
Orangevale Recreation and Park District Certificates of Participation	902,000	99.958	901,621
Sunrise Recreation and Park District Certificates of Participation	5,060,000	37.698	1,907,519
Placer Mosquito and Vector Control District General Fund Obligations	2,133,000	6.648	141,802
<b>TOTAL GROSS OVERLAPPING GENERAL FUND DEBT</b>	<b>\$ 979,281,421</b>		<b>\$ 99,211,120</b>
Less: Sacramento County supported obligations			1,215,206
<b>TOTAL NET OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 97,995,914</b>
<b>TOTAL DIRECT DEBT</b>			<b>\$ 32,688,404</b>
<b>TOTAL GROSS OVERLAPPING DEBT</b>			<b>\$ 500,952,786</b>
<b>TOTAL NET OVERLAPPING DEBT</b>			<b>\$ 499,737,580</b>
<b>GROSS COMBINED TOTAL DEBT <sup>B</sup></b>			<b>\$ 533,641,190</b>
<b>NET COMBINED TOTAL DEBT</b>			<b>\$ 532,425,984</b>
<b>RATIOS TO FISCAL YEAR ASSESSED VALUATION</b>			
Direct Debt		0.14%	
Total Direct and Overlapping Tax and Assessment Debt		1.90%	
Gross Combined Total Debt		2.33%	
Net Combined Total Debt		2.32%	

Notes:

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

<sup>B</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

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

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

Fiscal Year	Principal	Interest <sup>A</sup>	Total Debt Service	Total General Expenses <sup>B</sup>	Ratio of Debt Service to Total General Expenses
2013	\$ 1,516,616	\$ 2,117,353	\$ 3,633,969	\$ 16,544,003	21.97%
2014	679,726	2,265,829	2,945,555	17,641,917	16.70%
2015	861,031	2,246,935	3,107,966	15,709,068	20.67%
2016	897,333	2,214,358	3,111,691	19,367,331	16.07%
2017	927,826	2,150,429	3,078,255	19,440,126	15.83%
2018	1,410,000	1,525,956	2,935,956	20,000,867	14.68%
2019	1,050,000	1,486,081	2,536,081	20,785,491	12.20%
2020	1,085,000	1,444,171	2,529,171	25,640,417	9.86%
2021	1,135,000	1,394,812	2,529,812	22,556,045	11.22%
2022	1,185,001	1,179,311	2,364,312	19,809,160	11.94%

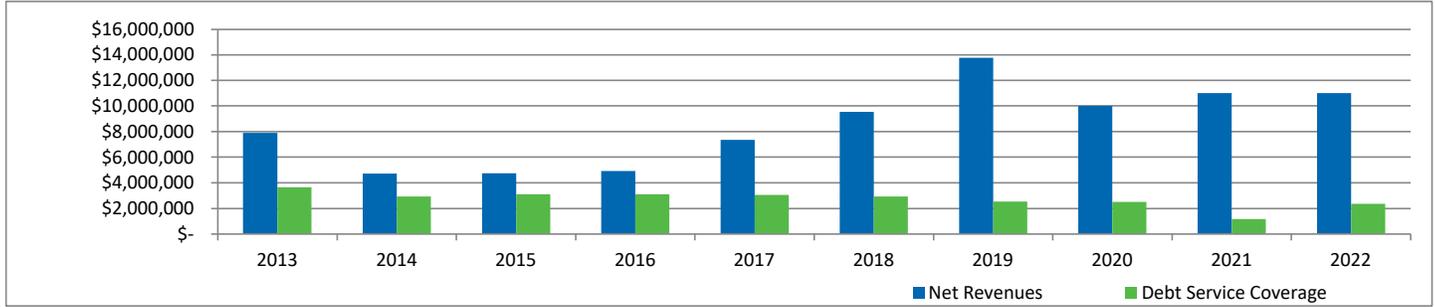
Notes:

<sup>A</sup> Interest is the fiscal year interest expense less amortization expense.

<sup>B</sup> 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 Department

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



	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
Retail Water Sales	\$ 8,544,267	\$ 8,481,583	\$ 7,846,437	\$ 8,255,437	\$ 9,114,487	\$ 10,922,285	\$ 11,405,735	\$ 12,716,838	\$ 13,902,296	\$ 13,902,296
Wholesale Water Sales	7,013,144	6,614,719	6,379,883	7,067,960	9,477,539	10,492,472	13,044,976	11,157,014	11,077,962	11,077,962
Capital Charges/Other Contributions <sup>A</sup>									1,420,305	1,420,305
Capital Contributions <sup>B</sup>	2,522,308	(225,068)	959,849	762,439	600,311	946,298	2,601,290	232,052	-	-
Connections/Annexations	34,741	1,134,335	1,020,687	657,865	399,703	397,668	207,520	380,793	-	-
Property Tax Revenue	1,606,175	1,677,842	1,799,464	1,908,134	2,036,972	2,123,196	2,236,374	2,328,700	2,431,477	2,431,477
Investment Income	52,954	271,721	147,684	217,332	123,079	107,104	654,311	811,433	143,967	143,967
Other	803,044	870,679	790,267	1,799,955	1,577,754	1,004,711	701,688	750,327	748,303	748,303
<b>Total</b>	<b>\$ 20,576,633</b>	<b>\$ 18,825,811</b>	<b>\$ 18,944,271</b>	<b>\$ 20,669,122</b>	<b>\$ 23,329,845</b>	<b>\$ 25,993,734</b>	<b>\$ 30,851,894</b>	<b>\$ 28,377,157</b>	<b>\$ 29,724,310</b>	<b>\$ 29,724,310</b>
<b>Operation &amp; Maintenance Costs</b>										
Source of Supply	\$ 3,506,604	\$ 2,912,322	\$ 3,082,424	\$ 2,861,628	\$ 3,960,004	\$ 4,420,199	\$ 4,777,081	\$ 4,158,215	\$ 4,186,231	\$ 4,186,231
Transmission/Distribution	1,926,664	2,240,966	2,671,982	2,530,756	2,827,356	3,133,490	3,474,927	3,746,886	4,049,269	4,049,269
Water Treatment	1,932,517	1,888,549	2,147,336	2,004,076	2,384,261	2,781,469	2,769,364	3,242,385	2,742,205	2,742,205
Administration/General	2,661,692	3,822,770	3,301,971	3,727,237	3,738,168	2,719,157	2,934,918	2,934,726	3,111,632	3,111,632
Customer Service	697,301	597,624	540,731	572,400	552,993	648,714	661,246	736,420	690,755	690,755
Water Efficiency	614,749	649,832	682,311	726,091	512,520	369,331	413,627	725,636	491,287	491,287
Engineering	264,583	633,783	432,701	603,427	603,841	662,812	810,128	422,066	896,033	896,033
Pumping and Telemetry <sup>C</sup>	609,304	759,067	-	-	-	-	-	-	-	-
Retirement/Pension	307,509	398,851	586,942	443,149	976,780	1,603,957	1,132,056	2,244,459	2,313,614	2,313,614
Other	149,947	198,473	765,647	2,299,092	421,171	106,159	102,438	149,816	247,059	247,059
<b>Total</b>	<b>\$ 12,670,870</b>	<b>\$ 14,102,237</b>	<b>\$ 14,212,045</b>	<b>\$ 15,767,856</b>	<b>\$ 15,977,094</b>	<b>\$ 16,445,288</b>	<b>\$ 17,075,785</b>	<b>\$ 18,360,609</b>	<b>\$ 18,728,085</b>	<b>\$ 18,728,085</b>
<b>Net Revenues</b>	<b>\$ 7,905,763</b>	<b>\$ 4,723,574</b>	<b>\$ 4,732,226</b>	<b>\$ 4,901,266</b>	<b>\$ 7,352,751</b>	<b>\$ 9,548,446</b>	<b>\$ 13,776,109</b>	<b>\$ 10,016,548</b>	<b>\$ 10,996,225</b>	<b>\$ 10,996,225</b>
<b>Debt Service</b>										
2017 Bonds <sup>D</sup>	\$ -	\$ -	\$ -	\$ -	\$ 23,181	\$ 1,971,722	\$ 1,569,996	\$ 1,567,063	\$ 630,000	\$ 1,563,713
2012 Bonds	1,883,113	804,300	971,800	979,200	968,500	964,234	966,085	962,108	555,001	800,599
2009 COPs <sup>D</sup>	1,717,675	2,112,275	2,106,075	2,102,400	2,057,650	-	-	-	-	-
2003 COPs	-	-	-	-	-	-	-	-	-	-
EDA Loan	30,088	30,091	30,091	30,091	28,924	-	-	-	-	-
CEC Advance	3,094	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>\$ 3,633,970</b>	<b>\$ 2,946,666</b>	<b>\$ 3,107,966</b>	<b>\$ 3,111,691</b>	<b>\$ 3,078,255</b>	<b>\$ 2,935,956</b>	<b>\$ 2,536,081</b>	<b>\$ 2,529,171</b>	<b>\$ 1,185,001</b>	<b>\$ 2,364,312</b>
<b>Debt Service Coverage</b>	<b>2.18</b>	<b>1.60</b>	<b>1.52</b>	<b>1.58</b>	<b>2.39</b>	<b>3.25</b>	<b>5.43</b>	<b>3.96</b>	<b>9.28</b>	<b>4.65</b>

Notes:

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

<sup>B</sup> Capital Contributions excludes capital asset contributions (donations).

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

<sup>D</sup> The 2009 COP Bonds were refunded in June 2017 by the 2017 Bonds.

Source: San Juan Water District Finance & Administrative Services Department

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

County of Sacramento Employer <sup>A</sup>	Fiscal Year					
	2022			2015 <sup>B</sup>		
	Number of Employees	Rank	Percentage of Total Employed	Number of Employees	Rank	Percentage of Total Employed
State of California	84,894	1	12.17%	74,329	1	11.44%
UC Davis Health	16,075	2	2.30%	9,706	3	1.49%
Sacramento County	12,760	3	1.83%	10,598	2	1.63%
Kaiser Permanente	12,301	4	1.76%	6,464	7	0.99%
U.S. Government	10,698	5	1.53%	9,668	4	1.49%
Sutter Health	9,595	6	1.38%	8,817	5	1.36%
Dignity Health	7,488	7	1.07%	6,286	8	0.97%
Intel Corporation	5,300	8	0.76%	6,200	9	0.95%
San Juan Unified School District	5,126	9	0.74%	7,523	6	1.16%
Raley's	2,980	10	0.43%			
Elk Grove Unified School District				5,758	10	0.89%
<b>Total</b>	<b>167,217</b>		<b>23.97%</b>	<b>145,349</b>		<b>22.37%</b>
<b>Total Employed in Sacramento County</b>	<b>697,400</b>			<b>649,800</b>		

County of Placer Employer <sup>A</sup>	Fiscal Year					
	2022			2015 <sup>B</sup>		
	Number of Employees	Rank	Percentage of Total Employed	Number of Employees	Rank	Percentage of Total Employed
Sutter Health	7,320	1	3.90%	3,693	2	2.18%
Kaiser Permanente	6,367	2	3.40%	3,839	1	2.26%
Palisades Tahoe	2,600	3	1.39%			
Placer County	2,530	4	1.35%	2,378	4	1.40%
Sierra Joint Community College District	2,100	5	1.12%			
Thunder Valley Casino Resort	1,712	6	0.91%	1,875	6	1.10%
Safeway, Inc.	1,288	7	0.69%	1,218	8	0.72%
City of Roseville	1,260	8	0.67%	1,047	9	0.62%
Roseville City School District	1,260	8	0.67%	1,015	10	0.60%
Pacific Gas and Electric Co.	1,151	10	0.61%			
Squaw Valley Alpine Meadows				2,500	3	1.47%
PRIDE Industries, Inc.				1,221	7	0.72%
Hewlett-Packard Co.				2,000	5	1.18%
<b>Total</b>	<b>27,588</b>		<b>14.71%</b>	<b>20,786</b>		<b>12.25%</b>
<b>Total Employed in Placer County</b>	<b>187,500</b>			<b>169,700</b>		

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

<sup>B</sup> Employer information is not available for Fiscal Year 2013, so Fiscal Year 2015 data is being used for the comparison.

Sources: *Sacramento Business Journal* May 13, 2022 / updated Dec 1, 2022  
*Sacramento Business Journal* 2015  
 California Employment Development Department

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

<b>Fiscal Year</b>	<b>Wholesale Population<sup>A,B</sup></b>	<b>Retail Population<sup>B</sup></b>	<b>Total Personal Income<sup>C</sup></b>	<b>Per Capita Personal Income<sup>C,D</sup></b>	<b>Unemployment Rate<sup>C</sup></b>
2013	181,739	30,831	63,877,648	35,148	8.48%
2014	182,239	31,009	65,495,913	35,940	7.37%
2015	151,531	29,452	87,513,638	57,753	5.78%
2016	152,614	29,578	90,506,232	59,304	5.61%
2017	153,697	29,704	96,641,943	62,878	4.62%
2018	154,781	29,830	107,192,168	69,254	4.08%
2019	155,865	29,957	113,234,951	72,649	3.74%
2020	151,341	29,680	120,033,390	79,313	13.06%
2021	151,903	29,712	129,926,610	85,533	7.05%
2022	152,468	29,744	Not yet available		7.05%

Note:

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

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

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

<sup>B</sup> Retail Population is included in the Wholesale Population.

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

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

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

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

Comparison by Function/Program	Full-Time Equivalent Employees as of June 30									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Executive	3	3	3	3	4	4	4	4	4	4
Customer Service	4	4	4	4	4	4	5	4.5	4.5	4.5
Engineering Services	4	4	4	4	4	4	4	4	4	4
Field Services	15	15	15	15	15	15	14.9	13	13	14
Finance/Administrative Services	5	5	5	5	5	6	4	5	5	5
Operations	0	0	0	0	0	0	0	3	3	3
Water Efficiency	4	4	4	4	3	4	5	3.5	3.5	3.5
Water Treatment Operations	10	10	10	10	10	11	12.2	11	11	11
<b>Total</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>45</b>	<b>47</b>	<b>48</b>	<b>48</b>	<b>48</b>	<b>49</b>

Actual Versus Budgeted (Current Year and 9 Years Ago)	Fiscal Year 2022		Fiscal Year 2013	
	Filled as of		Filled as of	
	June 30	Budgeted	June 30	Budgeted
Executive	4.00	4.00	3.0	3.0
Customer Service	4.50	4.50	4.0	4.0
Engineering Services	4.00	4.00	3.0	4.0
Field Services	14.00	14.00	15.0	15.0
Finance/Administrative Services	4.00	5.00	5.0	5.0
Operations	2.00	3.00		
Water Efficiency	3.50	3.50	4.0	4.0
Water Treatment Operations	10.00	11.00	10.0	10.0
<b>Total</b>	<b>46.00</b>	<b>49.00</b>	<b>44.0</b>	<b>45.0</b>

Certificates and Licenses	December 14, 2022
American Water Works Association - Cross Connection Control Specialist	3
American Water Works Association - Water Use Efficiency Practitioner Grade 1	1
American Water Works Association - Water Quality Analyst	1
Northern CA Backflow Prevention Assoc - Backflow Prevention Assembly General Tester	9
Northern CA Backflow Prevention Assoc - Cross Connection Control Specialist	6
State Water Resources Control Board Water Distribution Operator	
Grade 1	1
Grade 2	6
Grade 3	6
Grade 4	9
Grade 5	2
State Water Resources Control Board Water Treatment Operator	
Grade 1	1
Grade 2	12
Grade 3	1
Grade 4	3
Grade 5	3
California Professional Engineer - Civil	5
California Water Environment Association Electrical Technician Grade 2	1
Certified Public Accountant	1
Department of Industrial Relations - Certified General Electrician	1
Irrigation Association Certified Irrigation Landscape Auditor	1
Qualified Water Efficient Landscaper	3
The State Bar of California - Attorney	1

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

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Facilities:</b>										
# of Treatment Plants	1	1	1	1	1	1	1	1	1	1
Plant Capacity (MGD) <sup>A</sup>	150	150	150	150	150	150	150	150	150	150
Miles of Pipeline <sup>B</sup>				16	16	16	16	16	16	16
# of ARVs	86	86	89	90	90	92	93	93	94	94
# of Blow-offs	59	59	60	59	59	61	61	61	61	61
# of Fire Hydrants	14	14	14	14	14	14	14	14	15	15
# of Valves	45	45	48	48	48	51	51	51	51	51
# of Pumping Stations <sup>C</sup>	-	-	-	1	1	1	1	1	1	1
# of Storage Tanks/Reservoirs	1	1	1	1	1	1	1	1	1	3
<b>Water Supply Available (in acre-feet):</b>										
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
<b>Total Water Supply</b>	<b>82,200</b>									
<b>Water Supply Delivered (in acre-feet):</b>										
Pre-1914 Water Rights	34,961	30,952	29,372	26,219	27,126	33,996	28,466	32,846	33,215	31,269
USBR/CVP Water Contract	3,048	-	-	1,230	-	-	-	-	-	-
PCWA Contract	11,326	10,374	-	3,594	6,330	2,228	5,644	3,446	4,790	755
<b>Total Water Supply Delivered</b>	<b>49,335</b>	<b>41,326</b>	<b>29,372</b>	<b>31,043</b>	<b>33,456</b>	<b>36,225</b>	<b>34,110</b>	<b>36,292</b>	<b>38,005</b>	<b>32,024</b>
<b>Production (average in acre-feet):</b>										
Five Year	54,169	50,834	48,106	43,309	41,262	40,707	41,921	44,267	45,952	44,204
Ten Year	61,166	57,751	54,577	51,157	48,710	47,486	46,426	46,235	44,679	42,799
Fifteen Year	63,419	61,777	59,824	57,406	55,660	54,372	52,500	51,172	49,454	47,525
Twenty Year	60,753	60,156	59,548	58,737	58,066	57,760	56,832	55,954	54,562	52,824
<b>Number of Retail Connections by Wholesale Customer:</b>										
San Juan Water District	10,441	10,500	10,559	10,601	10,617	10,641	10,655	10,672	10,696	10,776
Citrus Heights Water District <sup>D</sup>	19,552	19,591	19,645	19,785	19,851	19,902	19,911	19,914	19,958	19,958
Fair Oaks Water District <sup>D</sup>	14,133	14,221	14,278	13,894	13,996	13,986	14,031	14,241	14,390	14,390
Orange Vale Water Company	5,600	5,600	5,600	5,600	5,600	5,673	5,679	5,679	5,682	5,648
City of Folsom	981	981	981	981	981	981	981	981	981	981
<b>Total Connections</b>	<b>50,707</b>	<b>50,893</b>	<b>51,063</b>	<b>50,861</b>	<b>51,045</b>	<b>51,183</b>	<b>51,257</b>	<b>51,487</b>	<b>51,707</b>	<b>51,753</b>
<b>Population <sup>E</sup></b>	181,739	182,239	151,531	152,614	153,697	154,781	155,865	151,341	151,903	152,468

Notes:

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

<sup>B</sup> Wholesale pipeline numbers were calculated and removed from Retail's total miles of pipeline as of 2016.

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

<sup>D</sup> Connections are reported as of agency's December 31 fiscal year end.

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

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

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

	<b>2012- 2013</b>	<b>2013- 2014</b>	<b>2014- 2015</b>	<b>2015- 2016</b>	<b>2016- 2017</b>	<b>2017- 2018</b>	<b>2018- 2019</b>	<b>2019- 2020</b>	<b>2020-2021</b>	<b>2021-2022</b>
July	2,152	2,226	1,634	1,296	2,157	2,312	2,347	2,247	1,847	1,592
August	2,325	2,071	1,620	1,290	2,290	2,281	2,080	2,180	2,059	1,427
September	2,497	1,621	1,389	1,193	1,920	1,853	1,605	1,940	1,786	1,275
October	1,294	1,350	1,110	970	996	1,566	1,516	1,665	1,519	809
November	596	931	631	536	769	856	1,103	1,213	829	368
December	661	688	454	453	649	539	712	583	643	473
January	637	563	488	410	630	385	649	532	538	635
February	534	196	439	491	546	458	600	581	437	665
March	854	350	726	630	676	446	631	606	619	877
April	1,106	629	773	928	754	730	980	771	1,158	875
May	1,745	1,227	885	1,444	1,490	1,652	1,274	1,252	1,399	1,315
June	1,816	1,613	1,129	1,929	1,871	2,177	1,947	1,530	1,481	1,589
<b>Annual Total</b>	<b>16,219</b>	<b>13,466</b>	<b>11,279</b>	<b>11,571</b>	<b>14,748</b>	<b>15,256</b>	<b>15,444</b>	<b>15,100</b>	<b>14,315</b>	<b>11,900</b>
<b>Average Monthly Water Production</b>	<b>1,352</b>	<b>1,122</b>	<b>940</b>	<b>964</b>	<b>1,229</b>	<b>1,271</b>	<b>1,287</b>	<b>1,258</b>	<b>1,193</b>	<b>992</b>
<b>Average Daily Water Production</b>	<b>44.4</b>	<b>36.9</b>	<b>30.9</b>	<b>31.7</b>	<b>40.4</b>	<b>41.8</b>	<b>42.3</b>	<b>41.4</b>	<b>39.2</b>	<b>32.6</b>

Source: San Juan Water District Wholesale Operations Department

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Facilities:</b>										
Miles of Main Line <sup>A</sup>	214	214	216	201	206	206	206	206	206	207
# of ARVs	807	804	673	769	769	775	775	778	783	787
# of Blow-offs	861	861	739	798	798	807	809	811	819	822
# of Fire Hydrants	1,423	1,443	1,432	1,454	1,454	1,462	1,463	1,463	1,476	1,486
# of Valves	2,766	2,810	2,675	2,849	2,849	2,852	2,864	2,867	2,883	2,936
# of Pumping Stations	6	6	6	9	9	9	9	9	9	9
# of Storage Tanks/Reservoirs	1	1	1	3	3	3	3	3	3	3
<b>Active Connections:</b>										
Single-Family Residential	9,851	9,908	9,964	10,003	10,011	10,030	10,049	10,063	10,083	10,158
Multi-Family Residential	119	119	119	119	119	119	119	117	117	117
Commercial	242	242	241	243	249	250	248	250	251	253
Institutional	11	11	11	11	11	11	11	11	11	11
Landscape Irrigation	205	207	211	212	212	215	212	214	218	221
Agricultural Irrigation	5	5	5	5	7	8	8	9	8	8
Other	8	8	8	8	8	8	8	8	8	8
<b>Total Connections</b>	<b>10,441</b>	<b>10,500</b>	<b>10,559</b>	<b>10,601</b>	<b>10,617</b>	<b>10,641</b>	<b>10,655</b>	<b>10,672</b>	<b>10,696</b>	<b>10,776</b>
<b>Total New Connections</b>	<b>40</b>	<b>59</b>	<b>59</b>	<b>42</b>	<b>16</b>	<b>24</b>	<b>14</b>	<b>17</b>	<b>24</b>	<b>80</b>
<b>Consumption (units of ccf):</b>										
Single-Family Residential	5,008,334	4,645,129	3,022,810	2,951,662	3,508,844	4,028,167	3,830,930	4,250,655	4,553,104	4,073,494
Multi-Family Residential	80,962	76,392	57,293	54,675	58,822	60,879	66,619	63,846	64,094	58,661
Commercial	175,946	195,122	129,490	122,397	145,857	163,192	160,740	166,246	183,094	164,337
Institutional	116,328	97,881	85,287	78,787	56,236	84,318	84,234	86,038	82,264	86,849
Landscape Irrigation	426,595	402,151	252,183	244,749	235,248	357,005	337,484	366,671	381,763	349,175
Agricultural Irrigation	13,195	12,787	10,745	9,864	84,530	20,337	26,877	26,976	30,029	29,318
Other (sewer lift/pump stations)	1,705	908	827	791	245	442	1,561	1,178	3,013	1,098
<b>Total Consumption</b>	<b>5,823,065</b>	<b>5,430,370</b>	<b>3,558,634</b>	<b>3,462,925</b>	<b>4,089,781</b>	<b>4,714,338</b>	<b>4,508,445</b>	<b>4,961,610</b>	<b>5,297,361</b>	<b>4,762,932</b>
<b>Average Daily Consumption</b>	<b>15,954</b>	<b>14,878</b>	<b>9,750</b>	<b>9,487</b>	<b>11,205</b>	<b>12,916</b>	<b>12,352</b>	<b>13,593</b>	<b>14,513</b>	<b>13,049</b>
Population <sup>B</sup>	30,831	31,009	29,452	29,578	29,704	29,830	29,957	29,680	29,712	29,744

Note:  
<sup>A</sup> Wholesale pipeline numbers were removed from Retail's total miles of pipeline as of 2016.  
<sup>B</sup> Fiscal Year 2020 Population total adjusted based on what was reported in the 2020 Urban Water Management Plan.

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

**San Juan Water District**  
**Table 19(a): Capital Facilities Fee Report - Summary**  
**Per Government Code Section 66013(d) and (e)**  
Fiscal Year Ended June 30, 2022

Connection Fees, beginning balance		\$	-
Wholesale Capital Facility Fees Collected	\$		189,894
Retail Capital Facility Fees Collected	\$		2,415,360
Total Capital Facility Fees Collected			2,605,254
Interest Earned			(37,788)
Fees Available			2,567,466
Applied to:			
Reimbursement for Existing Facilities - Wholesale <sup>A</sup>	\$		189,894
Reimbursement for Existing Facilities - Retail <sup>A</sup>			724,608
Current Year Projects			626,714
Total Funds Applied			1,541,216
Net Changes for the Year			1,026,250
Capital Facility Fees, ending balance		\$	1,026,250

<sup>A</sup> The Wholesale Capital Facility Fee and 30% of the Retail Capital Facility Fee were calculated using the Buy-In Methodology. This methodology results in a fee, or portion thereof, that is designed to reimburse the District's ratepayers for the current depreciated replacement value of the existing system. The value of the system, upon which the fee was calculated, is disclosed in the Wholesale and Retail Capital Facility Fee Studies, respectively. Both reports are available upon request.

The remaining 70% of the retail capital facility fee revenue is designated for projects that have an expansionary component, meaning the project, or a portion thereof, will upsize the system to accommodate future growth. The portion of the fee collected, but not yet spent is held in reserve. See Schedule 19(b) for a reporting of such assets/projects.

Source: San Juan Water District Finance & Administrative Services Department

**San Juan Water District**  
**Table 19(b): Capital Facility Fee Report - Project Detail**  
**Per Government Code Section 66013(d) and (e)**  
**Fiscal Year Ended June 30, 2022**

**Capital Projects with a Growth Component 2021 - 2031**

Project Description	Total Anticipated Costs	Capacity Related Costs	% Capacity Related	Costs Incurred Through June 30, 2020	Costs Incurred July 1, 2020 to Current	Costs Remaining	Fees Previously Applied	Fees Applied in Current Year	Future Fees to be Applied
5.0 MG Kokila Reservoir (Replace Hypalon w/Concrete Tank)	\$ 7,469,000	\$ 4,481,400	60%	\$ 5,267	\$ 247,822	\$ 7,215,911	\$ -	\$ 148,693	\$ 4,332,707
Replace 16" transmission pipeline in Eureka Road with 18" transmission pipeline. 3,925 linear feet from Barton to Auburn Folsom Road	4,000,000	2,400,000	60%	-	231,067	3,768,933	-	138,640	2,261,360
360 Linear feet of 10" pipeline with a pressure reducing station in Cavitt Stallman from Mystery Creek to Oak Pines	441,000	352,800	80%	15,872	406,576	-	-	325,261	352,800
2,980 Linear feet 8" pipeline extension on Spahn Ranch Road	616,000	492,800	80%	17,650	-	598,350	-	14,120	492,800
100 Linear feet of 8" pipeline in Eckerman to tie-in to "The Park" subdivision	50,000	30,000	60%	-	-	50,000.00	-	-	30,000
Main Replacements (TBD based on condition and # of breaks)	7,150,000	2,502,500	35%	-	-	7,150,000.00	-	-	7,150,000
4,300 Linear Feet of 12" Pipeline on Cavitt Stallman between Sierra Ponds and Blue Oak Lane	6,913,000	5,530,400	80%	-	-	6,913,000.00	-	-	6,913,000
2,000 Linear feet of 12" pipeline in Cavitt Stallman between Sierra Ponds and Oak Pine	1,545,000	1,236,000	80%	-	-	1,545,000	-	-	1,545,000
950 Linear feet of 12" pipeline in Hidden Lakes from 7960 W Hidden Lakes to Haley	844,000	506,400	60%	-	-	844,000.00	-	-	844,000
Douglas Pump Station & P6" to 12" Pipeline Improvement - Across Auburn Folsom Road	798,000	478,800	60%	-	-	798,000	-	-	798,000
650 Linear feet of 12" pipeline in Lakeland Drive from Douglas to East Granite	619,000	371,400	60%	-	-	619,000.00	-	-	619,000
<b>Totals</b>	<b>\$ 30,445,000</b>	<b>\$ 18,382,500</b>	<b>60%</b>	<b>\$ 38,789</b>	<b>\$ 885,465</b>	<b>\$ 29,502,194</b>	<b>\$ -</b>	<b>\$ 626,714</b>	<b>\$ 25,338,667</b>

Source: 10-Year Retail CIP and 2021 Retail Capital Facility Fee Study

## **OTHER REPORTS**

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the San Juan Water District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 23, 2022.

**Internal Control Over Financial Reporting**

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

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

A handwritten signature in blue ink that reads "Davis Fan" followed by a stylized flourish.

Irvine, California  
December 23, 2022