

SAN JUAN WATER DISTRICT

Board of Director's Meeting Minutes

June 22, 2016 – 6:00 p.m.

BOARD OF DIRECTORS

Pam Tobin	President
Ken Miller	Vice President
Ted Costa	Director
Dan Rich	Director (arrived at 6:08 pm)
Bob Walters	Director

SAN JUAN WATER DISTRICT MANAGEMENT AND STAFF

Shauna Lorance	General Manager
Keith Durkin	Assistant General Manager
Donna Silva	Director of Finance
Teri Grant	Board Secretary/Administrative Assistant
Katrina Gonzales	Legal Counsel

OTHER ATTENDEES

Sandy Harris	Customer
Richard Kikuchi	LSL Certified Public Accountants
Mitch Dion	Self
Greg Zlotnick	Self
Tony Barela	SJWD
Michael Stemple	SJWD
Greg Turner	SJWD

AGENDA ITEMS

- I. Public Forum**
- II. Consent Calendar**
- III. Public Hearing**
- IV. Presentations**
- V. Committee Reports**
- VI. Information and Action Items**
- VII. Upcoming Events**
- VIII. Closed Session**
- IX. Open Session**
- X. Adjourn**

President Tobin called the meeting to order at 6:02 p.m.

I. PUBLIC FORUM

There were no public comments.

II. CONSENT CALENDAR

All items under the consent calendar are considered to be routine and are approved by one motion. There will be no separate discussion of these items unless a member of the Board, audience, or staff request a specific item removed after the motion to approve the Consent Calendar.

1. Minutes of the Board of Director Workshop, June 2, 2016

Recommendation: Approve draft minutes

2. Minutes of the Board of Directors Meeting, June 8, 2016

Recommendation: Approve draft minutes

3. Authorization to Purchase Additional Wholesale Water Treatment Chemicals

Recommendation: Approve the purchase of an additional 26.54 Tons (1 truckload) of Quicklime for \$5,945 from Graymont Western and 7,200 Lbs. of Polymer (16 drums) for \$7,353 from Solenis, at a total cost of \$13,298 for the two chemicals

4. Fair Oaks-40 Phase 2 Payment Agreement

Recommendation: Approve alternate payment schedule and agreement with Fair Oaks Water District regarding the Fair Oaks-40 Phase 2 Project

Director Walters requested that item 2 be removed from the Consent Calendar since he was not in attendance at that meeting.

Director Costa moved to approve items 1, 3, and 4 of the Consent Calendar. Director Walters seconded the motion and it carried with 4 Aye votes (Director Rich absent).

President Tobin moved to approve the minutes of the Board of Directors Meeting, June 8, 2016. Director Miller seconded the motion and it carried with 3 Aye votes and 1 Abstain vote (Director Rich absent).

Ms. Lorance informed the Board that the *Public Hearing* is listed at 6:10 pm so she requested that the first two presentations be conducted prior to the *Public Hearing* since it was 6:05 pm. The meeting minutes will remain in the original agenda order.

III. PUBLIC HEARING

1. 2016 Public Health Goal (PHG) Report – Greg Turner

President Tobin opened the Public Hearing at 6:22 p.m.

Mr. Turner referred the Board to the staff report and 2016 Public Health Goal (PHG) Report which were included in the Board packet. A copy of the documents will be attached to the meeting minutes. He informed the Board that the District is required to meet standards set by several agencies, including

the PHGs that are set by California EPA's Office of Environmental Health Hazard Assessment. The PHGs are not enforceable and are not required to be met by any public water system.

Mr. Turner reported that the District did not meet the PHG for coliform bacteria, which is set at zero. He explained that after a positive result was received, the sampling site was retested and a negative result was obtained. He explained that these false positives can happen when the test site is not optimal for sampling, such as a dirty spigot at a customer's residence. Therefore, the District is installing sample stations which are sealed and have a better controlled environment for sampling the water.

Mr. Turner reported that the District's water quality meets or exceeds all state and federal guidelines and customers continue to receive a high quality water supply.

President Tobin closed the Public Hearing at 6:28 p.m.

IV. PRESENTATIONS

1. Independent Accountant's Report on Applying Agreed-Upon Procedures on System Review of Tyler Application – LSL Certified Public Accountants, Richard Kikuchi

This presentation was covered under Agenda Item IV-2.

2. Fiscal Year 2014-2015 Comprehensive Annual Financial Report – LSL Certified Public Accountants, Richard Kikuchi

Ms. Silva informed the Board that Richard Kikuchi, LSL Certified Public Accountants, would be reviewing two reports – the report on *Applying Agreed-Upon Procedures on System Review of Tyler Application* and the audited financial statements for FY 2014-15 including the management letter (report on internal controls).

Ms. Silva explained that the audit is two-fold – to assert that the numbers in the financial statements are materially correct and to perform a review of internal controls to identify internal control weaknesses and offer suggestions for improvement. She reminded the Board that the items being discussed are from FY 2014-15. She thanked the Board for their patience which allowed the Finance Department to separate the balance sheets and create the new funds for operations and capital. In addition, she thanked the finance staff for their diligence in working towards completing this monumental step towards bringing the finances up to date.

Mr. Kikuchi informed the Board that the 2014-15 audit is complete and the Comprehensive Annual Financial Report (CAFR) was provided to them. He commented that the delay in finalizing the 2014-15 financial was due to converting to a new accounting system and the changes in the position of the Director of Finance. He referenced four documents that the Board should have

received – the CAFR, the Independent Accountant’s Report on Applying Agreed-Upon Procedures on System Review of Tyler Application, the management letter (Independent Auditors’ Report on Internal Control), and the Audit Communication Letter. It was discovered that inadvertently the last document was not received by the Board and therefore will be emailed out to them. A copy of all four documents will be attached to the meeting minutes.

Mr. Kikuchi informed the Board that LSL performed a financial audit on the financial statements for FY 2014-15. He explained that the auditors looked at internal controls and major transaction classes such as payroll, receipt of cash, and disbursement of funds. In addition, the auditors looked at the District’s system of internal controls to help dictate the extent of their test work. He reminded the Board that GASB 68 was implemented and resulted in the pension liability being recorded in the amount of approximately \$5 million.

Mr. Kikuchi reported that LSL issued an unmodified opinion on the audit, which indicates that the amounts in the financial statements are materially correct. He reported that internal controls for FY 2014-15 revealed material weaknesses in the Segregation of Duties in the Accounting Department and Bank Reconciliations. He mentioned that the internal controls for segregation of duties will be enhanced as more people are hired in the District and that bank reconciliations have been corrected, but not prior to FY 2014-15.

Mr. Kikuchi reported that LSL analyzed the Tyler system conversion to assure that the information from the old system was properly imported into the new system. He referred the Board to the Independent Accountants’ Report on Applying Agreed-Upon Procedures regarding LSL’s findings.

Director Costa requested that documents be provided to the Board at least a few days prior to the meeting so that the Directors have time to review the information.

3. Water Rights and Contracts – Shauna Lorange

Ms. Lorange conducted a presentation on water rights and contracts. A copy of the presentation will be attached to the meeting minutes and will be emailed to the Board.

Ms. Lorange summarized the District’s water rights as follows:

- The 1853 (pre-1914) water rights are not limited in their place of use. Right is 60 cfs maximum up to 26,000 AF per year
- The 1928 water right has a place of use limited to the existing SJWD boundaries at 15 cfs up to 7,000 AF per year
- Both contracts combined equate to the 75 cfs maximum diversion rate and 33,000 af per calendar year limitation
- Water rights retained by SJWD
- No storage right in Folsom Reservoir

Ms. Lorange summarized the District's PCWA water contract as follows:

- First contract in 1972, revised contract in 2000, and amended in 2015
- 25,000 af, with 4,000 af assigned to Roseville
- 20 year take or pay contract – renew in 2021
- Use restricted to Placer County in Warren Act, with charge to use CVP facilities at Folsom to deliver water
- In the process of requesting use in Sacramento County

Ms. Lorange summarized the District's CVP water supplies as follows:

- 1962 entered CVP contract for 40,000 AF
- 1967 notified by USBR that contract reduced to 11,200 due to non-usage
- 1990 additional CVP contract, PL 101-514 (Fazio) 13,000 AF
- 2004 PL 108-137 amended PL 101-514 and combined both CVP contracts
- Long term contract signed in 2005 and expires 2045
- Shortage allocations based on last 3 unconstrained years usage
- Can be used within existing service area, which can be modified with USBR approval which is unlikely to happen

Ms. Lorange reviewed how the District used the water rights and contracts in the past and the changes that may be implemented in the future, such as using more CVP water or change PCWA contract and use less PCWA water.

ACTION AND INFORMATIONAL ITEMS

V. COMMITTEE REPORTS

1. Public Information Committee (6/6/16)

Ms. Lorange reported that the committee met on June 6, 2016, and discussed the following:

- Supplemental Drought Expenses (W & R)
- Public Information Budget/Contract Amendment (W & R)
- Folsom Operations (W)
- Website Management (W & R)
- Other Public Information Matters
- Public Comment

The committee meeting minutes will be attached to the original board minutes.

Supplemental Drought Expenses (W & R)

Ms. Lorange informed the Board that the committee reviewed and discussed how to inform customers on the additional expenses related to the drought which will be included in the Proposition 218 notice.

Public Information Budget/Contract Amendment (W & R)

Ms. Lorance informed the Board that there was a need to execute an amendment to the Crocker & Crocker contact for additional work, and therefore, an amendment was executed by the General Manager.

For information, no action requested.

Folsom Operations (W)

Ms. Lorance informed the Board that the update will be provided under the Assistant General Manager Report.

Website Management (W & R)

Ms. Lorance reported that Chris von Collenberg provided information regarding the District's website. She explained that the current website platform does not transition to mobile view for easier access on a cell phone or other mobile device. The website needs to be updated to be more user friendly for our customers, and changing the website platform will allow staff to manage the content on the website. Ms. Lorance informed the Board that the cost would be approximately \$30,000 each for wholesale and retail, and will be discussed during the FY2016-17 budget process. In response to Director Walters' question, the training is included in the overall \$60,000 budget.

For information, no action requested.

VI. INFORMATION AND ACTION ITEMS

1. GENERAL MANAGER'S REPORT

1.1 CSDA Region Sierra Network Board of Directors Election

Ms. Lorance reported that CSDA Region Sierra Network Board of Directors election for Seat B is due.

President Tobin moved to vote for Ginger Root for Seat B on the CSDA Region Sierra Network Board of Directors election ballot. There was no second, so the motion failed.

The Board discussed the candidates but did not arrive at a decision. The matter will be tabled until the next Board meeting.

1.2 Report Back Item

There were no items discussed.

1.3 Miscellaneous District Issues and Correspondence

1.3.1 July, August, and future Board Meeting Schedules

Ms. Lorance reminded the Board that there is only one Board meeting in July and August which is held on the second

Wednesday of the month; however, depending on the budget schedule, a special meeting might have to be called for in July.

For information, no action requested.

1.3.2 Other

Ms. Lorance informed the Board that a letter was received from a customer who requested to be removed from the WaterSmart reporting; however, a name or address was not provided in the letter so staff is unable to complete the request.

For information, no action requested.

2. ASSISTANT GENERAL MANAGER'S REPORT

2.1 Report Back Items

2.1.1 CVP Operations Update

Mr. Durkin reported that CVP operations at Folsom Reservoir are highly dependent on the temperature management plan for the Sacramento River and related Shasta cold water pool management. He explained that Reclamation came to an agreement with NMFS on June 17th regarding a temporary temperature management plan which helps dictate the operations plan at Folsom through the month of June. The plan calls for releases at Shasta of 9,000 cfs instead of the 8,000 cfs currently being released. Higher releases from Shasta generally translate into lower releases from Folsom.

Mr. Durkin reported that Reclamation submitted their proposed temperature management plan for the rest of the year which has average releases from Shasta at 10,500 cfs in July, 10,000 cfs in August, 9,000 cfs in September, and 6,500 cfs in October. He commented that Reclamation and NMFS discussed the plan and finally agreed to the information that Reclamation submitted. Therefore, it is anticipated that if the State Water Resources Control Board approves the plan then Reclamation can follow the same operations plan for Folsom Reservoir that they planned for in March. He added that if this happens then storage in Folsom should remain above 200,000 AF through December.

For information, no action requested.

2.1.2 CHWD June 14th Director Briefing

Mr. Durkin reported that he attended the June 14th Citrus Heights Water District board meeting and provided a briefing on key issues. He commented that the CHWD is going through their strategic planning and in doing so they toured the SJWD WTP and are reviewing SJWD key issues that might affect them. He informed the Board that he provided CHWD board with information on water supply reliability, water rights and contracts, CVP operations, CalWater Fix, Folsom Water Control Manual, regulatory issues, Capital Improvement Program, staffing and succession planning, and wholesale rates and charges.

Mr. Durkin reported that he informed the CHWD board that all of these issues have the potential to impact SJWD's wholesale rates and charges. However, SJWD's treated water rates are the lowest in California at less than \$200 AF and even if SJWD's rates increase to \$300 AF they would still be the lowest in California. In addition, he discussed planning to maximize pay as you go project funding.

For information, no action requested.

2.1.3 Sacramento County Proposed Trench Restoration Paving Requirements

Mr. Durkin reminded the Board of the Sacramento County Proposed Trench Restoration Paving Requirements. He commented that there was a meeting on June 9th with the Sacramento Department of Transportation (DOT) that was attended by several utility agencies that would be affected by the proposed changes.

Mr. Durkin informed the Board that, although the attendees questioned how DOT developed the new standards and their findings on how the existing requirements are deficient, DOT refused to communicate other than stating that there are paving issues that need to be addressed.

Mr. Durkin informed the Board that the affected agencies have created a technical committee to quantify the impacts to the utility agencies. Ms. Lorange commented that the utility agencies should only have to mitigate the damage that the utility agency causes and not re-pave the entire roadway.

Mr. Durkin informed the Board that he met with SSWD and they are working on a joint effort on political outreach. He explained that meetings will be set with each of the supervisors and the

chief executive on the Sacramento County Board of Supervisors prior to their August 9th meeting. In addition, they are working on talking points as a coordinated effort for the region to have elected officials and staff meet with the supervisors. Directors Costa and Walters expressed interest in attending the meetings.

Director Costa suggested that they look into having the Sacramento County Taxpayer's Association address this issue and question Sacramento County's possible misuse of tax funds designated for road repair and maintenance.

Ms. Lorange commented that another meeting is being set up between the agencies to discuss the next steps. In the meantime, the technical committee will continue to work on the technical issues, and the talking points will need to be reviewed with legal counsel.

In response to Director Miller's question, Ms. Lorange explained that there is a list of utility agencies which will be affected by the proposed changes. Since the District has the potential to be highly affected by the proposed standards, Mr. Durkin commented that he will continue to be actively involved with this issue unless the Board directs otherwise. The Board did not object.

For information, no action requested.

2.2 Miscellaneous District Issues and Correspondence

Mr. Durkin informed the Board that the District received an email which complimented the service and support received from the Customer Services Manager regarding the irrigation improvement rebate program.

3. DIRECTOR OF FINANCE'S REPORT

3.1 Report Back Items

Ms. Silva reported that she will review the final results for FY 2014-15 at the workshop along with the reserve balances. Director Costa commented that he attended PCWA's board meeting and was impressed on how they reported on the activities in their reserve funds.

3.2 Miscellaneous District Issues and Correspondence

3.2.1 Update from CalPERS on Pension and Healthcare

Ms. Silva referred the Board to two documents that were provided in the Board packet regarding CalPERS pension and healthcare. A copy of the documents will be attached to the meeting mentioned.

Ms. Silva explained that the healthcare premiums are increasing at a slower rate than what she assumed in the budget. Furthermore, CalPERS released information on how pension reform has resulted in savings as a result of PEPRA.

4. LEGAL COUNSEL'S REPORT

4.1 Legal Matters No report.

5. DIRECTORS' REPORTS

5.1 SGA President Tobin reported that SGA met June 9, 2016.

5.2 RWA President Tobin reported that RWA meets in July.

5.3 ACWA

5.3.1 Local/Federal Government/Region 4 - Pam Tobin

President Tobin reported that she attended the ACWA Region 2 & 4 meeting on SGMA. The meeting covered sustainable groundwater and the groundwater acts. She provided the Board with handouts from the meeting.

5.3.2 JPIA - Bob Walters No report.

5.3.3 Energy Committee - Ted Costa No report.

5.4 CVP Water Users Association No report.

5.5 Other Reports and Comments

5.5.1 Sierra Nevada Conservancy Watershed Program Update – Bob Walters

Director Walters requested that this topic be tabled until the next Board meeting.

5.5.2 Other

Director Costa informed the Board that, when he attended the PCWA Board meeting, he learned the name of the proposed pump storage site is Iowa Hill. He stated that there is about 20,000 AF of storage space at that site.

VII. UPCOMING EVENTS

1. RWA 15th Anniversary Luncheon
July 14, 2016
Sacramento, CA

President Tobin called for Closed Session at 7:55 pm.

VIII. CLOSED SESSION

1. Conference with legal counsel--anticipated litigation; Government Code sections 54954.5(c) and 54956.9(b); significant exposure to litigation involving state and federal administrative proceedings and programs affecting District water rights
2. Public employee performance evaluation involving the General Manager; Government Code sections 54954.5(e) and 54957.
3. Conference to provide District's labor negotiators, Pam Tobin and Bob Walters, with direction concerning changes to General Manager's compensation and benefits; Government Code sections 54954.5(f) and 54957.6.

President Tobin returned to Open Session at 9:36 pm.

IX. OPEN SESSION

Director Rich moved to grant a \$3,000 one time incentive award to the General Manager. The motion was seconded by Director Walters and carried unanimously.

The Board requested that the General Manager set up a meeting with negotiating team to further discuss related topics.

X. ADJOURN

The meeting was adjourned at 9:36 p.m.

PAMELA TOBIN, President
Board of Directors
San Juan Water District

ATTEST:

TERI GRANT, Board Secretary

STAFF REPORT

To: Board of Directors

From: Greg Turner – WTP Plant Manager, Mike Stemple – Purchasing Agent

Date: June 22, 2016

Subject: Authorization to Purchase Additional Wholesale Water Treatment Chemicals

RECOMMENDED ACTION

Staff recommends authorizing the purchase of an additional 26.50 Tons (1 truckload) of Quicklime for \$5,945 and 7,200 Lbs. of Polymer (16 drums) for \$7,353, at a total cost of \$13,298 for the two chemicals.

BACKGROUND

These chemicals are used to condition the water and to assist in the process of settling out contaminants from the water. On June 10, 2015 the Board of Directors approved the purchase of 190 tons of Quicklime, in the amount of \$42,560 and 14,400 Lbs. of Polymer in the amount of \$14,706 for use during Fiscal Year 2015-2016. The amount of these chemicals required is largely dependent upon water quality and the volume of water treated. Due to this year's wet conditions, Folsom Lake's unimpaired flows, un-forecasted water deliveries of 3151 AF (through May) to Sacramento Suburban Water District, and higher than anticipated lake turbidity levels in April and May, compounded by unscheduled sedimentation basin maintenance & repairs the District will need to use more chemicals than initially forecasted. The additional chemical purchase for the as requested quantities is necessary to complete the fiscal year end water deliveries.

In accordance with Ordinance 4000, Appendix B, the purchase of Quicklime and Polymer were publicly bid and the initial purchase of 190 tons of Quicklime and 14,400 Lbs. of Polymer are from the lowest bidders; Graymont Western (Quicklime) and Polymer (Solenis), and were approved by motion of the Board on June 10, 2015. The bid set the price per ton & Lb. as established for the chemicals unit of measure and is good for the entire fiscal year. As such, the District does not need to initiate a separate bidding process for this additional procurement.

Per Ordinance 2000 the General Manager can authorize purchases of goods up to \$15,000. However, the Board has approved the total value and any adjustment in value would require Board authorization. Staff is requesting authorization for the purchase of an additional 26.54 tons of Quicklime in the amount of \$5,945 and an additional 7,200 Lbs. of Polymer in the amount of \$7,353. This will ensure that the Quicklime and Polymer needs are met for the District through June 30, 2016. Staff is recommending a 10% contingency for truckload delivery of Quicklime variation for a total authorized value of \$13,893 for the two chemicals; no contingency is required for the Polymer. There is sufficient room in the budget to accommodate this recommendation.



AGENDA ITEM V.7

REGULAR Board Meeting on June 13, 2016

To: Board of Directors
From: Tom R. Gray
Date: June 9, 2016
Subject: Discussion and possible action on the FO-40 Phase II Project Payment Agreement

Recommendation:

Direct the General Manager to contact San Juan Water District and inform them that the Fair Oaks Water District Board of Directors approves and agrees to sign the attached draft agreement for the funding of the FO-40 Phase II Pipeline Project.

Discussion:

The San Juan Water District has developed a scope of work, schedule and cost estimate for completing a second phase of work relative to rehabilitating a SJWD-Wholesale owned pipeline commonly known as the "Fair Oaks 40". In a letter dated December 15, 2015 the FOWD Board requested that SJWD consider payment for the project as it occurs, rather than through the newly developed policy of a SJWD Capital Facility Charge payment program. The attached agreement is the result of the FOWD Board of Director's request.

Policy Implications:

No known policy implications are created by the proposed recommendation.

Fiscal Impact:

FOWD will be required to pay SJWD an estimated \$2,000,000 in yet to be determined payment amounts, in the estimated time period of 2017 to 2018.

**AGREEMENT FOR PAYMENT OF COSTS FOR PHASE II OF THE
FAIR OAKS 40-INCH TRANSMISSION PIPELINE REHABILITATION PROJECT**

This Agreement for Payment of Costs for Phase II of the Fair Oaks 40-Inch Transmission Pipeline Rehabilitation Project (“Agreement”) is entered into by and between the San Juan Water District, a public agency, (“SJWD”) and the Fair Oaks Water District, a public agency, (“FOWD”), as of June __, 2016. SJWD and FOWD are referred to herein individually as a “Party” and collectively as the “Parties.”

Recitals:

- A. SJWD and FOWD entered into a Wholesale Water Supply Agreement with an effective date of May 14, 2008 (“Wholesale Agreement”). The Wholesale Agreement was amended by the Parties on January 1, 2011. The Wholesale Agreement requires SJWD to operate, maintain, repair, replace and improve San Juan’s Water Treatment and Conveyance Facilities as it determines to be prudent, consistent with legal obligations and sound engineering, construction and utility operating practices, for the mutual benefit of FOWD and other Member Agencies.
- B. In May of 2011, SJWD published the Fair Oaks 40-Inch Transmission Pipeline Rehabilitation Project – Engineering Report on Recommended Project, Project Costs and Cost Allocation (“FO-40 Project”). As set forth in that report, SJWD determined that FOWD is obligated to pay 91% of the costs related to the FO-40 Project.
- C. FOWD agrees that it is liable to pay 91% of the costs of the FO-40 Project and in fact has paid that cost-share for completion of Phase I of the FO-40 Project.
- D. The SJWD November 4, 2015 Technical Memorandum provided a Preliminary Report on Project Scope, Costs, and Implementation Plan for the Phase II of the FO-40 Project (the “Technical Memorandum”). The work on Phase II of the FO-40 Project (“Phase II Project”) will conform as close as reasonable practicable to the Technical Memorandum in conformance with good engineering and public construction practices permit.
- E. The total cost of the Phase II of the FO-40 Project is estimated to be \$2,185,000, with FOWD’s 91% share of those costs estimated to be \$1,988,350. SJWD’s rates and charges require that FOWD, Orange Vale Water Company (“OVWC”) and SJWD-Retail each pay for their share of project costs through capital facilities fees in twenty equal quarterly installments in 2016 through 2020. SJWD expects to carry out the project in 2017 and 2018.
- F. FOWD has requested that SJWD permit FOWD to pay for its 91% share of the Phase II Project costs as they are incurred by SJWD, rather than on the five-year schedule under which OVWC and SJWD-Retail will pay for these costs. SJWD is willing to permit FOWD to pay the Phase II Project costs on a modified schedule, subject to the terms and conditions of this Agreement.

Agreement:

1. Payment of Project Costs:

- (a) FOWD will pay its 91% share of the engineering, construction, construction management, and other project costs for performing and completing the Phase II Project according to the following schedule:
- (i) The first invoice will cover planning and design engineering costs and will be submitted by SJWD to FOWD following SJWD's receipt of proposals for engineering services from qualified consultants that identify engineering costs.
 - (ii) The second invoice will cover fifty-percent of construction costs and construction management costs, as well as any actual additional costs or credits incurred during design, such as design change orders, permitting expenses, easement acquisition, etc. The second invoice will be submitted by SJWD to FOWD following completion of design and SJWD's receipt of construction bids and proposals for construction management and inspection services from qualified contractors and consultants that identify these costs.
 - (iii) The third invoice will be issued at the mid-point of construction based on the allowable construction duration required by the construction contract. The construction duration is anticipated to be six months. The third invoice will cover the final fifty-percent of construction costs and construction management costs per the construction bid, as well as any actual additional costs or credits incurred during the construction period, such as change orders, County inspection or permit compliance costs, materials supplied to the project, etc.
 - (iv) The final invoice will be issued after completion of construction. The final invoice will reconcile all costs paid against actual, complete project costs, and will include actual additional costs or credits incurred during the planning, engineering, and construction period.
 - (v) Each invoice will include the supporting information for the project costs. FOWD will pay the project costs as invoiced by SJWD within 45 days of receipt of SJWD's invoice. SJWD will not charge any markups or administrative fees on the costs described in this paragraph 1.(a).
- (b) FOWD acknowledges that if it does not timely pay each quarterly invoice for the Phase II Project work that, in accordance with current policy, penalties and interest will accrue on any such unpaid invoice as provided in Section 5.4 of SJWD's Policies adopted by the SJWD Board of Directors on February 23, 2011.
- (c) FOWD will remain liable to pay its annual share of the capital facilities fees billed by SJWD for the estimated cost of Phase II Project in the annual amount of \$397,670 until this Agreement is signed by both agencies.

- (d) FOWD acknowledges and agrees that the projected cost of the Phase II Project of \$2,185,000 and FOWD's 91% share of \$1,988,350 are estimates only, and that FOWD, OVWC and SJWD-Retail are all liable to pay the full and actual costs incurred by SJWD to complete all work on the project. Upon completion of the Phase II Project, SJWD will determine the actual final cost of the project. If the actual cost of the project is higher than estimated, SJWD will send a final invoice to FOWD, OVWC and SJWD-Retail for their respective shares of the remaining costs incurred for the project by SJWD. If the actual project costs are lower than estimated, SJWD will credit the difference between the actual amounts paid by each agency. FOWD may request that SJWD issue a check for any credit due FOWD.
2. SJWD will be responsible for selecting the contractor for performing the Phase II Project work. SJWD will provide FOWD with a copy of the bid package of the contractor awarded the work. SJWD will not exceed the scope of the Phase II Project work, until it has informed FOWD of any possible expansion in project scope and in good faith considers the position of FOWD regarding any proposed changes. SJWD will not require any payment from FOWD for any work which exceeds the scope of the Phase II Project work until there have been discussions regarding the proposed change in work, the costs associated with such change, and SJWD has in good faith included the information and/or concerns provided by FOWD in its decision to expand the scope of work. SJWD must provide FOWD written notice of any proposed changes to the scope of the Phase II Project work. FOWD must provide its response to the proposed change to the scope of the project within 10 business days of receiving written notice from SJWD. Any failure by FOWD to respond to SJWD's proposed changes will be deemed to be an acceptance by FOWD of such changes.
 3. SJWD will keep FOWD informed regarding the costs of the Phase II Project and, upon request by FOWD, provide FOWD a copy of all executed contracts and other project-related documents. If FOWD disputes any portion of any invoice issued by SJWD for project costs, FOWD will notify SJWD of such dispute within 10 business days of receipt of such information or invoice. FOWD will include in its notification to SJWD a written explanation of the basis for its dispute and all information and data on which FOWD bases its dispute. Failure of FOWD to notify SJWD of a dispute concerning an invoice or any project work within the 10 day notification period shall be deemed to be a waiver by FOWD of any such dispute.
 4. This Agreement shall be construed and interpreted in accordance with the laws of the State of California. The Parties shall bring any litigation that may arise out of or relate to this Agreement in the Superior Court for Sacramento County.
 5. This Agreement constitutes the entire agreement between the Parties hereto with respect to the matters covered by this Agreement. Any further modifications of this Agreement must be in writing and must be signed by all Parties.
 6. Each of the Parties has read the Agreement carefully, knows and understands its contents. Each of the Parties has received prior independent advice, or has knowingly waived the right to seek independent advice, with respect to the

advisability of executing this Agreement. Moreover, the drafting of this Agreement was a joint effort among the Parties and no ambiguity shall be construed against either party as drafter.

7. The Parties may execute and deliver this Agreement in any number of facsimile counterparts or copies (“counterpart”). When each Party has signed and delivered at least one counterpart to the other Party, each counterpart shall be deemed an original and, taken together, the counterparts shall constitute one and the same Agreement, which shall be binding and effective.

FAIR OAKS WATER DISTRICT

By: _____
David Underwood,
President, Board of Directors

SAN JUAN WATER DISTRICT

By: _____
Pamela E. Tobin
President, Board of Directors

STAFF REPORT

To: Board of Directors
From: Greg Turner, WTP Superintendent
Date: June 16, 2016
Subject: Public Health Goal Report

RECOMMENDED ACTION

No action required; for information only.

BACKGROUND

SB 1307 (Calderone-Sher; effective 1-1-97) added new provisions to the California Health and Safety Code which mandate water utilities to prepare a special report on water quality measurements by July 1, 1998, and every three years thereafter.

CURRENT STATUS

Attached is the final draft of a report prepared by staff comparing our District's drinking water quality with public health goals (PHGs) adopted by California EPA's Office of Environmental Health Hazard Assessment (OEHHA) and with maximum contaminant level goals (MCLGs) adopted by the USEPA. PHGs and MCLGs are not enforceable standards and no action to meet them is mandated. The report is intended to provide information to the public in addition to Consumer Confidence Reports mailed to each customer.

Our water system complies with all of the health-based drinking water standards and maximum contaminant levels (MCLs) required by the SWRCB Division of Drinking Water and the USEPA. No additional actions are recommended.

The law requires that a public hearing be held (which can be part of a regularly scheduled public meeting) for the purpose of accepting and responding to public comment on the report. This public hearing will be scheduled as part of our regular Board meeting scheduled for June 22, 2016 and will be noticed as required.

BUDGET IMPACT

There is no budget impact associated with the PHG Report.

**SAN JUAN WATER DISTRICT
2016 REPORT ON DISTRICT'S WATER QUALITY RELATIVE TO PUBLIC HEALTH GOALS**

BACKGROUND

Provisions of the California Health and Safety Code (Attachment 1) specify that larger (>10,000 service connections) water utilities prepare a special report by July 1, 2016 if their water quality measurements have exceeded any Public Health Goals (PHGs). PHGs are non-enforceable goals established by the Cal-EPA's Office of Environmental Health Hazard Assessment (OEHHA). The law also requires that where OEHHA has not adopted a PHG for a constituent, the water suppliers are to use the Maximum Contaminant Level Goals (MCLGs) adopted by the United States Environmental Protection Agency (USEPA). Only constituents that have a California primary drinking water standard, such as a maximum contaminant level (MCL), and for which either a PHG or MCLG has been set are to be addressed. (Attachment 2 is a list of all regulated constituents with the MCLs and PHGs or MCLGs.)

There are a few constituents that are routinely detected in water systems at levels usually well below the drinking water standards for which no PHG nor MCLG has yet been adopted by OEHHA or USEPA including Total Trihalomethanes. These will be addressed in a future required report after a PHG has been adopted.

The law specifies what information is to be provided in the report. (See Attachment 1)

If a constituent was detected in San Juan Water District's water supply from 2013 through 2015 at a level exceeding an applicable PHG or MCLG, this report provides the information required by the law. Included is the numerical public health risk associated with the MCL and the PHG or MCLG, the category or type of risk to health that could be associated with each constituent, the best treatment technology available that could be used to reduce the constituent level, and an estimate of the cost to install that treatment if it is appropriate and feasible.

WHAT ARE PHGS?

PHGs are drinking water constituent levels set by the California OEHHA, which is part of Cal-EPA, and are based solely on public health risk considerations. None of the practical risk-management factors that are considered by the USEPA or the California State Water Resources Control Board Division of Drinking Water (DDW) in setting drinking water standards (such as MCLs) are considered in setting the PHGs. These factors include analytical detection capability, treatment technology available, and benefits and costs. The PHGs are not enforceable and are not required to be met by any public water system. MCLGs are the federal equivalent to PHGs.

WATER QUALITY DATA CONSIDERED

All of the water quality data collected by our water system from 2013 through 2015 for purposes of determining compliance with drinking water standards was considered. This data was all summarized in our 2013, 2014, and 2015 Consumer Confidence Reports that were mailed to all of our customers by June 2014, 2015 and 2016, respectively. (Attachment 3)

GUIDELINES FOLLOWED

The Association of California Water Agencies (ACWA) formed a workgroup that prepared guidelines for water utilities to use in preparing these newly required reports. The ACWA guidelines were used in the preparation of our report. No guidance was available from state regulatory agencies.

BEST AVAILABLE TREATMENT TECHNOLOGY AND COST ESTIMATES

Both the USEPA and DDW adopt what are known as Best Available Technologies (BATs), which are the best known methods of reducing contaminant levels to the MCL. Costs can be estimated for such

technologies. However, since many PHGs and all MCLGs are set much lower than the MCL, it is not always possible or feasible to determine what treatment is needed to further reduce a constituent downward to or near the PHG or MCLG, many of which are set at zero. Estimating the costs to reduce a constituent to zero is difficult, if not impossible, because it is not possible to verify by analytical means that the level has been lowered to zero. In some cases, installing treatment to try and further reduce very low levels of one constituent may have adverse effects on other aspects of water quality.

CONSTITUENTS DETECTED THAT EXCEED A PHG OR A MCLG

The following is a discussion of the constituent that was detected in our drinking water at levels above the PHG, or if no PHG, above the MCLG:

Coliform Bacteria:

From 2013 through 2015 there were three months which had detectable total coliform in the distribution system that exceeded the MCLG of zero. In April 2013, 53 samples were collected and one sample had a coliform positive detect, resulting in 1.89 percent of samples positive. In October 2014, 43 samples were collected and one sample had a coliform positive detect, resulting in 2.33 percent of samples positive. In November 2014, 43 samples were collected and one sample had a coliform positive detect, resulting in 2.33 percent of samples positive.

The MCL for coliform is five percent positive samples of all samples per month and the MCLG is zero. The reason for the coliform drinking water standard is to minimize the possibility of the water containing pathogens, which are organisms that cause waterborne disease. Because coliform is only a surrogate indicator of the potential presence of pathogens, it is not possible to state a specific numerical health risk. While USEPA normally sets MCLGs "at a level where no known or anticipated adverse effects on persons would occur", they indicate that they cannot do so with coliforms.

Coliform bacteria are an indicator organism that are ubiquitous in nature and are not generally considered harmful. They are used because of the ease in monitoring and analysis. If a positive sample is found, it indicates a potential problem that needs to be investigated and follow up sampling done. It is not at all unusual for a system to have an occasional positive sample. It is difficult, if not impossible, to assure that a system will never get a positive sample.

We add chlorine at our sources to assure that the water served has the least microbiological risk. The chlorine residual levels are carefully controlled to provide the best health protection without causing the water to have undesirable taste and odor or increasing the disinfection byproduct level. This careful balance of treatment processes is essential to continue supplying our customers with potable drinking water. Other equally important measures that we have implemented include: an effective cross-connection control program, maintenance of a disinfectant residual throughout our system, an effective monitoring and surveillance program, and maintaining positive pressures in our distribution system. Our system has already taken all of the steps described by DDW as "best available technology" for coliform bacteria in Section 64447, Title 22, CCR.

RECOMMENDATIONS FOR FURTHER ACTION

The drinking water quality of San Juan Water District meets all DDW and USEPA drinking water standards set to protect public health. It is uncertain if it is possible to further reduce the level of the constituent identified in this report that is already significantly below the health-based MCL established to provide "safe drinking water". The effectiveness of any additional treatment processes to provide any significant reductions in constituent level at these already low values is uncertain. The health protection benefits of these further hypothetical reductions are not at all clear and may not be quantifiable. Therefore, no action is proposed.

ATTACHMENTS:

- 1 California Health & Safety Code: Section 116470 (a), (b), (c)
- 2 Table of Regulated Constituents with MCLs, PHGs or MCLGs
- 3 San Juan Water District 2013, 2014 and 2015 Consumer Confidence Reports

Attachment 1
California Health and Safety Code
Section 116470

Section 116470.

(a) As a condition of its operating permit, every public water system shall annually prepare a consumer confidence report and mail or deliver a copy of that report to each customer, other than an occupant, as defined in Section 799.28 of the Civil Code, of a recreational vehicle park. A public water system in a recreational vehicle park with occupants as defined in Section 799.28 of the Civil Code shall prominently display on a bulletin board at the entrance to or in the office of the park, and make available upon request, a copy of the report. The report shall include all of the following information:

- (1) The source of the water purveyed by the public water system.
- (2) A brief and plainly worded definition of the terms "maximum contaminant level," "primary drinking water standard," and "public health goal."
- (3) If any regulated contaminant is detected in public drinking water supplied by the system during the past year, the report shall include all of the following information:

(A) The level of the contaminant found in the drinking water, and the corresponding public health goal and primary drinking water standard for that contaminant.

(B) Any violations of the primary drinking water standard that have occurred as a result of the presence of the contaminant in the drinking water and a brief and plainly worded statement of health concerns that resulted in the regulation of that contaminant.

(C) The public water system's address and phone number to enable customers to obtain further information concerning contaminants and potential health effects.

(4) Information on the levels of unregulated contaminants, if any, for which monitoring is required pursuant to state or federal law or regulation.

(5) Disclosure of any variances or exemptions from primary drinking water standards granted to the system and the basis therefor.

(b) On or before July 1, 1998, and every three years thereafter, public water systems serving more than 10,000 service connections that detect one or more contaminants in drinking water that exceed the applicable public health goal, shall prepare a brief written report in plain language that does all of the following:

(1) Identifies each contaminant detected in drinking water that exceeds the applicable public health goal.

(2) Discloses the numerical public health risk, determined by the office, associated with the maximum contaminant level for each contaminant identified in paragraph (1) and the numerical public health risk determined by the office associated with the public health goal for that contaminant.

(3) Identifies the category of risk to public health, including, but not limited to, carcinogenic, mutagenic, teratogenic, and acute toxicity, associated with exposure to the contaminant in drinking water, and includes a brief plainly worded description of these terms.

(4) Describes the best available technology, if any is then available on a commercial basis, to remove the contaminant or reduce the concentration of the contaminant. The public water system may, solely at its own discretion, briefly describe actions that have been taken on its own, or by other entities, to prevent the introduction of the contaminant into drinking water supplies.

(5) Estimates the aggregate cost and the cost per customer of utilizing the technology described in paragraph (4), if any, to reduce the concentration of that contaminant in drinking water to a level at or below the public health goal.

(6) Briefly describes what action, if any, the local water purveyor intends to take to reduce the concentration of the contaminant in public drinking water supplies and the basis for that decision.

(c) Public water systems required to prepare a report pursuant to subdivision (b) shall hold a public hearing for the purpose of accepting and responding to public comment on the report. Public water systems may hold the public hearing as part of any regularly scheduled meeting.

(d) The department shall not require a public water system to take any action to reduce or eliminate any exceedance of a public health goal.

(e) Enforcement of this section does not require the department to amend a public water system's operating permit.

(f) Pending adoption of a public health goal by the Office of Environmental Health Hazard Assessment pursuant to subdivision (c) of Section 116365, and in lieu thereof, public water systems shall use the national maximum contaminant level goal adopted by the United States Environmental Protection Agency for the corresponding contaminant for purposes of complying with the notice and hearing requirements of this section.

(g) This section is intended to provide an alternative form for the federally required consumer confidence report as authorized by 42 U.S.C. Section 300g-3(c).

Attachment 2
California MCLs and PHGs
and Federal MCLGs

2016 PHG Triennial Report: Calendar Years 2013-2014-2015

MCLs, DLRs, and PHGs for Regulated Drinking Water Contaminants

(Units are in milligrams per liter (mg/L), unless otherwise noted.)

Last Update: December 29, 2015

(Reference last update 9/23/2015: http://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/MCLsandPHGs.shtml)

This table includes:

- DDW's maximum contaminant levels (MCLs)
- DDW's detection limits for purposes of reporting (DLRs)
- [Public health goals \(PHGs\) from the Office of Environmental Health Hazard Assessment \(OEHHA\)](#)
- PHGs for NDMA and 1,2,3-Trichloropropane (both are unregulated) are at the bottom of this table
- The federal MCLG for chemicals without a PHG, microbial contaminants, and the DLR for 1,2,3-TCP

Constituent	MCL	DLR	PHG or (MCLG)	Date of PHG
<i>Chemicals with MCLs in 22 CCR §64431—Inorganic Chemicals</i>				
Aluminum	1	0.05	0.6	2001
Antimony	0.006	0.006	0.02	1997
Antimony	--	--	0.0007	2009 draft
Arsenic	0.010	0.002	0.000004	2004
Asbestos (MFL = million fibers per liter; for fibers >10 microns long)	7 MFL	0.2 MFL	7 MFL	2003
Barium	1	0.1	2	2003
Beryllium	0.004	0.001	0.001	2003
Cadmium	0.005	0.001	0.00004	2006
Chromium, Total - OEHHA withdrew the 1999 0.0025 mg/L PHG in Nov 2001	0.05	0.01	(0.100)	
Chromium, Hexavalent (Chromium-8)	0.01	0.001	0.00002	2011
Cyanide	0.15	0.1	0.15	1997
Fluoride	2	0.1	1	1997
Mercury (inorganic)	0.002	0.001	0.0012	1999 (rev2005)*
Nickel	0.1	0.01	0.012	2001
Nitrate (as N)	10 as N	0.4	45 as NO3 (=10 as N)	1997
Nitrite (as N)	1 as N	0.4	1 as N	1997
Nitrate + Nitrite (as N)	10 as N	0.4	10 as N	1997
Perchlorate	0.006	0.004	0.001	2015
Selenium	0.05	0.005	0.03	2010
Thallium	0.002	0.001	0.0001	1999 (rev2004)
<i>Copper and Lead, 22 CCR §64672.3</i>				
<i>Values referred to as MCLs for lead and copper are not actually MCLs; instead, they are called "Action Levels" under the lead and copper rule</i>				
Copper	1.3	0.05	0.3	2008
Lead	0.015	0.005	0.0002	2009

Constituent	MCL	DLR	PHG or (MCLG)	Date of PHG
Radionuclides with MCLs in 22 CCR §64441 and §64443—Radioactivity				
[units are picocuries per liter (pCi/L), unless otherwise stated; n/a = not applicable]				
Gross alpha particle activity - OEHHA concluded in 2003 that a PHG was not practical	15	3	(zero)	n/a
Gross beta particle activity - OEHHA concluded in 2003 that a PHG was not practical	4 mrem/yr	4	(zero)	n/a
Radium-226	--	1	0.05	2006
Radium-228	--	1	0.019	2006
Radium-226 + Radium-228	5	--	(zero)	--
Strontium-90	8	2	0.35	2006
Tritium	20,000	1,000	400	2006
Uranium	20	1	0.43	2001
Chemicals with MCLs in 22 CCR §64444—Organic Chemicals				
(a) Volatile Organic Chemicals (VOCs)				
Benzene	0.001	0.0005	0.00015	2001
Carbon tetrachloride	0.0005	0.0005	0.0001	2000
1,2-Dichlorobenzene	0.6	0.0005	0.6	1997 (rev2009)
1,4-Dichlorobenzene (p-DCB)	0.005	0.0005	0.006	1997
1,1-Dichloroethane (1,1-DCA)	0.005	0.0005	0.003	2003
1,2-Dichloroethane (1,2-DCA)	0.0005	0.0005	0.0004	1999 (rev2005)
1,1-Dichloroethylene (1,1-DCE)	0.006	0.0005	0.01	1999
cis-1,2-Dichloroethylene	0.006	0.0005	0.1	2006
trans-1,2-Dichloroethylene	0.01	0.0005	0.06	2006
Dichloromethane (Methylene chloride)	0.005	0.0005	0.004	2000
1,2-Dichloropropane	0.005	0.0005	0.0005	1999
1,3-Dichloropropene	0.0005	0.0005	0.0002	1999 (rev2006)
Ethylbenzene	0.3	0.0005	0.3	1997
Methyl tertiary butyl ether (MTBE)	0.013	0.003	0.013	1999
Monochlorobenzene	0.07	0.0005	0.07	2014
Styrene	0.1	0.0005	0.0005	2010
1,1,2,2-Tetrachloroethane	0.001	0.0005	0.0001	2003
Tetrachloroethylene (PCE)	0.005	0.0005	0.00006	2001
Toluene	0.15	0.0005	0.15	1999
1,2,4-Trichlorobenzene	0.005	0.0005	0.005	1999
1,1,1-Trichloroethane (1,1,1-TCA)	0.2	0.0005	1	2006
1,1,2-Trichloroethane (1,1,2-TCA)	0.005	0.0005	0.0003	2006
Trichloroethylene (TCE)	0.005	0.0005	0.0017	2009
Trichlorofluoromethane (Freon 11)	0.15	0.005	1.3	2014
1,1,2-Trichloro-1,2,2-Trifluoroethane (Freon 113)	1.2	0.01	4	1997 (rev2011)
Vinyl chloride	0.0005	0.0005	0.00005	2000
Xylenes	1.75	0.0005	1.8	1997

Constituent	MCL	DLR	PHG or (MCLG)	Date of PHG
<i>(b) Non-Volatile Synthetic Organic Chemicals (SOCs)</i>				
Alachlor	0.002	0.001	0.004	1997
Atrazine	0.001	0.0005	0.00015	1999
Bentazon	0.018	0.002	0.2	1999 (rev2009)
Benzo(a)pyrene	0.0002	0.0001	0.000007	2010
Carbofuran	0.018	0.005	0.0017	2000
Carbofuran	--	--	0.0007	2015 draft
Chlordane	0.0001	0.0001	0.00003	1997 (rev2006)
Dalapon	0.2	0.01	0.79	1997 (rev2009)
1,2-Dibromo-3-chloropropane (DBCP)	0.0002	0.00001	0.0000017	1999
2,4-Dichlorophenoxyacetic acid (2,4-D)	0.07	0.01	0.02	2009
Di(2-ethylhexyl)adipate	0.4	0.005	0.2	2003
Di(2-ethylhexyl)phthalate (DEHP)	0.004	0.003	0.012	1997
Dinoseb	0.007	0.002	0.014	1997 (rev2010)
Diquat	0.02	0.004	0.015	2000
Diquat	--	--	0.006	2015 draft
Endrin	0.002	0.0001	0.0018	1999 (rev2008)
Endrin	--	--	0.0003	2015 draft
Endothal	0.1	0.045	0.094	2014
Ethylene dibromide (EDB)	0.00005	0.00002	0.00001	2003
Glyphosate	0.7	0.025	0.9	2007
Heptachlor	0.00001	0.00001	0.000008	1999
Heptachlor epoxide	0.00001	0.00001	0.000006	1999
Hexachlorobenzene	0.001	0.0005	0.00003	2003
Hexachlorocyclopentadiene	0.05	0.001	0.002	2014
Lindane	0.0002	0.0002	0.000032	1999 (rev2005)
Methoxychlor	0.03	0.01	0.00009	2010
Molinate	0.02	0.002	0.001	2008
Oxamyl	0.05	0.02	0.026	2009
Pentachlorophenol	0.001	0.0002	0.0003	2009
Picloram	0.5	0.001	0.5	1997
Picloram	--	--	0.166	2015 draft
Polychlorinated biphenyls (PCBs)	0.0005	0.0005	0.00009	2007
Simazine	0.004	0.001	0.004	2001
2,4,5-TP (Silvex)	0.05	0.001	0.003	2014
2,3,7,8-TCDD (dioxin)	3×10^{-8}	5×10^{-9}	5×10^{-11}	2010
Thiobencarb	0.07	0.001	0.07	2000
Thiobencarb	--	--	0.042	2015 draft
Toxaphene	0.003	0.001	0.00003	2003

Constituent	MCL	DLR	PHG or (MCLG)	Date of PHG
<i>Chemicals with MCLs in 22 CCR §64533—Disinfection Byproducts</i>				
Total Trihalomethanes	0.080	--		
Total Trihalomethanes	--	--	0.0008	2010 draft
Bromodichloromethane	--	0.0010	(zero)	--
Bromoform	--	0.0010	(zero)	--
Chloroform	--	0.0010	(0.07)	--
Dibromochloromethane	--	0.0010	(0.06)	--
Haloacetic Acids (five) (HAA5)	0.060	--	--	--
Monochloroacetic Acid	--	0.0020	(0.07)	--
Dichloroacetic Acid	--	0.0010	(zero)	--
Trichloroacetic Acid	--	0.0010	(0.02)	--
Monobromoacetic Acid	--	0.0010	--	--
Dibromoacetic Acid	--	0.0010	--	--
Bromate	0.010	0.0050 or 0.0010 ³	0.0001	2009
Chlorite	1.0	0.020	0.05	2009
<i>Microbiological Contaminants (TT = Treatment Technique)</i>				
Coliform % positive samples	%	5	(zero)	
<i>Cryptosporidium</i> **		TT	(zero)	
<i>Giardia lamblia</i> **		TT	(zero)	
<i>Legionella</i> **		TT	(zero)	
Viruses**		TT	(zero)	
<i>Chemicals with PHGs established in response to DDW requests. These are not currently regulated drinking water contaminants.</i>				
N-Nitrosodimethylamine (NDMA)	--	--	0.000003	2006
1,2,3-Trichloropropane	--	0.000005	0.0000007	2009

Notes:

³ DDW will maintain a 0.0050 mg/L DLR for bromate to accommodate laboratories that are using EPA Method 300.1. However, laboratories using EPA Methods 317.0 Revision 2.0, 321.8, or 326.0 must meet a 0.0010 mg/L MRL for bromate and should report results with a DLR of 0.0010 mg/L per Federal requirements.

*OEHHA's review of this chemical during the year indicated (rev20XX) resulted in no change in the PHG

** Surface water treatment = TT

Attachment 3
San Juan Water District
2013, 2014, and 2015 Consumer Confidence Reports



2013 Consumer Confidence Report
 Published by the
 San Juan Wholesale Customer Agencies
 P.O. Box 2157
 Granite Bay, CA 95746

Este informe contiene información muy importante sobre su agua potable. Tradúzcalo o hable con alguien que lo entienda bien.

2013 Consumer Confidence Report



Published by the San Juan Wholesale Customer Agencies

San Juan Water District • Citrus Heights Water District • Fair Oaks Water District • Orange Vale Water Company

San Juan Water District provides reliable, high-quality water supplies to our customers. We serve nearly 140,000 customers in our retail and wholesale service areas throughout Sacramento and Placer counties. We test our surface water, which comes from the American River watershed, and our local groundwater for microbiological and chemical quality.

The U.S. Environmental Protection Agency and the California Department of Public Health maintain strict water quality standards designed to protect customers from waterborne disease organisms and harmful chemicals. As a public water agency, we are required by the USEPA to provide you with an annual Consumer Confidence Report.

This report provides you with information about drinking water quality and how we comply with drinking water quality standards. As your water provider, we are proud to report that this year's CCR concludes that, once again, your drinking water meets all federal and state drinking water standards.

Your drinking water continues to meet all state and federal drinking water standards.



What's In Your Water?

The sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs, and wells. As water travels over the surface of the land or through the ground, it dissolves naturally-occurring minerals and, in some cases, radioactive material, and can pick up substances resulting from the presence of animals or from human activity.

Contaminants that may be present in the source water include:

- Microbial contaminants, such as viruses and bacteria, that may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife.
- Inorganic contaminants, such as salts and metals, that can be naturally-occurring or result from urban stormwater runoff, industrial or domestic wastewater discharges, oil and gas production, mining, or farming.
- Pesticides and herbicides, that may come from a variety of sources such as agriculture, urban stormwater runoff, and residential uses.

- Organic chemical contaminants, including synthetic and volatile organic chemicals, that are by-products of industrial processes and petroleum production, and can also come from gas stations, urban stormwater runoff, agricultural application, and septic systems.

- Radioactive contaminants, that can be naturally-occurring or be the result of oil and gas production and mining activities.

In order to ensure that tap water is safe to drink, the U.S. Environmental Protection Agency (USEPA) and the California Department of Public Health (Department) prescribe regulations that limit the amount of certain contaminants in water provided by public water systems. Department regulations also establish limits for contaminants in bottled water that provide the same protection for public health.

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the USEPA's Safe Drinking Water Hotline (1-800-426-4791).

Contact Us If you have any questions about this report or your water supply, please contact your local water provider. Each of the member agencies holds monthly board meetings that are open to the public as indicated below.



San Juan Water District

Contact Person:
 Greg Turner
 (916) 791-1715
 gturner@sjwd.org
 www.sjwd.org

Board Meetings:
 2nd and 4th Wednesday
 each month
 7:00 p.m.
 9935 Auburn-Folsom Road
 Granite Bay

Citrus Heights Water District

Contact Person:
 Brian Hensley
 (916) 725-6873
 bhensley@chwd.org
 www.chwd.org

Board Meetings:
 2nd Tuesday each month
 6:30 p.m.
 6230 Sylvan Road
 Citrus Heights

Fair Oaks Water District

Contact Person:
 Michael Nisenboym, P.E.
 (916) 844-3513
 mnisenboym@fowd.com
 www.fowd.com

Board Meetings:
 2nd Monday every month
 6:30 p.m.
 10326 Fair Oaks Boulevard
 Fair Oaks

Orange Vale Water Company

Contact Person:
 Mark DuBose
 (916) 988-1693
 mdubose@orangevalewater.com
 www.orangevalewater.com

Board Meetings:
 1st Tuesday each month
 5:00 p.m.
 9031 Central Avenue
 Orangevale

Where Does Your Water Come From?

Water from the Agencies comes from two sources: treated surface water and groundwater. San Juan Water District diverts and treats surface water from Folsom Lake. This treated water is then distributed to the Agencies. Orange Vale Water Company and San Juan Water District receive 100 percent of their supply from treated surface water. If you are a consumer of Citrus Heights or Fair Oaks water districts, your water is a mixture of treated surface water from San Juan Water District and groundwater from local wells.

- San Juan Water District – 100% surface water
- Orange Vale Water Company – 100% surface water
- Citrus Heights Water District – 97% surface water, 3% groundwater
- Fair Oaks Water District – 89% surface water, 11% groundwater

Source water assessments have been conducted for all the water sources to enable the Agencies to understand the activities that have the greatest potential for contaminating the drinking water supplies. The groundwater sources were assessed in 2002 and the surface water source was evaluated in 2001. A new well for Citrus Heights Water District was assessed in 2008. These assessments were conducted in

accordance with Department guidelines and copies of the complete assessments are available for review at the respective agency offices.

San Juan Water District conducted the evaluation of the Folsom Lake source. It was found to be most vulnerable to potential contamination from the Folsom Lake State Recreation Area facilities, high-density housing and associated activities such as sewer and septic systems and fertilizer, pesticide and herbicide application, as well as illegal activities and dumping. The source water is treated using conventional filtration and disinfection that is designed to remove many contaminants. Again this year, your water meets all federal and state drinking water standards.

Citrus Heights and Fair Oaks water districts conducted assessments of their local groundwater wells. It was found that all the wells are vulnerable to commercial urban activities, such as active and historic gas stations, dry cleaners, leaking underground storage tanks, and sewer collection systems, none of which are associated with any detected contaminants.

Although Orange Vale Water Company does not currently utilize available local groundwater, assessments found that wells within their service area would be most vulnerable to rural grazing activities.

Learn more about your water at www.sjwd.org

A Note For Sensitive Populations

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. USEPA/Centers for Disease Control (CDC) guidelines on appropriate means to lessen the risk of infection by *Cryptosporidium* and other microbial contaminants are available from the Safe Drinking Water Hotline (1-800-426-4791).

Important Information About Radon

Radon is a radioactive gas that you cannot see, taste or smell. It is found throughout the United States. Radon can move up through the ground and into a home through cracks and holes in the foundation. Radon can build up to high levels in all types of homes. Radon can also get into indoor air when released from tap water from showering, washing dishes, and other household activities. Compared to radon entering the home through soil, radon entering the home through tap water will, in most cases, be a small source of radon in indoor air. Radon is a known human carcinogen. Breathing air containing radon can lead to lung cancer. Drinking water containing radon may cause increased risk of stomach cancer. If you are concerned about radon in your home, test the air in your home. Testing is inexpensive and easy. You should pursue radon removal for your home if the level of radon in your air is 4 picocuries per liter of air (pCi/L) or higher. There are simple ways to fix a radon problem that are not too costly. For additional information, call the California Radon Program (1-800-745-7236), the EPA Safe Drinking Water Act Hotline (1-800-426-4791), or call the National Safety Council Radon Hotline at (1-800-SOS-RADON).

General Information on Lead

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. The San Juan Family Agencies are responsible for providing high quality drinking water, but cannot control the variety of materials used in plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 30 seconds to 2 minutes before using water for drinking or cooking. If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at www.epa.gov/safewater/lead.

The San Juan Family Agencies test distribution system samples every three years for lead and over ninety-five percent of samples are non-detectable and therefore not reported in the data table.

Unregulated Contaminant Monitoring Rule (UCMR3) Results

The USEPA is requiring public water systems to collect data for unregulated constituents in drinking water supplies under the UCMR3. These are constituents with no current drinking water standards, but that may be regulated in the future. Citrus Heights Water District initiated a one year sampling program for their wells in December 2013. Several constituents were detected. Vanadium is a naturally-occurring metal and was reported as non-detect to 11 ug/L with an average value of 6.4 ug/L; all values were well below the Department's Notification Level of 50 ug/L. Strontium is also a naturally-occurring metal and was reported as 47 to 390 ug/L with an average value of 200.6 ug/L; all values are well below the USEPA's

Lifetime Health Advisory of 4,000 ug/L. Hexavalent chromium can come from both natural deposits and man-made activities and was reported as non-detect to 3 ug/L, with an average value of 1.6 ug/L; all values were well below the Department's proposed drinking water standard of 10 ug/L. Chlorate is an oxidant used in pyrotechnics and was reported as non-detect to 58 ug/L with a non-detectable average; all values were well below the Department's Notification Level of 800 ug/L. More information on this USEPA program can be found at <http://water.epa.gov/lawsregs/rulesregs/sdwa/ucmr/ucmr3/index.cfm>.

Key to Abbreviations

PPB	parts per billion or micrograms per liter (µg/L)
PPM	parts per million or milligrams per liter (mg/L)
NTU	nephelometric turbidity units
µS/CM	microsiemens per centimeter
pCi/L	picocuries per liter
ND	not detected
NR	not required
N/A	not applicable
TON	threshold odor number

Water Quality Definitions

Maximum Contaminant Level (MCL) — The highest level of a contaminant that is allowed in drinking water. Primary MCLs are set as close to the PHGs (or MCLGs) as is economically and technologically feasible. Secondary MCLs are set to protect the odor, taste, and appearance of drinking water.
Public Health Goal (PHG) — The level of a contaminant in drinking water below which there is no known or expected risk to health. PHGs are set by the California Environmental Protection Agency.
Maximum Contaminant Level Goal (MCLG) — The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs are set by the U.S. Environmental Protection Agency.
Maximum Residual Disinfectant Level (MRDL) — The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.
Maximum Residual Disinfectant Level Goal (MRDLG) — The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.
Primary Drinking Water Standard (PDWS) — MCLs and MRDLs for contaminants that affect health along with their monitoring and reporting requirements, and water treatment requirements.
Treatment Technique (TT) — A required process intended to reduce the level of a contaminant in drinking water.
Regulatory Action Level (AL) — The concentration of a contaminant which, if exceeded, triggers treatment or other requirements that a water system must follow.
Notification Level (NL) — Health-based advisory level set by the Department for constituents with no MCL. This is not an enforceable standard, although requirements and recommendations may apply if detected above this level.

San Juan Wholesale Customer Agencies – 2013 Table of Detected Constituents

DETECTED PRIMARY DRINKING WATER CONSTITUENTS regulated to protect your health														
CONSTITUENT	UNITS	PHG or (MCLG) or (MRDLG)	MCL or (MRDL)	San Juan Surface Water Including Orange Vale Water Company(a)			Citrus Heights Groundwater			Fair Oaks Groundwater			MAJOR SOURCES	
				RANGE	AVERAGE	YEAR SAMPLED	RANGE	AVERAGE	YEAR SAMPLED	RANGE	AVERAGE	YEAR SAMPLED		
Arsenic	PPB	0.004	10	ND	ND	2013	ND-3.7	ND	2013	ND - 2.2	2.2	2006, 2012	Erosion of natural deposits	
Barium	PPM	2	1	ND	ND	2013	ND-0.1	ND	2013	ND	ND	2006, 2012	Erosion of natural deposits and wastes from metal refineries	
Beryllium	PPB	1	4	0.12	0.12	2013	ND	ND	2013	ND	ND	2006, 2012	Waste from metal refineries and electrical, aerospace, and defense industries	
Fluoride	PPM	1	2.0	ND	ND	2013	ND-0.18	0.12	2013	0.1 - 0.11	0.11	2006, 2012	Erosion of natural deposits	
Nitrate (as nitrate)	PPM	45	45	ND	ND	2013	4.9 - 13	8.2	2013	2.2-2.6	2.3	2007, 2013	Runoff and leaching from fertilizer use; leaching from septic tanks and sewage; erosion of natural deposits	
Chlorine Residual (distribution system)	PPM	[4]	[4]	0.15-.95 (0.47-0.61)	0.59 (0.54)	2013	0.2-0.86	0.47	2013	0.2-0.95	0.38	2013	Drinking water disinfectant added for treatment	
Total Trihalomethanes (distribution system)	PPB	N/A	80	30-51 (28-50)	42.5 (42.8)	2013	ND-72	41	2013	36-54	44	2013	By-product of drinking water disinfection	
Haloacetic Acids (distribution system)	PPB	N/A	60	14-40 (15-48)	27.5 (32.9)	2013	ND-62	27	2013	16-51	28	2013	By-product of drinking water disinfection	
Control of Disinfection By-Product Precursors (TOC) (raw water) (b)	PPM	N/A	TT = 2	1.0-1.9	1.4	2013	NR	N/A	N/A	NR	N/A	N/A	Various natural and manmade sources	
CONSTITUENT	UNITS	PHG or (MCLG)	MCL	LEVEL FOUND			YEAR SAMPLED			LEVEL FOUND			YEAR SAMPLED	MAJOR SOURCES
Turbidity (b)	NTU	N/A	TT = 1 NTU	0.065			2013			NR			N/A	Soil runoff
	% Samples	N/A	TT = ≤0.3 NTU	100			2013			NR			N/A	
CONSTITUENT	UNITS	PHG or (MCLG)	AL	90th PERCENTILE	# SAMPLED/ # EXCEED AL	YEAR SAMPLED	90th PERCENTILE	# SAMPLED/ # EXCEED AL	YEAR SAMPLED	90th PERCENTILE	# SAMPLED/ # EXCEED AL	YEAR SAMPLED	MAJOR SOURCES	
Copper	PPM	0.3	1.3	0.06 (0.12)	30/0 (30/0)	2012 (2012)	0.09	30/0	2012	0.054	30/0	2013	Internal corrosion of household plumbing systems; erosion of natural deposits	
CONSTITUENT	UNITS	PHG or (MCLG)	MCL	HIGHEST MONTHLY FOUND	# MONTHS/ POSITIVE SAMPLE	YEAR SAMPLED	HIGHEST MONTHLY FOUND	# MONTHS/ POSITIVE SAMPLE	YEAR SAMPLED	HIGHEST MONTHLY FOUND	# MONTHS/ POSITIVE SAMPLE	YEAR SAMPLED	MAJOR SOURCES	
Total Coliform Bacteria	# Samples	(0)	>1 monthly sample positive	N/A (1)	N/A (1)	2013	N/A	N/A	N/A	N/A	N/A	N/A	Naturally present in the environment	
Total Coliform Bacteria	% Samples	(0)	>5% monthly samples positive	1.8 (N/A)	1 (N/A)	2013	0	0	2013	0	0	2013	Naturally present in the environment	
DETECTED SECONDARY DRINKING WATER CONSTITUENTS regulated for aesthetic qualities														
CONSTITUENT	UNITS	PHG or (MCLG)	MCL	San Juan Surface Water including Orange Vale Water Company			Citrus Heights Groundwater			Fair Oaks Groundwater			MAJOR SOURCES	
Total Dissolved Solids	PPM	N/A	1,000	41	41	2013	190-260	228	2013	100-400	181	2006, 2012	Runoff/leaching from natural deposits	
Specific Conductance	µS/CM	N/A	1,600	58-84	72	2013	260-350	294	2013	120-550	228	2006, 2012	Substances that form ions when in water	
Sulfate	PPM	N/A	500	4.8	4.8	2013	7.8-12	9.7	2013	3.6-28	10.8	2006, 2012	Runoff/leaching from natural deposits	
Chloride	PPM	N/A	500	2.8	2.8	2013	10-18	15	2013	3.1-23	6.9	2006, 2012	Runoff/leaching from natural deposits	
Turbidity	NTU	N/A	5	0.021-0.065	0.033	2013	ND-0.1	ND	2013	0.12-0.6	0.35	2006, 2012	Soil runoff	
Odor	TON	N/A	3	2	2	2013	ND	ND	2013	ND	ND	2006, 2012	Naturally occurring organic materials	
DETECTED UNREGULATED DRINKING WATER CONSTITUENTS (c)														
CONSTITUENT	UNITS	PHG or (MCLG)	NL	San Juan Surface Water Including Orange Vale Water Company			Citrus Heights Groundwater			Fair Oaks Groundwater			MAJOR SOURCES	
Hardness	PPM	N/A	NONE	20	20	2013	95-150	121	2013	47-210	86.8	2006, 2012	Hardness is the sum of polyvalent cations present in the water, generally naturally occurring magnesium and calcium.	
Sodium	PPM	N/A	NONE	2.5	2.5	2013	11-23	18.8	2013	4.9-32	11.6	2006, 2012	Naturally occurring salt in the water	
Calcium	PPM	N/A	NONE	5.2	5.2	2013	23-33	27	2013	12-43	19.6	2006, 2012	Erosion of natural deposits	
Magnesium	PPM	N/A	NONE	1.7	1.7	2013	9.4-16	12.7	2013	4.2-25	9.2	2006, 2012	Erosion of natural deposits	
Radon 222	pCi/L	N/A	NONE	ND	ND	2006	165-304	234.5	2008,2009	114-333	215	2005	Erosion of natural deposits	

(a)- Data for OVWC Distribution System is shown in parenthesis, Trihalomethanes and Haloacetic Acid data represents Stage 1 compliance with Running Annual Averages
 (b)- Only surface water sources must comply with PDWS for Control of Disinfection By-Product Precursors and turbidity.
 (c)- Unregulated contaminant monitoring helps determine where certain contaminants occur and whether they need to be regulated. The State allows us to monitor for some contaminants less than once per year because the concentrations of these contaminants do not change frequently. Some of our data, though representative, are more than one year old.



2014 Consumer Confidence Report
Published by the
San Juan Wholesale Customer Agencies
P.O. Box 2157
Granite Bay, CA 95746

Este informe contiene información muy importante sobre su agua potable. Tradúzcalo o hable con alguien que lo entienda bien.

2014 Consumer Confidence Report



Published by the San Juan Wholesale Customer Agencies

San Juan Water District • Citrus Heights Water District • Fair Oaks Water District • Orange Vale Water Company

San Juan Water District provides reliable, high-quality water supplies to our customers. We serve nearly 160,000 customers in our retail and wholesale service areas throughout Sacramento and Placer counties. We test our surface water, which comes from the American River watershed, and our local groundwater for microbiological and chemical quality.

The U.S. Environmental Protection Agency and the State Water Resources Control Board maintain strict water quality standards designed to protect customers from waterborne disease organisms and harmful chemicals. As a public water agency, we are required by the USEPA to provide you with an annual Consumer Confidence Report.

This report provides you with information about drinking water quality and how we comply with drinking water quality standards. As your water provider, we are proud to report that this year's CCR concludes that, once again, your drinking water meets all federal and state drinking water standards.

Your drinking water continues to meet all state and federal drinking water standards.



What's In Your Water?

The sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs, and wells. As water travels over the surface of the land or through the ground, it dissolves naturally-occurring minerals and, in some cases, radioactive material, and can pick up substances resulting from the presence of animals or from human activity.

Contaminants that may be present in the source water include:

- Microbial contaminants, such as viruses and bacteria, that may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife.
- Inorganic contaminants, such as salts and metals, that can be naturally-occurring or result from urban stormwater runoff, industrial or domestic wastewater discharges, oil and gas production, mining, or farming.
- Pesticides and herbicides, that may come from a variety of sources such as agriculture, urban stormwater runoff, and residential uses.

- Organic chemical contaminants, including synthetic and volatile organic chemicals, that are by-products of industrial processes and petroleum production, and can also come from gas stations, urban stormwater runoff, agricultural application, and septic systems.
- Radioactive contaminants, that can be naturally-occurring or be the result of oil and gas production and mining activities.

In order to ensure that tap water is safe to drink, the U.S. Environmental Protection Agency (USEPA) and the State Water Resources Control Board (State Board) prescribe regulations that limit the amount of certain contaminants in water provided by public water systems. State Board regulations also establish limits for contaminants in bottled water that provide the same protection for public health.

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the USEPA's Safe Drinking Water Hotline (1-800-426-4791).

Contact Us If you have any questions about this report or your water supply, please contact your local water provider. Each of the member agencies holds monthly board meetings that are open to the public as indicated below.



San Juan Water District

Contact Person:
Greg Turner
(916) 791-1715
gturner@sjwd.org
www.sjwd.org

Board Meetings:
2nd and 4th Wednesday
each month
7:00 p.m.
9935 Auburn-Folsom Road
Granite Bay

Citrus Heights Water District

Contact Person:
Brian Hensley
(916) 725-6873
bhensley@chwd.org
www.chwd.org

Board Meetings:
2nd Tuesday each month
6:30 p.m.
6230 Sylvan Road
Citrus Heights

Fair Oaks Water District

Contact Person:
Michael Nisenboym, P.E.
(916) 844-3513
mnisenboym@fowd.com
www.fowd.com

Board Meetings:
2nd Monday every month
6:30 p.m.
10326 Fair Oaks Boulevard
Fair Oaks

Orange Vale Water Company

Contact Person:
Mark DuBose
(916) 988-1693
mdubose@orangevalewater.com
www.orangevalewater.com

Board Meetings:
1st Tuesday each month
5:00 p.m.
9031 Central Avenue
Orangevale

Where Does Your Water Come From?

Water from the agencies comes from two sources: treated surface water and groundwater. San Juan Water District diverts and treats surface water from Folsom Lake. This treated water is then distributed to the agencies. Orange Vale Water Company and San Juan Water District receive 100 percent of their supply from treated surface water. If you are a consumer of Citrus Heights or Fair Oaks Water Districts, your water is a mixture of treated surface water from San Juan Water District and groundwater from local wells.

San Juan Water District – 100% surface water
Orange Vale Water Company – 100% surface water
Citrus Heights Water District – 84% surface water, 16% groundwater
Fair Oaks Water District – 75.7% surface water, 24.3% groundwater

Source water assessments have been conducted for all the water sources to enable the Agencies to understand the activities that have the greatest potential for contaminating the drinking water supplies. The groundwater sources were assessed in 2002 and the surface water source was evaluated in 2001. New wells for Citrus Heights Water District were assessed in 2008 and 2009. These assessments were conducted in accordance with State

Board guidelines and copies of the complete assessments are available for review at the respective agency offices.

San Juan Water District conducted the evaluation of the Folsom Lake source. It was found to be most vulnerable to potential contamination from the Folsom Lake State Recreation Area facilities, high-density housing and associated activities such as sewer and septic systems and fertilizer, pesticide and herbicide application, as well as illegal activities and dumping. The source water is typically treated using conventional filtration and disinfection that is designed to remove many contaminants. Again this year, your water meets all federal and state drinking water standards.

Citrus Heights and Fair Oaks water districts conducted assessments of their local groundwater wells. It was found that all the wells are vulnerable to commercial urban activities, such as active and historic gas stations, dry cleaners, leaking underground storage tanks, known contaminant plumes, automobile repair shops, and sewer collection systems, none of which are associated with any detected contaminants.

Although Orange Vale Water Company does not currently utilize available local groundwater, assessments found that wells within their service area would be most vulnerable to rural grazing activities.

Learn more about your water at www.sjwd.org

A Note For Sensitive Populations

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. USEPA/Centers for Disease Control (CDC) guidelines on appropriate means to lessen the risk of infection by *Cryptosporidium* and other microbial contaminants are available from the Safe Drinking Water Hotline (1-800-426-4791).

Important Information About Radon

Radon is a radioactive gas that you cannot see, taste or smell. It is found throughout the United States. Radon can move up through the ground and into a home through cracks and holes in the foundation. Radon can build up to high levels in all types of homes. Radon can also get into indoor air when released from tap water from showering, washing dishes, and other household activities. Compared to radon entering the home through soil, radon entering the home through tap water will, in most cases, be a small source of radon in indoor air. Radon is a known human carcinogen. Breathing air containing radon can lead to lung cancer. Drinking water containing radon may cause increased risk of stomach cancer. If you are concerned about radon in your home, test the air in your home. Testing is inexpensive and easy. You should pursue radon removal for your home if the level of radon in your air is 4 picocuries per liter of air (pCi/L) or higher. There are simple ways to fix a radon problem that are not too costly. For additional information, call the California Radon Program (1-800-745-7236), the USEPA Safe Drinking Water Act Hotline (1-800-426-4791), or call the National Safety Council Radon Hotline at (1-800-767-7236).

General Information on Lead

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. The San Juan Wholesale Customer Agencies are responsible for providing high quality drinking water, but cannot control the variety of materials used in plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 30 seconds to 2 minutes before using water for drinking or cooking. If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at <http://www.epa.gov/safewater/lead>.

The San Juan Wholesale Customer Agencies test distribution system samples every three years for lead and over ninety-five percent of samples are non-detectable and therefore not reported in the data table.

Unregulated Contaminant Monitoring Rule (UCMR3) Results

USEPA requires public water systems to collect data for unregulated constituents in drinking water supplies under the Unregulated Contaminant Monitoring Rule 3. Currently, these constituents have no drinking water standards but may be regulated in the future. More information on this USEPA program can be found at <http://water.epa.gov/lawsregs/rulesregs/sdwa/ucmr/ucmr3/index.cfm>. Citrus Heights Water District, Orange Vale Water Company, and Fair Oaks Water District all conducted a sampling program for their supplies and distribution system during 2014. Several constituents were detected, none at any level of human health concern.

Key to Abbreviations

PPB	parts per billion or micrograms per liter (µg/L)
PPM	parts per million or milligrams per liter (mg/L)
NTU	nephelometric turbidity units
µS/CM	microsiemens per centimeter
pCi/L	picocuries per liter
ND	not detected
NR	not required
N/A	not applicable
TON	threshold odor number

Water Quality Definitions

Maximum Contaminant Level (MCL) — The highest level of a contaminant that is allowed in drinking water. Primary MCLs are set as close to the PHGs (or MCLGs) as is economically and technologically feasible. Secondary MCLs are set to protect the odor, taste, and appearance of drinking water.

Public Health Goal (PHG) — The level of a contaminant in drinking water below which there is no known or expected risk to health. PHGs are set by the California Environmental Protection Agency.

Maximum Contaminant Level Goal (MCLG) — The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs are set by the U.S. Environmental Protection Agency.

Maximum Residual Disinfectant Level (MRDL) — The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.

Maximum Residual Disinfectant Level Goal (MRDLG) — The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.

Primary Drinking Water Standard (PDWS) — MCLs and MRDLs for contaminants that affect health along with their monitoring and reporting requirements, and water treatment requirements.

Treatment Technique (TT) — A required process intended to reduce the level of a contaminant in drinking water.

Regulatory Action Level (AL) — The concentration of a contaminant which, if exceeded, triggers treatment or other requirements that a water system must follow.

Notification Level (NL) — Health-based advisory level set by the State Board for constituents with no MCL. This is not an enforceable standard, although requirements and recommendations may apply if detected above this level.

CONSTITUENT	Range (ug/L)	Average (ug/L)	Human Health Advisory	Potential Sources
HCFC-22 (chlorodifluoromethane)	ND-0.11 ¹	ND ¹	None	Refrigerant and propellant
Vanadium	ND-11 ¹ ND-8.1 ²	7.2 ¹ 4.4 ²	State Board Notification Level – 50 ug/L	Naturally-occurring metal
Molybdenum	ND-1 ¹ ND-1.7 ²	ND ^{1,2}	USEPA Lifetime Health Advisory – 40 ug/L	Naturally-occurring metal
Strontium	46-460 ¹ 46-220 ² 46 ³	245 ¹ 148 ² 46 ³	USEPA Lifetime Health Advisory – 4,000 ug/L	Naturally-occurring metal
Chlorate	ND-40 ¹ ND-58 ²	ND ¹ 25 ²	State Board Notification Level – 800 ug/L	Oxidant used in pyrotechnics and possible by-product of water treatment
Testosterone	ND-0.00013 ¹	ND ¹	None	Mammalian hormone

¹ – Citrus Heights Water District (wells, treated surface water from SJWD and distribution system)

² – Fair Oaks Water District (wells, treated surface water from SJWD and distribution system)

³ – Orange Vale Water Company (treated surface water from SJWD and distribution system)

San Juan Wholesale Customer Agencies – 2014 Table of Detected Constituents

DETECTED PRIMARY DRINKING WATER CONSTITUENTS regulated to protect your health													
CONSTITUENT	UNITS	PHG or (MCLG) or (MRDLG)	MCL or (MRDL)	San Juan Surface Water Including Orange Vale Water Company(a)			Citrus Heights Groundwater			Fair Oaks Groundwater			MAJOR SOURCES
				RANGE	AVERAGE	YEAR SAMPLED	RANGE	AVERAGE	YEAR SAMPLED	RANGE	AVERAGE	YEAR SAMPLED	
Arsenic	PPB	0.004	10	ND	ND	2013	ND–3.7	ND	2013	ND - 2.2	2.2	2006, 2012	Erosion of natural deposits; runoff from orchards; glass and electronics production waste
Barium	PPM	2	1	ND	ND	2013	ND–0.1	ND	2013	ND	ND	2006, 2012	Erosion of natural deposits and wastes from metal refineries
Fluoride	PPM	1	2.0	ND	ND	2013	ND–0.18	0.12	2013	0.1 - 0.11	0.11	2006, 2012	Erosion of natural deposits; discharge from fertilizer and aluminum factories
Hexavalent Chromium	PPB	0.02	10	ND	ND	2014	ND–2.3	1.4	2014	ND–2.5	ND	2014	Erosion from natural deposits or discharge from electroplating factories, leather tanneries, wood preservation, chemical synthesis, refractory production, and textile manufacturing facilities
Nitrate (as nitrate)	PPM	45	45	ND	ND	2014	5.2- 13	8.2	2014	2.2–22	7.3	2007, 2014	Runoff and leaching from fertilizer use; leaching from septic tanks and sewage; erosion of natural deposits
Nitrate/Nitrite (as N)	PPM	10	10	ND	ND	2014	NR	N/A	N/A	0.41–0.59	0.51	2006, 2012	Runoff and leaching from fertilizer use; leaching from septic tanks and sewage; erosion of natural deposits
Chlorine Residual (distribution system)	PPM	[4]	[4]	0.1–0.84 (0.19–0.89)	0.53 (0.5)	2014	0.22–1.08	0.5	2014	0.2–1.25	0.46	2014	Drinking water disinfectant added for treatment
Total Trihalomethanes (distribution system)	PPB	N/A	80	23–60 (26–69)	44.3 (52)	2014	ND–50	40	2014	ND–59	37.8	2014	By-product of drinking water disinfection
Haloacetic Acids (distribution system)	PPB	N/A	60	16–32 (18–41)	23 (28)	2014	ND–40	20	2014	ND–36	20.3	2014	By-product of drinking water disinfection
Control of Disinfection By-Product Precursors (TOC) (raw water) (b)	PPM	N/A	TT = 2	1.0–1.9	1.3	2014	NR	N/A	N/A	NR	N/A	N/A	Various natural and manmade sources
CONSTITUENT	UNITS	PHG or (MCLG)	MCL	LEVEL FOUND		YEAR SAMPLED	LEVEL FOUND		YEAR SAMPLED	LEVEL FOUND		YEAR SAMPLED	MAJOR SOURCES
Turbidity (b)	NTU	N/A	TT = 1 NTU	0.21		2014	NR		N/A	NR		N/A	Soil runoff
	% Samples	N/A	TT = ≤0.3 NTU	100		2014	NR		N/A	NR		N/A	
CONSTITUENT	UNITS	PHG or (MCLG)	AL	90th PERCENTILE	# SAMPLED/# EXCEED AL	YEAR SAMPLED	90th PERCENTILE	# SAMPLED/# EXCEED AL	YEAR SAMPLED	90th PERCENTILE	# SAMPLED/# EXCEED AL	YEAR SAMPLED	MAJOR SOURCES
Copper	PPM	0.3	1.3	0.06 (0.12)	30/0 (30/0)	2012 (2012)	0.09	30/0	2012	0.054	30/0	2013	Internal corrosion of household plumbing systems; erosion of natural deposits; leaching from wood preservatives
CONSTITUENT	UNITS	PHG or (MCLG)	MCL	HIGHEST MONTHLY RESULT	# MONTHS/ POSITIVE SAMPLE	YEAR SAMPLED	HIGHEST MONTHLY RESULT	# MONTHS/ POSITIVE SAMPLE	YEAR SAMPLED	HIGHEST MONTHLY RESULT	# MONTHS/ POSITIVE SAMPLE	YEAR SAMPLED	MAJOR SOURCES
Total Coliform Bacteria	# Samples	(0)	>1 monthly sample positive	N/A (1)	N/A (2)	2014	N/A	N/A	N/A	N/A	N/A	N/A	Naturally present in the environment
Total Coliform Bacteria	% Samples	(0)	>5% monthly samples positive	2.33 (N/A)	2 (N/A)	2014	0	0	2014	1.4	1	2014	Naturally present in the environment

DETECTED SECONDARY DRINKING WATER CONSTITUENTS regulated for aesthetic qualities													
CONSTITUENT	UNITS	PHG or (MCLG)	MCL	San Juan Surface Water including Orange Vale Water Company			Citrus Heights Groundwater			Fair Oaks Groundwater			MAJOR SOURCES
				RANGE	AVERAGE	YEAR SAMPLED	RANGE	AVERAGE	YEAR SAMPLED	RANGE	AVERAGE	YEAR SAMPLED	
Total Dissolved Solids	PPM	N/A	1,000	41	41	2013	190-260	228	2013	100–400	181	2006, 2012	Runoff/leaching from natural deposits
Specific Conductance	µS/CM	N/A	1,600	58-84	72	2013	260–350	294	2013	140–550	228	2006, 2012	Substances that form ions when in water
Sulfate	PPM	N/A	500	4.8	4.8	2013	7.8-12	9.7	2013	3.6–28	10.8	2006, 2012	Runoff/leaching from natural deposits
Chloride	PPM	N/A	500	2.8	2.8	2013	10–18	15	2013	3.1–23	6.9	2006, 2012	Runoff/leaching from natural deposits
Turbidity	NTU	N/A	5	0.018–0.21	0.026	2014	ND–0.1	ND	2013	0.12–0.6	0.35	2006, 2012	Soil runoff
Odor	TON	N/A	3	2	2	2013	ND	ND	2013	ND	ND	2006, 2012	Naturally-occurring organic materials

DETECTED UNREGULATED DRINKING WATER CONSTITUENTS (c)													
CONSTITUENT	UNITS	PHG or (MCLG)	NL	San Juan Surface Water Including Orange Vale Water Company			Citrus Heights Groundwater			Fair Oaks Groundwater			MAJOR SOURCES
				RANGE	AVERAGE	YEAR SAMPLED	RANGE	AVERAGE	YEAR SAMPLED	RANGE	AVERAGE	YEAR SAMPLED	
Hardness	PPM	N/A	NONE	20	20	2013	95-150	121	2013	47–210	86.8	2006, 2012	Hardness is the sum of polyvalent cations present in the water, generally naturally occurring magnesium and calcium.
Sodium	PPM	N/A	NONE	2.5	2.5	2013	11–23	18.8	2013	4.9–32	11.6	2006, 2012	Naturally occurring salt in the water
Calcium	PPM	N/A	NONE	5.2	5.2	2013	23-33	27	2013	12–43	19.6	2006, 2012	Erosion of natural deposits
Magnesium	PPM	N/A	NONE	1.7	1.7	2013	9.4-16	12.7	2013	4.2–25	9.2	2006, 2012	Erosion of natural deposits
Radon 222	pCi/L	N/A	NONE	ND	ND	2006	165–304	234.5	2008,2009	114–333	215	2005	Erosion of natural deposits

(a)– Data for OVWC Distribution System is shown in parenthesis.

(b)– Only surface water sources must comply with PDWS for Control of Disinfection By-Product Precursors and turbidity.

(c)– Unregulated contaminant monitoring helps determine where certain contaminants occur and whether they need to be regulated.

The State allows us to monitor for some contaminants less than once per year because the concentrations of these contaminants do not change frequently. Some of our data, though representative, are more than one year old.



2015 CONSUMER CONFIDENCE REPORT



This report is published by the San Juan Wholesale Customer Agencies: San Juan Water District, Citrus Heights Water District, Fair Oaks Water District and Orange Vale Water District. San Juan Water District provides reliable, high-quality water supplies to our customers. We serve nearly 184,000 customers in our retail and wholesale service areas throughout Sacramento and Placer counties. We test our surface water, which comes from the American River watershed, and our local groundwater for microbiological and chemical quality.

The U.S. Environmental Protection Agency and the State Water Resources Control Board maintain strict water quality standards designed to protect customers from waterborne disease organisms and harmful chemicals. As a public water agency, we are required by the USEPA to provide you with an annual Consumer Confidence Report.

This report provides you with information about drinking water quality and how we comply with drinking water quality standards. As your water provider, we are proud to report this year's CCR concludes that, once again, your drinking water meets all federal and state drinking water standards.

WHAT'S IN YOUR WATER?

The sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs, and wells. As water travels over the surface of the land or through the ground, it dissolves naturally-occurring minerals and, in some cases, radioactive material, and can pick up substances resulting from the presence of animals or from human activity.

Contaminants that may be present in the source water include:

- Microbial contaminants, such as viruses and bacteria, that may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife.
- Inorganic contaminants, such as salts and metals, that can be naturally-occurring or result from urban stormwater runoff, industrial or domestic wastewater discharges, oil and gas production, mining, or farming.
- Pesticides and herbicides, that may come from a variety of sources such as agriculture, urban stormwater runoff, and residential uses.

- Organic chemical contaminants, including synthetic and volatile organic chemicals, that are by-products of industrial processes and petroleum production, and can also come from gas stations, urban stormwater runoff, agricultural application, and septic systems.

- Radioactive contaminants, that can be naturally-occurring or be the result of oil and gas production and mining activities.

In order to ensure that tap water is safe to drink, the U.S. Environmental Protection Agency (USEPA) and the State Water Resources Control Board (State Board) prescribe regulations that limit the amount of certain contaminants in water provided by public water systems. State Board regulations also establish limits for contaminants in bottled water that provide the same protection for public health.

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the USEPA's Safe Drinking Water Hotline (1-800-426-4791).

WHERE DOES YOUR WATER COME FROM?

Water from the Agencies comes from two sources: treated surface water and groundwater. San Juan Water District diverts and treats surface water from Folsom Lake. This treated water is then distributed to the Agencies. Orange Vale Water Company and San Juan Water District receive 100 percent of their supply from treated surface water. If you are a consumer of Citrus Heights or Fair Oaks water districts, your water is a mixture of treated surface water from San Juan Water District and groundwater from local wells.

San Juan Water District – 100% surface water
Orange Vale Water Company – 100% surface water
Citrus Heights Water District – 91.6% surface water, 8.4% groundwater
Fair Oaks Water District – 89.3% surface water, 10.7% groundwater

Source water assessments have been conducted for all the water sources to enable the Agencies to understand the activities that have the greatest potential for contaminating the drinking water supplies. The groundwater sources were assessed in 2002 and the surface water source was evaluated in 2001. New wells for Citrus Heights Water District were assessed in 2008 and 2009. These assessments were conducted in accordance with State Board guidelines and copies of

the complete assessments are available for review at the respective agency offices.

San Juan Water District conducted the evaluation of the Folsom Lake source. It was found to be most vulnerable to potential contamination from the Folsom Lake State Recreation Area facilities, high-density housing and associated activities such as sewer and septic systems and fertilizer, pesticide and herbicide application, as well as illegal activities and dumping. The source water is typically treated using conventional treatment with filtration and disinfection that is designed to remove many contaminants. Again this year, your water meets all federal and state drinking water standards.

Citrus Heights and Fair Oaks water districts conducted assessments of their local groundwater wells. It was found that all the wells are vulnerable to commercial urban activities, such as active and historic gas stations, dry cleaners, leaking underground storage tanks, known contaminant plumes, automobile repair shops, and sewer collection systems, none of which are associated with any detected contaminants.

Although Orange Vale Water Company does not currently utilize available local groundwater, assessments found that wells within their service area would be most vulnerable to rural grazing activities.

A NOTE FOR SENSITIVE POPULATIONS

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. USEPA/Centers for Disease Control (CDC) guidelines on appropriate means to lessen the risk of infection by *Cryptosporidium* and other microbial contaminants are available from the Safe Drinking Water Hotline (1-800-426-4791).

GENERAL INFORMATION ON LEAD

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with service lines and home plumbing. The San Juan Family Agencies are responsible for providing high quality drinking water, but cannot control the variety of materials used in plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap for 30 seconds to 2 minutes before using water for drinking or cooking. If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at <http://www.epa.gov/safewater/lead>.

The San Juan Family Agencies test selected customer taps every three years for lead and over ninety-five percent of samples are non-detectable and therefore not reported in the data table.

UNREGULATED CONTAMINANT MONITORING RULE (UCMR3) RESULTS

USEPA requires public water systems to collect data for unregulated constituents in drinking water supplies under the Unregulated Contaminant Monitoring Rule 3. Currently, these constituents have no drinking water standards but may be regulated in the future. More information on this USEPA program can be found at <http://water.epa.gov/lawsregs/rulesregs/sdwa/ucmr/ucmr3/index.cfm>. Citrus Heights Water District and Fair Oaks Water District conducted sampling in 2014. Orange Vale Water Company and San Juan Water District conducted sampling in 2015. Several constituents were detected, none at any level of human health concern.

CONSTITUENT	Range (ug/L)	Average (ug/L)	Human Health Advisory	Potential Sources
HCFC-22 (chlorodifluoromethane)	ND-0.11 ¹	ND ¹	None	Refrigerant and propellant
Vanadium	1.1-11 ¹	7.2 ¹	State Board Notification Level – 50 ug/L	Naturally-occurring metal
	0.52-8.1 ²	3.4 ²		
	0.47-1.0 ³	0.67 ³		
	0.63-1.2 ⁴	1 ⁴		
Molybdenum	ND-1 ¹	ND ^{1,2}	USEPA Lifetime Health Advisory – 40 ug/L	Naturally-occurring metal
	ND-1.7 ²			
Strontium	46-460 ¹	245 ¹	USEPA Lifetime Health Advisory – 4,000 ug/L	Naturally-occurring metal
	46-220 ²	120 ²		
	52-64 ³	59.8 ³		
	46-59 ⁴	53 ⁴		
Chlorate	ND-40 ¹	ND ¹	State Board Notification Level – 800 ug/L	Oxidant used in pyrotechnics and possible by-product of water treatment
	ND-240 ²	37 ²		
Testosterone	ND-0.00013 ¹	ND ¹	None	Mammalian hormone

1 – Citrus Heights Water District (wells, treated surface water from SJWD, and distribution system - 2014)

2 – Fair Oaks Water District (wells, treated surface water from SJWD, and distribution system - 2014)

3 – SJWD (treated surface water and distribution system - 2015)

4 – Orange Vale Water Company (treated surface water from SJWD and distribution system - 2015)

KEY TO ABBREVIATIONS

PPB	parts per billion or micrograms per liter (µg/L)
PPM	parts per million or milligrams per liter (mg/L)
NTU	nephelometric turbidity units
µS/CM	microsiemens per centimeter
ND	not detected
NR	not required
N/A	not applicable
TON	threshold odor number

WATER QUALITY DEFINITIONS

Maximum Contaminant Level (MCL) — The highest level of a contaminant that is allowed in drinking water. Primary MCLs are set as close to the PHGs (or MCLGs) as is economically and technologically feasible. Secondary MCLs are set to protect the odor, taste, and appearance of drinking water.

Public Health Goal (PHG) — The level of a contaminant in drinking water below which there is no known or expected risk to health. PHGs are set by the California Environmental Protection Agency.

Maximum Contaminant Level Goal (MCLG) — The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs are set by the U.S. Environmental Protection Agency.

Maximum Residual Disinfectant Level (MRDL) — The highest level of a disinfectant allowed in drinking water. There is convincing evidence that addition of a disinfectant is necessary for control of microbial contaminants.

Maximum Residual Disinfectant Level Goal (MRDLG) — The level of a drinking water disinfectant below which there is no known or expected risk to health. MRDLGs do not reflect the benefits of the use of disinfectants to control microbial contaminants.

Primary Drinking Water Standard (PDWS) — MCLs and MRDLs for contaminants that affect health along with their monitoring and reporting requirements, and water treatment requirements.

Treatment Technique (TT) — A required process intended to reduce the level of a contaminant in drinking water.

Regulatory Action Level (AL) — The concentration of a contaminant which, if exceeded, triggers treatment or other requirements that a water system must follow.

Notification Level (NL) — Health-based advisory level set by the State Board for constituents with no MCL. This is not an enforceable standard, although requirements and recommendations may apply if detected above this level.

SAN JUAN WHOLESale CUSTOMER AGENCIES – 2015 TABLE OF DETECTED CONSTITUENTS

DETECTED PRIMARY DRINKING WATER CONSTITUENTS regulated to protect your health													
CONSTITUENT	UNITS	PHG or (MCLG) or (MRDLG)	MCL or (MRDL)	San Juan Surface Water Including Orange Vale Water Company(a)			Citrus Heights Groundwater			Fair Oaks Groundwater			MAJOR SOURCES
				RANGE	AVERAGE	YEAR SAMPLED	RANGE	AVERAGE	YEAR SAMPLED	RANGE	AVERAGE	YEAR SAMPLED	
Arsenic	PPB	0.004	10	ND	ND	2013	ND-3.7	ND	2013	ND - 2.2	ND	2006, 2012	Erosion of natural deposits; runoff from orchards; glass and electronics production waste
Barium	PPM	2	1	ND	ND	2013	ND-0.1	ND	2013	ND	ND	2006, 2012	Erosion of natural deposits and wastes from metal refineries
Fluoride	PPM	1	2.0	ND	ND	2013	ND-0.18	0.12	2013	ND - 0.11	ND	2006, 2012	Erosion of natural deposits; discharge from fertilizer and aluminum factories
Hexavalent Chromium	PPB	0.02	10	ND	ND	2015	ND-2.3	1.4	2014	ND-2.5	ND	2014	Erosion from natural deposits or discharge from electroplating factories, leather tanneries, wood preservation, chemical synthesis, refractory production, and textile manufacturing facilities
Nitrate (as N)	PPM	10	10	ND	ND	2015	1.2 - 2.9	1.8	2014	ND - 0.5	0.5	2007, 2015	Runoff and leaching from fertilizer use; leaching from septic tanks and sewage; erosion of natural deposits
Chlorine Residual (distribution system)	PPM	[4]	[4]	0.16-0.82 (0.15-0.89)	0.53 (0.5)	2015	0.22-0.8	0.54	2015	0.2 - 1.08	0.48	2015	Drinking water disinfectant added for treatment
Total Trihalomethanes (distribution system)	PPB	N/A	80	43-60 (33-61)	48.5 (47)	2015	ND-54	42	2015	ND-48	17.0	2015	By-product of drinking water disinfection
Haloacetic Acids (distribution system)	PPB	N/A	60	19-26 (19-30)	23.5 (24.5)	2015	ND-38	27	2015	ND-26	8.0	2015	By-product of drinking water disinfection
Control of Disinfection By-Product Precursors (TOC) (treated water) (b)	PPM	N/A	TT = 2	1.1-3.2	1.3	2015	NR	N/A	N/A	NR	N/A	N/A	Various natural and manmade sources
CONSTITUENT	UNITS	PHG or (MCLG)	MCL	LEVEL FOUND		YEAR SAMPLED	LEVEL FOUND		YEAR SAMPLED	LEVEL FOUND		YEAR SAMPLED	MAJOR SOURCES
Turbidity (b)	NTU	N/A	TT = 1 NTU	0.035		2015	NR		N/A	NR		N/A	Soil runoff
	% Samples	N/A	TT = ≤0.3 NTU	100		2015	NR		N/A	NR		N/A	
	UNITS	PHG or (MCLG)	AL	90th PERCENTILE	# SAMPLED/ # EXCEED AL	YEAR SAMPLED	90th PERCENTILE	# SAMPLED/ # EXCEED AL	YEAR SAMPLED	90th PERCENTILE	# SAMPLED/ # EXCEED AL	YEAR SAMPLED	MAJOR SOURCES
Copper	PPM	0.3	1.3	0.072 (0.076)	30/0 (31/0)	2015 (2015)	0.074	30/0	2015	0.054	30/0	2013	Internal corrosion of household plumbing systems; erosion of natural deposits; leaching from wood preservatives
DETECTED SECONDARY DRINKING WATER CONSTITUENTS regulated for aesthetic qualities													
CONSTITUENT	UNITS	PHG or (MCLG)	MCL	San Juan Surface Water including Orange Vale Water Company			Citrus Heights Groundwater			Fair Oaks Groundwater			MAJOR SOURCES
				RANGE	AVERAGE	YEAR SAMPLED	RANGE	AVERAGE	YEAR SAMPLED	RANGE	AVERAGE	YEAR SAMPLED	
Total Dissolved Solids	PPM	N/A	1,000	41	41	2013	190-260	228	2013	100-400	181	2006, 2012	Runoff/leaching from natural deposits
Specific Conductance	µS/CM	N/A	1,600	58-84	72	2013	260-350	294	2013	140-550	263	2006, 2012	Substances that form ions when in water
Sulfate	PPM	N/A	500	4.8	4.8	2013	7.8-12	9.7	2013	3.6-28	10.8	2006, 2012	Runoff/leaching from natural deposits
Chloride	PPM	N/A	500	2.8	2.8	2013	10-18	15	2013	3.1-23	6.9	2006, 2012	Runoff/leaching from natural deposits
Turbidity	NTU	N/A	5	0.017-0.035	0.025	2015	ND-0.1	ND	2013	0.12-0.6	0.35	2006, 2012	Soil runoff
Odor	TON	N/A	3	2	2	2013	ND	ND	2013	ND	ND	2006, 2012	Naturally-occurring organic materials
DETECTED UNREGULATED DRINKING WATER CONSTITUENTS (c)													
CONSTITUENT	UNITS	PHG or (MCLG)	NL	San Juan Surface Water including Orange Vale Water Company			Citrus Heights Groundwater			Fair Oaks Groundwater			MAJOR SOURCES
				RANGE	AVERAGE	YEAR SAMPLED	RANGE	AVERAGE	YEAR SAMPLED	RANGE	AVERAGE	YEAR SAMPLED	
Hardness	PPM	N/A	NONE	20	20	2013	95-150	121	2013	47-210	86.8	2006, 2012	Hardness is the sum of polyvalent cations present in the water, generally naturally occurring magnesium and calcium.
Sodium	PPM	N/A	NONE	2.5	2.5	2013	11-23	18.8	2013	4.9-32	11.6	2006, 2012	Naturally occurring salt in the water
Calcium	PPM	N/A	NONE	5.2	5.2	2013	23-33	27	2013	12-43	19.6	2006, 2012	Erosion of natural deposits
Magnesium	PPM	N/A	NONE	1.7	1.7	2013	9.4-16	12.7	2013	4.2-25	9.2	2006, 2012	Erosion of natural deposits

(a)– Data for OVWC Distribution System is shown in parenthesis.

(b)– Only surface water sources must comply with PDWS for Control of Disinfection By-Product Precursors and turbidity.

(c)– Unregulated contaminant monitoring helps determine where certain contaminants occur and whether they need to be regulated.

The State allows us to monitor for some contaminants less than once per year because the concentrations of these contaminants do not change frequently.

Some of our data, though representative, are more than one year old.



2015 CONSUMER CONFIDENCE REPORT

San Juan Wholesale Customer Agencies

P.O. Box 2157
Granite Bay, CA 95746

Board of Directors

Edward J. "Ted" Costa
Kenneth H. Miller
Dan Rich
Pamela Tobin
Bob Walters

Este informe contiene información muy importante sobre su agua potable. Tradúzcalo o hable con alguien que lo entienda bien.

Your drinking water continues to meet all state and federal drinking water standards.



CONTACT US

If you have any questions about this report or your water supply, please contact your local water provider. Each of the member agencies holds monthly board meetings that are open to the public as indicated below.



San Juan Water District

Contact Person:
Greg Turner
(916) 791-1715
gturner@sjwd.org
www.sjwd.org

Board Meetings:
2nd and 4th Wednesday
each month
7:00 p.m.
9935 Auburn-Folsom Road
Granite Bay

Citrus Heights Water District

Contact Person:
Brian Hensley
(916) 725-6873
bhensley@chwd.org
www.chwd.org

Board Meetings:
2nd Tuesday each month
6:30 p.m.
6230 Sylvan Road
Citrus Heights

Fair Oaks Water District

Contact Person:
Michael Nisenboym, P.E.
(916) 844-3513
mnisenboym@fowd.com
www.fowd.com

Board Meetings:
2nd Monday every month
6:30 p.m.
10326 Fair Oaks Boulevard
Fair Oaks

Orange Vale Water Company

Contact Person:
Mark DuBose
(916) 988-1693
mdubose@orangevalewater.com
www.orangevalewater.com

Board Meetings:
1st Tuesday each month
5:00 p.m.
9031 Central Avenue
Orangevale

LEARN MORE ABOUT YOUR WATER AT WWW.SJWD.ORG

San Juan Water District

Granite Bay, California



Comprehensive Annual
Financial Report
For the Fiscal Year Ended
June 30, 2015

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SAN JUAN WATER DISTRICT
GRANITE BAY, CA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2015

Prepared by

Finance Department
San Juan Water District
9935 Auburn-Folsom Road
Granite Bay, CA 95746
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www.sjwd.org

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SAN JUAN WATER DISTRICT
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

	<u>Page Number</u>
INTRODUCTORY SECTION	
Letter of Transmittal	i
List of Elected and Appointed Officials	vii
Organizational Chart	viii
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	11
Statement of Revenue, Expenses, and Changes in Fund Net Position	12
Statement of Cash Flows	13
Notes to Basic Financial Statements	15
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Proportionate Share of the Net Pension Liability	40
Schedule of Employer Contributions	41
SUPPLEMENTARY INFORMATION	
Statement of Net Position - Wholesale	45
Statement of Net Position - Retail	46
Schedule of Administrative and General Expenses	47
Schedule of Operations – Budget and Actual Total	48
Schedule of Operations – Budget and Actual Wholesale	49
Schedule of Operations – Budget and Actual Retail	50
Statement of Non-Operating Revenue and Expenses	51

SAN JUAN WATER DISTRICT

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

TABLE OF CONTENTS

Page
Number

STATISTICAL SECTION

Statistical Section Table of Contents	53
Net Position by Component	55
Changes in Net Position	56
Wholesale Water Rates and Connection Fees	57
Retail Water Rates and Connection Fees	58
Retail Metered Water Sales by Type	59
Ten Largest Retail Customers	60
Property Tax Levies and Collections – Bonded Debt	61
Principal Property Taxpayers	62
Assessed Actual Value of Taxable Property	63
Ratios of Outstanding Debt by Type	64
Computation of Direct and Overlapping Bonded Debt	65
Ratio of Annual Debt Service Expenses	66
Debt Service Coverage	67
Principal Employers for Counties Served	68
Demographic and Economic Statistics	69
Staffing – Certificates – Licenses by Function/Program	70
Wholesale Water System Capital Asset and Operating Indicators	71
Wholesale Water Production	72
Retail Water System Capital Asset and Operating Indicators	73
Retail Water Connection Fee Report Government Code Section 66013(d)€	74

INTRODUCTORY SECTION

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June 14, 2016

Members of the Board of Directors San Juan Water District

Directors:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the San Juan Water District (District) for the fiscal year ended June 30, 2015.

REPORT PURPOSE AND ORGANIZATION

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

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

The District's financial statements have been audited by Lance, Soll & Lunghard, LLP (LSL), a firm of licensed certified public accountants with which the District contracts for these services. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the

fiscal year ended June 30, 2015, are free from material misstatement. Information on the audit, and the auditors opinion can be found in the Intendent Auditor's Report found on page 1.

ABOUT THE DISTRICT

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

History

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

The District provides water on a wholesale and retail basis to an area of approximately 17 square miles for retail and 46 square miles for wholesale (which includes the retail area) in Sacramento and Placer Counties. The District's wholesale operation consists of negotiating water contracts; operating a surface water treatment plant and storage, pumping and transmission facilities (which deliver water to five wholesale entities); and providing the administrative support related to those activities. Retail operations consists of storage, pumping, transmission and distribution facilities (which deliver water to approximately 10,500 retail service connections located in a portion of Northeast Sacramento County and the Granite Bay area of South Placer County) and providing the administrative, customer service, conservation and engineering support related to those activities.

Mission Statement

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

Water Supply

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

All sources of surface water are either stored or flow through Folsom Lake and delivery is taken at Folsom Dam outlets, either by gravity or pumped by the U. S. Bureau of Reclamation Folsom Pumping Plant. Total raw water delivery for the fiscal year was 41,326 acre-feet.

Water Efficiency

The District has long been a proponent and practitioner of cost effective water efficiency programs. The implementation of these programs has been highly successful and the District continually strives to meet the standards of the California Urban Water Conservation Council's (CUWCC) Best Management Practices (BMPs) that are required by the Sacramento Area Water Forum Agreement, California legislation SBx7x, the California Department of Water Resources, and the U.S. Bureau of Reclamation Central Valley Project Improvement Act.

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

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

The benefits include more cost-effective and efficient water conservation programs for an expanding number of participating water providers, and increased customer awareness of the importance of water efficiency for future reliable water supplies.

Water Treatment Plant

The District's water treatment facilities, Sidney N. Peterson Water Treatment Plant, was constructed in three phases and completed between the years of 1975 to 1983. The facilities include two flocculation-sedimentation basins, two filter basins, operations building and a covered 62 million gallon storage reservoir. Major upgrades and improvements to the plant in 2001 added two new filter backwash hoods; 2004 added a solids handling facility; 2008 added a new 54" raw water pipeline; 2009 added a new chlorine storage building, installed new caulking joints in north and south filter basins, replaced aging 2' tube settlers with 2' and 4' tube settlers and 12" launders with 18" launders in the North and South Sedimentation basins and rehabilitated both basins concrete walls, relined all raw water pipelines (42",54" 66" & 72") and replaced the emergency generator; 2010 installed a new 72" and 60" diameter

steel pipeline from the Bureau's Pump Station at Folsom Dam to the Hinkle Wye, replaced 24 filter valves, installed a new high efficiency solar power array designed to supply approximately 90% of the power needs to feed the Peterson Water Treatment Plant, Hinkle Pump Station, and Field Operations Building, and installed new 72" and 60" pipelines to provide redundancy and additional operational control for delivering treated water to and from Hinkle Reservoir; 2011 updated the water treatment plant instrumentation and controls including a new supervisory control and data acquisition (SCADA) system. These projects along with other capital projects increased efficiency and productivity to meet the required demands of customers and improved operations to help meet Federal and State regulatory requirements.

With a maximum capacity of 150 million gallons per day, the plant receives delivery of raw water directly from Folsom Dam outlets. The raw water undergoes an extensive water treatment process to ensure the highest quality of water for all District and wholesale customers. From the water treatment plant, the water flows into the 62 million gallon Hinkle Reservoir for storage and distribution. The District maintains approximately 214 miles of transmission and distribution pipelines, which transport the high quality treated water to wholesale and retail customers.

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

Accounting System and Budgetary Controls

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

The District staff works with the Finance Department to develop the annual budget. The process typically begins in January and managers develop their budget requests needed to fulfill the District's mission, goals and objectives for the next fiscal year. The Finance Department prepares the proposed budget and provides a copy of draft budget to the Finance Committee, making any necessary adjustments arising from that review. Then the Finance Director presents the separate proposed budgets to the Board of Directors in May and June for their review. The public hearing on each proposed budget is usually held at the next Board of Directors meeting, with anticipated finalization and adoption scheduled for the following meeting or at least no later than June 30th. The budget is used as a management tool for projecting and measuring revenues and expenses.

Enterprise Operations

The District is comprised of two separate enterprise operations with distinct functions:

1. Wholesale Operation's primary responsibilities are: acquire and maintain a safe and reliable source of water supply through contracts; treatment of surface drinking water; storage and delivery of water to contracting wholesale water agencies; construct and maintain treatment and water storage systems as recommended by the Wholesale Master Plan.

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

The financial management and accounting for the two enterprise operations is recorded separately; however, for financial reporting purposes they are presented in a consolidated report. As additional information, the accounting for the two operations on a budget versus actual basis is provided.

FACTORS AFFECTING FINANCIAL CONDITION

Economic Outlook

The District is located in Northern California approximately 20 miles Northeast of Sacramento and between the Cities of Folsom and Roseville. While over the years the region as a whole has been successful in attracting new high-tech companies and expansion of existing companies, the statewide and national economic conditions have caused a slowing in development. The housing downturn as well as financial market deterioration has created more caution related to expansion and the economy. The District's Retail Service Area (RSA) has again experienced a very low growth rate in recent years as reflected in the number of new service connections. There were approximately 59 more service connections for the current fiscal year, which represents a growth rate of approximately .565% for the year. The national housing turmoil and resulting foreclosures in the RSA has caused the District to implement solutions for ensuring that water bills due on vacant and foreclosed properties are collected prior to closing of sale and escrow on these properties. This number has remained manageable and the District has been able to collect these monies through communication with realtors, banks, escrow companies and new property owners.

In 2013 northern California experienced its driest year on record. In response to the water shortage, California Governor Edmund G. Brown, Jr. declared a Drought State of Emergency in January 2014. The District's Board of Directors adopted a resolution in February 2014 declaring and implementing a stage 3 water warning and authorizing the issuance of a proposition 218 rate change notice. To ensure that all District customers receive the maximum reasonable and equitable water supply possible under the current conditions while minimizing impacts on Folsom Reservoir carryover storage, the District requested that its retail customers reduce water usage by 25%. Additionally, the District requested that the wholesale entities turn on their wells to provide water to the customers in their service areas. These measures have resulted in decreased water sales to wholesale entities and retail customers.

At the end of the fiscal year, in April 2014, the Board of Directors approved a resolution that imposed drought water rates. The intent of these rates was address the decrease in revenues required to operate the District, to address the impacts of drought, to comply with the District's legal obligations to pay its debt service obligations, and to avoid expending District reserves to levels that would be imprudent.

Overall, the current and future financial stability of the District is positive with the existing revenue sources remaining stable. Retail revenues are currently received entirely through a metered rate system. As the result of a Federal Mandate, the entire District became 100% metered effective January 1, 2005 and began billing all customers on a metered rate. Until that time, customers had been voluntarily switching to metered billing based upon rate comparisons provided on water bills for metered versus flat rate billing. New conservation related billing structures, referred to as Best Management Practices (BMP) 11, intend to work toward having 70% of revenues received from the volumetric portion of the

water rates. BMP 11 allows use of an alternative Canadian Model to determine the required volumetric portion of water rates for BMP compliance. The model indicates only 30% of District revenues are required to be received from the volumetric portion of rates. The District meets this standard as its volumetric portion of rates is actually 43%. The District will continue to actively monitor legislation related to this and other rate structure requirements. Any rate structure alterations would be discussed by the Board of Directors and follow noticing requirements of Proposition 218.

Long-term Financial Planning

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

In accordance with prior plans, operating, capital and reserve requirement needs, and the adopted Fiscal Year 2014-2015 wholesale and retail budgets, the Board approved a Wholesale Water Rate increase of 3% and a Retail Water Rate increase of 2%, effective January 1, 2014. Wholesale Water Rate increases are due to the significant nature of capital projects and debt service requirements (minimal operational increase required). Retail Water Rate increases are due to capital projects (minimal operational increase required).

Both the Wholesale and Retail Financial Plans were updated in November 2014 by the Reed Group, Inc. The plan recommended a 5% water rate increase for Wholesale in 2015. The plan recommended a switch to a uniform rate structure wherein all customer pay the same "uniform" water usage rate, as opposed to the then existing 3-tier residential water rate structure, it was anticipated to provide a 3% increase in water sale revenue. There were cost-saving measures implemented by staff as well as unanticipated revenues that partially offset the need to increase rates.

Relevant Financial Policies

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

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

Respectfully Submitted,



Donna Silva, CPA
Director of Finance

SAN JUAN WATER DISTRICT
List of Elected and Appointed Officials June 30, 2015

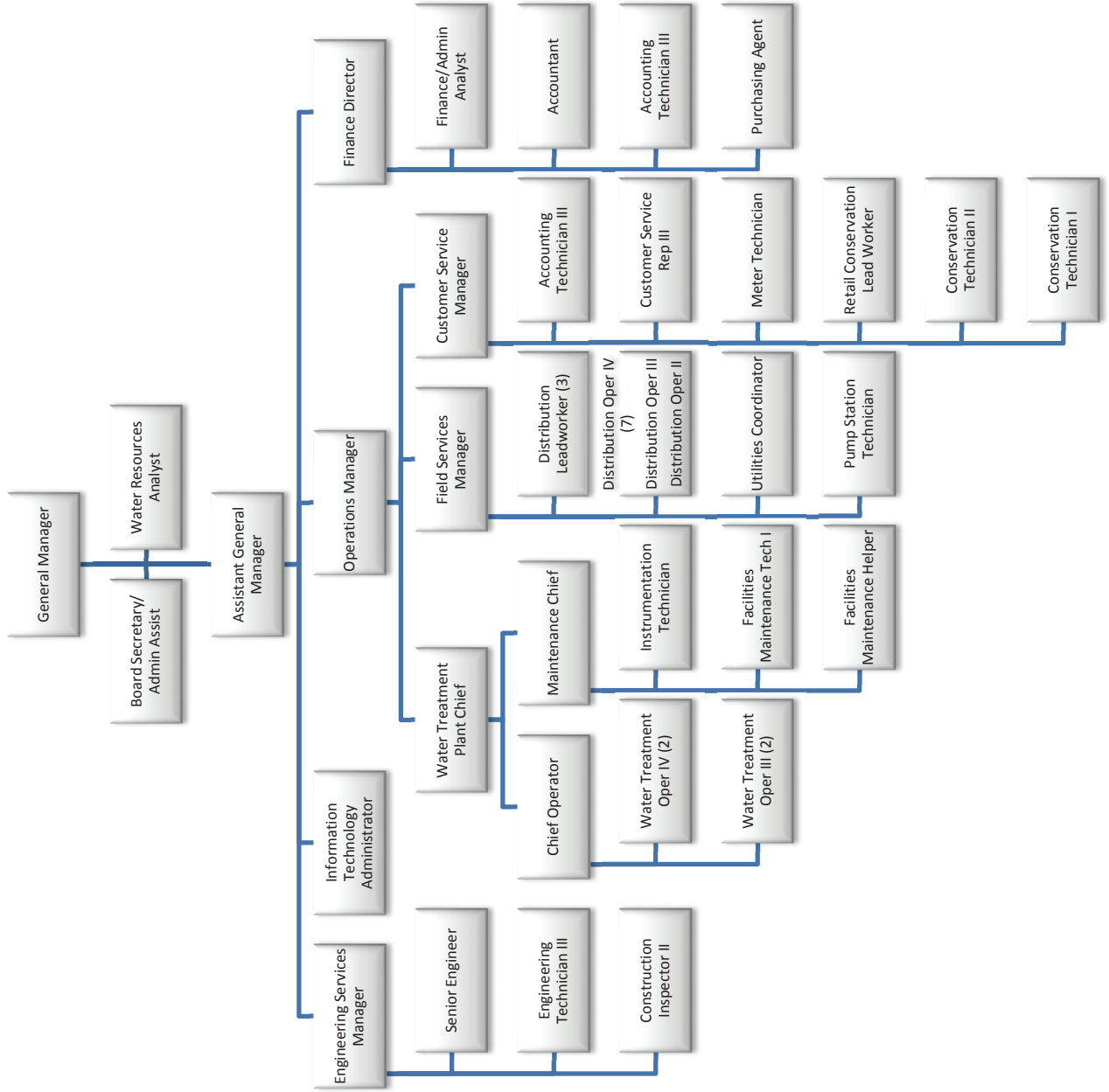
BOARD OF DIRECTORS – ELECTED OFFICIALS

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

STAFF – APPOINTED OFFICIALS

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

SAN JUAN WATER DISTRICT
 Organization Chart June 30, 2015



FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities of San Juan Water District (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the San Juan Water District as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2015 the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions made subsequent to the measurement date – An Amendment of GASB Statement No. 68*.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Statement of Net Position – Wholesale, Statement of Net Position – Retail, schedule of administrative and general expenses, the schedule of operations – budget and actual total, the schedule of operations – budget and actual Wholesale, the schedule of operations – budget and actual Retail, and Statement of Non-Operating Revenue and Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



CPAs AND ADVISORS

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Lance, Solt & Loughard, LLP

Brea, California
June 15, 2016

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MANAGEMENT’S DISCUSSION AND ANALYSIS

In order to enhance the information provided in the transmittal letter, management offers this narrative overview and analysis of the financial activities of the San Juan Water District (District) for the fiscal year ended June 30, 2015. We encourage readers to consider the information here in conjunction with that transmittal letter, which can be found on pages i-vi of this report. The information is intended to provide a better understanding of the District’s financial operations and performance.

FINANCIAL HIGHLIGHTS

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

- At the end of the fiscal year, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$65,870,520 (net position) as compared with \$67,021,099 (as restated) in the prior year. This amount is comprised of net investments in capital assets, restricted and unrestricted net assets. Of the total amount, \$22,145,039 is considered unrestricted and available to meet the District’s ongoing obligations. However, the majority of these funds have been designated for specific projects which will be required for replacement of capital facilities.
- Total net position decreased by \$1,150,579. The major reason for the decrease was the restatement, which included depreciation of new assets (Note 4), disposal of assets (Note 4), and a prior period pension adjustment (Note 1).
- Operating revenues decreased by \$969,443, which is due to a decrease in wholesale and retail water sales.
- Non-operating revenues decreased by \$96,849, which was due to a decrease in connection and annexation fees.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

indicator of whether the financial position of the District is improving or deteriorating. The Statement of Revenues, Expenses and Changes in Net Position reflects the revenues and expenses for the fiscal year ended. The Statement of Cash Flows shows the sources and uses of cash in the operating, non-capital, capital and related financing, and investing activities. The notes provide in depth information that is vital to gaining a full understanding of the data provided in the financial statements. The notes to the financial statements begin on page 15.

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

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

FINANCIAL ANALYSIS OF THE DISTRICT

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

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

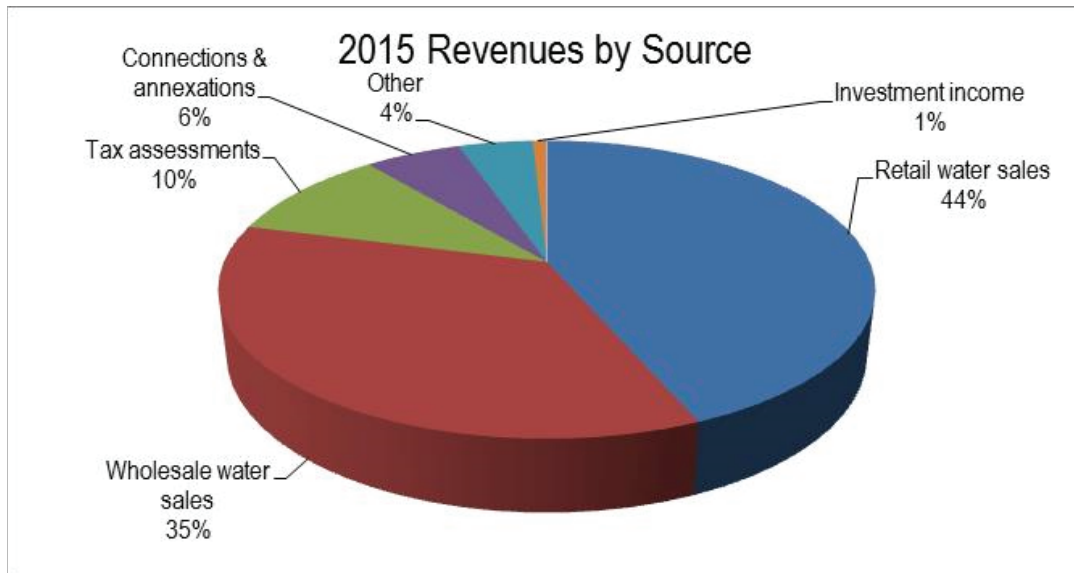
The financial statements assist a reader in determining whether the District is meeting these goals. In general, net position provides a realistic indicator of a government’s financial position. For the fiscal year ending June 30, 2015, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$65,870,520. In the prior year, assets exceeded liabilities by \$67,021,099 (restated).

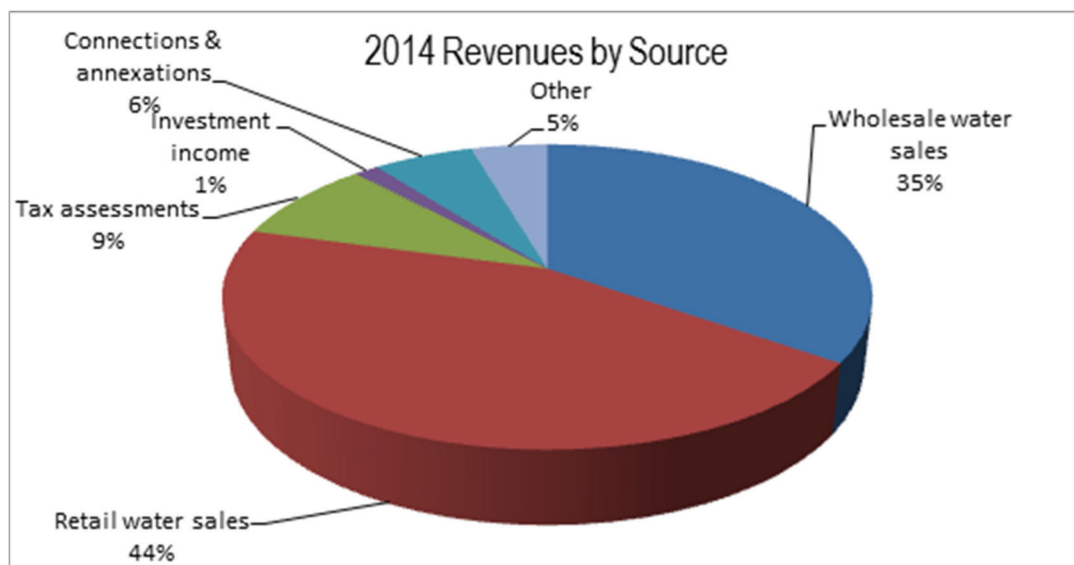
Statement of Net Position			
	<u>2015</u>	<u>2014</u>	<u>Change</u>
Assets			
Current Assets	33,100,905	25,711,419	7,389,486
Restricted Assets	2,911,577	5,700,498	(2,788,921)
Capital Assets, Net	82,730,307	81,879,165	851,142
Other Assets	<u>357,018</u>	<u>7,785,894</u>	<u>(7,428,876)</u>
Total Assets	<u>119,099,807</u>	<u>121,076,976</u>	<u>(1,977,169)</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	303,918	332,361	(28,443)
Deferred Pension Related Outflows	<u>647,753</u>	<u>-</u>	<u>647,753</u>
Total Deferred Outflows of Resources	<u>951,671</u>	<u>332,361</u>	<u>619,310</u>
Liabilities			
Current Liabilities	4,800,902	3,913,124	887,778
Long-Term Liabilities	<u>47,419,196</u>	<u>42,918,720</u>	<u>4,500,476</u>
Total Liabilities	<u>52,220,098</u>	<u>46,831,844</u>	<u>5,388,254</u>
Deferred Outflows of Resources			
Deferred Pension Related Inflows	<u>1,960,860</u>	<u>-</u>	<u>1,960,860</u>
Net Position			
Net Investment in Capital Assets	40,813,904	41,785,998	(972,094)
Restricted	2,911,577	2,911,170	407
Unrestricted	<u>22,145,039</u>	<u>29,880,325</u>	<u>(7,735,286)</u>
Total Net Position	<u>65,870,520</u>	<u>74,577,493</u>	<u>(8,706,973)</u>

The largest portion of the District's net position, 62%, reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. In the prior year, net investment in capital assets represented 61% of net position. The District utilizes capital assets to serve its customers; therefore, these assets are not available for future spending. While the District's investment in capital assets is reported net of related debt, be aware that the funds needed to repay this debt must be contributed from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In addition, restricted net position (4% of net position) are funds subject to external restrictions on how they may be used (specifically, for debt service on the 2009 Certificates of Participation (COPs)). The remaining unrestricted net assets, 34%, may be utilized to meet the District's ongoing obligations and future facility improvements or replacements. The stability of unrestricted net assets is an indicator that the financial condition of the District remains strong.

The decrease of \$1,150,579 in total net position is representative of decrease in water sales to retail and wholesale customers, and an increase in bond interest expense, as well as contributions to towards a joint project with Sac Suburban Water District for the Antelope Pump Back. In the prior fiscal year, the decrease of \$1,056,625 in total net position is representative of depreciation in capital projects greater than the addition of new capital projects. The total net position for the year 2014 was restated to implement GASB Statements No. 68 and to record depreciation for new assets and the disposition of assets (see Note 14).





Graphical representations of total District revenues demonstrate the generally stable revenue streams with exception of connections and capital contributions which can vary significantly from year-to-year.

Operating revenue decreased by \$969,443 due to the state-wide drought water restrictions, which created a decrease in water sales to both wholesale entities and retail customers.

	Statement of Activities		
	2015	2014	Change
Operating Revenues			
Wholesale Water Sales	6,379,883	6,614,718	(234,835)
Retail Water Sales	7,846,437	8,481,583	(635,146)
Other Revenue	666,965	766,591	(99,626)
Total Operating Revenues	<u>14,893,285</u>	<u>15,862,892</u>	<u>(969,607)</u>
Operating Expenses			
Sources of Supply	3,082,424	2,912,322	170,102
Depreciation	3,838,509	3,769,799	68,710
Administration and General	3,301,971	3,822,770	(520,799)
Water Treatment	2,147,336	1,888,549	258,787
Transmission and Distribution	2,671,982	2,240,966	431,016
Customer Service	540,731	597,624	(56,893)
Engineering	432,701	633,783	(201,082)
Conservation	682,311	649,832	32,479
Pumping and Telemetry	-	759,067	(759,067)
Pension Expense	586,942	398,851	188,091
Total Operating Expenses	<u>17,284,907</u>	<u>17,673,563</u>	<u>(388,656)</u>
Nonoperating Revenues (Expenses)			
Tax Assessments	1,799,464	1,677,842	121,622
Investment Income	147,684	271,721	(124,037)
Connections and Annexations	1,020,687	1,134,335	(113,648)
Other Revenue	123,302	104,088	19,214
Interest Expense	(2,138,847)	(1,623,361)	(515,486)
Other Expenses	(671,096)	(101,866)	(569,230)
Capital Contributions	959,849	-	959,849
Capital Contribution Expense	-	(225,068)	225,068
Total Nonoperating Revenues (Expenses)	<u>1,241,043</u>	<u>1,237,691</u>	<u>3,352</u>
Change in Net Position	<u>(1,150,579)</u>	<u>(572,980)</u>	<u>(577,599)</u>
Net Position, Beginning of Year, As Restated	<u>67,021,099</u>	<u>75,150,474</u>	<u>(8,129,375)</u>
Net Position, End of Year	<u>65,870,520</u>	<u>74,577,494</u>	<u>(8,706,974)</u>

The \$96,849 decrease in-non-operating revenues is due to a decrease in connection and annexation fees.

The \$388,657 decrease in operating expense cost savings implemented by administrative departments. In the prior fiscal year, operating expenses increased by \$1,181,732 due to an increase in Administrative expenses attributed to increased costs in professional services relating to drought response and in Engineering expenses, due to less expenses charged to capital projects.

Though the District continually seeks cost-efficient methods of providing service and completing capital projects, this year and coming years have placed even greater emphasis on saving money due to the drought and the slow growth of the economy.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets as of June 30, 2015, net of accumulated depreciation, is \$82,730,307. This investment includes land, buildings, water treatment plant and distribution system, construction in progress, vehicles, equipment, office equipment and furniture. As of June 30, 2014, this amount was \$80,942,951 (restated). The increase from the prior fiscal year of \$1,787,356 is due to an increase in capital projects in progress. At June 30, 2015, the District had \$1,744,705 in construction commitments outstanding. At June 30, 2014, the District had \$2,779,390 in construction commitments outstanding.

New subdivision and commercial development within the Retail Service Area is experiencing a slow growth. The outlook for the next fiscal year 2015-2016 shows a continuing slow growth trend with some vacant land currently being developed. Additional information on capital assets can be located in Note 4 of the Notes to the Basic Financial Statements beginning on Page 15.

Debt Administration

As of June 30, 2015, the District had three different debt issues outstanding in an aggregate amount of \$40,785,159. Of this amount, \$897,333 represents the current portion due in Fiscal Year 2015-2016. In the prior year, there were three outstanding debt issues in an aggregate amount of \$41,646,190, with \$861,031 representing the portion due in Fiscal Year 2014-2015. For more information on Long-Term Liabilities, refer to Note 6 of the Notes to the Basic Financial Statements beginning on Page 27.

	2015	2014	2013
2012 Revenue Refunding Bonds	11,475,000	11,895,000	12,145,000
2009 Certificates of Participation	29,255,000	29,670,000	30,075,000
1977 Economic Development Administration Loan	55,159	81,190	105,916
Total	<u>40,785,159</u>	<u>41,646,190</u>	<u>42,325,916</u>

MBIA Indemnity Corporation insures the payment of the principal and interest on the 2003 Certificates of Participation. Standard & Poor's Ratings Group and Moody's Rating Services had given the COP a rating of "AAA" with the issuance of bond insurance by MBIA Indemnity Corporation. Pursuant to the Trust Agreement, with the recent downgrading of MBIA the District was required to file a disclosure reporting significant events and had completed this immediately following the event. For the 2009 Certificates of Participation, the District received an underlying credit rating of "AA", outlook stable from both Standard & Poor's Ratings Group and Fitch Ratings.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The local economy has continued to experience slow, steady growth. Interest rates are holding and are beginning to increase, which should provide slightly higher investment earnings in the next year. The District expects to continue to receive its share of the 1% property tax revenue, but carefully monitors the activity of the State of California for potential reallocation of these funds. Proposition 1A protected these funds to the extent that the State can only borrow them for a period of three years and must re-pay them including interest, but there is still a general concern given the State's economic situation. Although these are used for capital improvements and not for operations, any loss of these funds would require re-evaluation of capital projects costs and scheduling to calculate the impact to the District.

In response to continued water shortage due to the drought, California Governor Edmund G. Brown, Jr. declared a Drought State of Emergency in January 2014. In May 2015 the State Water Resources Control Board enacted emergency regulation that required the District's retail water customers to cut back their water usage by 36% from their 2013 usage. The District's Board of Directors voted to enact a Stage 4 drought crisis, which implemented a 10% drought surcharge the volumetric portion of the water bill to help offset the loss of revenue. The continuation of the drought water restrictions was considered in the preparation of the Fiscal Year 2015-2016 budget, through February 2016 and was anticipated to generate approximately \$279,600, partially offsetting the significant loss of revenue as a result of the severe drought.

Additionally, the District requested that the wholesale entities turn on their wells to provide water to the customers in their service areas. These measures have resulted in decreased water sales to wholesale entities, which was also been considered in the Fiscal Year 2015-2016 Budget wholesale revenue calculation.

As approved by the Board of Directors, the District's Wholesale Water Rates are scheduled to increase by 6% and the Retail Water Rates are scheduled to increase by 15% on January 1, 2016. The District has worked hard to keep rates down during both the Great Recession and the drought. However, in order to continue to meet the water needs of the rate payers and to adequately maintain the myriad of infrastructure that treats and transmits quality drinking water, significant future rate increases will be necessary. The Wholesale and Retail Financial Plan is anticipated to be updated in the Spring of 2016.

REQUESTS FOR INFORMATION

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

SAN JUAN WATER DISTRICT

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 JUNE 30, 2015**

	<u>2015</u>
Assets:	
Current Assets:	
Cash and investments	\$ 30,317,914
Receivables:	
Accounts, net	2,417,135
Taxes	66,514
Accrued interest	11,302
Prepaid expenses	182,688
Inventories	105,352
	<hr/>
Total Current Assets	33,100,905
	<hr/>
Noncurrent:	
Capital assets, not being depreciated	7,601,646
Capital assets - net of accumulated depreciation	75,128,661
	<hr/>
	82,730,307
Restricted noncurrent assets:	
Investments	2,911,577
	<hr/>
	2,911,577
Other assets:	
Investment in electrical power	357,018
	<hr/>
	357,018
	<hr/>
Total Noncurrent Assets	85,998,902
	<hr/>
Total Assets	119,099,807
	<hr/>
Deferred Outflows of Resources:	
Deferred charge on refunding	303,918
Deferred pension related outflows	647,753
	<hr/>
Total Deferred Outflows of Resources	951,671
	<hr/>
Liabilities, Deferred Inflows of Resources, and Net Position:	
Liabilities:	
Current:	
Accounts payable	2,090,957
Accrued liabilities	336,996
Accrued interest	921,500
Unearned revenues	141,440
Deposits payable	77,298
Accrued compensated absences	335,378
Bonds, notes, and capital leases	897,333
	<hr/>
Total Current Liabilities	4,800,902
	<hr/>
Noncurrent:	
Accrued compensated absences	205,554
Bonds, notes, and capital leases	41,322,988
Net OPEB liability	634,843
Net pension liability	5,255,811
	<hr/>
Total Noncurrent Liabilities	47,419,196
	<hr/>
Total Liabilities	52,220,098
	<hr/>
Deferred Inflows of Resources:	
Deferred pension related inflows	1,960,860
	<hr/>
Total Deferred Inflows of Resources	1,960,860
	<hr/>
Net Position:	
Net investment in capital assets	40,813,904
Restricted for debt service	2,911,577
Unrestricted	22,145,039
	<hr/>
Total Net Position	\$ 65,870,520
	<hr/>

SAN JUAN WATER DISTRICT

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2015**

	<u>2015</u>
Operating Revenues:	
Water sales - wholesale	\$ 6,379,883
Water sales - retail	7,846,437
Other revenue	666,965
	<u>14,893,285</u>
Total Operating Revenues	14,893,285
Operating Expenses:	
Source of supply	
Water charged to retail service area	2,217,448
Placer County Water Agency	412,063
US Bureau of Reclamation	150,152
Wheeling	138,380
Bureau pumping	108,540
Other Public Agencies	55,841
Depreciation and amortization	3,838,509
Administration and general	3,301,971
Water treatment	2,147,336
Transmission and distribution	2,671,982
Customer service	540,731
Engineering	432,701
Conservation	682,311
Pension expense	586,942
	<u>17,284,907</u>
Total Operating Expenses	17,284,907
Operating Income (Loss)	<u>(2,391,622)</u>
Nonoperating Revenues (Expenses):	
Tax assessments	1,799,464
Investment income	147,684
Connections and annexations	1,020,687
Other revenue	123,302
Interest expense	(2,138,847)
Other expenses	(671,096)
	<u>281,194</u>
Total Nonoperating Revenues (Expenses)	281,194
Income (Loss) Before Capital Contributions	(2,110,428)
Capital contributions	959,849
	<u>(1,150,579)</u>
Changes in Net Position	<u>(1,150,579)</u>
Net Position:	
Beginning of Fiscal Year, as previously reported	74,577,493
Restatements	(7,556,394)
	<u>67,021,099</u>
Beginning of Fiscal Year, as restated	<u>67,021,099</u>
End of Fiscal Year	\$ 65,870,520

SAN JUAN WATER DISTRICT

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED JUNE 30, 2015

	<u>2015</u>
Cash Flows from Operating Activities:	
Cash received from customers	\$ 14,712,962
Cash paid to suppliers for goods and services	(7,457,324)
Cash paid to employees for services	(4,936,205)
	<u>(4,936,205)</u>
Net Cash Provided (Used) by Operating Activities	<u>2,319,433</u>
Cash Flows from Non-Capital Financing Activities:	
Other financing income	123,302
Tax assessments received	1,784,192
	<u>1,784,192</u>
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>1,907,494</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition and construction of capital assets	(4,665,266)
Principal paid on capital debt	(861,031)
Interest paid on capital debt	(2,287,506)
Payments for miscellaneous expenses	(671,096)
Connection and annexation income	1,020,687
	<u>1,020,687</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(7,464,212)</u>
Cash Flows from Investing Activities:	
Investment income	157,101
	<u>157,101</u>
Net Cash Provided (Used) by Investing Activities	<u>157,101</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(3,080,184)</u>
Cash and Cash Equivalents at Beginning of Year	<u>36,309,675</u>
Cash and Cash Equivalents at End of Year	<u>\$ 33,229,491</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	\$ (2,391,622)
Adjustments to reconcile operating income (loss) net cash provided (used) by operating activities:	
Depreciation	3,838,509
(Increase) decrease in accounts receivable	(166,780)
(Increase) decrease in taxes receivable	(15,272)
(Increase) decrease in prepaid expenses	(11,710)
(Increase) decrease in inventories	(13,236)
(Increase) decrease in deferred pension related outflows	(647,753)
Increase (decrease) in accounts payable	822,517
Increase (decrease) in accrued liabilities	143,238
Increase (decrease) in unearned revenues	1,729
Increase (decrease) in deposits payable	8,000
Increase (decrease) in compensated absences	(239,806)
Increase (decrease) in deferred pension related inflows	1,960,860
Increase (decrease) in OPEB liability	395,878
Increase (decrease) in net pension liability	(1,365,119)
	<u>(1,365,119)</u>
Total Adjustments	<u>4,711,055</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 2,319,433</u>
Non-Cash Investing, Capital, and Financing Activities:	
Change in Fair Value of Investments	\$ 26,155

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SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies

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

Reporting Entity

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

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

Basis of Presentation - Fund Accounting

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

Basis of Accounting

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

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

Budgetary Principles

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

Use of Estimates

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

Cash and Cash Equivalents

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

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 1: Summary of Significant Accounting Policies (Continued)

Restricted Assets

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

Capital Assets

Capital assets are recorded at historical cost if purchased or constructed. Donated assets are valued at estimated fair value on the date received. During fiscal year 2014-2015, the estimated useful lives of assets were reviewed and revised. Depreciation is calculated using the straight line method over the following estimated useful lives:

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

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

Inventory

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. There are two items to report in this category. One is relating to the deferred charge on refunding associated with debt and the second is relating to the net pension obligation. The outflow related to the net pension obligation is related to GASB 68. The outflow is the results of contributions made after the measurement period, which are to be expensed in the following year. It also includes adjustments due to the difference between actual employer contributions made and the proportionate share of the risk pool's total employer contributions, which are deferred and amortized over the expected average remaining service lifetime.

Note 1: Summary of Significant Accounting Policies (Continued)

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item to report in this category. The inflows is the result of the net difference between projected and actual earnings on pension plan investments and differences between employer's contributions and proportionate share of contributions. This amount is deferred and amortized straight-line over a five year period.

Bond Premiums and Issuance Costs

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

Property Taxes

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

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

Compensated Absences

It is the District's policy to permit employees to accumulate (up to a maximum) earned but unused vacation and sick leave benefits. 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.

Net Pension Liability

Net Pension Liability For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position has been determined on the same basis as they are reported by the CalPERS Financial Office. 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. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications. GASB 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

SAN JUAN WATER DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

Note 1: Summary of Significant Accounting Policies (Continued)

Valuation Date (VD) June 30, 2013

Measurement Date (MD) June 30, 2014

Measurement Period (MP) July 1, 2013 to June 30, 2014

Unearned Revenue

Unearned Revenue represents revenues received for wholesale and retail sales that have not been earned as of June 30, 2015.

Water Charge to the Retail Service Area

For accounting purposes a charge is made to the retail 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.

Segment Information

The District's management has determined the District consists of one operating segment.

Changes in Accounting Principle

The District implemented GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the government-wide statement of activities.

In addition, the District implemented GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68. The provisions of GASB Statement No. 71 have been implemented by the District.

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

Cash and investments as of June 30, 2015, are classified in the accompanying financial statements as follows:

Cash and cash equivalents	\$ 5,539,903
Restricted investments	2,911,577
Investments	<u>24,778,011</u>
Total cash and investments	<u>\$ 33,229,491</u>

Investment Policy

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

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio *	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Federal Agency Securities	5 years	None	None
Banker's Acceptances	180 days	20%	20%
High Grade Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	50%
Local Agency Investment Fund (LAIF)	N/A	None	None
Time Deposits	5 years	10%	50%
Medium Term Corporate Notes	5 years	30%	50%
Money Market Mutual Funds	N/A	15%	10%
Mortgage Pass-through Securities	5 years	20%	20%
Collateralized Mortgage Obligations	5 years	20%	20%
Mortgage-backed or Other Pay-through Bonds	5 years	20%	20%
Equipment Leased-back Certificates	5 years	20%	20%
Consumer Receivable Pass-Through Certificates	5 years	20%	50%
Consumer Receivable-backed Bonds	5 years	20%	50%

*Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

Cash on hand	\$ 100
Deposits with financial institutions	5,539,803
Total cash on hand and deposits	5,539,903
Money market mutual funds	3,464,489
Investments in Local Agency Investment Fund (LAIF)	15,988,768
U.S. agency securities	5,193,141
Certificates of deposit	1,250,000
Medium-term corporate notes	1,793,190
Total investments	27,689,588
Total cash and investments	\$ 33,229,491

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

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

Investments Authorized by Debt Agreements

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

Interest Rate Risk

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

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

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

	Total	Remaining Investment Maturities		
		12 Months Or Less	13 to 24 Months	25 to 60 Months
Investments:				
U.S. Agency Securities	\$ 5,193,141	\$ -	\$ 3,813,839	\$ 1,379,302
Medium-term Corporate Notes	1,793,190	-	1,793,190	-
LAIF	15,988,768	15,988,768	-	-
Certificate of Deposit	1,250,000	250,000	1,000,000	-
Money Market Mutual Funds	552,912	552,912	-	-
Held by Bond Trustee:				
Money Market Mutual Funds	2,911,577	2,911,577	-	-
Total Investments	\$ 27,689,588	\$ 19,703,257	\$ 6,607,029	\$ 1,379,302

Disclosures Relating to Credit Risk

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

Investment Type	Total as of June 30, 2015	Minimum Legal Rating	Minimum	
			AAA	Not Rated
U.S. Agency Securities	\$ 5,193,141	N/A	\$ 5,193,141	\$ -
Medium-Term Corporate Notes	1,793,190	A	1,793,190	-
LAIF	15,988,768	N/A	-	15,988,768
Certificate of Deposit	1,250,000	N/A	-	1,250,000
Money Market Mutual Funds	552,912	A	552,912	-
Held By Bond Trustee:				
Money Market Mutual Funds	2,911,577	AAA	2,911,577	-
Total Investments	\$ 27,689,588		\$ 10,450,820	\$ 17,238,768

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

Concentration of Credit Risk

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

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	U.S. Agency Security	\$ 2,175,570
Federal National Mortgage	U.S. Agency Security	1,849,099

Custodial Credit Risk

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

At June 30, 2015, the carrying amount of the District's deposits was \$5,539,903. In accordance with State law (Government Code Section 53630), deposits are covered by federal depository insurance corporation, supplemental insurance held by the investment broker and collateralized as required by the pledging financial institution with assets held in a common pool for the District and other governmental agencies, but not in the name of the District. As of June 30, 2015, all of the District's deposits with financial institutions in excess of federal depository insurance corporation limits were held in collateralized accounts.

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

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

Investment in LAIF

LAIF is stated at amortized cost, which approximates fair value. The LAIF is a special fund of the California State Treasury through which local governments may pool investments. The total fair value amount invested by all public agencies in LAIF is \$69,641,162,418 managed by the State Treasurer. Of that amount, 100% is invested in non-derivative financial products. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute.

The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Note 3: Accounts Receivable

	<u>2015</u>
Wholesale Customers	\$ 1,313,378
Retail Customers	1,102,909
Miscellaneous	848
Accounts Receivable, Net	<u>2,417,135</u>
Interest - LAIF	11,302
Property Taxes	66,514
Total Accrued Interest and Taxes Receivable	<u>\$ 77,816</u>

SAN JUAN WATER DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

Note 4: Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

	Balance at June 30,2014	Adjustments	Adjusted Balance at June 30,2014	Transfers	Increases	Decreases	Balance at June 30,2015
Capital assets, not being depreciated:							
Land	\$ 572,670	\$ -	\$ 572,670	\$ -	\$ -	\$ -	\$ 572,670
Construction in progress	13,129,282	(11,628,797)	1,500,485	(79,908)	5,888,278	(279,879)	7,028,976
Total capital assets not being depreciated	13,701,952	(11,628,797)	2,073,155	(79,908)	5,888,278	(279,879)	7,601,646
Capital Assets, Being Depreciated:							
Pipelines	64,498,979	3,687,905	68,186,884	-	11,250	-	68,198,134
Water Treatment Plant	41,106,766	(1,518,028)	39,588,738	15,466	-	-	39,604,204
Land Improvements	6,176,610	(5,789,595)	387,015	-	-	-	387,015
Reservoirs	6,743,165	(1,370,761)	5,372,404	-	-	-	5,372,404
Pumping Stations	8,015,403	(133,209)	7,882,194	-	-	-	7,882,194
Buildings	1,554,054	5,734,738	7,288,792	9,339	-	-	7,298,131
Vehicles and Equipment	3,644,956	7,447,985	11,092,941	55,103	5,466	-	11,153,510
Intangibles	-	3,035,737	3,035,737	-	-	-	3,035,737
Total Capital Assets Being Depreciated	131,739,933	11,094,772	142,834,705	79,908	16,716	-	142,931,329
Less Accumulated Depreciation:							
Pipelines	(30,157,139)	(1,215,555)	(31,372,694)	-	(1,712,965)	-	(33,085,659)
Water Treatment Plant	(19,028,009)	682,957	(18,345,052)	-	(1,058,952)	-	(19,404,004)
Land Improvements	(683,630)	417,180	(266,450)	-	(9,841)	-	(276,291)
Reservoirs	(6,545,733)	2,299,810	(4,245,923)	-	(79,252)	-	(4,325,175)
Pumping Stations	(3,435,571)	93,627	(3,341,944)	-	(211,722)	-	(3,553,666)
Buildings	(1,119,125)	(380,003)	(1,499,128)	-	(220,214)	-	(1,719,342)
Vehicles and Equipment	(2,593,513)	(750,312)	(3,343,825)	-	(459,598)	-	(3,803,423)
Intangibles	-	(1,549,143)	(1,549,143)	-	(85,965)	-	(1,635,108)
Total Accumulated Depreciation	(63,562,720)	(401,439)	(63,964,159)	-	(3,838,509)	-	(67,802,668)
Total Capital Assets Being Depreciated, Net	68,177,213	10,693,333	78,870,546	79,908	(3,821,793)	-	75,128,661
Capital Assets, Net	\$ 81,879,165	\$ (935,464)	\$ 80,943,701	\$ -	\$ 2,066,485	\$ (279,879)	\$ 82,730,307

After fiscal year ending June 30, 2014 was closed, a full review of the District's fixed assets and construction-in-progress was completed and it was determined that a prior year adjustment was required. Construction projects of \$11,628,797 were completed prior to the fiscal year end, which transferred the same amount from the non-depreciable construction-in-progress account to the appropriate asset accounts (\$9,492,887 Pipelines, \$580,513 Water Treatment Plant, and \$1,554,650 Vehicles & Equipment). Depreciation of \$660,221 was recorded for these assets (\$377,892 Pipelines, \$23,220 Water Treatment Plant, and \$259,109 Vehicles and Equipment). Additionally there were several fixed assets that had been previously created that did not meet the District's fixed asset threshold of \$5,000. This resulted in a decrease to assets of \$534,029 and to depreciation of \$258,783. Finally an adjustment decreasing the total amount depreciated by \$9,269 was completed to correct assets that had been over-depreciated.

The classification of assets was also reviewed and recorded in the "Transfer" column. The classification changes with the greatest impacts were the transfer of meters from Pipelines to Equipment, and the solar project was moved from Land Improvements to Buildings. Additionally, a new Intangibles classification was created for assets, such as software and studies.

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 5: Investment in Electrical Power

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

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

The District has a 0.13 percent equity interest in the net position of the Project as defined in the Long-Term Participation Agreement. The District also has an obligation to finance 0.13 % of the net losses of the Project; it also has the right to receive 0.13 % of the operating results of the Project income. The District is billed monthly for its share of the operations and maintenance costs of the Project. The District's net investment and its share of the operating results of the Project are reported as Investment in Electrical Power. The Project unaudited interim financial statements for the year ended June 30, 2015 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 years ended June 30, 2015:

	<u>Unaudited 2015</u>
Balance Sheet:	
Assets	<u>\$ 267,629,876</u>
Liabilities	\$ 22,187,414
Net Position	245,442,462
Liabilities and Net Position	<u>\$ 267,629,876</u>
Income Statement:	
Operating Revenues	\$ 11,895,784
Operating Expenses	<u>22,525,813</u>
Operating Loss	(10,630,029)
Net Non-operating Revenue - Interest and Other	489
Adjustment to Net Position for Capital Improvements	1,904,996
Change in Net Position	<u>\$ (8,724,544)</u>
Districts Share of Change in Net Position	\$ (11,639)

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 6: Long-Term Liabilities

As of June 30, 2015, the District has three components of outstanding debt described below.

2012 Refunding Bonds

On May 16, 2012, the District issued Refunding Bonds in the amount of \$13,625,000 for the purpose of refunding the 2003 Certificates of Participation. Principal payments are due on February 1 through 2033 and range from \$250,000 to \$1,480,000, with semi-annual interest payments due on February 1 and August 1 through February 1, 2033 that range from \$24,281 to \$284,550. Interest rates range from 1% to 5.25%.

2009 Revenue Certificates of Participation

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

1977 Economic Development Administration (EDA) Loan

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

Long-term debt consisted of the following for years ending June 30, 2015:

	<u>2015</u>
2012 Revenue Refunding Bonds	\$ 11,475,000
Participation	29,255,000
Administration Loan	<u>55,159</u>
Total Bonds and Notes Payable	40,785,159
Less: Current Portion Payable	<u>(897,333)</u>
Add: Unamortized Premium	1,435,162
Total Long-Term Debt	<u><u>\$ 41,322,988</u></u>

The District's long-term liability activity during the years ended June 30, 2015 was:

	<u>June 30, 2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2015</u>	<u>Due Within One Year</u>
2012 Revenue Refunding Bonds	\$ 11,895,000	\$ -	\$ (420,000)	\$ 11,475,000	\$ 440,000
2009 Revenue Certificates of Participation	29,670,000	-	(415,000)	29,255,000	430,000
1977 Economic Development	81,190	-	(26,031)	55,159	27,333
Total Bonds and Notes Payable	<u>\$ 41,646,190</u>	<u>\$ -</u>	<u>\$ (861,031)</u>	40,785,159	<u>\$ 897,333</u>
			Bond Premiums	1,435,162	
				<u>\$ 42,220,321</u>	
Compensated Absences	<u>\$ 780,738</u>	<u>\$ 251,249</u>	<u>\$ (491,055)</u>	<u>\$ 540,932</u>	<u>\$ 335,378</u>

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 6: Long-Term Liabilities (Continued)

The following is a schedule of maturities from long-term debt at June 30, 2015:

2012 Revenue Refunding Bonds

Year Ended June 30,	Principal	Interest	Total
2016	\$ 440,000	\$ 533,700	\$ 973,700
2017	450,000	518,500	968,500
2018	465,000	499,281	964,281
2019	485,000	481,013	966,013
2020	500,000	472,525	972,525
2021-2025	2,905,000	1,972,075	4,877,075
2026-2030	3,590,000	1,277,063	4,867,063
20310-2033	2,640,000	281,925	2,921,925
Total Long-Term Debt	<u>\$ 11,475,000</u>	<u>\$ 6,036,082</u>	<u>\$ 17,511,082</u>

2009 Revenue Certificates of Participation

Year Ended June 30,	Principal	Interest	Total
2016	\$ 430,000	\$ 1,672,400	\$ 2,102,400
2017	450,000	1,653,050	2,103,050
2018	475,000	1,630,550	2,105,550
2019	500,000	1,606,800	2,106,800
2020	525,000	1,580,550	2,105,550
2021-2025	3,085,000	7,429,225	10,514,225
2026-2030	4,025,000	6,494,463	10,519,463
2031-2035	8,700,000	5,087,875	13,787,875
2036-2039	11,065,000	1,708,200	12,773,200
Total	<u>\$ 29,255,000</u>	<u>\$ 28,863,113</u>	<u>\$ 58,118,113</u>

1977 Economic Development Administration Loan

Year Ended June 30,	Principal	Interest	Total
2016	\$ 27,333	\$ 2,758	\$ 30,091
2017*	27,826	1,391	29,217
Total Long-Term Debt	<u>\$ 55,159</u>	<u>\$ 4,149</u>	<u>\$ 59,308</u>

* Loan balance adjusted \$66 by EDA

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 6: Long-Term Liabilities (Continued)

The District is required by its 2009 Revenue Certificates of Participation and 2012 Revenue Refunding Bonds to collect rates and charges from its water system that will be sufficient to yield net revenues equal to 115% of debt service payments on any future debt issued and deposit the net revenues in a revenue fund pledged for such future debt service payments.

Note 7: Net Investment in Capital Assets

Capital Assets, gross	\$ 150,532,975
Less: Accumulated Depreciation	<u>(67,802,668)</u>
Net Capital Assets	82,730,307
Add: Deferred Costs on Bond Refunding	303,918
Less: Debt Used for Capital Purposes	(40,785,159)
Less: Unamortized Premium	<u>(1,435,162)</u>
Net Investment in Capital Assets	<u><u>\$ 40,813,904</u></u>

Note 8: Restricted Net Position

Restricted net position consist of constraints placed on net position use through external requirements imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints by law through constitutional provisions or enabling legislation. Restricted net position consisted of the debt service reserve on the 2009 Certificates of Participation of \$2,911,577 at June 30, 2015.

	<u>Wholesale</u>	<u>Retail</u>	<u>Total</u>
2009 COP Reserve Fund	\$ 1,848,540	\$ 1,063,037	\$ 2,911,577
Restricted Net Assets	<u>\$ 1,848,540</u>	<u>\$ 1,063,037</u>	<u>\$ 2,911,577</u>

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 9: Unrestricted Net Position

Designations

Designations of unrestricted net position may be imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources.

	Wholesale	Retail	Total
Capital Reserves	\$ 6,270,525	\$ 6,739,938	\$ 13,010,463
Operating Reserves	1,561,840	1,789,698	3,351,538
Hinkle Reservoir Lining Replacement Reserve	2,612,794	-	2,612,794
Rate Stabilization Reserve	1,000,000	-	1,000,000
Reserve for Employees' Vacation/Sick Leave	193,555	347,377	540,932
Kokila Reservoir Lining Replacement Reserve	-	382,023	382,023
Developers' Deposits - Construction/Inspection	-	47,018	47,018
Delta/Water Rights	102,166	-	102,166
PERS Stabilization	413,933	410,172	824,105
Vehicles/Equipment	60,000	214,000	274,000
Total Unrestricted, Designated Net Position	<u>\$ 12,214,813</u>	<u>\$ 9,930,226</u>	<u>\$ 22,145,039</u>

Note 10: Deferred Compensation Plan

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

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

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2015

Note 11: Employees' Retirement Plan

Plan Description

The District contributes to the California Public Employees Retirement System (PERS), a cost-sharing multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Public Employees' Pension Reform Act of 2013 (PEPRA) created a new benefit and contribution level for new employees meeting certain criteria. PERS acts as a common investment and administrative agent for participating public employers within the State of California.

All permanent full and part-time District employees working at least 1,000 hours per year are eligible to participate in PERS. Under PERS, benefits vest after five years of service. Upon retirement, participants are entitled to an annual retirement benefit, payable for life, in an amount equal to a benefit factor times the monthly average salary of their highest twelve (Tier 1) and thirty-six (Tier 2 and PEPRA) consecutive months full-time equivalent monthly pay. Copies of the PERS annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, CA 95814.

Funding Policy

CalPERS provides service retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

Below is a summary of the plans' provisions and benefits in effect at June 30, 2015, for which the District has contracted:

Major Benefit Options	Miscellaneous Tier I *	Miscellaneous Tier II *	Miscellaneous PEPRA
Hire Date	Prior to January 1, 2011	After January 1, 2011 and before January 1, 2013	On or after January 1, 2013
Benefit Provision			
Benefit Formula	3.0% @ 60	3.0% @ 60	2.0% @ 62
Social Security	yes	yes	yes
Full/Modified	modified	modified	full
Benefit vesting schedule	5 yrs service	5 yrs service	5 yrs service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	minimum 50	minimum 50	minimum 50
Monthly benefits, as a % of eligible compensation	1.426% to 3.0%	1.426% to 3%	1.0% to 2.5
Required employer contribution rates	15.724%	15.084%	6.250%
Required employee contribution rates	7.76%	7.76%	6.31%

* Closed to new entrants

SAN JUAN WATER DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

Note 11: Employees' Retirement Plan (Continued)

Contribution Description

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through the CalPERS' annual actuarial valuation process. For public agency cost-sharing plans covered by either the Miscellaneous or Safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as a reduction to the net pension liability for all Plans was \$695,324.

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

As of June 30, 2015, the District reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	\$ 5,167,620
Miscellaneous Tier II	88,079
Miscellaneous PEPRA	112
	<u>\$ 5,255,811</u>

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

Proportions as a percentage of the CalPERS Miscellaneous risk pool:

	Miscellaneous	Miscellaneous Second Tier	Miscellaneous PEPRA
Proportion - June 30, 2013	0.21549%	0.00367%	0.00000%
Proportion - June 30, 2014	0.20909%	0.00356%	0.00000%
Change - Increase (Decrease)	-2.96931%	-2.96884%	-2.94884%

SAN JUAN WATER DISTRICT

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015**

Note 11: Employees' Retirement Plan (Continued)

For the year ended June 30, 2015, the District recognized pension expense of \$539,622. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 591,634	\$ -
Net differences between projected and actual earnings on plan investments	-	1,766,196
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	134,927
Adjustment due to differences in proportions	56,119	59,737
Total	<u>\$ 647,753</u>	<u>\$ 1,960,860</u>

\$591,634 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Outflows/ (Inflows) of Resources
2016	\$ (478,348)
2017	(478,348)
2018	(478,090)
2019	(469,955)

Actuarial Assumptions

For the measurement period ended June 30, 2014 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2013, total pension liability.

The June 30, 2013 and the June 30, 2014, total pension liabilities were based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.50%
Inflation	2.75%
Salary Increases	3.3% - 14.2% (1)
Investment Rate of Return	7.50% (2)
Mortality Rate Table (3)	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) Depending on age, service and type of employment

(2) Net of Pension Plan Investment and Administrative Expenses; includes Inflation

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

Note 11: Employees' Retirement Plan (Continued)

All other actuarial assumptions used in the June 30, 2013, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Discount Rate

The discount rate used to measure the total pension liability was 7.50 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent is applied to all plans in the Public Employees Retirement Fund. The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained at CalPERS' website under the GASB 68 section.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. This difference was deemed immaterial to the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan. However, employers may determine the impact at the plan level for their own financial reporting purposes.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as we have changed our methodology.

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. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 11: Employees' Retirement Plan (Continued)

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 (1)	Real Return Years 11+ (2)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Forestland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)

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

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability/ (asset) of the Plan, calculated using the discount rate for each Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% point lower (6.50 percent) or 1% point higher (8.50 percent) than the current rate:

Plan's Net Pension Liability/(Assets)	Discount Rate - 1% (6.50%)	Current Discount Rate (7.5%)	Discount Rate +1% (8.5%)
Miscellaneous	\$ 9,207,101	\$ 5,167,620	\$ 1,815,235
Miscellaneous Tier II	156,929	88,079	30,940
Miscellaneous PEPRA	199	112	39

Pension Plan Fiduciary Net Position

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

Note 12: Other Post-Employment Benefits (OPEB)

Plan Description

The District provides health care benefits to eligible retired District employees and survivor dependents as defined by their participating tier (first or second) and coverage level (basic or Medicare supplement) with a choice of several plans through an agent single-employer defined benefit plan established July 28, 2020. This is contracted with the California Public Employees' Retirement System (CalPERS) through the Public Employees' Medical and Hospital Care Act (PEMHCA). State statutes assign the authority to establish and amend the benefit provisions of the agent multiple-employer health care plans administered by CalPERS to the respective employer entities.

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 12: Other Post-Employment Benefits (OPEB) (Continued)

Funding Policy

The District pays a percentage of the post-employment health care benefits for retirees, their spouses, and their dependents based during the life of the retiree on the retirees tier. Surviving spouses and eligible dependents of retirees may elect to continue health care benefits with the same District contribution towards the expense. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District.

The contribution requirements of the District are established and may be amended by the District's Board. Plan members are currently not required to contribute. The District is required to contribute at an actuarially determined rate. The current employer contribution rate is 26.9 percent of annual covered payroll.

Annual OPEB and NET OPEB Obligations

The year ended June 30, 2011 is the initial year for this OPEB plan. Accordingly, the annual required contribution of \$398,851, as determined by an actuarial valuation performed at March 26, 2014. The end of the year net OPEB obligation is determined as follows:

	<u>2015</u>
Annual OPEB Cost	\$ 475,891
Contributions Made	<u>(80,013)</u>
Increase in Net OPEB Obligation	395,878
Net OPEB Obligation, Beginning of Year	<u>238,965</u>
Net OPEB Obligation, End of Year	<u><u>\$ 634,843</u></u>

The District's annual OPEB cost, percentage of OPEB cost contributed, and net post-employment benefit obligation for the plan for the current fiscal year ended June 30, 2013 (only available data as this is the initial plan year) is as follows:

<u>Actuarial Valuation Date</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2013	\$ 542,461	43%	\$ 108,175
June 30, 2014	394,987	67%	238,965
June 30, 2015	475,891	17%	634,843

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 12: Other Post-Employment Benefits (OPEB) (Continued)

Funded status and funding progress. As of July 1, 2021, the most recent actuarial valuation date (the initial actuarial valuation for the plan), the funded status of the plan was as follows:

Actuarial Accrued Liability (AAL)	\$ 5,090,374
Actuarial Value of Plan Assets	1,686,228
Unfunded Actuarial Accrued Liability (UUAL)	<u>\$ 3,404,146</u>
Funded Ratio (Actuarial Value of Plan Assets/AAL)	34.23%
Covered Payroll (Annual Payroll of Active Employees covered by the Plan)	\$ 3,897,433
UUAL as a Percentage of Covered Payroll	126.39%

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

Actuarial Methods and Assumptions

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

The ARC for the plan's current year was determined as part of the June 30, 2013 actuarial valuation using the following methods and assumptions:

Actuarial Cost Method	Years of Service
Amortization Method	Level Percentage, open
Remaining Amortization Period	30 years
Inflation Rate	2.75%
Asset Valuation Method	5-year smoothed with a 20% corridor around market value
Investment Return	7.25%
Projected Salary Increases	None
Cost of Living Adjustments	2.75%
Healthcare Cost Trend Rate	4.00%

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 13: Insurance

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

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

Coverage	Limits	Amount	Provider	Funding Source
General & Auto Liability (includes public officials liability)				
\$	-	\$ 1,000,000	ACWA/JPIA	Shared risk pool
	1,000,001	11,000,000	Everest Reinsurance Company	Shared risk pool
	11,000,001	20,000,000	Ironshore Specialty Insurance Company	Shared risk pool
	20,000,001	40,000,000	Great American Assurance Company	Shared risk pool
	40,000,000	60,000,000	Allied World National Assurance Company	Shared risk pool
Crisis Management – Response				
\$	-	\$ 250,000	ACWA/JPIA	Shared risk pool
Crisis Management – Communication				
\$	-	\$ 250,000	ACWA/JPIA	Shared risk pool
Property Damage				
\$	-	\$ 1,000	ACWA/JPIA (Mobile Equipment/Vehicles)	Deductible
	-	10,000	ACWA/JPIA (Buildings/Fixed Equip/Pers Prop)	Deductible
	10,001	100,000	ACWA/JPIA	Shared risk pool
Property Damage (additional)				
\$	-	\$ 100,000,000	ACWA/JPIA (Accounts Receivable, Valuable Papers)	Shared risk pool
	-	10,000,000	ACWA/JPIA (Business Interruption, Extra Expense)	Shared risk pool
	-	100,000	ACWA/JPIA (Catastrophic for Vehicles Garaged on Premises)	Shared risk pool
Fidelity				
\$	-	\$ 1,000	Self-insured	Deductible
	1,001	100,000	ACWA/JPIA	Shared risk pool
Workers Compensation Liability				
\$	-	\$ 2,000,000	ACWA/JPIA	Shared risk pool
Employers Liability				
\$	-	\$ 2,000,000	ACWA/JPIA	Shared risk pool

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

SAN JUAN WATER DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2015

Note 14: Net Position Restatement

As discussed in Note 1 to the financial statements, the District adopted Statement of Governmental Accounting Standards Board No. 68, Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27. The estimated net pension liability has been determined by CalPERS actuarial using benefit provisions and assumptions, described in Note 11. As a result, there has been a total restatement of \$6,620,930 for the District relating to GASB 68.

Net position as previously reported, June 30, 2014	\$ 74,577,493
Effect of retroactive application - Miscellaneous Plans - GASB 68	(6,620,930)
Capital asset restatement (Note 4)	(935,464)
Restatement of Net Position	<u>(7,556,394)</u>
Net position, as restated, July 1, 2014	<u>\$ 67,021,099</u>

Note 15: Wholesale Customer Contingency

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

Both CHWD and FOWD failed to provide the San Juan Water District with annual bills for both their incremental costs to maintain active wells and for the pumping which occurred in 2014. In 2014, San Juan Water District was provided with bills in the approximate amount of \$4 million. San Juan Water District is disputing the amount and resolution of the matter is expected to occur in Fiscal Year 2015-2016. It is anticipated that the San Juan Water District will reach a settlement with the CHWD and FOWD, significantly less than the amount originally invoiced, but the Board of Directors has not yet approved a proposed settlement agreement. Approval is expected to occur in Fiscal Year 2015-2016.

SAN JUAN WATER DISTRICT

**COST-SHARING MULTIPLE EMPLOYER - MISCELLANEOUS PLANS
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	2015
Miscellaneous	
Proportion of the Net Pension Liability	0.08305%
Proportionate Share of the Net Pension Liability	\$ 5,167,620
Covered-Employee Payroll	\$ 2,849,375
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	181.36%
Plan Fiduciary Net Position	\$ 25,281,631
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.03%
Miscellaneous Second Tier	
Proportion of the Net Pension Liability	0.00142%
Proportionate Share of the Net Pension Liability	\$ 88,079
Covered-Employee Payroll	\$ 792,038
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	11.12%
Plan Fiduciary Net Position	\$ 430,909
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.03%
Miscellaneous PEPRA	
Proportion of the Net Pension Liability	0.00000%
Proportionate Share of the Net Pension Liability	\$ 112
Covered-Employee Payroll	\$ 195,837
Proportionate Share of the Net Pension Liability as Percentage of Covered-Employee Payroll	0.06%
Plan Fiduciary Net Position	\$ 547
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	83.00%

Notes to Schedule:

Benefit Changes: None.

Changes of Assumptions: None.

(1) Historical information is required only for measurement for which GASB Statement No. 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

SAN JUAN WATER DISTRICT

**COST-SHARING MULTIPLE EMPLOYER - MISCELLANEOUS PLANS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
AS OF JUNE 30, FOR THE LAST TEN FISCAL YEARS (1)**

	<u>2015</u>
Miscellaneous	
Actuarially Determined Contribution	\$ 378,019
Contribution in Relation to the Actuarially Determined Contribution	(378,019)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 3,091,444
Contributions as a Percentage of Covered-Employee Payroll	12.23%
Miscellaneous Second Tier	
Actuarially Determined Contribution	\$ 186,793
Contribution in Relation to the Actuarially Determined Contribution	(186,793)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 448,711
Contributions as a Percentage of Covered-Employee Payroll	41.63%
Miscellaneous PEPPRA	
Actuarially Determined Contribution	\$ 26,822
Contribution in Relation to the Actuarially Determined Contribution	(26,822)
Contribution Deficiency (Excess)	<u>\$ -</u>
Covered-Employee Payroll	\$ 227,365
Contributions as a Percentage of Covered-Employee Payroll	0.00%

(1) Historical information is required only for measurement for which GASB Statement No. 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only one year is shown.

Note to Schedule:

Valuation Date:	June 30, 2012
Methods and assumptions used to determine contribution rates:	
Single and Agent Employers	Entry age normal
Amortization method	Level Percent of Payroll
Remaining amortization period	20 Years as of the Valuation Date
Assets valuation method	15 Year Smoothed Market
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment rate of return	7.5% net of pension plan investment and administrative expense, including inflation
Retirement age	55 years
Mortality	RP-2000 Heath Annuitant Mortality Table

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SUPPLEMENTARY INFORMATION SECTION

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SAN JUAN WATER DISTRICT

**STATEMENT OF NET POSITION
WHOLESALE
JUNE 30, 2015**

	<u>2015</u>
Assets:	
Current Assets:	
Cash and investments	\$ 15,926,521
Receivables:	
Accounts	634,613
Taxes	33,257
Accrued interest	11,302
Prepaid expenses	<u>142,270</u>
Total Current Assets	<u>16,747,963</u>
Noncurrent:	
Capital assets, not being depreciated	519,226
Capital assets - net of accumulated depreciation	<u>55,820,434</u>
	56,339,660
Restricted noncurrent assets:	
Investments	<u>1,848,540</u>
	1,848,540
Other assets:	
Investment in electrical power	<u>357,018</u>
	357,018
Total Noncurrent Assets	<u>58,545,218</u>
Total Assets	<u>75,293,181</u>
Deferred Outflows of Resources:	
Deferred charge on refunding	196,969
Deferred pension related outflows	<u>278,534</u>
Total Deferred Outflows of Resources	<u>475,503</u>
Liabilities, Deferred Inflows of Resources, and Net Position:	
Liabilities:	
Current:	
Accounts payable	844,360
Accrued liabilities	125,722
Accrued interest	524,666
Unearned revenues	69,500
Deposits payable	28,280
Accrued compensated absences	122,260
Bonds, notes, and capital leases	<u>587,697</u>
Total Current Liabilities	<u>2,302,485</u>
Noncurrent:	
Accrued compensated absences	71,295
Bonds, notes, and capital leases	26,555,519
Net OPEB liability	279,450
Net pension liability	<u>2,259,999</u>
Total Noncurrent Liabilities	<u>29,166,263</u>
Total Liabilities	<u>31,468,748</u>
Deferred Inflows of Resources:	
Deferred pension related inflows	<u>843,170</u>
Total Deferred Inflows of Resources	<u>843,170</u>
Net Position:	
Net investment in capital assets	29,393,413
Restricted for debt service	1,848,540
Unrestricted	<u>12,214,813</u>
Total Net Position	<u>\$ 43,456,766</u>

SAN JUAN WATER DISTRICT

**STATEMENT OF NET POSITION
RETAIL
JUNE 30, 2015**

	<u>2015</u>
Assets:	
Current Assets:	
Cash and investments	\$ 14,391,393
Receivables:	
Accounts	1,782,522
Taxes	33,257
Prepaid expenses	40,418
Inventories	105,352
	<u>16,352,942</u>
Total Current Assets	16,352,942
Noncurrent:	
Capital assets, not being depreciated	7,082,420
Capital assets - net of accumulated depreciation	19,308,227
	<u>26,390,647</u>
Restricted noncurrent assets:	
Investments	1,063,037
	<u>1,063,037</u>
Total Noncurrent Assets	27,453,684
Total Assets	43,806,626
Deferred Outflows of Resources:	
Deferred charge on refunding	106,949
Deferred pension related outflows	369,219
	<u>476,168</u>
Total Deferred Outflows of Resources	476,168
Liabilities, Deferred Inflows of Resources, and Net Position:	
Liabilities:	
Current:	
Accounts payable	1,246,597
Accrued liabilities	211,274
Accrued interest	396,834
Unearned revenues	71,940
Deposits payable	49,018
Accrued compensated absences	213,118
Bonds, notes, and capital leases	309,636
	<u>2,498,417</u>
Total Current Liabilities	2,498,417
Noncurrent:	
Accrued compensated absences	134,259
Bonds, notes, and capital leases	14,767,469
Net OPEB liability	355,393
Net pension liability	2,995,812
	<u>18,252,933</u>
Total Noncurrent Liabilities	18,252,933
Total Liabilities	20,751,350
Deferred Inflows of Resources:	
Deferred pension related inflows	1,117,690
	<u>1,117,690</u>
Total Deferred Inflows of Resources	1,117,690
Net Position:	
Net investment in capital assets	11,420,491
Restricted for debt service	1,063,037
Unrestricted	9,930,226
	<u>22,413,754</u>
Total Net Position	\$ 22,413,754

SAN JUAN WATER DISTRICT

**SCHEDULE OF ADMINISTRATIVE AND GENERAL EXPENSES
JUNE 30, 2015**

	<u>Wholesale</u>	<u>Retail</u>	<u>Total</u>
Salaries and benefits	\$ 899,318	\$ 934,341	\$ 1,833,659
Professional services	384,219	241,573	625,792
Maintenance	48,934	103,936	152,870
Public outreach	167,492	83,717	251,209
Materials and supplies	23,058	20,363	43,421
Other expenses	190,495	204,525	395,020
Net total	<u>\$ 1,713,516</u>	<u>\$ 1,588,455</u>	<u>\$ 3,301,971</u>

SAN JUAN WATER DISTRICT

**SCHEDULE OF OPERATIONS - BUDGET TO ACTUAL
WHOLESALE AND RETAIL COMBINED
JUNE 30, 2015**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating Revenues:			
Water sales - wholesale	\$ 6,379,883	\$ 6,903,051	\$ (523,168)
Water sales - retail	7,846,437	8,731,309	(884,872)
Other revenue	666,965	767,731	(100,766)
Total Operating Revenues	<u>14,893,285</u>	<u>16,402,091</u>	<u>(1,508,806)</u>
Operating Expenses:			
Source of supply			
Water charged to retail service area	2,217,448	2,216,330	(1,118)
Placer County Water Agency	412,063	441,000	28,937
US Bureau of Reclamation	150,152	-	(150,152)
Wheeling	138,380	192,642	54,262
Bureau pumping	108,540	86,261	(22,279)
Other Public Agencies	55,841	81,717	25,876
Administration and general	3,301,971	2,797,522	(504,449)
Water treatment	2,147,336	2,152,993	5,657
Transmission and distribution	2,671,982	1,792,869	(879,113)
Customer service	540,731	660,634	119,903
Pumping and telemetry	-	666,541	666,541
Engineering	432,701	380,099	(52,602)
Conservation	682,311	847,880	165,569
Pension expense	586,942	372,190	(214,752)
Total Operating Expenses Excluding Depreciation	<u>13,446,398</u>	<u>12,688,678</u>	<u>(757,720)</u>
Net Income (Loss) from Operations Excluding Depreciation	<u>1,446,887</u>	<u>\$ 3,713,413</u>	<u>\$ (751,086)</u>
Depreciation and amortization	<u>3,838,509</u>		
Net Income from Operations	<u>\$ (2,391,622)</u>		

SAN JUAN WATER DISTRICT

**SCHEDULE OF OPERATIONS - BUDGET TO ACTUAL
WHOLESALE
JUNE 30, 2015**

	<u>Actual</u>	<u>Final Budget</u>	<u>Variance with Final Budget Positive (Negative)</u>
Operating Revenues:			
Water sales - wholesale	\$ 6,379,883	\$ 6,903,051	\$ (523,168)
Other revenue	449,156	556,000	(106,844)
Total Operating Revenues	<u>6,829,039</u>	<u>7,459,051</u>	<u>(630,012)</u>
Operating Expenses:			
Source of supply			
Placer County Water Agency	412,063	441,000	28,937
US Bureau of Reclamation	150,152	-	(150,152)
Wheeling	138,380	192,642	54,262
Bureau pumping	108,540	86,261	(22,279)
Other Public Agencies	55,841	81,717	25,876
Administration and general	1,713,516	1,734,662	21,146
Water treatment	2,147,336	2,152,993	5,657
Transmission and distribution	-	134,714	134,714
Customer service	453	-	(453)
Engineering	104,641	60,426	(44,215)
Conservation	147,446	296,056	148,610
Pension expense	128,795	204,190	75,395
Total Operating Expenses Excluding Depreciation	<u>5,107,163</u>	<u>5,384,661</u>	<u>277,498</u>
Net Income (Loss) from Operations Excluding Depreciation	<u>1,721,876</u>	<u>\$ 2,074,390</u>	<u>\$ (907,510)</u>
Depreciation and amortization	<u>2,496,179</u>		
Net Income from Operations	<u>\$ (774,303)</u>		

SAN JUAN WATER DISTRICT

SCHEDULE OF OPERATIONS - BUDGET TO ACTUAL
 RETAIL
 JUNE 30, 2015

	Actual	Final Budget	Variance with Final Budget Positive (Negative)
Operating Revenues:			
Water sales - retail	\$ 7,846,437	\$ 8,731,309	\$ (884,872)
Other revenue	217,809	211,731	6,078
Total Operating Revenues	8,064,246	8,943,040	(878,794)
Operating Expenses:			
Source of supply			
Water charged to retail service area	2,217,448	2,216,330	(1,118)
Administration and general	1,588,455	1,062,860	(525,595)
Transmission and distribution	2,671,982	1,658,155	(1,013,827)
Customer service	540,278	660,634	120,356
Pumping and telemetry	-	666,541	666,541
Engineering	328,060	319,673	(8,387)
Conservation	534,865	551,824	16,959
Retirement Benefit Fund (OPEB)	-	-	-
Pension expense	458,147	168,000	(290,147)
Total Operating Expenses Excluding Depreciation	8,339,235	7,304,017	(1,035,218)
Net Income (Loss) from Operations Excluding Depreciation	(274,989)	\$ 1,639,023	\$ 156,424
Depreciation and amortization	1,342,330		
Net Income from Operations	\$ (1,617,319)		

SAN JUAN WATER DISTRICT

**SCHEDULE OF NON-OPERATING REVENUES AND EXPENSES
JUNE 30, 2015**

	<u>Wholesale</u>	<u>Retail</u>	<u>Total</u>
Non-operating Revenues			
Tax assessments	\$ 899,732	\$ 899,732	\$ 1,799,464
Investment income	124,988	22,696	147,684
Connections and annexations	112,615	908,072	1,020,687
Other revenue	108,943	14,359	123,302
Total Non-operating Revenues	<u>1,246,278</u>	<u>1,844,859</u>	<u>3,091,137</u>
Non-operating Expenses			
Interest expense	(1,373,108)	(765,739)	(2,138,847)
Other expenses	(669,500)	(1,596)	(671,096)
Total Non-operating Expenses	<u>(2,042,608)</u>	<u>(767,335)</u>	<u>(2,809,943)</u>
Capital contributions	<u>370,250</u>	<u>589,599</u>	<u>959,849</u>
Non-operating Income (Loss)	<u>\$ (426,080)</u>	<u>\$ 1,667,123</u>	<u>\$ 1,241,043</u>

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STATISTICAL SECTION

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

Financial Trends..... 55

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

Revenue Capacity 57

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 61

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..... 69

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

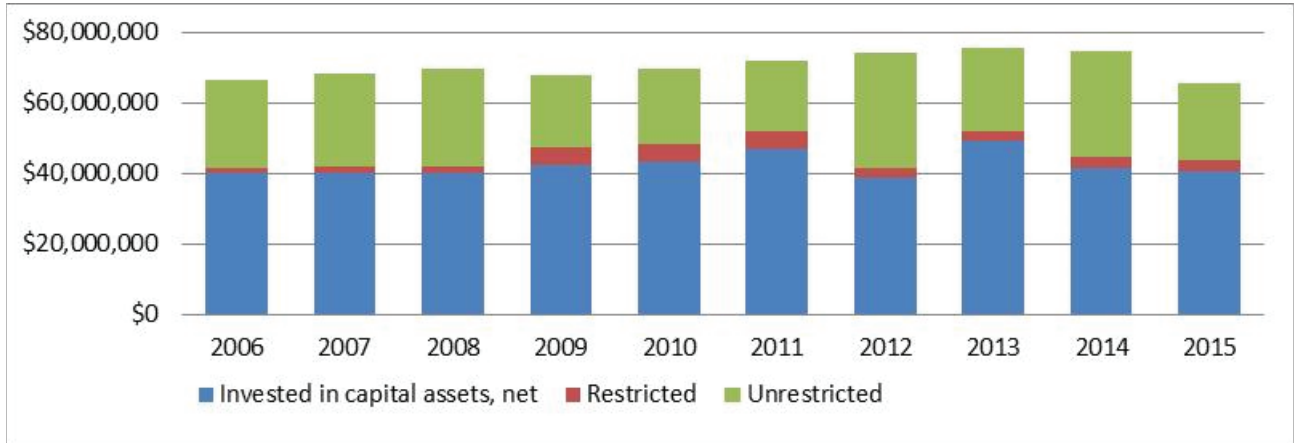
Operating Information 71

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

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

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SAN JUAN WATER DISTRICT
Table 1: Net Position by Component
(Accrual Basis of Accounting)



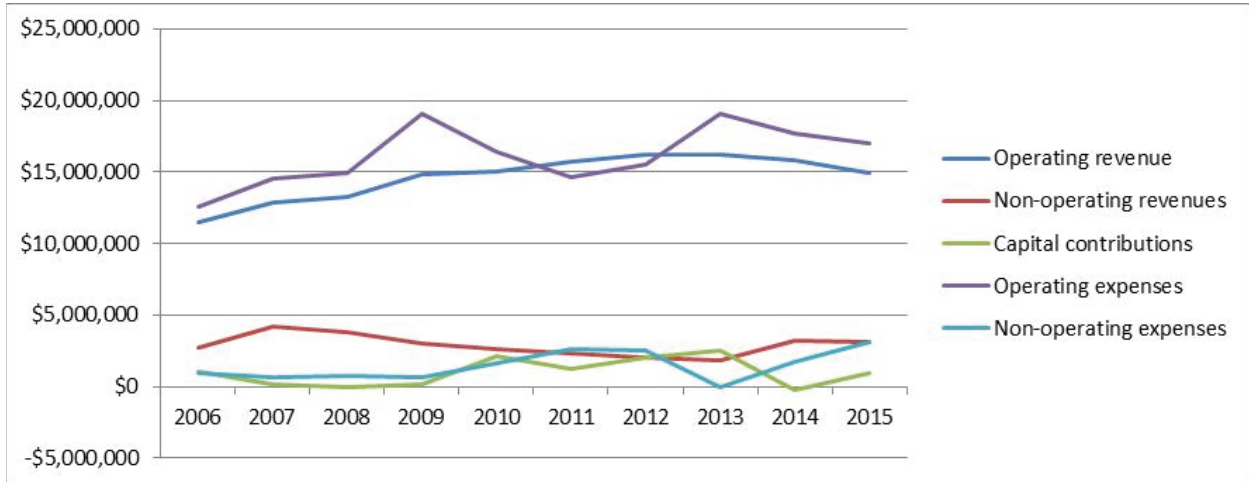
	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net Assets:										
Invested in capital assets, net	\$40,061,013	\$40,198,780	\$40,225,803	\$42,545,198	\$43,492,739	\$47,026,193	\$38,861,678	\$49,186,800	\$41,785,998	\$40,813,904
Restricted	1,694,605	1,747,260	1,798,667	4,704,111	4,931,780	4,835,676	2,911,170	2,911,170	2,911,170	2,911,577
Unrestricted	24,728,796	26,577,138	27,894,578	20,886,799	21,465,447	20,112,276	32,444,787	23,665,458	29,880,325	22,147,861
Total net assets	\$66,484,414	\$68,523,178	\$69,919,048	\$68,136,108	\$69,889,966	\$71,974,145	\$74,217,635	\$75,763,428	\$74,577,493	\$65,873,342

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

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

Source: San Juan Water District Finance & Administrative Services Department

SAN JUAN WATER DISTRICT
 Table 2: Changes in Net Position
 (Accrual Basis of Accounting)
 Reported by Fiscal Year



Source: San Juan Water District Finance & Administrative Services Department

SAN JUAN WATER DISTRICT
 Table 3: Wholesale Water Rates and Connection Fees
 Last Ten Years Effective January 1

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Uniform Commodity Rate (UCR)¹:										
San Juan Water District Retail	\$ 93.44	\$ 100.31	\$ 102.85	\$ 115.19	\$ 127.86	\$ 90.60	\$ 90.60	\$ 90.60	\$ 93.32	\$ 97.98
Citrus Heights Water District	59.07	63.26	69.31	77.71	86.25	90.60	90.60	90.60	93.32	97.98
Fair Oaks Water Company	59.07	63.26	69.31	77.71	86.25	90.60	90.60	90.60	93.32	97.98
Orange Vale Water Company	59.07	63.26	69.31	77.71	86.25	90.60	90.60	90.60	93.32	97.98
City of Folsom	90.42	130.61	130.61	146.28	162.37	90.60	90.60	90.60	93.32	97.98
Annual Service Charge:										
San Juan Water District Retail	\$335,000	\$335,000	\$237,742	\$266,271	\$295,561	\$311,080	\$311,080	\$311,080	\$320,412	\$336,433
Citrus Heights Water District	357,000	357,000	297,343	333,024	369,657	367,450	367,450	367,450	378,474	397,397
Fair Oaks Water Company	272,000	272,000	204,388	228,915	254,095	208,340	208,340	208,340	214,590	225,320
Orange Vale Water Company	95,600	95,600	66,885	74,911	83,151	80,300	80,300	80,300	82,709	86,844
City of Folsom	37,700	37,700	26,360	26,360	32,771	35,160	35,160	35,160	36,215	38,026
Annual Debt Service Charge²:										
San Juan Water District Retail	\$215,500	\$215,500	\$443,901	\$618,403	\$563,089	\$563,594	\$585,863	\$570,181	\$613,611	\$614,299
Citrus Heights Water District	251,600	251,600	534,537	738,294	621,614	627,938	621,477	648,443	672,537	673,415
Fair Oaks Water Company	184,900	184,900	320,878	444,071	415,185	385,416	434,744	405,722	443,222	443,957
Orange Vale Water Company	56,800	56,800	103,854	143,636	173,021	166,458	179,008	180,570	191,913	192,041
City of Folsom	14,100	14,100	48,972	48,972	50,104	59,659	51,581	53,653	56,430	56,446
Connection Fees (implemented in 2008):										
Up to 1" Meter			\$ 312	\$ 319	\$ 337	\$ 344	\$ 354	\$ 364	\$ 372	\$ 381
1" Meter			520	531	560	572	588	605	619	633
1 1/2" Meter			1,040	1,062	1,121	1,145	1,178	1,212	1,240	1,269
2" Meter			1,664	1,699	1,793	1,832	1,884	1,938	1,983	2,029
3" Meter			3,328	3,398	3,585	3,663	3,767	3,874	3,964	4,055
4" Meter			5,200	5,309	5,602	5,724	5,887	6,055	6,196	6,339
6" Meter			13,000	13,273	14,004	14,309	14,717	15,136	15,489	15,845
8" Meter			18,720	19,113	20,166	20,606	21,193	21,797	22,305	22,818
10" Meter			30,160	30,793	32,490	33,199	34,145	35,118	35,936	36,763
12" Meter			44,720	45,659	48,175	49,226	50,629	52,072	53,285	54,511

Notes:

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

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

Source: San Juan Water District Finance & Administrative Services Department

SAN JUAN WATER DISTRICT

Table 4: Retail Water Rates and Connection Fees

Last Ten Years Effective January 1 Beginning 2007 (Effective September 1 Prior To 2007)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Commodity Rate/CCF:										
Residential										
0 to 20 ccf	\$ 0.28	\$ 0.34	\$ 0.37	\$ 0.40	\$ 0.43	\$ 0.44	\$ 0.44	\$ 0.45	\$ 0.46	\$ 0.47
21 to 200 ccf	0.47	0.57	0.62	0.68	0.73	0.74	0.74	0.75	0.77	0.79
201+ ccf	0.33	0.40	0.44	0.48	0.51	0.52	0.52	0.53	0.54	0.56
Commercial	0.40	0.49	0.53	0.53	0.62	0.63	0.63	0.64	0.66	0.68
Daily Base Charge (fixed based on meter size):										
Up to 1"	\$ 0.82	\$ 0.89	\$ 0.97	\$ 1.06	\$ 1.13	\$ 1.15	\$ 1.15	\$ 1.17	\$ 1.20	\$ 1.23
1 1/2"	2.26	2.37	2.58	2.81	3.01	3.07	3.07	3.13	3.19	3.29
2"	3.53	3.78	4.12	4.49	4.80	4.90	4.90	5.00	5.10	5.25
3"	6.94	7.51	8.19	8.93	9.56	9.75	9.75	9.95	10.14	10.45
4"	10.77	11.72	12.77	13.92	14.89	15.19	15.19	15.49	15.80	16.28
6"		23.40	25.51	27.81	29.76	30.36	30.36	30.97	31.59	32.53
8"		42.09	45.88	50.01	53.51	54.58	54.58	55.67	56.79	58.49
10"		67.79	73.89	80.54	86.18	87.90	87.90	89.66	91.45	94.19
12"		100.50	109.55	119.41	127.77	130.32	130.32	132.93	135.60	139.66
Fire District	4.03	4.55	4.96	5.41	5.79	5.90	5.90	6.02	6.15	6.33
Daily Base Charge for Private Fire Lines (fixed based on meter size):										
4"	\$ 0.30	\$ 0.34	\$ 0.37	\$ 0.40	\$ 0.43	\$ 0.44	\$ 0.44	\$ 0.45	\$ 0.46	\$ 0.47
6"	0.44	0.50	0.55	0.60	0.64	0.65	0.65	0.66	0.68	0.70
8"	0.59	0.67	0.73	0.80	0.86	0.88	0.88	0.90	0.92	0.94
10"	0.73	0.82	0.89	0.97	1.04	1.05	1.05	1.07	1.09	1.13
Connection Fees (in addition, new connections also pay a Wholesale Connection fee listed in Wholesale Rates):										
Up to 1" Meter	\$ 11,533	\$ 11,891	\$ 12,164	\$ 12,834	\$ 13,114	\$ 13,488	\$ 13,872	\$ 14,195	\$ 14,521	
1 1/2" Meter	23,065	23,780	24,327	25,667	26,227	26,974	27,743	28,389	29,042	
2" Meter	36,904	38,048	38,923	41,068	41,963	43,159	44,389	45,423	46,468	
3" Meter	See	73,808	76,096	77,846	82,135	83,926	86,318	88,778	90,847	92,936
4" Meter	Note	115,325	118,900	120,806	127,462	130,241	133,953	137,771	140,981	144,224
6" Meter		230,651	237,801	243,270	256,674	262,269	269,744	277,432	283,896	290,426
8" Meter		415,179	428,050	437,895	462,023	472,095	485,550	499,388	511,024	522,778
10" Meter		668,900	689,636	705,498	744,371	760,598	782,275	804,570	823,316	842,252
12" Meter		991,817	1,022,563	1,046,082	1,103,721	1,127,782	1,159,924	1,192,982	1,220,778	1,248,856

Note: Prior to Fiscal Year 2006-2007, connection fees were acreage based.

Source: San Juan Water District Finance & Administrative Services 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)
2006	\$ 4,962,285	\$ 689,690	\$ 5,651,975	5,819,855
2007	5,738,787	817,126	6,555,913	6,558,306
2008	5,868,469	879,339	6,747,808	6,267,424
2009	6,580,530	946,169	7,526,699	5,821,462
2010	6,372,458	919,104	7,291,562	5,078,489
2011	6,821,008	1,000,370	7,821,378	5,038,636
2012	7,058,136	1,025,042	8,083,178	5,229,292
2013	7,432,485	1,110,112	8,542,597	5,823,065
2014	7,388,798	1,119,919	8,508,716	5,430,370
2015	6,860,453	1,036,906	7,897,360	4,414,012

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

SAN JUAN WATER DISTRICT
Table 6: Ten Largest Retail Customers
Current Year and Six Years Ago

Customer	Fiscal Year					
	2015			2008 ¹		
	Total Revenue	Rank	% of Revenue ²	Total Revenue	Rank	% of Revenue
Roseville Joint Union High School	\$ 21,334	1	1.90%	\$ 18,424	1	0.27%
Eureka Union School District/Oakhills	15,221	2	1.36%	8,861	7	0.13%
Rolling Greens Estates LLC	13,781	3	1.23%	14,732	2	0.22%
Placer County Department of Facility Svc	12,340	4	1.10%	8,715	9	0.13%
San Juan Unified School District	11,430	5	1.02%			
City of Folsom	11,310	6	1.01%			
Eureka Union School District/Cavitt Jr High	11,189	7	1.00%	10,228	5	0.15%
Bushnells Landscape Creations	10,817	8	0.96%	11,407	3	0.17%
Granite Bay Estates	8,708	9	0.78%			
Otow Revocable Living Trust	6,628	10	0.59%	8,728	8	0.13%
Maison Chapeaux				7,624	10	0.11%
Sierra Valley Real Estate				9,569	6	0.14%
Granite Bay Business Park				10,581	4	0.16%
Total	\$ 122,758		10.95%	\$ 108,869		1.61%

Note:

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

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

Source: San Juan Water District Customer Service Department

SAN JUAN WATER DISTRICT
 Table 7: Property Tax Levies and Collections - Bonded Debt
 Last Ten Years

Fiscal Year End	Taxes Levied for the Fiscal Year ¹	Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2006	-	1,956	0.0%	-	-	0.0%
2007	-	-	0.0%	-	-	0.0%
2008	-	-	0.0%	-	-	0.0%
2009	-	-	0.0%	-	-	0.0%
2010	-	-	0.0%	-	-	0.0%
2011	-	-	0.0%	-	-	0.0%
2012	-	-	0.0%	-	-	0.0%
2013	-	-	0.0%	-	-	0.0%
2014	-	-	0.0%	-	-	0.0%
2015	-	-	0.0%	-	-	0.0%

Note1: Includes tax revenue for bonded debt only; 1998 General Obligation Bonds were repaid in 2004.

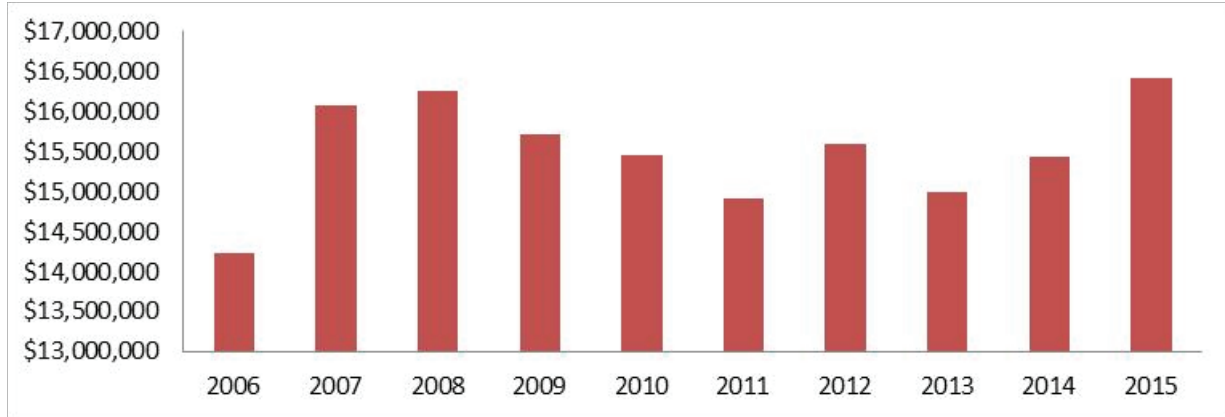
Sources: County of Sacramento Auditor-Controller
 County of Placer Auditor-Controller

SAN JUAN WATER DISTRICT
 Table 8: Principal Property Taxpayers
 Current Year and Ten Years Ago

Taxpayer	Primary Land Use	2015		2006	
		Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Steadfast Sunrise I LLC	Commercial	\$ 84,881,125	0.52%	\$ -	0.00%
FAOF Oak Creak LLC	Apartments	52,433,753	0.32%		
MP Birdcage Marketplace LLC	Shopping Center	49,660,040	0.30%	47,625,852	0.34%
The Realty Associates Fund VIII LP	Shopping Center	34,981,401	0.21%		
Rollingwood Commons Apartments LLC	Apartments	34,922,165	0.21%	31,979,361	0.23%
Grove at Sunrise LLC	Apartments	29,802,025	0.18%		
Wal Mart Real Estate Business Trust	Commercial	29,723,954	0.18%		
Sacto Fair Oaks Blvd Apartments LLC	Apartments	23,828,398	0.15%		
Marshall Field Stores Inc.	Commercial	23,555,598	0.14%		
PK I Cable Park LP	Commercial	22,992,641	0.14%		
Costco Wholesale Corporation	Commercial	21,941,765	0.13%		
PK II Country Galbes SC LP	Shopping Center	21,155,752	0.13%		
Madison & Sunrise Associates LLC	Commercial	20,721,784	0.13%		
Salishan Apartments LP	Apartments	20,021,112	0.12%		
Lowe's HIW Inc	Commercial	19,908,845	0.12%		
Fair Oaks Promenade LLC	Apartments	19,261,465	0.12%		
Placer Partners LLC	Commercial	19,525,578	0.12%		
Hunting Square Limited LP	Apartments	19,070,302	0.12%		
Lake Point LLC	Apartments	18,714,117	0.11%		
Orangevale Partners LLC	Apartments	17,793,369	0.11%		
Lyon Oak Creek LLC	Apartments			44,249,474	0.31%
Rollingwood North LLC	Apartments			39,400,000	0.23%
Demmon Family Partnership	Apartments			34,107,538	0.24%
National Life and Accident Insurance Co.	Commercial			29,759,632	0.21%
CPF Renaissance Creek LLC	Shopping Center			27,741,920	0.20%
Western Investment Real Estate Trust	Commercial			26,895,004	0.19%
Garay LP & Mark M Garay	Apartments			23,148,900	0.16%
Theodore Mitchell	Miscellaneous			22,877,130	0.16%
Total		\$ 584,895,189	3.56%	\$ 327,784,811	2.33%
2014-2015 Total Secured Assessed Valuation:		\$16,414,070,048			
2005-2006 Total Secured Assessed Valuation:		\$14,080,296,615			

Source: California Municipal Statistics, Inc

SAN JUAN WATER DISTRICT
 Table 9: Assessed Actual Value - 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
2006	\$ 14,234,265	\$ 227,710	\$ 14,461,975	\$ 644	0.004%
2007	16,073,386	268,952	16,342,338	1,790	0.011%
2008	16,248,701	73,486	16,322,187	1,835	0.011%
2009	15,701,866	74,471	15,776,337	1,822	0.012%
2010	15,454,819	67,677	15,522,496	1,687	0.011%
2011	14,900,077	63,928	14,964,005	1,565	0.010%
2012	15,579,095	32,499	15,611,594	1,561	0.010%
2013	14,980,101	242,107	15,222,208	1,606	0.011%
2014	15,425,919	232,223	15,658,142	1,678	0.011%
2015	16,414,070	223,352	16,637,422	1,798	0.011%

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 County of Placer

SAN JUAN WATER DISTRICT
 Table 10: Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Revenue Bonds	Certificates of Participation	Economic Development Admin Loan	California Energy Commission Loan	Total Debt	Percentage of Personal Income	Per Capita
2006	\$ -	\$ -	\$ 21,535,000	\$ 249,370	\$ 30,883	\$ 21,815,253	47.78%	115.56
2007	-	-	20,660,000	231,751	26,453	20,918,204	43.30%	109.49
2008	-	-	19,765,000	213,251	21,762	20,000,013	39.87%	103.33
2009	-	-	49,345,000	193,826	16,787	49,555,613	94.65%	252.72
2010	-	-	47,980,000	173,430	11,513	48,164,943	89.84%	267.58
2011	-	-	46,985,000	152,013	5,924	47,142,937	62.09%	261.11
2012	-	13,625,000	30,085,000	129,527	-	43,839,527	N/A	243.55
2013	-	12,145,000	30,075,000	105,916	-	42,325,916	N/A	232.89
2014	-	11,895,000	29,670,000	81,190	-	41,646,190	N/A	228.53
2015	-	11,475,000	29,255,000	55,159	-	40,785,159	N/A	269.15

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

Source: San Juan Water District Finance & Administrative Services Department

SAN JUAN WATER DISTRICT
Table 11: Computation of Direct and Overlapping Bonded Debt
June 30, 2014

2014-15 Assessed Valuation:

\$ 16,636,422,966

Direct and Overlapping Tax and Assessment Debt	Total Debt 6/30/2015	Percent Applicable ¹	District's Share of Debt 6/30/2015
Los Rios Community College District	\$ 361,280,000	7.831%	\$ 28,291,837
Folsom-Cordova Unified School District School Facilities Improvement District No. 2	28,421,422	10.843%	3,081,735
San Juan Unified School District	404,827,785	37.261%	150,842,881
Placer Union High School District	28,289,040	4.531%	1,281,776
Roseville Joint Union High School District	79,820,973	16.720%	13,346,067
Eureka Union School District	3,359,744	73.612%	2,473,175
Loomis Union School District	4,815,000	17.447%	840,073
Roseville City School District	23,191,221	0.681%	157,932
City of Folsom	3,760,000	12.708%	477,821
City of Folsom Assessment District No. 90-1	845,000	100.000%	845,000
Sacramento Area Flood Control District Operation and Maintenance Assessment Distri	3,120,000	13.502%	421,262
California Statewide Community Development Authority Obligations	278,875	100.000%	278,875
San Juan Suburban Water District	-	100.000%	-
Total Direct and Overlapping Tax and Assessment Debt	\$ 942,009,060		\$ 202,338,434
Overlapping General Fund Debt			
Sacramento County General Fund Obligations	\$ 276,872,688	9.511%	\$ 26,333,361
Sacramento County Pension Obligations	973,933,985	9.511%	92,630,861
Sacramento County Board of Education Certificates of Participation	7,260,000	9.511%	690,499
Placer County General Fund Obligations	38,085,000	7.456%	2,839,618
Placer County Office of Education Certificates of Participation	1,650,000	7.456%	123,024
Los Rios Community College District Certificates of Participation	5,440,000	7.831%	426,006
Sierra Joint Community College District Certificates of Participation	8,457,000	5.588%	472,577
Folsom-Cordova Unified School District Certificates of Participation	18,890,000	7.011%	1,324,378
San Juan Unified School District Certificates of Participation	749,716	37.261%	279,352
Roseville Joint Union High School District Certificates of Participation	1,625,000	16.720%	271,700
Eureka Union School District Certificates of Participation	4,025,000	73.612%	2,962,883
Other School District Certificates of Participation	17,580,000	Various	731,675
City of Folsom Certificates of Participation	6,991,777	12.588%	880,125
City of Roseville Certificates of Participation	13,820,518	2.653%	366,658
Sacramento Metropolitan Fire District Pension Obligations	67,713,975	20.067%	13,588,163
South Placer Fire Protection District Certificates of Participation	5,375,000	79.884%	4,293,765
Sunrise Recreation and Park District Certificates of Participation	6,410,000	38.033%	2,437,915
Placer Mosquito and Vector Control District Certificates of Participation	3,910,000	7.456%	291,530
TOTAL GROSS OVERLAPPING GENERAL FUND DEBT	\$ 1,458,789,659		\$ 150,944,090
Less: Sacramento County self-supporting obligations			593,011
City of Roseville supported obligations			106,074
TOTAL NET OVERLAPPING GENERAL FUND DEBT			\$ 150,245,005
TOTAL DIRECT DEBT			\$ -
TOTAL GROSS OVERLAPPING DEBT			\$ 353,282,524
TOTAL NET OVERLAPPING DEBT			\$ 352,583,439
GROSS COMBINED TOTAL DEBT ²			\$ 353,282,524
NET COMBINED TOTAL DEBT			\$ 352,583,439

Ratios to 2014-15 Assessed Valuation

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	1.22%
Gross Combined Total Debt	2.12%
Net Combined Total Debt	2.12%

Notes:

¹ Percentage of overlapping debt applicable to the District is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping District's assessed value that is within the boundaries of the District divided by the overlapping District's total taxable assessed

² Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Source: California Municipal Statistics, Inc.

SAN JUAN WATER DISTRICT

Table 12: Ratio of Annual Debt Service Expenses for All Debt to Total General Expenses
Last Ten Fiscal Years

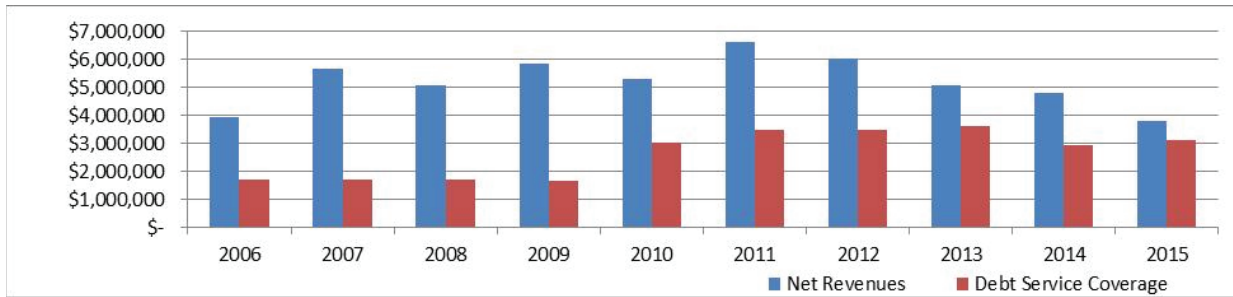
Fiscal Year	Principal	Interest	Total Debt Service	Total General Expenses¹	Ratio of Debt Service to Total General Expenses
2006	\$ 875,960	\$ 916,858	\$ 1,792,818	\$ 12,648,726	14.17%
2007	897,049	948,978	1,846,027	14,366,884	12.85%
2008	918,191	863,197	1,781,388	14,738,945	12.09%
2009	954,401	826,187	1,780,588	18,906,512	9.42%
2010	1,390,670	1,810,145	3,200,815	15,715,490	20.37%
2011	1,024,924	2,465,408	3,490,332	14,143,017	24.68%
2012	1,053,410	2,448,654	3,502,064	15,838,223	22.11%
2013	1,516,616	2,117,353	3,633,969	16,544,003	21.97%
2014	679,726	2,265,829	2,945,555	17,641,917	16.70%
2015	861,031	2,246,935	3,107,966	15,037,972	20.67%

Notes:

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

Source: San Juan Water District Finance & Administrative Services Department

SAN JUAN WATER DISTRICT
Table 13: Debt Service Coverage
Last Ten Fiscal Years



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Retail Water Sales	\$ 5,668,705	\$ 6,575,947	\$ 6,766,658	\$ 7,542,865	\$ 7,299,989	\$ 7,834,917	\$ 8,090,259	\$ 8,544,267	\$ 8,481,583	\$ 7,846,601
Wholesale Water Sales	5,769,324	6,228,302	6,410,653	7,111,208	7,865,283	7,764,982	7,364,002	7,013,144	6,614,968	6,379,883
Connections/Annexations	306,605	926,276	174,865	45,699	163,266	163,541	176,362	34,741	1,134,335	1,020,687
Property Tax Revenue	643,882	1,790,197	1,835,558	1,822,166	1,687,204	1,597,524	1,561,130	1,606,174	1,677,842	1,799,464
Investment Income	867,082	1,384,866	1,561,139	847,510	468,099	271,233	187,780	52,954	271,721	147,684
Other	901,639	160,689	255,298	327,374	484,166	335,357	108,047	102,808	104,088	123,302
Total	\$ 14,157,237	\$ 17,066,277	\$ 17,004,171	\$ 17,696,822	\$ 17,968,007	\$ 17,967,554	\$ 17,487,580	\$ 17,354,088	\$ 18,284,537	\$ 17,317,621
Operation & Maintenance Costs										
Source of Supply	\$ 2,704,782	\$ 3,173,789	\$ 3,240,902	\$ 3,221,008	\$ 3,284,931	\$ 2,820,910	\$ 3,186,686	\$ 3,506,604	\$ 2,912,572	\$ 3,129,435
Pumping and Telemetry *	551,418	623,259	580,370	663,975	542,837	590,217	621,783	609,304	759,067	-
Water Treatment	2,003,075	2,146,066	2,223,995	2,211,536	2,171,923	2,119,426	1,701,918	1,932,517	1,888,549	2,147,336
Transmission/Distribution	1,249,430	1,629,065	1,731,271	1,639,125	1,767,690	1,657,517	1,764,998	1,926,664	2,240,966	2,671,982
Administration/General	2,040,731	1,986,027	2,387,564	2,161,541	3,199,146	2,450,651	2,455,196	2,661,692	3,691,980	3,301,971
Customer Service	599,116	594,680	679,121	689,023	666,916	658,999	681,163	697,301	597,623	540,731
Conservation	383,433	501,649	503,713	636,509	637,461	617,917	662,589	614,749	649,832	682,311
Engineering	397,717	449,342	319,227	359,576	317,451	342,523	325,113	264,582	633,782	432,701
Other	287,268	285,117	268,108	249,251	76,552	59,022	62,824	52,172	98,895	671,096
Total	\$ 10,216,970	\$ 11,388,994	\$ 11,934,271	\$ 11,831,544	\$ 12,664,907	\$ 11,317,182	\$ 11,462,270	\$ 12,265,585	\$ 13,473,266	\$ 13,577,563
Net Revenues	\$ 3,940,267	\$ 5,677,283	\$ 5,069,900	\$ 5,865,278	\$ 5,303,100	\$ 6,650,372	\$ 6,025,310	\$ 5,088,503	\$ 4,811,271	\$ 3,740,058
Debt Service										
2012 Bonds							\$ -	\$ 1,883,113	\$ 804,300	\$ 971,800
2009 COPs					\$ 1,272,129	\$ 1,718,275	\$ 1,718,075	\$ 1,717,675	\$ 2,112,275	\$ 2,106,075
2003 COPs	\$ 1,665,319	\$ 1,668,219	\$ 1,661,969	\$ 1,648,383	\$ 1,733,552	\$ 1,732,488	\$ 1,747,713	-	-	-
EDA Loan	30,088	30,088	30,088	30,088	30,088	30,088	30,088	30,087	30,091	30,091
CEC Advance	6,188	6,188	6,188	6,188	6,188	6,188	6,188	3,094	-	-
Total	\$ 1,701,595	\$ 1,704,495	\$ 1,698,245	\$ 1,684,659	\$ 3,041,957	\$ 3,487,039	\$ 3,502,064	\$ 3,633,969	\$ 2,946,666	\$ 3,107,966
Debt Service Coverage	2.32	3.33	2.99	3.48	1.74	1.91	1.72	1.40	1.63	1.20

Source: San Juan Water District Finance & Administrative Services Department

SAN JUAN WATER DISTRICT
Table 14: Principal Employers for Counties Served

Employer	Fiscal Year					
	2015			2006		
	Number of Employees	Rank	% of Total Employed	Number of Employees	Rank	% of Total Employed
<u>County of Sacramento</u>						
State of California	74,329	1	11.44%	67,467	1	10.06%
Sacramento County	10,598	2	1.63%	14,408	2	2.15%
University of California Davis Health System	9,706	3	1.49%	7,901	3	1.18%
U.S. Government	9,668	4	1.49%			
Sutter Health Sacramento Sierra Region	8,817	5	1.36%			
San Juan Unified School District	7,523	6	1.16%	5,775	8	0.86%
Kaiser Permanente	6,464	7	0.99%	6,656	6	0.99%
Dignity Health	6,286	8	0.97%	4,897	10	0.73%
Intel Corporation	6,200	9	0.95%	7,000	4	1.04%
Elk Grove Unified School District	5,758	10	0.89%			
Sacramento City Unified School District				7,000	4	1.04%
Los Rios Community College District				6,000	7	0.89%
City of Sacramento				5,105	9	0.76%
Total	145,349		22.37%	132,209		19.70%
Total Employed in Sacramento County	649,800			670,500		

Employer	Fiscal Year					
	2015			2006		
	Number of Employees	Rank	% of Total Employed	Number of Employees	Rank	% of Total Employed
<u>County of Placer</u>						
Kaiser Permanente	3,839	1	2.26%	1,980	3	1.25%
Sutter Health	3,693	2	2.18%	985	10	0.62%
Squaw Valley Alpine Meadows	2,500	3	1.47%	1,200	6	0.76%
Placer County	2,378	4	1.40%	2,527	2	1.60%
Hewlett-Packard Co.	2,000	5	1.18%	4,000	1	2.53%
Thunder Valley Casino Resort	1,875	6	1.10%			
PRIDE Industries, Inc.	1,221	7	0.72%	1,050	9	0.66%
Safeway, Inc	1,218	8	0.72%			0.00%
City of Roseville	1,047	9	0.62%	1,288	4	0.81%
Roseville School District	1,015	10	0.60%			
Union Pacific Railroad Co. Inc.				1,100	7	0.70%
Raley's				1,251	5	0.79%
Wal-Mart Stores, Inc				1,053	8	0.67%
Total	20,786		12.25%	16,434		10.39%
Total Employed in Placer County	169,700			158,250		

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

*Sources: Sacramento Business Journal
California State Employment Development Department*

SAN JUAN WATER DISTRICT
 Table 15: Demographic and Economic Statistics
 Last Ten Fiscal Years

	Wholesale Population	Retail Population	Total Personal Income (in millions)	Per Capita Personal Income	Unemployment Rate
2006	188,786	30,442	\$ 45,653,787	\$ 33,521	4.70%
2007	191,051	30,512	48,313,850	35,197	5.20%
2008	193,554	30,605	50,157,252	36,340	6.80%
2009	196,089	30,578	52,356,182	37,179	11.30%
2010	180,000	30,641	53,612,730	37,700	12.40%
2011	180,548	30,615	75,928,511	42,338	12.30%
2012	180,000	30,722	61,406,829	29,141	10.80%
2013	181,739	30,831	63,877,648	30,050	8.48%
2014	182,239	31,009	65,495,913	30,713	7.37%
2015	151,531	29,452	Not yet available		5.78%

Note:

Population for 2006 through 2014 includes estimates of Citrus Heights Water District, Fair Oaks Water District, Orange Vale Water Company, San Juan Water District Retail and City of Folsom (served by San Juan Water District Wholesale) based on the 2010 Urban Water Management Plan. 2015 population estimates are based on the draft 2015 Urban Water Management Plan.

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

SAN JUAN WATER DISTRICT
 Table 16: Staffing - Certificates - Licenses by Function/Program
 Last Ten Fiscal Years

Comparison by Function/Program	Full-Time Equivalent Employees as of June 30									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Executive	3	3	3	3	3	3	3	3	3	3
Conservation	3.5	3.5	3.5	3.5	5	5	4	4	4	4
Customer Service	3	3	3	3	3	3	4	4	4	4
Engineering Services	3	3	3	3.5	4	4	4	4	4	4
Field Services	16	17	17	17	15	15	15	15	15	15
Finance/Administrative Services	4	5	5	5	5	5	5	5	5	5
Water Treatment Operations	10	10	10	10	10	10	10	10	10	10
Total	43	45	45	45	45	45	45	45	45	45

Actual Versus Budgeted	FY 2006		FY 2015	
	Filled as of		Filled as of	
	June 30	Budgeted	June 30	Budgeted
Executive	Breakdown of filled		3	3
Conservation	position by department is		4	4
Customer Service	not available.		4	4
Engineering Services			4	4
Field Services			14	14
Finance/Administrative Services			5	5
Operations Manager			1	1
Water Treatment Operations			9	10
Total	39	45	44	45

Certificates and Licenses	December 31, 2015
California Department of Health Services Water Distribution Operator	
Grade 1	0
Grade 2	0
Grade 3	1
Grade 4	12
Grade 5	2
California Department of Health Services Water Treatment Operator	
Grade 1	0
Grade 2	1
Grade 3	2
Grade 4	1
Grade 5	3
California Professional Engineer - Civil	5

Note: The 2005 Human Resource Master Plan re-allocated positions within the District and added 2 positions.

Source: San Juan Water District Finance & Administrative Services Department

SAN JUAN WATER DISTRICT

Table 17: Wholesale Water System Capital Asset and Operating Indicators
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Facilities:										
# of Treatment Plants	1	1	1	1	1	1	1	1	1	1
Plant Capacity (MGD) ¹	120	120	120	120	120	120	120	150	150	150
# of ARVs						71	71	86	86	89
# of Blow-offs						52	52	59	59	60
# of Fire Hydrants						13	13	14	14	14
# of Valves						21	21	45	45	48
# of Pumping Stations ²	3	3	3	3	3	-	-	-	-	-
# of Storage Tanks/Reservoirs	1	1	1	1	1	1	1	1	1	1
Water Supply Available:										
Pre-1914 Water Rights	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000	33,000
USBR/CVP Water Contract	24,200	24,200	24,200	24,200	24,200	24,200	24,200	24,200	24,200	24,200
PCWA Contract	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Total Water Supply	82,200	82,200	82,200	82,200	82,200	82,200	82,200	82,200	82,200	82,200
Water Supply Delivered:										
Pre-1914 Water Rights	35,476	35,402	32,539	28,999	30,364	32,732	34,912	34,961	30,952	29,372
USBR/CVP Water Contract	5,947	9,908	7,884	7,022	418	1,211	555	3,048	-	-
PCWA Contract	11,802	12,249	12,818	11,301	9,075	8,574	8,841	11,326	10,374	-
Total Water Supply Delivered	53,225	57,559	53,241	47,322	39,857	42,517	44,308	49,335	41,326	29,372
Production (average in acre feet):										
Five Year	70,217	69,559	68,168	64,669	61,047	59,005	56,159	54,169	50,834	48,106
Ten Year	64,992	67,421	68,044	67,248	65,683	64,455	62,845	61,166	57,751	54,577
Fifteen Year	60,211	62,200	62,948	63,263	63,363	63,880	63,667	63,419	61,777	59,824
Twenty Year	58,937	59,626	59,885	60,140	59,945	60,385	60,690	60,753	60,156	59,548
Connections: ³										
San Juan Water District (retail)	10,306	10,339	10,345	10,348	10,373	10,361	10,410	10,441	10,507	10,559
Citrus Heights Water District	19,486	19,498	19,573	19,547	19,568	19,576	19,547	19,547	19,557	19,600
Fair Oaks Water District	13,848	14,469	14,474	14,450	14,129	14,135	14,133	14,221	14,225	14,278
Orange Vale Water Company	5,518	5,566	5,572	5,572	5,543	5,545	5,545	5,600	5,600	5,600
City of Folsom					981	981	981	981	981	981
Total Connections	49,158	49,872	49,964	49,917	50,594	50,598	50,616	50,790	50,870	51,018
Population ⁴										
	188,786	191,051	193,554	196,089	180,000	180,548	181,048	181,739	182,239	151,531

Notes:

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

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

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

4 The District updated population statistics in its 2010 Urban Water Management Plan.

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

SAN JUAN WATER DISTRICT
 Table 18: Wholesale Water Production by Month
 Last Ten Fiscal Years (in million gallons)

Month	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
July	3,255	3,099	2,563	2,937	2,292	3,240	2,866	2,152	2,226	1,634
August	3,101	3,226	2,409	2,917	2,095	3,126	2,714	2,325	2,071	1,620
September	2,670	2,932	1,907	2,427	1,844	2,607	2,345	2,497	1,621	1,389
October	2,166	2,116	1,170	1,646	1,413	1,873	1,525	1,294	1,350	1,110
November	1,466	1,138	878	857	1,059	786	965	596	931	631
December	1,048	968	661	764	679	780	930	661	688	454
January	881	1,065	559	728	722	719	922	637	563	488
February	819	962	537	631	673	619	651	534	196	439
March	812	1,308	1,325	620	538	617	549	854	350	726
April	980	1,732	2,021	1,405	577	1,186	835	1,106	629	773
May	2,510	1,793	2,639	1,854	1,285	1,793	1,788	1,745	1,227	885
June	3,004	2,323	2,791	2,112	2,544	2,042	1,936	1,816	1,613	1,129
Annual Total	22,712	22,662	19,460	18,898	15,721	19,388	18,026	16,219	13,466	11,279
Average Monthly Water Production	1,893	1,889	1,622	1,575	1,310	1,616	1,502	1,352	1,122	940
Average Daily Water Production	62.2	62.1	53.3	51.8	43.1	53.1	49.4	44.4	36.9	30.9

Source: San Juan Water District Water Treatment Department

SAN JUAN WATER DISTRICT
Table 19: Retail Water System Capital Asset and Operating Indicators
Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Facilities:										
Miles of Main Line	213.5	213.5	213.5	214	214	214	214	214	214	216
# of ARVs						768	768	807	804	673
# of Blow-offs						788	788	861	861	739
# of Fire Hydrants						1,412	1,412	1,423	1,443	1,432
# of Valves						2,761	2,761	2,766	2,810	2,675
# of Pumping Stations	5	5	5	5	5	6	6	6	6	6
# of Storage Tanks/Reservoirs	1	1	1	1	1	1	1	1	1	1
Connections:										
Single-Family Residential	9,753	9,752	9,756	9,761	9,778	9,771	9,811	9,851	9,908	9,989
Multi-Family Residential	118	117	121	121	119	119	119	119	119	119
Commercial	190	217	215	215	239	238	239	242	242	242
Institutional	11	11	11	11	11	11	11	11	11	11
Landscape Irrigation	222	230	230	228	214	210	209	205	207	211
Agricultural Irrigation	4	4	4	4	4	4	4	5	5	5
Other	8	8	8	8	8	8	8	8	8	8
Total Connections	10,306	10,339	10,345	10,348	10,373	10,361	10,401	10,441	10,500	10,585
Total New Connections	18	33	6	3	25	(12)	40	40	59	85
Consumption (units of ccf): ⁽¹⁾										
Single-Family Residential	5,043,423	5,680,870	5,392,177	5,020,192	4,369,153	4,327,393	4,500,448	5,008,334	4,645,129	3,022,810
Multi-Family Residential	90,785	99,732	92,353	96,145	87,162	80,391	83,539	80,962	76,392	57,293
Commercial	155,681	173,631	167,395	149,209	171,923	197,402	199,458	175,946	195,122	129,490
Institutional	98,444	104,898	103,931	93,052	81,364	68,920	74,877	116,328	97,881	85,287
Landscape Irrigation	425,275	503,444	501,790	453,918	358,816	355,991	360,465	426,595	402,151	252,183
Agricultural Irrigation	5,361	4,531	8,808	8,144	9,282	7,612	9,634	13,195	12,787	10,745
Other	886	1,200	970	802	789	927	871	1,705	908	827
Total Consumption	5,819,855	6,568,306	6,267,424	5,821,462	5,078,489	5,038,636	5,229,292	5,823,065	5,430,370	3,558,634
Average Daily Consumption	15,945	17,995	17,171	15,949	13,914	13,804	14,327	15,954	14,878	9,750
Population	30,442	30,512	30,605	30,578	30,641	30,615	30,722	30,831	31,009	29,452

Note:

(1) Beginning on January 1, 2005, the District was fully metered; data prior to that time is not available.

Sources:

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

SAN JUAN WATER DISTRICT

Table 20: Retail Water Connection Fee Report Per Government Code Section 66013(d) and (e) Fiscal Year Ended June 30, 2015

Connection Fees, beginning balance		\$ 3,627,456
Connection Fees Collected	\$ 908,072	
Interest Earned	5,144	
Fees Available	<u>913,216</u>	
Applied to:		
Capital Costs Funded	\$ 4,540,672	
Refunds	<u>-</u>	
Total Funds Applied	4,540,672	
Net Changes for the Year		<u>(3,627,456)</u>
Connection Fees, ending balance		<u>\$ -</u>

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

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

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

Source: San Juan Water District Finance & Administrative Services Department



SAN JUAN WATER DISTRICT

**Independent Accountant's Report on Applying
Agreed-Upon Procedures on System Review of
Tyler Application**

May 26, 2015

Lance Soll & Lunghard, LLP

Orange County
Silicon Valley
Temecula Valley

www.lslcpas.com

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
San Juan Water District
Granite Bay, California

We have performed the procedures enumerated below, which were agreed to by the San Juan Water District (the District), solely to assist you with respects to the review of the accounting information transferred, and the internal procedures developed by the District to ensure that the implementation of the Tyler system properly captures and presents financial information. The agreed-upon period, in which was examined, was transactions and procedures in place from July 1, 2014 to February 23, 2015. The District's management is responsible for the policies and procedures developed. We have also performed our review of the District's control structure as outlined in the Internal Control section starting on page 5 of this report; which was agreed to by the District, solely to assist the organization in evaluating its internal control structure applicable to the *Committee of Sponsoring Organizations (COSO)* internal control framework.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the District. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We obtained the District's Information Technology (IT) policy to determine if the District has established a security policy that restricts the sharing of application access controls between employees.

Evaluation: Through our review of the District's IT policy, each Tyler user has individual access rights. In addition, we noted that user profiles have been established in Tyler, that limits the access of specific modules, based on an employees' daily responsibilities.

2. We selected a sample of employees within the accounting department and tested their access rights to the Tyler accounting application; to ensure that a level of segregation exists between employees who process, reconcile and approve transactions.

Evaluation: The District's Financial Analyst and Finance Manager both have full administrative rights to all modules of the Tyler application. This is a significant deficiency in internal controls, especially due to the fact that the District has an IT department that can facilitate that function. The Finance Manager should have the capability to approve transactions, however, should not have the capability to process, edit, or delete information. In addition, the Financial Analyst should not have full administrative rights to the accounting system. This is also a significant deficiency in the District's internal control structure. The role of a Financial Analyst should be to support and perform daily and/or monthly tasks, such as budget to actual comparisons, reconciliations, and development of accounting reports for management's review.



Risks: By allowing administrative rights to both the Finance Manager and Financial Analyst, the District is dramatically increasing its risk of assets being misappropriated through fraudulent activity such as employee collusion, manipulation of accounting records, and circumvention of District's policies (i.e. conflicts of interest).

Recommendation: We recommend that the District remove the administrative rights from the Finance Manager and the Financial Analyst. In addition, we recommend that the District's IT department hold all administrative rights to the Tyler system. This ensures that source information maintained in the system is not manipulated or deleted. It also ensures, that correct access levels are provided to District employees based on daily processes performed by those employees.

3. We reviewed a sample of journal entries to ensure that the District has the proper levels of segregation in restricting the initiation and approval of journal entries.

Evaluation: Due to the limitation noted above in procedure 2, the Financial Analyst has the ability to post, edit and delete all journal entries without the approval of the Finance Manager. The role of the Financial Analyst would be to propose journal entries based on accounting facts; the Finance Manager would then approve the entries if deemed proper and within generally accepted accounting principles. While we did not identify any issues in our testing of the journal entries, we consider this to be a significant deficiency in internal controls over journal entries.

Risks: Due to the fact that the Financial Analyst has administrative rights to the Tyler application, the District increases its risk of journal entries being made to general ledger balances without the knowledge or approval of the Finance Manager.

Recommendation: In conjunction with the recommendation noted in procedure 2 above, we recommend that the District implement a policy and procedure to review all manual journal entries posted to general ledger balances on a periodic basis, such as quarterly, to ensure that the financial periods have been properly closed and reconciled. We also recommend that the District ensures that all journal entries are reviewed and approved by the Finance Manager prior to them being posted to the general ledger.

4. We observed and performed a walkthrough of the District's procedures in performing a reconciliation of its cash accounts as December 31, 2014 and January 31, 2015.

Evaluation: The District has sound controls surrounding the reconciliation of its cash accounts in the Tyler system. No issues noted.

5. We observed and performed a walkthrough of the District's procedures surrounding payroll transactions, including but not limited to, creating an employee Masterfile, editing the employee Masterfile, input of employee time, and disbursing employee paychecks.



Evaluation: While we did not identify any issues or discrepancy in employee information, we noted during our review that the payroll clerk and human resources operates as one function, and reports directly to the Finance Manager; who has full administrative rights to the payroll module. This is a significant deficiency because human resources functions, such as establishing employees, editing employee information, and termination of employees, should not report directly to a Finance or Accounting Manager. The role of the Finance Manager is to ensure that accounting information is properly reconciled and posted to the District's general ledger; human resource functions should remain separate.

In addition, to the finding above, we noted that the District may not have the needed expertise in the human resources department to ensure compliance with all rules and regulations.

Risk: By having human resources functions report directly to the Finance Manager, who has unlimited access rights to the payroll module, the District is increasing its risk of assets being misappropriated through fictitious employees. In addition, the District may not be in compliance with workplace rules and regulations.

Recommendation: We recommend that the District (1) obtain the expertise needed in the human resources department to ensure that all rules and regulations surrounding the workplace are in compliance; and (2) that the District ensure that the employee responsible for performing human resource functions report directly to the General Manager or Assistant General Manager to ensure that human resource functions are separate from accounting.

6. We observed and performed a walkthrough of the District's procedures surrounding accounts payable transactions, including but not limited to, creating a vendor Masterfile, editing vendor Masterfile information, input of employee time, and disbursing employee paychecks.

Evaluation: With the exception of the administrative rights comment noted in procedure 2 above, the District maintains good controls surrounding the purchasing and accounts payable functionalities within Tyler.

7. We observed and performed a walkthrough of the District's procedures surrounding cash receipts and customer transactions, including but not limited to, creating a customer Masterfile, editing customer Masterfile information, applying payments to customer balances, and issuing refunds.

Evaluation: With the exception of the administrative rights comment noted in procedure 2 above, the District maintains good controls surrounding the cash receipting and accounts receivable functionalities within Tyler.

8. We obtained 2014 general ledger ending balances from Solomon and agreed the balances to 2015 beginning balances in Tyler to ensure that all balances were properly transferred into the Tyler system.



Evaluation: No issues noted. The 2014 unaudited ending balances were fully transferred into the Tyler general ledger without exception. The District will have to adjust the beginning balances for 2015 based on audited numbers as of June 30, 2014.

9. We reviewed the District's policy related to the recording and disposal of capital assets and the calculation of related depreciation costs.

Evaluation: During our review, we noted that the District has properly established account codes within Tyler to properly identify and track capital assets. No findings were noted.

OVERALL RECOMMENDATION

We would like to commend the District in taking the necessary steps in ensuring that the implementation of the Tyler accounting system was successful and that the dynamics of the District's processes are robust and comprehensive which assist in mitigating noted weaknesses in the Solmon System. The acquisition of new technologies and development of additional management tools are keen steps in developing a strong control environment. We strongly encourage the District to review its staffing and internal control structure, to ensure that all control activities are properly, and efficiently staffed.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the internal controls of San Juan Water District. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the San Juan Water District and is not intended to be, and should not be, used by anyone other than the specified party.

Lance, Soll & Lughard, LLP

Brea, California
May 28, 2015

INTERNAL CONTROLS

The objectives of internal controls is to develop sounds practices and policies to ensure that transactions are properly recorded, accounted for correctly, executed in accordance with laws and regulations, and funds are properly safeguarded against potential risks of loss. The characteristics of internal control are presented in the context of the components of internal control discussed in *Internal Control-Integrated Framework* (COSO Report), published by the Committee of Sponsoring Organizations of the Treadway Commission. The COSO report provides a framework for companies to design, implement, and evaluate controls that will facilitate the before mentioned objectives of internal controls. COSO also has published *Guidance on Monitoring Internal Control Systems* (January 2009), which is available at www.coso.org/guidanceonmonitoring.htm.

The five components of the COSO framework were used to establish an understanding and to evaluate the internal controls surrounding policies and procedures of the San Juan Water District.

Control Environment

A successful control environment sets the tone of an organization influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure. We noted the following improvements needed in San Juan Water District's control environment for an effective control structure.

- Management ensuring that staff is knowledgeable about operational policies and procedures, and reporting requirements and being given responsibility to communicate all issues to management.
- Management's commitment to competence ensures that staff receives adequate training to perform their duties correctly, effectively and efficiently.

Risk Assessment

A risk assessment process is an entity's identification and analysis of risks relevant to achievement of its objectives, forming a basis for determining how the risks should be managed. We considered the following improvements needed in San Juan Water District's Risk Assessment process to have an effective control environment:

- Controls are assessed on a regular basis to ensure that they are correctly and if applicable adaptability addressing changes in laws, regulations and industry needs.

Control Activities

Control Activities are the policies and procedures that help ensure that management's directives are carried out. We noted the following improvements needed in San Juan Water District's Control Activities for a more effective control structure:

- Management's prohibition against intervention or overriding established controls.
- Adequate segregation of duties provided between performance, review, and recordkeeping of a task.



Information and Communication

Information and Communication are controls used for the identification, capture and exchange of information in a form and time frame that enable people to carry out their responsibilities.

Monitoring

Monitoring is a process that assesses the quality of internal control performance over time. We considered the following improvements needed in San Juan Water District's monitoring environment for an effective control environment:

- Ongoing monitoring built-in through independent reconciliations, staff meeting feedback, rotating staff, supervisory review, and management review of reports.
- Internal quality control reviews performed.
- Routine Internal Audits performed to test compliance with applicable controls and policies.



INDEPENDENT AUDITORS' 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 business-type activities of the San Juan Water District, (the "District") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated June 14, 2016.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis.

We consider the following deficiencies to be material weaknesses:

Segregation of Duties in the Accounting Department:

During our evaluation over financial statement internal controls, we identified key areas in accounting controls that under best practices the District would be considered to have limited segregation of duties, and/or mitigating controls, to reduce the risks of material misstatements from happening and/or being detected. Those key areas are:



Board of Directors
San Juan Water District
Granite Bay, California

- a) Customer billing and Customer Masterfile – Through our evaluation of billing controls, we noted that the District was dependent on a single employee to administer changes to existing and new customers billing information. In addition, this employee had complete custody over the billing process to Customers. This deficiency allows the accounting employee to receive customer payments and conceal any theft or errors without the knowledge or detection of management.
- b) Administration of Vendor Masterfile – Through our evaluation of purchasing controls, we noted that the accounts payable clerk processing vendor payments had complete access to the vendor Masterfile. This allows the accounts payable clerk to create fictitious vendors or payments without the knowledge or detection of management.
- c) Approval and Processing of Accounting Entries – During the earlier part of the fiscal year ended June 30, 2015, the District implemented the new Tyler Incode system. During the implementation process, the District's accounting staff took part in training of the system through December 2015; as a result, certain controls imbedded in the Tyler system had not yet been implemented in order to continue with the accounting functionality of the District. During our evaluation of these controls, we noted that accounting staff with access to Tyler were not limited in their ability to initiate, post and approve journal entries. Accounting staff initiating journal entries should not have the capabilities to approve and post those entries, a lack of this controls allows for concealment of fraudulent activity without the knowledge and detection of management.

We understand that these issues are inherently due to the staff size of the District's customer service and accounting department; as well as the District experiencing turnover in the Finance Director role over the past two fiscal years. We recommend that the District perform a cost benefit analysis on the hiring of 1-2 additional accounting or customer service staff personnel; to reduce the dependency on limited accounting staff. We also recommend that the District develop a formal policy to review all edits made to the customer and vendor Masterfiles to ensure that changes made were warranted and approved by management.

Management's Response

Management concurs with auditors recommendations as follows:

- a) Customer billing and Customer Masterfile – Due to limited staff in the customer service department, management is not able to separate the billing process from access to customer accounts.
- b) Administration of Vendor Masterfile – Management has implemented a policy of reviewing and approving changes to vendor files. However, access to that data in Tyler still remains with the Accounts Payable process. Management will continue to evaluate options to separate vendor data access from the Accounts Payable function.
- c) Approval and Processing of Accounting Entries – Management implemented the use of the security module in the Tyler system in Fiscal Year 2015-16. As a result, all Tyler system users have their access restricted to avoid internal control conflicts. Specifically, those with the ability to initiate transactions or entries, do not have the ability to post those entries and management, who has access to bank accounts, does not have the ability to initiate entries, only to approve.



Board of Directors
San Juan Water District
Granite Bay, California

Bank Reconciliations

During our audit fieldwork conducted in December 2015, we noted that the District's bank reconciliations had not been performed since the month of July 2014. Since that time the Finance Department has brought all bank reconciliations current and has continued to perform bank reconciliations on a timely and monthly basis. Bank reconciliations should be performed not later than 30 days following the previous month-end. This ensures that the District is making accurate financial decisions based on the actual cash available. We recommend that going forward, the District continues to ensure that bank reconciliations are performed timely on a monthly basis.

Management's Response

Management concurs with auditor's recommendation. In addition to the benefits described above, timely bank reconciliations help identify and correct any errors or mis-postings in the general ledger, leading to more accurate data and a smoother year end close process. Management is committed, and has the resources available, to continue reconciling bank statements on a monthly 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. We consider the following deficiencies to be significant deficiencies:

Vault Access

The District's vault is left open throughout the day. This leaves access to anyone who is in the building at any given time. The vault does not contain a material amount of cash but it does contain the blank check stock and the stamp signatures. Both the stock and stamp are not kept in a separate locked area and anyone can access them. We identified this issue during our fiscal year 2014 financial statement audit. Since that time, the District has hired a new Finance Director that has addressed this issue for the fiscal year ending 2016. However, this remained an issue for the fiscal years ended June 30, 2015 and 2014.

Management's Response

Management agrees with auditors finding and conclusion. The District is no longer using signature stamps, and they have been physically destroyed. Checks are signed with one electronic signature, and one wet signature, usually from the Finance Director. The system has the ability to electronically print the Finance Director's signature but the function is password protected and can only be activated by specific authorized personnel who are not a part of the Accounts Payable or bank reconciliation function.

Formal Accounting Policies and Procedures

During our evaluation of financial accounting controls, we noted that the District has not formalized its policies and procedures surrounding its financial close process and capital assets. It is essential to have a formalized financial close process to ensure that the financial information presented to the Board as well as to the public is accurate and complete. Capital asset balances are material to the financials as a whole, and the District should look to develop a formal capital asset policy that addresses capital asset related processes such as the frequency of taking inventory of those assets, disposals, tagging, and useful lives.



Board of Directors
San Juan Water District
Granite Bay, California

Management's Response

Management concurs with auditor's recommendation.

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 determination of financial statement amounts. 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.

Arbitrage Rebate Calculation

The coverage period for the 2009A Certificate of Participation lapsed on June 30, 2014. The District should look to have an arbitrage rebate calculation performed to ensure no liability to the Internal Revenue Service exist.

Management's Response

Management concurs with auditors recommendation. The required calculations were performed through June 30, 2015 with no resulting liability to the Internal Revenue Service. The next calculation is due June 29, 2016.

Management's Response to Findings

Management's response to the findings identified in our audit was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 results 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 black ink that reads "Lance, Soll & Luyhard, LLP". The signature is written in a cursive, flowing style.

Brea, California
June 14, 2016



June 14, 2016

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

We have audited the financial statements of the business-type activities of San Juan Water District (the "District") for the year ended June 30, 2015. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 15, 2015. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in the notes to the financial statements.

As described in Note 1, the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions made subsequent to the measurement date – An Amendment of GASB Statement No. 68*. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in the Statement of Net Position.

As noted in Note 15, the District was provided with bills in the approximate amount of \$4 million. San Juan Water District is disputing the amount and resolution of the matter is expected to occur in Fiscal Year 2015-2016. It is anticipated that the San Juan Water District will reach a settlement with the CHWD and FOWD, significantly less than the amount originally invoiced, but the Board of Directors has not yet approved a proposed settlement agreement.

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements was as aforementioned above Note 15 contingency with wholesale customers for bills amounting to approximately \$4 million.

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





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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No misstatements were found.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 14, 2016.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to management discussion and analysis, the Schedule of Proportionate Share of the Net Pension Liability, and the Schedule of Employer Contributions which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.



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

We were engaged to report on the Statement of Net Position – Wholesale, Statement of Net Position – Retail, schedule of administrative and general expenses, the schedule of operations – budget and actual total, the schedule of operations – budget and actual Wholesale, the schedule of operations – budget and actual Retail, and Statement of Non-Operating Revenue and Expenses, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

The following new Governmental Accounting Standards Board (GASB) pronouncements were effective for fiscal year 2014-2015 audit:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*. Properly implemented

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. Not applicable to District

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to Measurement Date – an amendment of GASB Statement No. 68*. Properly implemented

The following Governmental Accounting Standards Board (GASB) pronouncements are effective in the following fiscal year audit and should be reviewed for proper implementation by management:

Fiscal year 2015-2016

GASB Statement No. 72, *Fair Value Measurement and Application*.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statement 67 and 68*.

GASB Statement No. 76, *The Hierarchy of Generally accepted Accounting Principles for State and Local Governments*.

Fiscal year 2016-2017

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*.

Fiscal year 2017-2018

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.



CPAs AND ADVISORS

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

Restriction on Use

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

Very truly yours,

Lance, Soll & Lingham, LLP

Brea, California

Strategy of Water Source Usage



Shauna Lorance
General Manager
March 19, 2015

Contents



- ❧ Water Rights
- ❧ PCWA Contract
- ❧ CVP Contract

Water Rights



Pre-1914 and 1928

Overview



- ∞ 1954 purchase water rights and facilities from NFDC for \$600,000
- ∞ 1954 Agreement with Corps and USBR
- ∞ Based on 1853 right with adjudication in 1899
- ∞ Permit 4009 issued 26 October 1932 with 1928 priority date
- ∞ Both used since that time
- ∞ Both contracts combined equate to the 75 cfs and 33,000 af limitations per calendar year
- ∞ If used at 75 cfs all year would equal over 54,000 af

Overview



- ❧ “shall deliver to the contractor as much water as the contractor shall request”
- ❧ Water rights retained by SJWD
- ❧ No storage in Folsom Reservoir
 - “No storage space in Folsom Reservoir shall be considered as being involved in this contract, except to the minimum extent as required in each instance necessary to enable the government to comply with the terms hereof and to provide at the times and in quantities as specified herein.”

Overview



- ❧ USBR contract does not distinguish between 1853 and 1928 water rights
- ❧ Both are related to the north fork of the American River
- ❧ The 1928 water right has a place of use limited to the existing SJWD boundaries
- ❧ The 1853 water rights are not limited in their place of use
- ❧ The 33,000 af limitation in USBR contract is not assigned to the separate water rights
- ❧ 1986 federal district court decision that SJWD must pay for incremental pumping to new higher WTP

Water Rights Usage



PROS:

- ∞ Most secure water supply
 - ∞ Not subject to reduction
 - ∞ CVP junior
- ∞ Can be used anywhere

CONS

- ∞ Not many
- ∞ Point of diversion may have to be changed for transfer
- ∞ No storage

PCWA Contract



History



- ❧ SJWD water demands >supplies
- ❧ Additional long term water supply needed
- ❧ Requested extra supplies from USBR
- ❧ First contract in 1972
- ❧ Revised Contract in 2000
- ❧ Amendment in 2015

Contract Overview



- ❧ Take or pay contract
- ❧ Use restricted to Placer County in Warren Act
- ❧ If Warren Act agreement changed, use in Sacramento at a different cost and PCWA can pull back at any time
- ❧ 25,000 af
 - ❧ 4000 assigned to Roseville
 - ❧ Price for use in Placer County based on average CVP price of Roseville, SJWD and PCWA, exclusive of environmental
 - ❧ USBR Warren Act charge to use Facilities

Contract Overview



- ⌘ Allowed to reduce quantity of contract with 90 days notice prior to start of year
- ⌘ PCWA apportions water in shortage years
- ⌘ 20 year contract – renew in 2021

PCWA Water Usage



PROS

- ☞ Relatively reliable water supply
- ☞ Controlled by another local agency

CONS

- ☞ Limited use potential outside Placer County in dry years
- ☞ Cannot transfer without agreement from PCWA
- ☞ Pay whether we use or not

CVP Contract



History



- ❧ 1962 entered CVP contract for 40,000 AF
- ❧ 1967 contract reduced to 11,200 due to non usage
- ❧ Initial contract expired 1995
- ❧ Multiple interim contracts

History



- ❧ 1990 additional CVP contract-PL 101-514 (Fazio)
13,000 AF
- ❧ 2004 PL 108-137 amended PL 101-514
 - ❧ combined both CVP contracts
 - ❧ Removed annual needs determination for 13,000 AF
- ❧ Long term contract 2005 to 2045

Overview



- ❧ Pay for what we use
- ❧ Shortage allocations based on 3 historical unconstrained years usage
- ❧ Can be used within existing service area
- ❧ Service area can be modified with USBR approval
- ❧ Told revising contract not likely – but could change?
- ❧ USBR not signing any contracts until other studies complete

CVP Water Usage



PROS

- ☞ Only using 1500+af of 24,200 af contract
- ☞ Only pay for what we use
- ☞ Has large CVP place of use around northern CA
- ☞ CVPIA allow transfer of unused CVP water amid area of origin (not sure if feasible, but legal)
- ☞ Conjunctive use is beneficial use

CONS

- ☞ CVP dry year allocations based on historical use
- ☞ Not reliable in dry years

How Do We Use Water Supplies?



Past Practice



Past practice

- Account for all use in Placer County as PCWA
- Use water rights in Sacramento County (though Placer County has right to use so receives cost benefit)
- Any remaining demand met with CVP

Future Options



Future Options: (in addition to options in Water Reliability Study)

☞ Water Rights

- ☞ Continue to use entire supply
- ☞ Transfer on annual basis
- ☞ Transfer long term

☞ CVP

- ☞ Do we use less PCWA to increase historical use of CVP?
- ☞ Cost increase as PCWA take or pay (unless reduce contract)
- ☞ Do we transfer water rights during normal/wet years to increase use of CVP

☞ PCWA

- ☞ Do we reduce contract total?
- ☞ Do we reduce use but still pay for?
- ☞ Do we continue to maximize PCWA use in Placer County?

Public Information Committee Meeting Minutes
San Juan Water District
June 6, 2016
1:00 p.m.

Committee Members: Ken Miller (Chair)
Pam Tobin, Member

District Staff & Consultants: Shauna Lorance, General Manager
Lisa Brown, Customer Service Manager
Chris von Collenberg, IT Administrator
Teri Grant, Board Secretary/Administrative Assistant
Lucy Eidam Crocker, Crocker & Crocker
Lori Denaro, Crocker & Crocker

Topics: Supplemental Drought Expenses (W & R)
Public Information Budget/Contract Amendment (W & R)
Folsom Operations (W)
Website Management (W & R)
Other Public Information Matters
Public Comment

At the request of Ms. Lorance, Director Miller moved Agenda Item 4 to the beginning of the meeting. The meeting minutes will remain in the original order.

1. Supplemental Drought Expenses (W & R)

Ms. Lorance informed the committee that Director Walters requested that the committee review and discuss how to inform customers on the additional expenses related to the drought. The committee also discussed the need to explain the reduced revenue. The committee discussed the type of information that could be provided in a Proposition 218 notice, the possibility to add more FAQs to the website, and will discuss the topic further once the financial plans are completed and the Prop. 218 notice is being prepared.

For information, no action requested.

2. Public Information Budget/Contract Amendment (W & R)

Ms. Lorance informed the committee that Crocker & Crocker provided more work at the request of the District for drought issues than the original contract allowed for, and therefore, an amendment to the contract will be executed by the General Manager.

For information, no action requested.

3. Folsom Operations (W)

Ms. Lorance informed the committee that this topic will be held over until information on the planned operations of Folsom Reservoir is available. She explained that the topic of discussion will be the impact on Folsom Reservoir due to the need to hold back water in Shasta Reservoir for the benefit of salmon on the Sacramento River and additional Delta outflow being requested by the Fish and Wildlife Service.

For information, no action requested.

4. Website Management (W & R)

Ms. Lorance provided the committee with a staff report from Chris von Collenberg. A copy of the written staff report will be attached to the meeting minutes. She explained that the current website format does not transition to mobile view for easier access on a cell phone or other mobile device. Mr. von Collenberg explained that moving to a CMS system will offer many benefits which are listed in the staff report, including ADA compliance. He explained that, under a CMS system, staff would have the ability to update department webpages as needed, while he would monitor and maintain control over the website content. In addition, the Public Information Committee would review the website content.

Ms. Lorance informed the District that the cost would be approximately \$30,000 each for wholesale and retail. It is expected this would be an overall savings from the current process that requires staff to request Crocker & Crocker to make revisions. Mr. von Collenberg commented that he would work with Mr. Durkin and Ms. Brown on a scope of work for a RFP and staff will include this cost in the FY 2016-17 budget.

The committee discussed the website and information provided by staff and agreed that the item should be placed in the FY2016-17 budget.

For information, no action requested.

5. Other Public Information Matters

In response to Ms. Eidam Crocker's comment regarding development of the wholesale mailer, Ms. Lorance informed the committee that the costs for the mailer will be incorporated into the FY 2016-17 budget and will be discussed at a later date.

5.1 Next Meeting Date

The next committee meeting will be scheduled as needed.

6. Public Comment

There was no public comment.

The meeting adjourned at 1:56 pm.

STAFF REPORT

To: Public Information Committee

From: Chris Von Collenberg, IT Administrator

Date: June 6, 2016

Subject: SJWD Website Management

RECOMMENDED ACTION

For information, no action requested.

BACKGROUND

San Juan Water District has for the past 9+ years utilized 1and1 Internet, through Crocker & Crocker, to host its website. 1and1 Internet met the security needs specified by the District but users found it difficult to maintain. Although the website has, for the most part, met our needs, staff and the Board has recognized the need to update/reconstruct the website to improve its content and functionality, and make it easily viewable and navigable from mobile devices, provide increased opportunities for customer interaction, and migrate management of the website content to District staff.

CURRENT STATUS

Most public organizations are using a content management system, or CMS, as a website platform. There are many CMS systems available and some vendors have extensive experience designing and hosting government websites on their own proprietary CMS systems. CMS systems can offer the following benefits:

- Security that exceeds District standards.
- User friendly.
- Automatically changes resolution based on the device viewing the site.
- Automatic security patching of website.
- Comprehensive role based staff training to allow each Department (or District designee) to update their designated pages themselves.
- 24/7 support for any website issues.
- 99+% uptime guarantees with redundant data centers.
- Annual renewal costs include complete site rebuilds every 3-4 years.
- Faster table to website modifications.
- ADA compliance.
- Development of a content strategy prior to website creation and implementation.
- Thermal image data tracking “hot spot” software monitoring visitation stats.

Depending on the District's needs, proprietary CMS systems can cost between \$30,000 and \$50,000 for website design and setup. Staff training and other services would be at additional cost.

BUDGET IMPACT

Staff will include \$30,000 in each the wholesale and retail budgets in FY16/17 for reconstruction of the website, migration to staff management, and training. After adoption of the budget, staff will solicit proposals and provide a report back to the public information committee with a recommendation for consideration.



Pension Reform Nets Savings for CalPERS Employers

June 16, 2016

Communications & Stakeholder Relations

(916) 795-3991

Brad W. Pacheco, Deputy Executive Officer

Wayne Davis, Chief, Office of Public Affairs

Contact: Amy Morgan, Information Officer

newsroom@calpers.ca.gov

Nearly 30 percent of member population accrues benefits under new, lower, benefit formulas

SACRAMENTO, CA - The California Public Employees' Retirement System (CalPERS) Pension & Health Benefits Committee (Committee) released new data that showed employers are saving up to five percent of payroll for members covered by the Pension Reform Act of 2013 (PEPRA). The Committee also reported that employers will see additional cost savings now that nearly 200,000 members are classified under the PEPRA and are accruing lower benefits.

"Lowering costs for our employers and reducing risk in the System is a priority for CalPERS," said Priya Mathur, chair of the CalPERS Pension & Health Benefits Committee. "Our commitment to our members is to ensure that the System continues to be sustainable, secure, and cost-effective."

Cost savings for the state range from 1.2 percent of payroll for miscellaneous plans and up to 5.1 percent of payroll for safety plans, while plans in the schools pool saw an approximately 1.7 percent cost savings as of the June 30, 2015 actuarial valuations. Savings for local public agencies will vary depending on the benefit provisions they elected to provide to their employees and the demographics of their work forces.

Under PEPRA, new member pension benefits are required to be based on a three-year final compensation, members must contribute at least half of the normal pension cost, and they are subject to a lower earnings cap that counts toward their pension. New members are defined by PEPRA as establishing CalPERS membership for the first time either on or after January 1, 2013.

The Committee also reviewed three additional remaining PEPRA implementation steps that will be brought forward for public comment at future Board meetings. These include proposing new draft regulations for pensionable compensation, a new proposed regulation to address the excessive liability statute that is caused when a member receives a significant pay increase from the new employer that the prior employer is responsible for, and a final resolution for transit employees through the outcome of pending appeals or via current legislation, Assembly Bill 1640 [↗](#).

"Moving forward and implementing the remaining pension reform measures aligns our efforts with the true intent of pension reform," said Alan Milligan, CalPERS Chief Actuary. "This early data analysis shows how pension reform is already bending the cost curve."

Pension reform is expected to save employers approximately \$29 to \$38 billion over the next 30 years.

[View the agenda item \(PDF\) that shows the PEPRA analysis.](#)

[Learn more about pension reform impacts.](#)

For more than eight decades, CalPERS has built retirement and health security for state, school, and public agency members who invest their lifework in public service. Our pension fund serves more than 1.8 million members in the CalPERS retirement system and administers benefits for nearly 1.4 million members and their families in our health program, making us the largest defined-benefit public pension in the U.S. CalPERS' total fund market value currently stands at approximately \$291 billion. For more information, visit www.calpers.ca.gov.

Proxy Voting

CalPERS actively engages with companies to protect the health of our investments. Learn how our proxy voting efforts influence corporate governance.

AGENDA ITEM VI-3.2.1



CalPERS Keeps Health Premium Increases Low for 2017

June 15, 2016

Communications & Stakeholder Relations

(916) 795-3991

Brad W. Pacheco, Deputy Executive Officer

Wayne Davis, Chief, Office of Public Affairs

Contact: Bill Madison, Information Officer

newsroom@calpers.ca.gov

SACRAMENTO, CA - The California Public Employees' Retirement System's (CalPERS) Board of Administration today approved health care rate and plan changes for 2017 that include an average 3.24 percent overall premium increase. Medicare plan premiums will go down in 2017, and benefit changes will include some health plans expanding their services while one major plan eliminates one of its health plan offerings.

Members enrolled in CalPERS' Basic (non-Medicare) Health Maintenance Organization (HMO) health plans will have a 4.14 percent average premium increase, and there will be a 3.76 percent increase for Preferred Provider Organization (PPO) plans. CalPERS Medicare plan enrollees will see their premiums reduced by an average 1.63 percent.

The rates for 2017 are the first-year result of a multi-year revision of the rate development process for CalPERS.

"The process we are using now helps us to better identify and isolate the factors that increase health care costs," said Board chair, Rob Feckner. "We will now be able to leverage our resources to ensure better accountability and transparency by our health plan partners and negotiate the best rates possible."

CalPERS uses a risk adjustment calculation to ensure that the financial risk of covering both healthier and sicker members is spread evenly among the health plans. An improvement in the risk calculation process this year will ensure the adjusted premium rates represent more equitable risk sharing among CalPERS' health plans. However, the change did result in a double-digit increase for the Anthem HMO Traditional plan.

"Our staff did an excellent job during this year's negotiations," said Priya Mathur, chair of the Pension and Health Benefits Committee. "Their process kept the premium increase low and laid the groundwork for us to continue our efforts toward cost containment in the future."

CalPERS offers HMO Basic coverage plans through Anthem Blue Cross, Blue Shield of California, Kaiser Permanente, Health Net, Sharp, and UnitedHealthcare; three self-funded PPO Basic plans administered by Anthem Blue Cross; and three association health plans.

CalPERS Medicare plans are available through UnitedHealthcare, Kaiser Permanente, and CalPERS' three self-funded PPO plans: PERS Choice, PERS Select, and PERSCare.

Among the health plan benefit changes for 2017:

- Blue Shield will close its NetValue health plan offering
- The Pension Fund will require all health plans to implement a diabetes prevention program to complement diabetes management efforts
- Kaiser Permanente will offer dental coverage for non-state public agency retirees in California who aren't provided the coverage as part of their benefits. Kaiser will also offer a health and wellness program called "Silver & Fit" for CalPERS members enrolled in its Medicare plan.

View the CalPERS Board Meeting Highlights [🔗](#) video, in which Doug McKeever, CalPERS Deputy Executive Officer for Benefits Programs Policy and Planning, comments on the annual increase for 2017 health plan rates and the effort to restrain health care costs.

CalPERS is projected to spend an estimated \$8.9 billion in 2017 to purchase health benefits for 1.4 million active and retired state, local government, and school employees and their families. View detailed rate information by plan type for active and retired members.

CalPERS members can make changes to their health plans during the annual Open Enrollment period, September 12 to October 7, 2016. Open Enrollment materials and information on health plan options will also be available online through members' my|CalPERS [↗](#) accounts beginning August 22, 2016.

For more than eight decades, CalPERS has built retirement and health security for state, school, and public agency members who invest their lifework in public service. Our Pension Fund serves more than 1.8 million members in the CalPERS retirement system and administers benefits for more than 1.4 million members and their families in our health program, making us the largest defined-benefit public pension in the U.S. CalPERS' total fund market value currently stands at approximately \$291 billion. For more information, visit www.calpers.ca.gov.

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