



# Comprehensive Annual Financial Report

For the Fiscal Years Ended

June 30, 2020 and 2019

Elk Grove, California



Florin Resource Conservation District





## COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended June 30, 2020 and 2019

Issued by:

MARK J. MADISON  
General Manager

PATRICK LEE  
Finance Manager/Board Treasurer

DONELLA MURILLO  
Finance Supervisor

Florin Resource Conservation District  
9257 Elk Grove Blvd.  
Elk Grove, CA 95624

[www.egwd.org](http://www.egwd.org)

# Florin Resource Conservation District

## Comprehensive Annual Financial Report

### Table of Contents

For the years ended June 30, 2020 and 2019

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	<u>Page</u>
 <b>INTRODUCTORY SECTION</b>	
Transmittal Letter .....	i
GFOA Certificate .....	vi
List of Board Members and Committees .....	vii
Organizational Chart .....	viii
 <b>FINANCIAL SECTION</b>	
<b>Independent Auditors' Report</b> .....	<b>1</b>
<b>Management's Discussion and Analysis</b> .....	<b>3</b>
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Comparative Statements of Net Position .....	13
Comparative Statement of Activities .....	14
Fund Financial Statements:	
Comparative Balance Sheets – Governmental Fund .....	16
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance – Governmental Fund .....	17
Comparative Statements of Net Position – Proprietary Funds .....	18
Comparative Statements of Revenues, Expenses and Changes in Net Position - Proprietary Funds .....	19
Comparative Statements of Cash Flows – Proprietary Funds .....	20
<b>Notes to Basic Financial Statements</b> .....	<b>23</b>
<b>Required Supplementary Information:</b>	
Budgetary comparison information .....	59
Pension Plan .....	60
OPEB Plan .....	61



# Florin Resource Conservation District

## Comprehensive Annual Financial Report

### Table of Contents, Continued

For the years ended June 30, 2020 and 2019

---

	<u>Page</u>
<b>STATISTICAL SECTION</b>	
Table of Contents – Statistical Section .....	63
Changes in Net Position .....	65
Fund Balances of Governmental Funds .....	65
Net Position by Component .....	65
Changes in Fund Balances of Governmental Funds .....	66
Revenue by Source .....	67
Operating Expenses .....	67
Elk Grove Water District Rate Analysis .....	68
Water Sales by Type .....	70
Sales – Metered by Flat Rate .....	70
Metered Water Sold .....	71
Metered Water Consumption - CCFs .....	71
Historical Service Connections .....	71
Ten Largest Commercial Customers – Current Year and Five Years Ago .....	72
Ratio of Debt Service to Operating Expenses – Proprietary Funds .....	72
Ratio of Outstanding Debt by Type – Proprietary Funds .....	73
Bond Covenant Ratio Analysis – Water District Fund .....	73
Pledged-Revenue Coverage – Water District Fund .....	74
Demographic and Economic Information .....	74
Operating Indicators for the Water District Fund .....	76
Capital Assets Statistics by Function .....	76

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October 20, 2020

Members of the Florin Resource Conservation District  
Board of Directors

Directors:

The Florin Resource Conservation District (District) is required by State statute to publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP). These statements must also be audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. In meeting those requirements, we are pleased to present the Comprehensive Annual Financial Report (CAFR) for the District for the fiscal years ended June 30, 2020 and 2019.

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. The CAFR 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. Since 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 independently audited by Badawi & Associates, 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 years ended June 30, 2020 and 2019, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a

reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal years ended June 30, 2020 and 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires 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 transmittal letter is designed to complement the MD&A and is intended to be read in conjunction with it. For comparative purposes, the District has elected a dual year presentation for its financial statements, reporting both the current year and prior year activities, and the MD&A reporting the current year and prior two years activities. The District's MD&A is located immediately following the independent auditors' report.

### Accounting System and Budgetary Controls

The District's accounting records are maintained using the accrual basis of accounting, except for the General Fund, which uses the modified accrual basis. The revenues of the District's enterprise funds are recognized when they are earned, and the expenses are recognized when they are incurred.

District staff develops annual budgets which are subject to the approval of the District's Board of Directors (Board). A proposed budget is first presented to the Finance Committee for review and comment. Once comments are received and incorporated, a final proposed budget is presented to the Board for their consideration and approval. The budget is required to be adopted on or before June 30<sup>th</sup> of each year. The budget is used as a management tool for projecting and measuring revenues and expenses.

## **DISTRICT PROFILE**

### History

The District was formed in 1953, pursuant to Section 9000 et seq. of the Public Resources Code of the State of California. The District is located approximately six miles southeast of the City of Sacramento in the west central portion of unincorporated Sacramento County and was formed to address soil degradation issues resulting from poor irrigation and drainage. There currently are approximately 92,000 acres within the District. The District has historically provided technical assistance and conservation education to farmers, community members and students.

In 1999, the District purchased the privately-owned Elk Grove Water Works which operated and maintained a water system going back to 1893. Since 1999, most of the District's activities have focused on the continued operations of that water system.

In the early 2000's, the Elk Grove Water Works was renamed as the Elk Grove Water District (EGWD). The EGWD operates as a department of the District and is classified as a medium sized water purveyor serving approximately 46,000 people. The EGWD service area is divided into two distinct service areas commonly referred to as Service Area 1 and Service Area 2.

Source water for Service Area 1 is provided by four (4) deep wells and three (3) shallow wells owned and operated by EGWD. Source water for Service Area 2 includes both groundwater and surface water which is provided on a wholesale basis by the Sacramento County Water Agency (SCWA). Water is not shared between the two service areas except in an emergency.

The District is governed by a five-member Board of Directors serving four-year staggered terms.

### Mission Statement

The EGWD is “Continually committed to outstanding customer service along with supplying its customers with excellent, safe, affordable water for current and future generations.”

### Water Supply

Source Water – There are currently seven wells that supply groundwater to Service Area 1. Four of the wells are deep wells, and three are shallow wells. The deep aquifer has concentrations of iron and manganese that may exceed current federal and state secondary drinking water standards. The deep wells are designed to produce approximately 1,800 gallons per minute (gpm) each. The water from the deep wells is conveyed to the Railroad Water Treatment and Storage Facility where it is disinfected with sodium hypochlorite and treated for iron and manganese removal. The treated water is held in two large storage tanks before it is pumped into the water distribution system.

Additional source water is provided from the shallow groundwater wells. The shallow wells are disinfected with sodium hypochlorite prior to being pumped directly into the water distribution system. The shallow wells are used to balance system demands.

### Water Treatment

The EGWD maintains two water treatment facilities:

The Railroad Water Treatment and Storage Facility provides 4.0 million gallons of water storage, 10 booster pumps (rated at 1,700 gpm capacity each), and water treatment that removes iron and manganese. The facility contains one of the four deep wells on site. The facility has been equipped with a backup power supply generator to run the entire facility in the event of a power failure or emergency. All source water for the treatment facility is groundwater from the four deep wells. The Railroad Water Treatment and Storage Facility provides the majority of the water for Service Area 1.

The Hampton Village Water Treatment Plant (WTP) provides an additional 1,000 gpm of water to EGWD's source capacity and improves the reliability of the water system by providing redundancy to the Railroad Water Treatment and Storage Facility. The Hampton Village WTP contains one shallow well on site. Treatment facilities at the Hampton Village WTP include disinfection by sodium hypochlorite and arsenic, iron and manganese removal.

### Financial Stability and Planning

The current and future stability of the District is positive with the existing revenue source from the EGWD remaining stable. Revenues are received entirely through water rates. EGWD provides

water to nearly 12,800 service connections currently and growth projections suggest that the service connections should increase by approximately 150 in 2020.

In January of 2018, the Board directed Staff to conduct a five-year water rate study (Study) for the EGWD to cover the period of FY 2019-20 through FY 2023-24. The Plan's objectives were as follows:

- Maintain appropriate levels for reserve funds
- Maintain appropriate levels of funding for operational requirements
- Generate the appropriate level of funding necessary to fund the FY 2020-24 Five Year Capital Improvement Program
- Update the current Meter Connection Fee and Capacity Charges for new development

This study, referred to as the 2018 Water Rate Study, was approved by the Board on July 18, 2018, in compliance with the rate setting process governed under Proposition 218.

The 2018 Water Rate Study recommends rate adjustments over the next 5 years with the first adjustment commencing on January 1, 2019 and subsequent adjustments commencing each January 1 thereafter, through and including January 1, 2023. Water revenue adjustments recommended by the study and approved by the Board are as follows:

- January 2019 – 0%
- January 2020 – 0%
- January 2021 – 3%
- January 2022 – 3%
- January 2023 – 3%

On June 16, 2020, the District's Board of Directors approved Resolution No. 06.16.20.01, deferring the 3.0% revenue rate adjustment effective January 1, 2021 into future years. Each June, the Board also adopts a new five-year Capital Improvement Program (CIP) designed to build, replace, and maintain the necessary infrastructure for the safe operation of the EGWD. The CIP is available on the District's website [www.egwd.org](http://www.egwd.org).

### Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Florin Resource Conservation District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The District believe that its current CAFR continues to meet the Certificate of Achievement Program's requirements and will be submitting it to the GFOA to determine its eligibility for the certificate for the fiscal year ended June 30, 2020.

The preparation of the comprehensive annual financial report was made possible by the dedicated services of the entire staff of the Finance Department and the Florin Resource Conservation District management team.

Respectfully Submitted,



MARK J. MADISON  
GENERAL MANAGER



PATRICK LEE  
FINANCE MANAGER / BOARD TREASURER



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**Florin Resource Conservation District  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2019**

*Christopher P. Morrell*

Executive Director/CEO



# BOARD OF DIRECTORS



## Chair

Tom Nelson  
Present term expires  
December 31, 2022



## Vice-Chair

Bob Gray  
Present term expires  
December 31, 2022



## Director

Lisa Medina  
Present term expires  
December 31, 2020



## Director

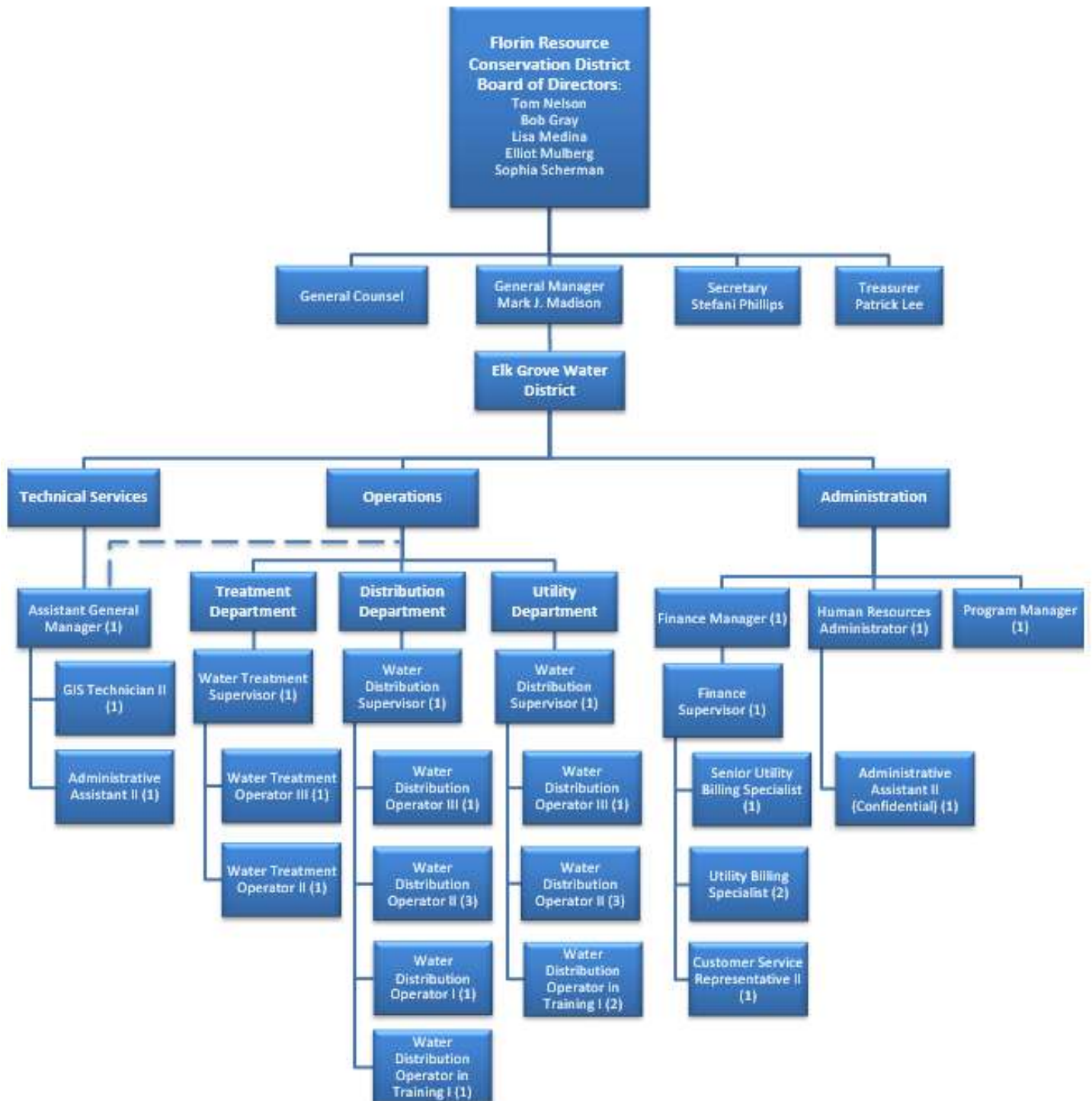
Elliot Mulberg  
Present term expires  
December 31, 2022



## Director

Sophia Scherman  
Present term expires  
December 31, 2020

# ORGANIZATIONAL CHART





## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
of the Florin Resource Conservation District  
Elk Grove, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Florin Resource Conservation District (District) as of and for the years ended June 30, 2020 and June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of District, as of June 30, 2020 and June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors  
of the Florin Resource Conservation District  
Elk Grove, California  
Page Two

## **Other Matters**

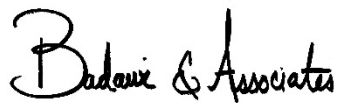
### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, defined benefit pension plan schedules, and defined benefit OPEB plan schedules on pages 3 to 12 and pages 59 to 62 to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory section, and Statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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



Badawi & Associates  
Certified Public Accountants  
Berkeley, California  
September 30, 2020

## Florin Resource Conservation District

### Management's Discussion and Analysis

For the years ended June 30, 2020, 2019 and 2018

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The following narrative overview and analysis of the financial activities of the Florin Resource Conservation District (District) for the fiscal year ended June 30, 2020, 2019 and 2018 has been prepared by management to enhance the information provided in the transmittal letter. It is intended to be read in conjunction with that letter and should provide a better understanding of the District's financial operations and performance. Although the District is a Resource Conservation District (RCD), it also provides water service to residents and businesses in the city of Elk Grove, CA. The water services are provided under the Elk Grove Water District (EGWD), a department of the Florin Resource Conservation District. While both entities are being reported on, the bulk of the financial information is for the EGWD, which has a large revenue base. On April 18, 2018, the District's Board of Directors adopted a resolution declaring that effective July 1, 2018, all future activities performed by the District will be limited to water related activities that provide a benefit to the EGWD ratepayers.

### FINANCIAL HIGHLIGHTS

- The District's total assets were \$90.0 million, \$88.1 million and \$86.6 million for the years ended June 30, 2020, 2019, and 2018, respectively. There was an increase in total assets of \$1.9 million, or 2.17%, during year ended June 30, 2020, while there was an increase in total assets of \$1.5 million, or 1.7%, during fiscal year ended June 30, 2019. Increases in both fiscal years were due mainly to an overall increase in cash position as a result of revenues in excess of expenditures due to an increase in the number of customer accounts and an overall increase in water consumption as drought restrictions are lifted.
- The District's total liabilities were \$45.4 million, \$46.9 million and \$49.0 million as of June 30, 2020, 2019 and 2018, respectively. The decrease in total liabilities of \$1.5 million, or 3.30%, during year ended June 30, 2020 was due mainly to the continued pay down of the District's outstanding debt, offset by an increase in net OPEB liability as a result of GASB 75, while the decrease in total liabilities of \$2.1 million, or 4.3%, during fiscal year ended June 30, 2019 was due mainly to the continued pay down of the District's outstanding debt obligations.
- The District's total operating revenues were \$16.4 million, \$15.2 million and \$15.3 million as of June 30, 2020, 2019 and 2018, respectively. The increase in total operating revenues of \$1.2, or 7.78% during fiscal year ended June 30, 2020 was due mainly to an increase in overall water consumption due to decreased rainfall during the fiscal year, as well as an increase in the number of new accounts in the EGWD's Service Area 2 related to new residential housing developments. The decrease in total operating revenues of \$0.1 million, or 0.6%, during fiscal year ended June 30, 2019 was due mainly to a decrease in overall water consumption as a result of increased rainfall during the fiscal year.
- The District's total operating expenses, after depreciation, were \$11.2 million, \$10.6 million and \$10.9 million as of June 30, 2020, 2019 and 2018, respectively. The increase in total operating expenses of \$0.5 million, or 5.05%, during fiscal year ended June 30, 2020 is due mainly to an increase in water production costs associated with the increase in overall water consumption and water purchased from SCWA during the fiscal year, while the

## Florin Resource Conservation District

### Management's Discussion and Analysis, Continued

#### For the years ended June 30, 2020, 2019 and 2018

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decrease in total operating expenses of \$0.3 million, or 2.7%, during fiscal year ended June 30, 2019 is due mainly to a decrease in administration and general expenses.

- The District has benefited from continued positive net income, resulting in an increase in net position of \$4.0 million, or 9.43%, during fiscal year ended June 30, 2020 and an increase of \$3.3 million, or 8.6%, during fiscal year 2019.
- Capital assets net of depreciation decreased \$0.4 million, or 0.61%, during fiscal year ended June 30, 2020 and decreased \$0.7 million, or 1.0% during fiscal year ended June 30, 2019. This was primarily a reflection of the continued depreciation of capital assets in excess of construction in progress being added through new capital projects. The District added approximately \$1.6 million and \$0.8 million in infrastructure, improvements and equipment during fiscal year ended June 30, 2020 and June 30, 2019 with annual depreciation for fiscal year ended June 30, 2020 and June 30, 2019 being approximately \$1.7 million in each year. At the end of fiscal year June 30, 2020 and June 30, 2019, \$0.02 million and \$0.4 million in infrastructure, improvement, and equipment assets were classified as "construction in-progress".
- Unrestricted net position was \$18.3 million, \$16.1 million and \$14.1 million at June 30, 2020, 2019 and 2018, respectively. Unrestricted net position increased \$2.2 million, or 13.88% during fiscal year end June 30, 2020 and increased \$2.0 million, or 12.0% during fiscal year end June 30, 2019. The District reported no restricted net position for fiscal years ended June 30, 2020, 2019 and 2018, respectively.
- The District had positive cash flow from enterprise fund operations of \$6.8 million, \$6.8 million and \$6.3 million for the years ended June 30, 2020, 2019 and 2018, respectively. The District spent \$1.3 million, \$1.0 million and \$1.4 million during fiscal years ended June 30, 2020, 2019 and 2018, respectively, on the acquisition of capital assets. The District spent \$3.8 million, \$3.8 million and \$3.8 million during fiscal years ended June 30, 2020, 2019 and 2018, respectively, on debt principal and interest payments. The District experienced an increase of \$2.1 million, \$2.3 million and \$1.1 million in its ending cash and cash equivalents balances of \$18.4 million, \$16.3 million and \$14.0 million for the years ended June 30, 2020, 2019 and 2018, respectively.

## SECTIONS OF THE FINANCIAL STATEMENTS

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

### *Introductory Section*

This includes the table of contents, letter of transmittal, list of Board of Directors and Staff, and organization chart. The transmittal letter includes discussion on items that had a significant impact on the financial statements.



# Florin Resource Conservation District

## Management's Discussion and Analysis, Continued

### For the years ended June 30, 2020, 2019 and 2018

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#### *Financial Section*

This section includes the auditor's report, management's discussion and analysis and the basic financial statements. The District's basic financial statements are comprised of the government-wide statements, the fund statements, the notes to the basic financial statements, and the required supplementary information. The management's discussion and analysis was adjusted to indicate that the discussion of the change in net position of governmental activities includes a discussion of the change in fund balance since no significant reconciling items exist between the fund and government-wide statements.

#### *Statistical Section*

The statistical section is the chief source of information regarding a government's *economic condition*. All of the information presented in the statistical section is organized around five specific objectives.

- *Provide information on financial trends.* Information needed to help users understand how a government's financial position has changed over time.
- *Provide information on revenue capacity.* Information needed to help the users understand and assess a government's ability to generate revenues.
- *Provide information on debt capacity.* Information needed to help users understand and assess a government's debt burden.
- *Provide demographic and economic information.* Information needed to help users understand the government's socioeconomic environment and to facilitate comparisons of financial statement information over time and among governments.
- *Provide operating information.* Information needed to help users understand a government's operations and resources as well as to provide a context for understanding and assessing its economic condition.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the basic financial statements, and 4) required supplementary information. The District's Proprietary Fund Statements include those Water System activities funded primarily through user charges to customers. The District's governmental funds include activities related to resource conservation efforts not funded from user charges.

**Florin Resource Conservation District**  
**Management's Discussion and Analysis, Continued**  
**For the years ended June 30, 2020, 2019 and 2018**

The government-wide statements include the Comparative Statement of Net Position and the Statements of Activities, the Proprietary Fund Statements and the Statements of Cash Flows. The Statement of Net Position presents information on all assets and liabilities, with the difference between the two reported as total net position. The government-wide statements and Proprietary Fund Statements use the economic resources measurement focus and accrual basis of accounting, similar to private enterprises. The governmental fund statements include a Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual. The governmental fund uses the current financial resources measurement focus and the modified accrual basis of accounting. When evaluated over a period of time, increases or decreases in net position and fund balance 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 and the Statement of Revenues, Expenditures and Changes in Fund Balance reflect 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.

**FINANCIAL ANALYSIS OF THE DISTRICT**

**STATEMENT OF NET POSITION – GOVERNMENT-WIDE TOTALS**  
**AS OF JUNE 30, 2020, 2019 AND 2018**

	Governmental activities			Business-type activities			Total		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
Current assets	\$ -	\$ -	\$ 22,562	\$ 20,949,283	\$ 18,611,957	\$ 16,264,907	\$ 20,949,283	\$ 18,611,957	\$ 16,287,469
Capital assets, net of depreciation	-	-	-	69,050,274	69,473,860	70,163,980	69,050,274	69,473,860	70,163,980
Other assets	-	-	-	-	-	141,278	-	-	141,278
<b>Total Assets</b>	-	-	22,562	89,999,557	88,085,817	86,570,165	89,999,557	88,085,817	86,592,727
Deferred outflows	-	-	-	2,432,553	1,951,453	2,255,963	2,432,553	1,951,453	2,255,963
Current liabilities	-	-	4,859	3,833,076	3,738,651	3,387,447	3,833,076	3,738,651	3,392,306
Long-term liabilities	-	-	-	41,529,439	43,169,545	45,641,361	41,529,439	43,169,545	45,641,361
<b>Total Liabilities</b>	-	-	4,859	45,362,515	46,908,196	49,028,808	45,362,515	46,908,196	49,033,667
Deferred inflows	-	-	-	365,829	450,711	494,249	365,829	450,711	494,249
<b>Net Position:</b>									
Net Investment in Capital Assets	-	-	-	28,389,207	26,595,706	25,163,739	28,389,207	26,595,706	25,163,739
Unrestricted	-	-	17,703	18,314,558	16,082,657	14,139,332	18,314,558	16,082,657	14,157,035
<b>Total Net Position</b>	\$ -	\$ -	\$ 17,703	\$ 46,703,765	\$ 42,678,363	\$ 39,303,071	\$ 46,703,765	\$ 42,678,363	\$ 39,320,774



**Florin Resource Conservation District**  
**Management's Discussion and Analysis, Continued**  
**For the years ended June 30, 2020, 2019 and 2018**

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**GOVERNMENTAL ACTIVITIES FINANCIAL ANALYSIS**

On April 18, 2018, the District's Board of Directors approved a resolution declaring that effective July 1, 2018, all future activities performed by the District be limited to water related activities that provide a benefit to the EGWD ratepayers. With this resolution, the assets and related liabilities of the General Fund were consolidated with the assets and related liabilities of the Water Enterprise Fund, resulting in a transfer out of \$18,552 from the General Fund into the Water Enterprise Fund to zero out the General Fund. Due to this, there were no governmental activities for the year ended June 30, 2020. All analysis of changes in balances from year to year for governmental activities will only be for fiscal years ending June 30, 2019 and June 30, 2018.

There was a decrease in current assets of \$22,562 in fiscal year 2019 and a decrease of \$24,506 in fiscal year 2018, respectively. Also, during the same time periods, there was a decrease in liabilities of \$4,859 in fiscal year 2019 and an increase of \$192 in fiscal year 2018, respectively. Unrestricted net position decreased \$17,703 in fiscal year 2019 and decreased \$24,698 in fiscal year 2018, respectively.

Although there are no ongoing revenue sources for District's resource conservation programs, the District did receive a reimbursement grant from the Department of Conservation which reimbursed the District for expenditures in the amount of \$19,092 in fiscal year 2019 and \$23,542 in fiscal year 2018 for conservation related program expenditures. There was a decrease in expenditures of \$29,997 in fiscal year 2019 and an increase in expenditures of \$239 in fiscal year 2018, respectively. The gradual decrease in expenditures from year to year is due to the overall lack in conservation related program funding and no ongoing stable revenue source for the District's resource conservation programs.

**BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS**

There was an increase in revenues of \$1.2 million in fiscal year 2020, a decrease of \$0.1 million in fiscal year 2019 and an increase of \$1.1 million in 2018, respectively. The increase in revenues for fiscal year 2020 was a result of an overall increase in the number of new accounts as residential development increased in the EGWD's Service Area 2. The decrease in revenues in fiscal year 2019 was attributable to the increased precipitation during the winter months, resulting in less water consumption. The increases in revenue for fiscal years 2018 is attributable to a 3.0% revenue rate increase that was effective January 1, 2018, as well as increased water consumption due to the State emerging from the drought and certain water use restrictions being lifted.

Current assets increased by \$2.3 million in fiscal year 2020, increased by \$2.3 million in fiscal year 2019 and increased by \$1.1 million in fiscal year 2018, respectively. The increases in each of the fiscal years were due to an increase in cash and cash equivalents as a result of positive operating income due to prudent operating cost control. As a result of continued positive operating income due to prudent operating cost control, the District has been able to forgo the need for water rate adjustments for the past 2 years and will be deferring the water rate adjustment effective January 1, 2021 into future years.

**Florin Resource Conservation District**  
**Management's Discussion and Analysis, Continued**  
**For the years ended June 30, 2020, 2019 and 2018**

Capital assets (net of depreciation) decreased \$0.4 million in fiscal year 2020, decreased \$0.7 million in fiscal year 2019 and decreased \$0.3 million in fiscal year 2018, respectively. The decreases in each fiscal year was primarily due to depreciation expense exceeding the amount of capitalized construction in progress to depreciable assets. Total depreciation expense recognized was approximately \$1.7 million each year for fiscal years 2020, 2019 and 2018, respectively.

Current liabilities increased by \$0.9 million in fiscal year 2020, increased by \$0.4 million in fiscal year 2019 and increased by \$0.06 million in fiscal year 2018, respectively. The increase in fiscal year 2020 and 2019 was due primarily to the accrual for water purchased from SCWA for the months of May and June of 2020 and 2019, while the increases in fiscal years 2018 was due primarily to principal debt payments coming due within the year.

Long term liabilities in the Water District Fund decreased by \$1.6 million in fiscal year 2020, decreased by \$2.5 million in fiscal year 2019 and decreased by \$2.0 million in fiscal year 2018 respectively, all as a result of continued debt service payments.

**CONDENSED SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET  
POSITION - GOVERNMENT-WIDE TOTALS  
FOR THE YEARS ENDED JUNE 30, 2020, 2019 AND 2018**

	Governmental activities			Business-type activities			Total		
	2020	2019	2018	2020	2019	2018	2020	2019	2018
<b>Revenues:</b>									
Water services	\$ -	\$ -	\$ -	\$ 16,418,370	\$ 15,233,673	\$ 15,343,124	\$ 16,418,370	\$ 15,233,673	\$ 15,343,124
<b>General Revenues:</b>									
Interest earnings	-	-	-	311,494	411,525	38,008	311,494	411,525	38,008
Other	-	19,092	23,542	40,580	19,369	23,344	40,580	38,461	46,886
<b>Total Revenues</b>	<b>\$ -</b>	<b>\$ 19,092</b>	<b>\$ 23,542</b>	<b>\$ 16,770,444</b>	<b>\$ 15,664,567</b>	<b>\$ 15,404,476</b>	<b>\$ 16,770,444</b>	<b>\$ 15,683,659</b>	<b>\$ 15,428,018</b>
<b>Expenses:</b>									
General Government	\$ -	\$ 18,243	\$ 48,240	\$ -	\$ -	\$ -	\$ -	\$ 18,243	\$ 48,240
Water Service	-	-	-	12,745,042	12,307,827	12,689,245	12,745,042	12,307,827	12,689,245
<b>Total Expenses</b>	<b>\$ -</b>	<b>\$ 18,243</b>	<b>\$ 48,240</b>	<b>\$ 12,745,042</b>	<b>\$ 12,307,827</b>	<b>\$ 12,689,245</b>	<b>\$ 12,745,042</b>	<b>\$ 12,326,070</b>	<b>\$ 12,737,485</b>
<b>Change in net position before transfers</b>	<b>-</b>	<b>849</b>	<b>(24,698)</b>	<b>4,025,402</b>	<b>3,356,740</b>	<b>2,715,231</b>	<b>4,025,402</b>	<b>3,357,589</b>	<b>2,690,533</b>
<b>Transfers</b>	<b>-</b>	<b>(18,552)</b>	<b>-</b>	<b>-</b>	<b>18,552</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Change in net position</b>	<b>-</b>	<b>(17,703)</b>	<b>(24,698)</b>	<b>4,025,402</b>	<b>3,375,292</b>	<b>2,715,231</b>	<b>4,025,402</b>	<b>3,357,589</b>	<b>2,690,533</b>
<b>Net position, beginning of year, as restated</b>	<b>-</b>	<b>17,703</b>	<b>42,401</b>	<b>42,678,363</b>	<b>39,303,071</b>	<b>36,587,840</b>	<b>42,678,363</b>	<b>39,320,774</b>	<b>36,630,241</b>
<b>NET POSITION, END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 17,703</b>	<b>\$ 46,703,765</b>	<b>\$ 42,678,363</b>	<b>\$ 39,303,071</b>	<b>\$ 46,703,765</b>	<b>\$ 42,678,363</b>	<b>\$ 39,320,774</b>

**GOVERNMENTAL ACTIVITIES HIGHLIGHTS**

For the District's resource conservation programs during fiscal years 2019 and 2018, there was a decrease in net position of \$17,703 and \$24,698, respectively. This resulted from conservation related expenditures without ongoing revenues, as the District is drawing down its cash balances to fund resource conservation efforts. Although the District received a reimbursement grant from the Department of Conservation in 2018, the grant only reimbursed the cost of conservation

## Florin Resource Conservation District

### Management's Discussion and Analysis, Continued

For the years ended June 30, 2020, 2019 and 2018

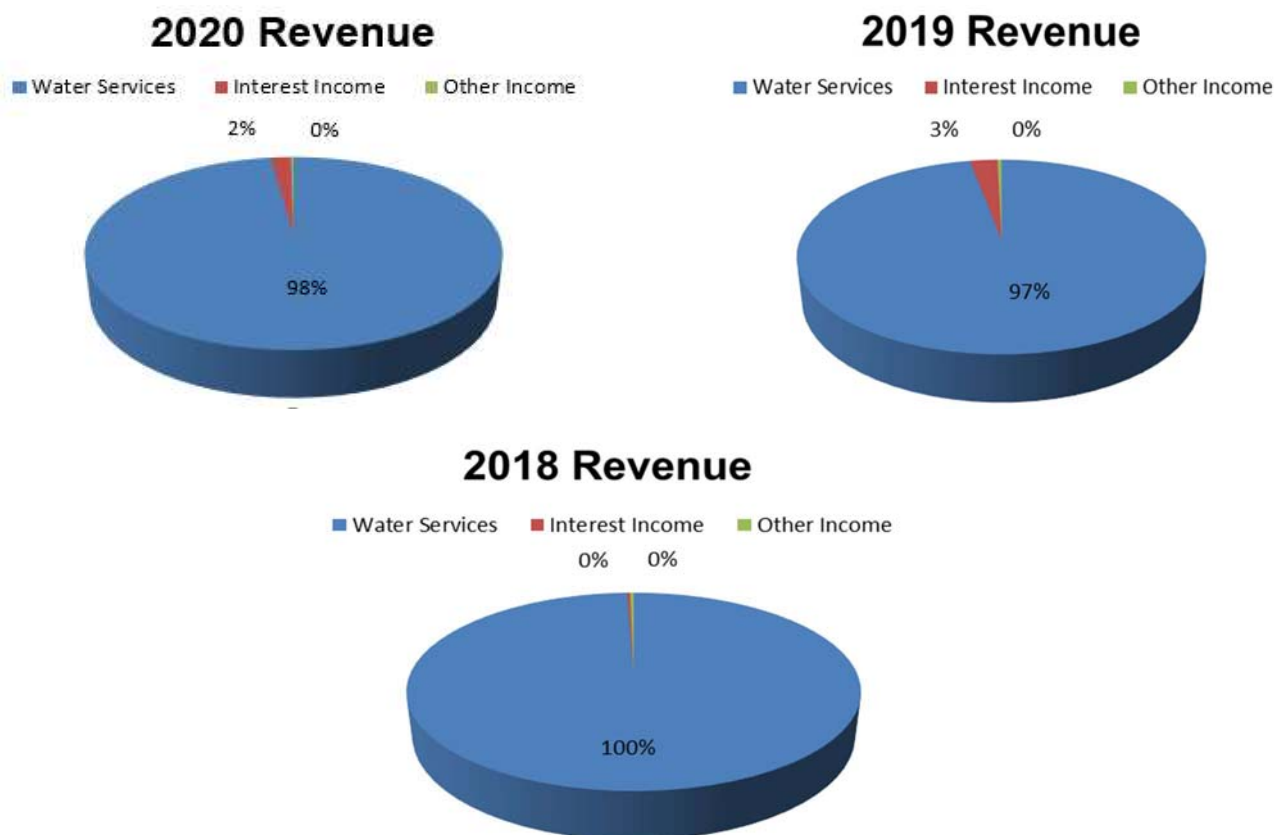
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related activities totaling \$19,092 in fiscal year 2019 and \$23,542 in fiscal year 2018. Cash and cash equivalents decreased from \$19,819 to \$0 in fiscal years 2018 and 2019. Total expenditures continue to decline year after year as the District shifts its focus from conservation related activities to water related activities that benefit the rate payers of the EGWD.

### BUSINESS-TYPE ACTIVITIES HIGHLIGHTS

Total net position of business type activities was \$46.7 million in fiscal year 2020, \$42.7 million in fiscal year 2019 and \$39.3 million in fiscal year 2018, respectively. Operating expenses increased by approximately \$0.5 million in fiscal year 2020 due mainly to an increase in water production costs associated with increased consumption and an increase in costs for water purchased from SCWA. Operating expenses decreased by \$0.3 million in fiscal year 2019 due mainly to the completion of the 5-year water rate study in fiscal year 2018 and less water purchased from Sacramento County Water Agency as a result of increased precipitation during the winter months. Operating expenses increased by \$1.1 million in fiscal year 2018 due mainly to costs related to the 5-year water rate and connection fee studies, increased legal costs and the recognition of pension expenses related to GASB 68 and the Districts retirement plan.

The breakdown of business-type activities revenues by type for the fiscal years ended June 30, 2020, 2019 and 2018 were as follows:



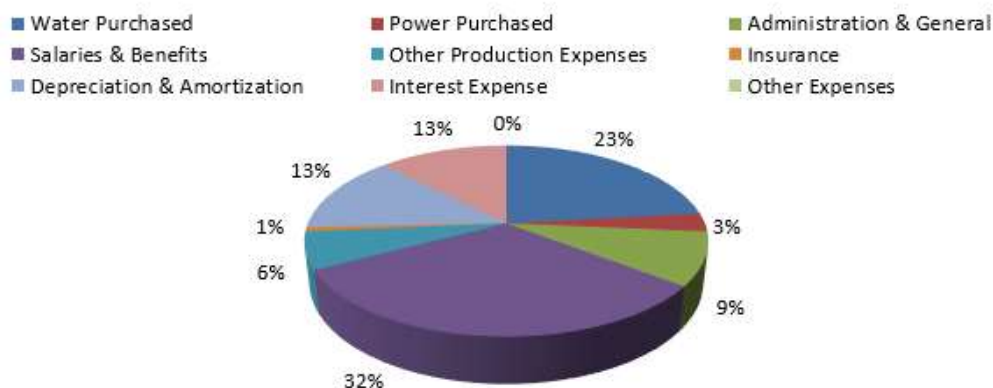
# Florin Resource Conservation District

## Management's Discussion and Analysis, Continued

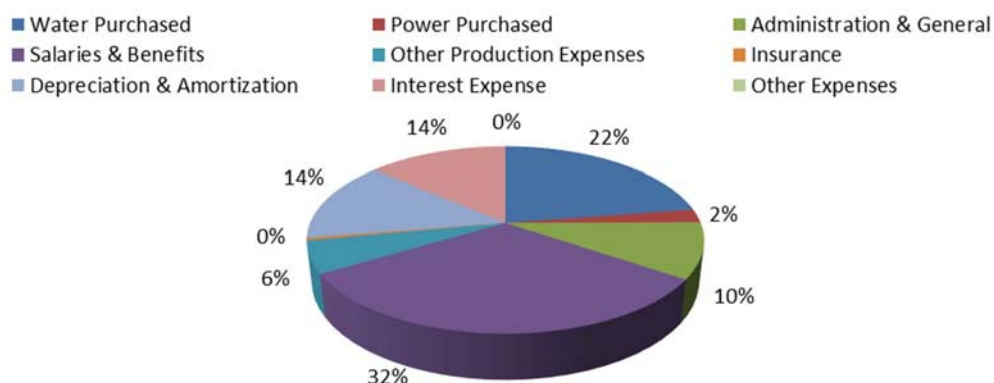
### For the years ended June 30, 2020, 2019 and 2018

The breakdown of business-type activities expenses by type for the fiscal years ended June 30, 2020, 2019 and 2018 were as follows:

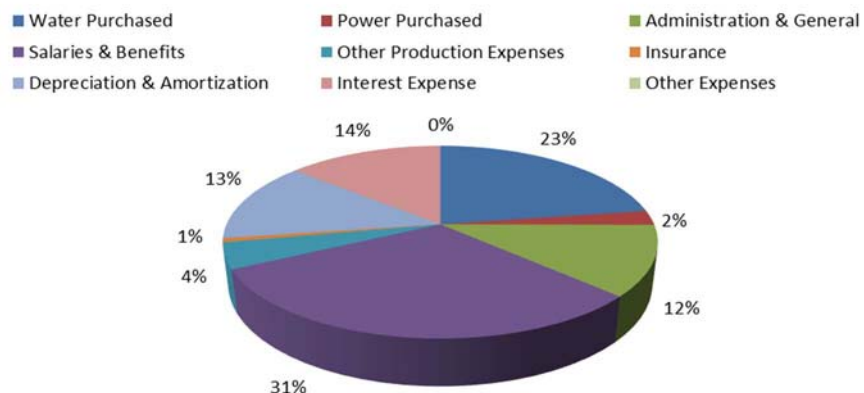
#### 2020 Expenses



#### 2019 Expenses



#### 2018 Expenses



## Florin Resource Conservation District

### Management's Discussion and Analysis, Continued

For the years ended June 30, 2020, 2019 and 2018

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#### General Fund Budgetary Highlights

The District received a reimbursement grant through the California Department of Conservation, which reimbursed expenditures for conservation specific program related activities. Besides this reimbursement grant, the General Fund, which reports the District's resource conservation efforts, has no ongoing sources of revenue. The General Fund was closed out in fiscal year 2019 and all remaining assets and liabilities were transferred into the Water Enterprise Fund based on the Board decision made during the April 18, 2018 meeting that all future activities of the District will be water related activity that benefit the ratepayers of the EGWD.

#### Capital Asset and Debt Administration

Most of the District's assets and annual expenditures relate to the construction, repair and maintenance of the EGWD's infrastructure since the District has shifted the focus of its activities performed to water related activities that benefit the ratepayers of the EGWD. Repair and replacement of aging infrastructure is one of the most significant challenges facing the District. The District assesses and manages the infrastructure of the EGWD through cost focus planning, taking into account water resource availability, consumer peak demand needs and climatic changes. Funding for capital projects comes primarily from user charges to District customers.

The changes in capital assets in fiscal years 2020, 2019 and 2018 were primarily a result of expenditures for infrastructure offset by depreciation each year. Depreciation expense for fiscal years 2020, 2019 and 2018 was approximately \$1.7 million in each year, respectively.

Major capital asset projects during fiscal years 2020 and 2019 included the Backyard Water Main Replacement Project, replacement of the bore rig, fleet vehicle replacements and Well 3 pump replacements. See additional information on capital assets in Note 3 on page 40.

#### OUTSTANDING DEBT ISSUES AS OF JUNE 30, 2020, 2019 AND 2018

	2020	2019	2018
2014 Water Revenue Refunding Bonds	\$ 26,640,000	\$ 28,430,000	\$ 30,135,000
2016 Water Revenue Refunding Bonds	13,270,000	13,645,000	14,010,000
Total	\$ 39,910,000	\$ 42,075,000	\$ 44,145,000

The District issues debt as a funding resource for major repairs and maintenance on EGWD infrastructure. The District's debt covenant requires that "net operating revenues" equal or exceed 115% of the annual debt service cost in any year. For compliance history, please see the "Pledged Revenue Coverage" schedule in the Statistical Section. For more information on long-term debt activity, please refer to Note 4 on page 41.

#### Economic Factors and Next Year's Budgets and Rates

- The most recent data available from the Bureau of Labor Statistics for the Sacramento Metropolitan Area shows a struggling economy as a result of the COVID-19 pandemic.

## **Florin Resource Conservation District**

### **Management's Discussion and Analysis, Continued**

#### **For the years ended June 30, 2020, 2019 and 2018**

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As of June 2020, the local unemployment rate was 12.8%, compared to 3.7% in June 2019, respectively and the Nation's Gross Domestic Product (GDP) is estimated to decline by 5.0% year over year.

- The City of Elk Grove continues to grow as the City moves forward with major initiatives and development projects including new zoning for residential and commercial development. The District has experienced a 2.60% increase in new customer accounts over last year, attributing to increased revenues through user fees.
- On July 18, 2018 the Board adopted a five-year rate structure which calls for revenue rate adjustments as follows:
  - 0% January 2019
  - 0% January 2020
  - 3% January 2021
  - 3% January 2022
  - 3% January 2023

On June 16, 2020, the District's Board of Directors approved Resolution No. 06.16.20.01, deferring the 3.0% revenue rate adjustment effective January 1, 2021 into future years.

- On June 22, 2020, the District entered into a purchase and sales agreement for the purchase of certain real estate property located at 9829 Waterman Rd., Elk Grove, CA 95624 for \$1.85 million and for the sale of the District's current administrative building located at 9257 Elk Grove Blvd., Elk Grove, CA 95624 for \$0.9 million. The transaction is contingent upon the results of an Environmental Site Assessment and an American Land Title Association survey, with escrow estimated to close in October of 2020.

All of these factors were considered in preparing the Florin Resource Conservation District's budget for the fiscal year ending June 30, 2021. The District adopted an operating budget of \$15.7 million for FY 2020-21. In addition, the District approved \$1.4 million in capital expenditures for FY 2020-21, as part of the five-year Capital Improvement Program totaling \$6.9 million.

### **Requests for Information**

This financial report is designed to provide a general overview of the District's finances. Questions concerning the information provided in this report or for requests for additional financial information should be addressed to:

Finance Manager/Treasurer  
Florin Resource Conservation District  
9257 Elk Grove Blvd.  
Elk Grove, CA 95624

Or you may visit the District's website at [www.egwd.org](http://www.egwd.org) for more information.



# Florin Resource Conservation District

## Comparative Statement of Net Position

June 30, 2020 and 2019

	2020			2019		
	Governmental	Business-type		Governmental	Business-type	
	Activities	Activities	Total	Activities	Activities	Total
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ -	\$ 18,403,831	\$ 18,403,831	\$ -	\$ 16,332,269	\$ 16,332,269
Receivables:						
Customer accounts receivable	-	2,279,849	2,279,849	-	2,023,316	2,023,316
Other receivables	-	5,246	5,246	-	17,341	17,341
Interest receivable	-	26,677	26,677	-	22,610	22,610
Inventories	-	179,089	179,089	-	87,632	87,632
Prepaid expenses	-	54,591	54,591	-	128,789	128,789
Total current assets	-	20,949,283	20,949,283	-	18,611,957	18,611,957
Noncurrent assets:						
Capital assets:						
Not being depreciated	-	711,578	711,578	-	1,053,079	1,053,079
Being depreciated, net	-	68,338,696	68,338,696	-	68,420,781	68,420,781
Total capital assets	-	69,050,274	69,050,274	-	69,473,860	69,473,860
Total noncurrent assets	-	69,050,274	69,050,274	-	69,473,860	69,473,860
<b>Total assets</b>	-	89,999,557	89,999,557	-	88,085,817	88,085,817
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred amount on refunding of debt	-	887,135	887,135	-	961,063	961,063
Deferred outflows of resources - pension	-	734,581	734,581	-	819,465	819,465
Deferred outflows of resources - OPEB	-	810,837	810,837	-	170,925	170,925
<b>Total deferred outflows of resources</b>	-	2,432,553	2,432,553	-	1,951,453	1,951,453
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	-	248,844	248,844	-	345,439	345,439
Due to other governments	-	544,447	544,447	-	484,043	484,043
Interest payable	-	536,746	536,746	-	571,080	571,080
Unearned revenue	-	16,848	16,848	-	16,848	16,848
Noncurrent liabilities, due within one year	-	2,486,192	2,486,192	-	2,321,241	2,321,241
Total current liabilities	-	3,833,077	3,833,077	-	3,738,651	3,738,651
Noncurrent liabilities:						
Net pension liability	-	1,547,411	1,547,411	-	1,443,330	1,443,330
Net OPEB liability	-	647,334	647,334	-	8,370	8,370
Noncurrent liabilities, due in more than one year	-	39,334,694	39,334,694	-	41,717,845	41,717,845
Total noncurrent liabilities	-	41,529,439	41,529,439	-	43,169,545	43,169,545
<b>Total liabilities</b>	-	45,362,516	45,362,516	-	46,908,196	46,908,196
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows of resources - pension	-	65,974	65,974	-	87,141	87,141
Deferred inflows of resources - OPEB	-	299,855	299,855	-	363,570	363,570
<b>Total deferred inflows of resources</b>	-	365,829	365,829	-	450,711	450,711
<b>NET POSITION</b>						
Net investment in capital assets	-	28,389,207	28,389,207	-	26,595,706	26,595,706
Unrestricted	-	18,314,558	18,314,558	-	16,082,657	16,082,657
<b>Total net position</b>	\$ -	\$ 46,703,765	\$ 46,703,765	\$ -	\$ 42,678,363	\$ 42,678,363

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

# Florin Resource Conservation District

## Statement of Activities

For the year ended June 30, 2020

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Change in Net Position		
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:						
GOVERNMENTAL ACTIVITIES:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL GOVERNMENTAL ACTIVITIES	-	-	-	-	-	-
BUSINESS-TYPE ACTIVITIES:						
Water District	12,745,042	16,418,370	-	-	3,673,328	3,673,328
TOTAL BUSINESS-TYPE ACTIVITIES	12,745,042	16,418,370	-	-	3,673,328	3,673,328
TOTAL PRIMARY GOVERNMENT						
	\$ 12,745,042	\$ 16,418,370	\$ -	\$ -	\$ 3,673,328	\$ 3,673,328
GENERAL REVENUES:						
Interest and investment earnings				\$ -	\$ 311,494	\$ 311,494
Other revenues				-	22,614	22,614
Transfer in/(out)				-	-	-
Gain on sale of capital assets				-	17,966	17,966
Total general revenues				-	352,074	352,074
Change in net position				-	4,025,402	4,025,402
Net position - beginning of year				-	42,678,363	42,678,363
Net position - end of year				\$ -	\$ 46,703,765	\$ 46,703,765

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



# Florin Resource Conservation District

## Statement of Activities

For the year ended June 30, 2019

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Change in Net Position		
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:						
GOVERNMENTAL ACTIVITIES:						
General government	\$ 18,243	\$ -	\$ 19,092	\$ 849	\$ -	\$ 849
TOTAL GOVERNMENTAL ACTIVITIES	18,243	-	19,092	849	-	849
BUSINESS-TYPE ACTIVITIES:						
Water District	12,307,827	15,233,673	-	-	2,925,846	2,925,846
TOTAL BUSINESS-TYPE ACTIVITIES	12,307,827	15,233,673	-	-	2,925,846	2,925,846
TOTAL PRIMARY GOVERNMENT						
	\$ 12,326,070	\$ 15,233,673	\$ 19,092	\$ 849	\$ 2,925,846	\$ 2,926,695
GENERAL REVENUES:						
Interest and investment earnings				\$ -	\$ 411,525	\$ 411,525
Other revenues				-	7,783	7,783
Transfer in/(out)				(18,552)	18,552	-
Gain on sale of capital assets				-	11,586	11,586
Total general revenues				(18,552)	449,446	430,894
Change in net position				(17,703)	3,375,292	3,357,589
Net position - beginning of year				17,703	39,303,071	39,320,774
Net position - end of year				\$ -	\$ 42,678,363	\$ 42,678,363

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

# Florin Resource Conservation District

## Comparative Balance Sheet

### Governmental Fund

June 30, 2020 and 2019

	General Fund	
	2020	2019
<b>ASSETS</b>		
Total assets	\$ -	\$ -
<b>LIABILITIES AND FUND BALANCES</b>		
Total liabilities	-	-
Total fund balances	-	-
Total liabilities and fund balances	\$ -	\$ -
Total fund balance, governmental fund	\$ -	\$ -
There were no reconciling differences between net position for governmental activities in the statement of net position and fund balance in the governmental fund balance sheet.		
Total net position, governmental activities	\$ -	\$ -

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

## Florin Resource Conservation District

### Comparative Statement of Revenues, Expenditures and Changes in Fund Balances

#### Governmental Fund

For the Fiscal Years ended June 30, 2020 and 2019

	General Fund	
	2020	2019
REVENUES:		
Grant revenue	\$ -	\$ 19,092
<b>Total revenues</b>	<b>-</b>	<b>19,092</b>
EXPENDITURES:		
Current:		
General government	-	18,243
<b>Total expenditures</b>	<b>-</b>	<b>18,243</b>
OTHER FINANCING SOURCES (USES):		
Transfers In/(Outs)	-	(18,552)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(18,552)</b>
<b>Net change in fund balances</b>	<b>-</b>	<b>(17,703)</b>
FUND BALANCES:		
Beginning of year	-	17,703
End of year	\$ -	\$ -
Net change in fund balance, governmental fund	\$ -	\$ (17,703)
There were no reconciling differences between changes in net position for governmental activities in the statement of activities and changes in fund balance in the statement of revenues, expenditures, and changes in fund balance.		
Change in net position, governmental activities	\$ -	\$ (17,703)

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

# Florin Resource Conservation District

## Comparative Statement of Net Position

### Proprietary Fund - Water Enterprise

June 30, 2020 and 2019

	2020	2019
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 18,403,831	\$ 16,332,269
Receivables:		
Customer accounts receivable	2,279,849	2,023,316
Other receivables	5,246	17,341
Interest receivable	26,677	22,610
Inventories	179,089	87,632
Prepaid expense	54,591	128,789
Total current assets	20,949,283	18,611,957
Noncurrent assets:		
Capital assets:		
Not being depreciated	711,578	1,053,079
Being depreciated, net	68,338,696	68,420,781
Total capital assets	69,050,274	69,473,860
Total noncurrent assets	69,050,274	69,473,860
<b>Total assets</b>	89,999,557	88,085,817
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred amount on refunding of debt	887,135	961,063
Deferred outflows of resources - pension	734,581	819,465
Deferred outflows of resources - OPEB	810,837	170,925
<b>Total deferred outflows of resources</b>	2,432,553	1,951,453
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	248,844	345,439
Due to other governments	544,447	484,043
Interest payable	536,746	571,080
Unearned revenue	16,848	16,848
Noncurrent liabilities, due within one year	2,486,192	2,321,241
Total current liabilities	3,833,077	3,738,651
Noncurrent liabilities:		
Net pension liability	1,547,411	1,443,330
Net OPEB liability	647,334	8,370
Noncurrent liabilities, due in more than one year	39,334,694	41,717,845
Total noncurrent liabilities	41,529,439	43,169,545
<b>Total liabilities</b>	45,362,516	46,908,196
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources - pension	65,974	87,141
Deferred inflows of resources - OPEB	299,855	363,570
<b>Total deferred inflows of resources</b>	365,829	450,711
<b>NET POSITION</b>		
Net investment in capital assets	28,389,207	26,595,706
Unrestricted (deficit)	18,314,558	16,082,657
<b>Total net position</b>	\$ 46,703,765	\$ 42,678,363

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

## Florin Resource Conservation District

### Comparative Statement of Revenues, Expenses and Changes in Fund Net Position

#### Proprietary Fund - Water Enterprise

For the Fiscal Years ended June 30, 2020 and 2019

	2020	2019
<b>OPERATING REVENUES:</b>		
Charges for services	\$ 16,418,370	\$ 15,233,673
<b>Total operating revenues</b>	<u>16,418,370</u>	<u>15,233,673</u>
<b>OPERATING EXPENSES:</b>		
Water purchased	2,965,638	2,777,344
Power purchased	397,616	287,602
Administration and general	1,146,802	1,185,292
Salaries and benefits	4,069,128	3,920,469
Other production expenses	804,474	686,121
Insurance	91,118	54,500
Depreciation and amortization	1,694,948	1,721,791
<b>Total operating expenses</b>	<u>11,169,724</u>	<u>10,633,119</u>
<b>OPERATING INCOME</b>	5,248,646	4,600,554
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Interest and investment earnings	311,494	411,525
Interest expense	(1,575,318)	(1,674,708)
Gain on sale of capital assets	17,966	11,586
Other nonoperating revenue	22,614	7,783
<b>Total nonoperating revenues (expenses)</b>	<u>(1,223,244)</u>	<u>(1,243,814)</u>
<b>TRANSFERS</b>		
Transfer in/out	<u>-</u>	<u>18,552</u>
<b>CHANGE IN NET POSITION</b>	4,025,402	3,375,292
<b>NET POSITION</b>		
Beginning of year	42,678,363	39,303,071
End of year	<u>\$ 46,703,765</u>	<u>\$ 42,678,363</u>

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

## Florin Resource Conservation District

### Comparative Statement of Cash Flows

#### Proprietary Fund - Water Enterprise

For the Fiscal Years Ended June 30, 2020 and 2019

	2020	2019
<b>CASH FLOWS FROM</b>		
<b>OPERATING ACTIVITIES:</b>		
Receipts from customers and users	\$ 16,173,932	\$ 15,253,204
Payments to suppliers	(5,459,098)	(4,765,984)
Payments to employees	(3,893,178)	(3,711,393)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>6,821,656</u>	<u>6,775,827</u>
<b>CASH FLOWS FROM NONCAPITAL</b>		
<b>FINANCING ACTIVITIES:</b>		
Operating grants and reimbursements	22,614	7,783
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>22,614</u>	<u>7,783</u>
<b>CASH FLOWS FROM CAPITAL</b>		
<b>AND RELATED FINANCING ACTIVITIES:</b>		
Principal paid on noncurrent liabilities	(2,165,000)	(2,070,000)
Interest paid on noncurrent liabilities	(1,661,738)	(1,753,908)
Proceeds from sale of capital assets	17,966	11,586
Purchase of capital assets	(1,271,363)	(1,031,671)
Capital contributions received	-	18,552
<b>NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(5,080,135)</u>	<u>(4,825,441)</u>
<b>CASH FLOWS FROM</b>		
<b>INVESTING ACTIVITIES:</b>		
Interest received	307,427	392,325
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>307,427</u>	<u>392,325</u>
 <b>NET INCREASE (DECREASE) IN</b>		
<b>CASH AND CASH EQUIVALENTS</b>	2,071,562	2,350,494
 <b>CASH AND CASH EQUIVALENTS - Beginning of year</b>	<u>16,332,269</u>	<u>13,981,775</u>
<b>CASH AND CASH EQUIVALENTS - End of year</b>	<u>\$ 18,403,831</u>	<u>\$ 16,332,269</u>
 <b>RECONCILIATION OF CASH AND</b>		
<b>CASH EQUIVALENTS TO THE</b>		
<b>STATEMENT OF NET POSTION</b>		
Cash and cash equivalents	\$ 18,403,831	\$ 16,332,269
<b>CASH AND CASH EQUIVALENTS</b>	<u>\$ 18,403,831</u>	<u>\$ 16,332,269</u>

(Continued)

## Florin Resource Conservation District

### Comparative Statement of Cash Flows

#### Proprietary Fund - Water Enterprise

For the Fiscal Years Ended June 30, 2020 and 2019

	2020	2019
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 5,248,646	\$ 4,600,554
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,694,948	1,721,791
Changes in operating assets and liabilities:		
Customer accounts receivable	(244,438)	19,531
Inventory	(91,457)	(43,114)
Prepaid expenses	74,198	46,227
Net OPEB asset/liability	638,964	149,648
Deferred outflows of resources - pension	84,884	246,178
Deferred outflows of resources - OPEB	(639,912)	(15,596)
Accounts payable	(96,595)	23,188
Due to other governments	60,404	198,574
Net pension liability	104,081	(124,956)
Deferred inflows of resources - pension	(21,167)	(16,649)
Deferred inflows of resources - OPEB	(63,715)	(26,889)
Compensated absences	72,815	(2,660)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 6,821,656</b>	<b>\$ 6,775,827</b>

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

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# Florin Resource Conservation District

## Notes to Basic Financial Statements

For the years ended June 30, 2020 and 2019

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. *Reporting Entity*

The Florin Resource Conservation District (the District) was formed in 1953, pursuant to Section 9000 et seq. of the Public Resources Code of the State of California. The District, which is located approximately six miles southeast of the City of Sacramento is the west central portion of unincorporated Sacramento County, was formed to address soil dehydration issues resulting from poor irrigation and drainage. There currently are approximately 92,000 acres within the District.

The District provides technical assistance and conservation and conservation education to farmers dealing with natural resource management issues, and views education as one of its primary objectives. The District additionally serves as the clearinghouse for solid and water conservation measures, such as administering the local water hyacinth eradication program. The United States Department of Agriculture, through its Soil Conservation Services, provides staffing and technical assistance to the District and the two adjacent soil conservation districts.

The District has provided water service within its 13-mile water service area since it acquired the Elk Grove Water Service in 1999, which was merged into and is a department of the District. In 2010, the name of the Elk Grove Water Service was changed to the Elk Grove Water District (EGWD).

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The financial reporting entity consists of (a) the primary government, the District, (b) organization for which the District is financially accountable, and (c) other organizations for which the District is not accountable, but for which the nature and significance of their relationship with the District are such that would cause the reporting entity's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (a) the District has the ability to impose its will on the component unit or (b) there is a potential for the component unit to provide a financial benefit to or impose a financial burden on the District.

#### B. *Basis of Accounting and Measurement Focus*

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity with its own self-balancing set of accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses. These funds are established for the purpose for carrying out specific activities or certain objectives in accordance with specific regulations, restrictions or limitations. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

##### *B. Basis of Accounting and Measurement Focus, Continued*

###### **Government-Wide Financial Statements**

The District's Government-Wide Financial Statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the District accompanied by a total column.

These financial statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all the District's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which liabilities are incurred.

Certain types of transactions reported as program revenues for the District are reported in three categories:

- Charges for services
- Operating grants and contributions
- Capital grants and contributions

Certain eliminations have been made regarding interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. There were no interfund activities requiring elimination in fiscal year 2020 and 2019.

The District applies all applicable GASB pronouncements and Interpretations currently in effect.

###### **Governmental Fund Financial Statements**

Governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The Statement of Revenues, Expenditures, and Changes in Fund Balances present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period.

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

##### *B. Basis of Accounting and Measurement Focus, Continued*

The District reports the following fund as a major governmental fund of the District:

General Fund accounts for resources traditionally associated with governmental activities that are not required legally or by sound financial management to be accounted for in another fund. The General Fund consists of programs associated with conservation not related to the Elk Grove Water District (EGWD), which is funded by District water charges to customers. The General Fund was closed out in fiscal year 2019, hence there are no amounts or activity presented for fiscal year 2020.

Revenues are recorded when received in cash, except that revenues subject to accrual (generally, those received 60 days after year-end) are recognized when due. The primary revenue sources that have been treated susceptible to accrual by the District are earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

The Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided.

##### **Proprietary Fund Financial Statements**

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Change in Net Position, and a Statement of Cash Flows for all proprietary funds.

Proprietary funds are accounted for using the “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Fund Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which a liability is incurred.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as nonoperating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as nonoperating expenses

The District reports the Water District as a proprietary fund of the District.

Water District Fund accounts for all activities related to the Elk Grove Water District, which provides water to commercial and residential customers in the District’s service area.

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

##### *C. Cash, Cash Equivalents and Investments*

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District does not have any investments that are measured using Level 3 inputs. For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents, including restricted assets and the District's investment in the State of California Local Agency Investment Fund (LAIF) and CalTRUST.

##### *D. Restricted Cash and Investments*

Certain proceeds of the District's long-term debt are classified as restricted cash and investments on the statement of net position 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 bond's debt service. There were no restricted cash and investments as of June 30, 2020 and 2019.

##### *E. Accounts Receivable*

Accounts receivable arise from billings to customers for water usage and include an estimate for unbilled revenues earned from the dates the customers were last billed to the end of the year. An allowance for uncollectible accounts of \$98,724 was recorded for fiscal year ended June 30, 2020 and \$77,708 was recorded for fiscal year ended June 30, 2019.

##### *F. Interfund Transactions*

Borrowings between funds outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. short-term borrowings) or "advance to/from other funds" (i.e. long-term borrowings). The District did not have any interfund borrowings as of June 30, 2020 and 2019.

##### *G. Inventory*

Inventory consists primarily of materials used in the construction and maintenance of the water system and is valued using the specific identification method. The cost of the inventory is recorded as an expense when consumed, rather than when purchased.

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

##### *H. Capital Assets*

Capital assets are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Such assets are recorded at historical cost if purchased or constructed. Donated or contributed assets are recorded at acquisition value at the date of donation. Capital assets owned by the proprietary funds are recorded at cost. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is computed on the straight-line basis over the estimated useful lives of the various classes of assets as follows:

Buildings	40 years
Improvements	10 - 15 years
Equipment	5 - 25 years
Water treatment and distribution system	25 - 80 years

It is the District's policy to capitalize all capital assets with a useful life of more than one year, and original cost of \$5,000 or greater. Costs of the assets sold or retired (all the related amounts of accumulated depreciation) are eliminated from the statement of net position in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

##### *I. Bond Discounts, Premiums and Deferred Amount on Refunding of Long-Term Debt*

Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which does not significantly differ from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs, except for prepaid bond insurance, are expensed as incurred. Accounting gains or losses resulting from advance refunding of long-term debt are deferred in accordance with GASB Statement No. 65, *Items previously Reported as Assets and Liabilities*, and are reported as deferred inflows of resources or deferred outflows of resources on the financial statements. Deferred amounts on bond refunding are amortized over the remaining life of the old debt (had it not been refunded) or the life of the new debt, whichever is shorter.

##### *J. Due to Other Governments*

Due to other governments in the Water District Fund mainly consisted of \$544,447 and \$484,043 payable to the County of Sacramento for water purchases at June 30, 2020 and 2019, respectively.

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

##### K. *Compensated Absences*

The District's policy allows employees to accumulate earned, but unused personnel leave time at the rate of ninety six (96) hours per year and vacation time at the rate of forty (40) hours per year, eighty hours (80) per year after two years of service and one hundred and twenty hours (120) per year after five years of service. The liability for these compensated absences is recorded as a long-term liability in the proprietary fund and government-wide statements. The current portion of this long-term liability is estimated based on historical trends. In the fund financial statements, governmental funds only report the compensated absence liability that have matured, such as for employee resignations or retirements, while the proprietary funds report the liability as it is incurred. The General Fund has no employees assigned to it and, thus no compensated absence amount is reported under governmental activities.

##### L. *Unearned Revenue*

Unearned revenue is recognized for transactions for which revenue has not yet been earned. The District recorded \$16,848 at June 30, 2020 and 2019, respectively.

##### M. *Net Position and Fund Balance*

The government-wide and proprietary fund financial statements present net position. Net position is categorized as the net investment in capital assets, restricted, and unrestricted:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the capital assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position – This amount is the remaining net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The fund balance of the General Fund is reported as unassigned according to GASB Statement No. 54 because the Board of Directors has approved no constraints on its use.

##### N. *Use of Estimates*

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

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

##### *O. Risk Management*

The District is exposed to various risks of loss related to tort; theft of, damage to and destruction of assets; errors and omissions and natural disasters. These risks are covered through the District's participation in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA or JPIA) as described in Note 7. The insurance is subject to a deductible. No significant claims occurred during the years ended June 30, 2020 and 2019. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from the prior year.

##### *P. Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of net position will sometimes report 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 will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report 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 will not be recognized as an inflow of resources (revenue) until that time.

##### *Q. Pensions*

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

##### *R. Other Postemployment Benefits (OPEB)*

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Authority's OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019



## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

##### S. *New Pronouncements*

In 2020, the District adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 84, *Fiduciary Activities* – The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement did not apply to the District for the current fiscal year.
- GASB Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* – The objective of this statement is to (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this statement did not apply to the District for the current fiscal year.
- GASB Statement 90, *Majority Equity Interest* – The objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. The requirements of this statement did not apply to the District for the current fiscal year.
- GASB Statement 91, *Conduit Debt Obligations* – The objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement did not apply to the District for the current fiscal year.



## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

##### S. *New Pronouncements, Continued*

- GASB Statement 93, *Replacement of Interbank Offered Rates* – The objective of this Statement is to address the accounting and financial reporting implications that result from the elimination of the London Interbank Offered rate (LIBOR) that is notably used in most agreements in which variable payments made or received depend on an interbank offered rate (IBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The requirements of this statement did not apply to the District for the current year.
- GASB Statement 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The requirements of this statement did not apply to the District for the current year.
- GASB Statement 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* – The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later. The District has elected to early implement the provisions of all GASB Statements up through GASB Statement No. 95, except for GASB Statement No. 87, *Leases*, which will be implemented based on the new effective date coinciding with the District's year ending June 30, 2022.

##### T. *Future Implementation of GASB Pronouncements*

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB Statements:

- GASB Statement No. 87, *Leases* – The objective of this statement is to recognize in the financial statements certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement are effective for the District's year ending June 30, 2022.

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

##### T. Future Implementation of GASB Pronouncements, Continued

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* – The objective of this statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for the District’s year ending June 30, 2023.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* – The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for the District’s year ending June 30, 2022.

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

## 2. CASH AND INVESTMENTS

### A. Summary of Cash and Investments

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

As of June 30, 2020			
Government-Wide Statement of Net Position			
	Governmental Activities	Business-Type Activities	Total
Deposits and investments	\$ -	\$ 18,403,831	\$ 18,403,831
<b>Total cash and investments</b>	<b>\$ -</b>	<b>\$ 18,403,831</b>	<b>\$ 18,403,831</b>

As of June 30, 2019			
Government-Wide Statement of Net Position			
	Governmental Activities	Business-Type Activities	Total
Deposits and investments	\$ -	\$ 16,332,269	\$ 16,332,269
<b>Total cash and investments</b>	<b>\$ -</b>	<b>\$ 16,332,269</b>	<b>\$ 16,332,269</b>

Cash and investments were classified according to GASB Statement No. 40 as follows as of June 30, 2020 and 2019:

	2020	2019
Cash on hand	\$ 300	\$ 300
Deposits with financial institution	1,412,181	1,220,275
<b>Total cash on hand and deposits</b>	<b>1,412,481</b>	<b>1,220,575</b>
Money Market F&M	3,002,203	2,658,509
Money Market Union Bank	1,184,917	1,109,603
Local Agency Investment funds	7,408,386	3,538,185
CalTrust	1,384,114	1,328,702
Investments held by custodian	4,011,730	6,476,695
<b>Total investments</b>	<b>16,991,350</b>	<b>15,111,694</b>
<b>Total cash and investments</b>	<b>\$ 18,403,831</b>	<b>\$ 16,332,269</b>

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

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## 2. CASH AND INVESTMENTS, Continued

### B. Deposits

The carrying amount of the District's cash deposit was \$1,412,181 and \$1,220,275 at June 30, 2020 and 2019, respectively. Balances before reconciling amounts were a positive amount of \$1,469,040 and \$1,347,326 at June 30, 2020 and 2019, respectively. The District has waived collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The remaining amount was collateralized with securities pledged by the pledging financial institution in the District's name.

The California Government Code (Code) requires California banks and savings and loan associations to secure the District's cash deposits by pledging securities as collateral. The Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the District's name.

The market value of the pledged securities must equal at least 110% of the District's cash deposits. California law also allows institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total cash deposits.

The District follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

### C. Investments

Investments are reported at fair value. California statutes authorize special districts to invest idle or surplus funds in a variety of credit instruments as provided for in the California Government Code, Section 53600, Chapter 4 – Financial Affairs. The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restricted) that address interest rate risk, credit risk, and concentration of credit risk. The table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy. The District's permissible investments include the instruments listed on the following page:

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

## 2. CASH AND INVESTMENTS, Continued

### C. Investments, Continued

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
California Local Agency Investment	5 years	None	None
Bankers Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates and Time Deposits	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium Term Corporate Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-through Securities	5 years	20%	None
Financial Futures and Option Contracts	1	1	1
Investment Pools, including LAIF	None	None	None

1 - The District may invest in financial futures and option contracts of any of the above authorized categories, subject to the same overall portfolio limitations.

The District complied with the provisions of the California Government Code and its investment policy pertaining to the types of investments held, the institutions in which deposits were made and the security requirements, except for the 20% limit and 10% limit on money mark mutual funds. The District exceeded the 20% maximum portfolio limit by \$506,354, or 2.75%, due to a \$1 million US Treasury Bond that was called in June of 2020. The proceeds of the called bond were reinvested in July of 2020. The District exceeded the 10% maximum issuer limit by \$1.16 million, or 6.31%, due to liquidity requirements to meet debt service needs. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

Investments are stated at fair value using the aggregate method in all funds, resulting in the following investment income in all funds as of June 30, 2020 and 2019:

	2020	2019
Interest income	\$ 221,048	\$ 213,052
Unrealized gain/(loss) in change in fair value of investment	90,446	198,473
<b>Total investment income</b>	<b>\$ 311,494</b>	<b>\$ 411,525</b>

The District's portfolio value fluctuates in an inverse relationship to any change in interest rate. Accordingly, if interest rates rise, the portfolio value will decline. If interest rates fall, the portfolio value will rise. The portfolio for year-end reporting purposes is treated as if it were all sold. Therefore, fund balance must reflect the portfolio's change in value. These portfolio value changes are unrealized unless sold. Generally, the District's practice is to buy and hold investments until maturity dates. Consequently, the District's investments are carried at fair value.

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

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## 2. CASH AND INVESTMENTS, Continued

### C. Investments, Continued

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The District's investments with LAIF at June 30, 2020 and 2019, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

Structured Notes – are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or have embedded forwards or options.

Asset-Backed Securities – the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2020, the District had \$7,408,386 invested in LAIF, which had invested 2.21% of the pool investments funds in Structured Notes and Asset-Backed Securities as compared to 1.77% in the previous year. The LAIF fair value factor of 1.004912795 was used to calculate the fair value of the investments in LAIF.

As of June 30, 2019, the District had \$3,538,185 invested in LAIF, which had invested 1.77% of the pool investments funds in Structured Notes and Asset-Backed Securities as compared to 2.67% in the previous year. The LAIF fair value factor of 1.001711790 was used to calculate the fair value of the investments in LAIF.

The District is a voluntary participant in the Investment Trust of California (CalTRUST) which is a Joint Powers Authority governed by a Board of Trustees made up of local treasurers and investment officers. The Board of Trustees sets overall policy for CalTRUST and selects and supervises the activities of the Investment Manager and other agents. As of June 30, 2020, and 2019, the District had \$1,384,114 and \$1,328,702 invested in the CalTRUST Medium-term pool. Amounts that may be withdrawn from the Medium-term pool are based on the net asset value per share and the number of shares held by participants in each pool.

### D. Risk Disclosures

*Interest Risk:* Interest rate risk is the market value fluctuation due to overall changes in the interest rates. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes, in market interest rates. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The District's investment policy does not contain any provisions limiting interest rate risk that are more restrictive than what is specified in the California Government Code.

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

## 2. CASH AND INVESTMENTS, Continued

### D. Risk Disclosures, 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 as of June 30, 2020 and 2019:

2020:

Investment Type	Fair Value	Investment Maturities (in years)				
		1 year or Less	2 years	3 years	4 years	5 years or More
Securities of U.S. Government						
Treasury and Agencies:						
Federal Home Loan Banks	\$ 4,011,730	\$ -	\$ 2,005,670	\$ -	\$ 1,000,330	\$ 1,005,730
Money Market F&M	3,002,203	3,002,203	-	-	-	-
Money Market Union Bank	1,184,917	1,184,917	-	-	-	-
CalTrust (NAV)	1,384,114	1,384,114	-	-	-	-
Local Agency Investment Fund	7,408,386	7,408,386	-	-	-	-
<b>Total</b>	<b>\$ 16,991,350</b>	<b>\$ 12,979,620</b>	<b>\$ 2,005,670</b>	<b>\$ -</b>	<b>\$ 1,000,330</b>	<b>\$ 1,005,730</b>

2019:

Investment Type	Fair Value	Investment Maturities (in years)				
		1 year or Less	2 years	3 years	4 years	5 years or More
Securities of U.S. Government						
Treasury and Agencies:						
Federal Farm Credit Bank Bonds	\$ 1,994,260	\$ 994,240	\$ -	\$ 1,000,020	\$ -	\$ -
Federal Home Loan Banks	998,580	-	998,580	-	-	-
Federal National Mortg Assoc Notes	3,483,855	2,987,100	496,755	-	-	-
Money Market F&M	2,658,509	2,658,509	-	-	-	-
Money Market Union Bank	1,109,603	1,109,603	-	-	-	-
CalTrust (NAV)	1,328,702	1,328,702	-	-	-	-
Local Agency Investment Fund	3,538,185	3,538,185	-	-	-	-
<b>Total</b>	<b>\$ 15,111,694</b>	<b>\$ 12,616,339</b>	<b>\$ 1,495,335</b>	<b>\$ 1,000,020</b>	<b>\$ -</b>	<b>\$ -</b>



## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

## 2. CASH AND INVESTMENTS, Continued

### D. Risk Disclosures, Continued

*Credit Risk:* Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At June 30, 2020 the District's deposits and investments were rated as follows:

	Credit Quality Ratings	
	Moody's	S&P
FEDERAL HOME LN MTG CORP	Aaa	AA+
FEDERAL HOME LOAN MTG CORP	Aaa	Unrated
FEDERAL HOME LOAN BANKS CONS BD	Aaa	AA+
FEDERAL HOME LN MTG CORP	Aaa	Unrated
Local Agency Investment Funds	Unrated	Unrated
CalTrust	Unrated	A+f

*Concentration of Credit Risk:* The California Government Code limits the amount the District may invest in any one issuer, with the exception of U.S. Treasury obligations, U.S. Agency securities and LAIF. The District has no investments in any one issuer (other than money market mutual funds and external investment pools) that represent 5% or more of total District investments.

*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 for its investment or collateral securities that are in the possession of another party.

### E. Investment Valuation

Investments (except money market accounts that are included as part of restricted cash and investments) are measured at fair value on a recurring basis. *Recurring* fair value measurements are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements at June 30, 2020 and 2019 are described on the following page:



**Florin Resource Conservation District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2020 and 2019**

**2. CASH AND INVESTMENTS, Continued**

***E. Investment Valuation, Continued***

2020:

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Securities of U.S. Government				
Treasury and Agencies:				
Federal Home Loan Banks	\$ 4,011,730	\$ -	\$ 4,011,730	\$ -
<b>Total Securities of U.S. Government</b>	<b>\$ 4,011,730</b>	<b>\$ -</b>	<b>\$ 4,011,730</b>	<b>\$ -</b>
<i>Investments not subject to levelling:</i>				
Money Market F&M	3,002,203			
Money Market Union Bank	1,184,917			
CalTrust Investment Pool (NAV)	1,384,114			
Local Agency Investment Fund	7,408,386			
<b>Total</b>	<b>\$ 16,991,350</b>			

2019:

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Securities of U.S. Government				
Treasury and Agencies:				
Federal Farm Credit Bank Bonds	\$ 1,994,260	\$ -	\$ 1,994,260	\$ -
Federal Home Loan Banks	998,580	-	998,580	-
Federal National Mortg Assoc Notes	3,483,855	-	3,483,855	-
<b>Total Securities of U.S. Government</b>	<b>\$ 6,476,695</b>	<b>\$ -</b>	<b>\$ 6,476,695</b>	<b>\$ -</b>
<i>Investments not subject to levelling:</i>				
Money Market F&M	2,658,509			
Money Market Union Bank	1,109,603			
CalTrust Investment Pool (NAV)	1,328,702			
Local Agency Investment Fund	3,538,185			
<b>Total</b>	<b>\$ 15,111,694</b>			

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

## 2. CASH AND INVESTMENTS, Continued

### E. Investment Valuation, Continued

Federal Agency Securities categorized as Level 2 are valued based on matrix pricing which use observable market inputs such as yield curves and market indices that are derived principally from or corroborated by observable market data by correlation to other means.

## 3. CAPITAL ASSETS

There were no governmental activity capital assets for the years ended June 30, 2020 and 2019.

Business-type activities capital asset activity for the years ended June 30, 2020 and 2019 were as follows:

	Balance June 30, 2018	2019		Balance June 30, 2019	2020		Balance June 30, 2020
		Additions	Reductions		Additions	Reductions	
Capital assets not being depreciated:							
Land	\$ 686,578	\$ -	\$ -	\$ 686,578	\$ -	\$ -	\$ 686,578
Construction in progress	114,287	366,501	(114,287)	366,501	25,000	(366,501)	25,000
Total capital assets not being depreciated	800,865	366,501	(114,287)	1,053,079	25,000	(366,501)	711,578
Capital assets being depreciated:							
Buildings	1,984,750	6,457	-	1,991,207	21,186	-	2,012,393
Wells	8,781,214	30,662	-	8,811,876	129,792	-	8,941,668
Treatment Plants	13,514,173	125,636	-	13,639,809	75,406	-	13,715,215
Water mains	75,976,685	581,613	-	76,558,298	1,001,873	-	77,560,171
Equipment	2,336,760	35,089	(51,095)	2,320,754	384,607	(131,837)	2,573,524
Total assets being depreciated	102,593,582	779,457	(51,095)	103,321,944	1,612,864	(131,837)	104,802,971
Less accumulated depreciation for:							
Buildings	(385,338)	(46,066)	-	(431,404)	(46,228)	-	(477,632)
Wells	(5,088,219)	(277,372)	-	(5,365,591)	(251,054)	-	(5,616,645)
Treatment Plants	(6,100,104)	(350,002)	-	(6,450,106)	(355,028)	-	(6,805,134)
Water mains	(19,627,840)	(949,709)	-	(20,577,549)	(956,979)	-	(21,534,528)
Equipment	(2,028,966)	(98,642)	51,095	(2,076,513)	(85,660)	131,837	(2,030,336)
Total accumulated depreciation	(33,230,467)	(1,721,791)	51,095	(34,901,163)	(1,694,949)	131,837	(36,464,275)
Total capital assets being depreciated, net	69,363,115	(942,334)	-	68,420,781	(82,085)	-	68,338,696
Total capital assets, net	\$ 70,163,980	\$ (575,833)	\$ (114,287)	\$ 69,473,860	\$ (57,085)	\$ (366,501)	\$ 69,050,274

**Florin Resource Conservation District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2020 and 2019**

**4. LONG-TERM DEBT**

The following is a summary of long-term liability activity for the years ended June 30, 2020 and 2019:

	Balance June 30, 2019	2020		Balance June 30, 2020	Due Within One Year
		Additions	Reductions		
Business-type activities:					
<b>Water District Fund</b>					
Certificates of Participation					
2014 Refunding, Series A	\$ 28,430,000	\$ -	\$ (1,790,000)	\$ 26,640,000	\$ 1,910,000
Notes from direct borrowings and direct placements					
2016 Refunding, Series A	13,645,000	-	(375,000)	13,270,000	390,000
Total Water District Fund debt	42,075,000	-	(2,165,000)	39,910,000	2,300,000
Compensated absences	199,869	264,466	(191,650)	272,685	186,192
Total Water District Fund	<u>\$ 42,274,869</u>	<u>\$ 264,466</u>	<u>\$ (2,356,650)</u>	<u>\$ 40,182,685</u>	<u>\$ 2,486,192</u>
Unamortized bond discounts & premiums	1,764,217	-	(126,015)	1,638,202	
Less: Due within one year	(2,321,241)			(2,486,192)	
Due in more than one year	<u>\$ 41,717,845</u>			<u>\$ 39,334,694</u>	

	Balance June 30, 2018	2019		Balance June 30, 2019	Due Within One Year
		Additions	Reductions		
Business-type activities:					
<b>Water District Fund</b>					
Certificates of Participation					
2014 Refunding, Series A	\$ 30,135,000	\$ -	\$ (1,705,000)	\$ 28,430,000	\$ 1,790,000
Notes from direct borrowings and direct placements					
2016 Refunding, Series A	14,010,000	-	(365,000)	13,645,000	375,000
Total Water District Fund debt	44,145,000	-	(2,070,000)	42,075,000	2,165,000
Compensated absences	202,529	260,401	(263,061)	199,869	156,241
Total Water District Fund	<u>\$ 44,347,529</u>	<u>\$ 260,401</u>	<u>\$ (2,333,061)</u>	<u>\$ 42,274,869</u>	<u>\$ 2,321,241</u>
Unamortized bond discounts & premiums	1,890,232	-	(126,015)	1,764,217	
Less: Due within one year	(2,164,686)			(2,321,241)	
Due in more than one year	<u>\$ 44,073,075</u>			<u>\$ 41,717,845</u>	

**Florin Resource Conservation District**  
**Notes to Basic Financial Statements, Continued**  
**For the years ended June 30, 2020 and 2019**

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**4. LONG-TERM DEBT, Continued**

Long-term debt related to business-type activities consisted of the following at June 30:

	2020	2019
<u>Florin Resource Conservation District, Water Revenue Refunding Bonds, 2014 Series A</u>		
On December 16, 2014, the District issued the Florin Resource Conservation District, Water Revenue Refunding Bonds, 2014 Series A in the amount of \$32,325,000. The proceeds were used to prepay aggregate principal amount of outstanding certificates of participation previously executed and delivered by the District, purchase a debt service reserve surety bond, and pay for certain costs associated with the issuance of the 2014 Series A Bonds. The Bonds are secured by a lien on the net water system revenues. Annual principal payments of \$715,000 to \$2,450,000 are due on September 1 through September 1, 2032. Semi-annual interest payments of \$37,625 to \$688,909 are due March 1 and September 1, 2016 through September 1, 2032. Interest rates range from 4.30% to 5.00%. The refunding resulted in an economic gain of \$3,563,207 and an accounting loss that was recorded as a deferred outflow of resources. The unamortized balance of the deferred loss on refunding as of June 30, 2020 and 2019 was \$534,303 and \$578,828. The aggregate difference between the debt service requirements of the refunding bonds and remaining debt service of the refunded bonds was \$4,893,871.	\$ 26,640,000	\$ 28,430,000
<u>Florin Resource Conservation District, Water Revenue Refunding Bonds, 2016 Series A</u>		
On June 7, 2016, the District issued the Florin Resource Conservation District, Direct Placement Water Revenue Refunding Bonds, 2016 Series A in the amount of \$14,875,000. The proceeds were used to prepay aggregate principal amount of outstanding certificates of participation previously executed and delivered by the District, purchase a debt service reserve surety bond, and pay for certain costs associated with the issuance of the 2016 Series A Bonds. The Bonds are secured by a lien on the net water system revenues. Annual principal payments of \$350,000 to \$2,395,000 are due on September 1 through September 1, 2032. Semi-annual interest payments of \$43,110 to \$261,450 are due March 1 and September 1, 2016 through September 1, 2032. Interest rate 3.6%. The refunding resulted in an economic gain of \$2,098,268 and an accounting loss that was recorded as a deferred outflow of resources. The unamortized balance of the deferred loss on refunding as of June 30, 2020 and 2019 was \$352,832 and \$382,235. The aggregate difference between the debt service requirements of the refunding bonds and the remaining debt service of the refunded bonds was \$9,573,508.	\$ 13,270,000	\$ 13,645,000
TOTAL	\$ 39,910,000	\$ 42,075,000

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

#### 4. LONG TERM DEBT, Continued

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

Year Ending June 30,	Water District Fund				
	2014 Refunding, Series A Bonds		Direct Placement 2016 Refunding, Series A Bonds		Total
	Principal	Interest	Principal	Interest	
2021	\$ 1,910,000	\$ 1,084,769	\$ 390,000	\$ 470,700	\$ 3,855,469
2022	2,040,000	986,019	400,000	456,480	3,882,499
2023	2,145,000	881,394	415,000	441,810	3,883,204
2024	2,245,000	785,394	430,000	426,600	3,886,994
2025	2,330,000	697,269	450,000	410,760	3,888,029
2026-2030	11,420,000	2,288,615	4,495,000	1,647,810	19,851,425
2031-2033	4,550,000	336,000	6,690,000	376,020	11,952,020
	<u>\$ 26,640,000</u>	<u>\$ 7,059,460</u>	<u>\$ 13,270,000</u>	<u>\$ 4,230,180</u>	<u>\$ 51,199,640</u>

Pledged Revenues: The District has pledged future water system revenues, net of specified operating expenses, to repay its 2014 Series A Water Revenue Refunding Bonds and 2016 Series A Water Revenue Refunding Bonds in the original amount of \$32,325,000 and \$14,875,000, respectively. Proceeds of the 2016 Bonds were used to retire the 2002, 2003 and 2005 Certificates.

The District's outstanding 2016 Series A Revenue Refunding Bonds of \$13,645,000 were issued under a supplemental indenture to the 2014 Series A Water Revenue Refunding Bonds and are classified as notes from direct borrowings and direct placements. The 2016 Series A Water Revenue Refunding Bonds contain a provision that in an event of a default, outstanding amounts become immediately due if the District is unable to make payment.

The 2014 and 2016 bonds are parity debt, with the net revenues, less the rate stabilization fund, required to be at least 1.15 times the sum of the cash basis installment principal and interest payments on the outstanding bonds and any other obligation payable from water system revenues.

The following is a calculation of the required coverage ratios for the Water District Fund as of June 30, 2020 and 2019:

	2020	2019
Covenant:		
Net revenues before adjustments (operating income)	\$ 5,248,646	\$ 4,600,554
Add: Depreciation and amortization	1,694,948	1,721,791
Net revenues, not including rate stabilization fund, accrual basis	6,943,594	6,322,345
Interest and principal payments, cash basis (as defined)	\$ 3,826,738	\$ 3,823,908
Coverage ratio computed	<u>1.81</u>	<u>1.65</u>

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

#### 4. LONG TERM DEBT, Continued

Arbitrage: The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with investments of all tax-exempt bond proceeds at an interest yield greater than the interest paid to the bondholders. Generally, all interest paid to bond holders can be retroactive if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. The District performed calculations of excess investments earnings on various investments and financings and determined there was no arbitrage liability at June 30, 2020 and 2019.

#### 5. INTERFUND TRANSFERS

Transfers report the nonreciprocal contribution of resources from one fund to another. On April 18, 2018, the District's Board of Directors approved a resolution declaring that effective July 1, 2018, all future activities performed by the District be limited to water related activities that provide a benefit to the EGWD ratepayers. With this resolution, the assets and related liabilities of the General Fund were consolidated with the assets and related liabilities of the Water Enterprise Fund, resulting in a transfer out at June 30, 2019 of \$18,552 from the General Fund into the Water Enterprise Fund to zero out the General Fund.

#### 6. NET POSITION RESERVES

The District's Board of Directors approved a reserve policy that authorized commitments of unrestricted net position in the Water District Fund for certain percentages of the change in new position reported in the audited financial statements or budget up to a specified dollar amount as follows as of June 30, 2020 and 2019:

	Description	2020	2019
Operating fund	120 days of annual operations and maintenance budget	\$ 4,714,436	\$ 5,077,700
Future capital improvement fund	75% of unrestricted funds not allocated to other reserve funds	7,440,091	6,762,718
Capital improvement fund	Annual capital improvement budget	2,525,000	430,000
Future capital replacement fund	25% of unrestricted funds not allocated to other reserve funds	2,480,031	2,254,239
Capital replacement fund	Annual capital replacement budget	905,000	1,408,000
Elections and special studies	Amount specified by Board of Directors	250,000	150,000
Total net position commitments		<u>\$ 18,314,558</u>	<u>\$ 16,082,657</u>

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

#### 7. INSURANCE

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA or JPIA). The JPIA is a risk-pooling self-insurance authority, created under the provisions of the California Government Code for the purpose of providing insurance coverage for its member districts. The District pays an annual premium to JPIA for liability, property and workers compensation coverage. The District's annual premium is based on its pro-rata share of charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the JPIA. The District's coverage and corresponding deductibles are as follows:

Coverage	Amount	Deductible
Liability (including errors and omissions)	\$ 60,000,000	None
Cyber Liability	\$ 3,000,000/occurrence	\$ 25,000
Property	\$ 2,500,000 - 500,000,000	\$ 500-25,000
Crime	\$ 1,000,000	\$ 1,000
Worker's compensation	\$ 4,000,000	None

#### 8. RETIREMENT BENEFITS

##### A. Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS.) The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors two miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

##### B. Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees, and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 55 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 Employee's Retirement Law.

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

#### 8. RETIREMENT BENEFITS, Continued

##### B. Benefits Provided, Continued

The rate plans' provisions and benefits in effect at June 30, 2020 and 2019 are summarized as follows:

	Miscellaneous - Classic	Miscellaneous - PEPRA
Hire Date	Prior to January 1, 2013	On or after January 1, 2013
Benefit vesting schedule	5 years service	5 years service
Benefit payment	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits, as a % of annual salary	2.00%	2.00%
Required employee contribution rates	6.000%	6.250%
Required employer contribution rates (2019)	9.794%	6.842%
Required unfunded liability payment (2019)	\$150,532	\$207
Required employer contribution rates (2020)	10.586%	7.485%
Required unfunded liability payment (2020)	\$170,528	\$488

##### C. Contributions

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

The District's contributions to the Plan for the measurement periods ended June 30, 2019 and 2018 were \$350,843 and \$317,812, respectively.

As of June 30, 2020, and 2019, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$1,547,411 and \$1,443,330, respectively.

The District's net pension liability for the Plans is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plan for the fiscal year 2020 is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The net pension liability of the Plan for the fiscal year 2019 is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The District's proportionate share of the net pension liability was based on the District's plan liability and asset-related information where available, and proportional allocations of plan amounts as of the valuation date where not available.



## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

#### 8. RETIREMENT BENEFITS, Continued

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

The District's proportionate share of the net pension liability for the plan as of the measurement date of June 30, 2019, 2018, and 2017 were as follows:

Proportion - June 30, 2018	0.014980%	Proportion - June 30, 2017	0.015810%
Proportion - June 30, 2019	<u>0.015100%</u>	Proportion - June 30, 2018	<u>0.014980%</u>
Change - Increase (Decrease)	0.000120%	Change - Increase (Decrease)	-0.000830%

For the year ended June 30, 2020 and 2019, the District recognized pension expense of \$556,774 and \$455,416, respectively. At June 30, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 388,976	\$ -	\$ 350,843	\$ -
Changes in employer's proportion	52,624	4,436	98,036	27,969
Differences between the employer's contribution and the employer's proportionate share of contributions	111,718	-	143,528	-
Changes of assumptions	73,788	26,157	164,544	40,327
Differences between expected and actual experiences	107,475	8,327	55,378	18,845
Net differences between projected and actual earnings on plan investments	-	27,054	7,136	-
Total	<u>\$ 734,581</u>	<u>\$ 65,974</u>	<u>\$ 819,465</u>	<u>\$ 87,141</u>

\$388,976 and \$350,843 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 years ending June 30, 2021 and 2020, respectively. 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	2020		2019	
Ending June 30:				
2020	\$	-	\$	275,091
2021		221,509		183,172
2022		23,771		(34,036)
2023		28,883		(42,747)
2024		5,468		-

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

#### 8. RETIREMENT PLANS, Continued

##### *D. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued*

**Actuarial Assumptions** – The total pension liabilities in the June 30, 2018 and 2017 actuarial valuations were determined using the following actuarial assumptions:

	2020	2019
Valuation Date	June 30, 2018	June 30, 2017
Measurement Date	June 30, 2019	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.75%
Projected Salary Increase	Varies by entry age and service	Varies by entry age and service
Investment Rate of Return <sup>(1)</sup>	7.15%	7.15%
Mortality	Derived by CalPERS membership data for all funds	Derived by CalPERS membership data for all funds

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2018 valuation was based on the results of the December 2017 experience study and the June 30, 2017 valuation was based on the results of a January 2014 actuarial experience study. Further details of the Experience Studies can be found on the CalPERS website.

**Discount Rate** – The discount rate used to measure the total pension liabilities was 7.15 percent for the Plan for the measurement date June 30, 2019 and 2018. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the 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 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website at [www.calpers.ca.gov](http://www.calpers.ca.gov).

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.

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

#### 8. RETIREMENT PLANS, Continued

##### *D. Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions, Continued*

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

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

Asset Class (a)	2020			2019		
	New	Real	Real	New	Real	Real
	Strategic	Return Years	Return Years	Strategic	Return Years	Return Years
	Allocation	1 - 10(b)	11+(c)	Allocation	1 - 10(b)	11+(c)
Global Equity	50.00%	4.80%	5.98%	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%	28.00%	1.00%	2.62%
Inflation Sensitive	0.00%	0.77%	1.81%	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%	1.00%	0.00%	-0.92%
Total	100%			100%		

(a) Fixed income is included in Global Debt Securities, Liquidity is included in Short-term Investments, Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

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

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

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

#### 8. RETIREMENT PLANS, Continued

##### *E. Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*

The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the 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-percentage point lower or 1-percentage point higher than the current rate:

	2020	2019
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 2,686,484	\$ 2,462,389
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 1,547,411	\$ 1,443,330
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 607,187	\$ 602,113

##### *F. Pension Plan Fiduciary Net Position*

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

##### *G. Payable to the Pension Plan*

At June 30, 2020 and 2019 the District reported a payable of \$0 and \$0 for outstanding amount of required contributions to the pension plan.

#### 9. OTHER POSTEMPLOYMENT BENEFITS PLAN

##### *A. Plan Description*

The District has established an Other Postemployment Benefits plan (OPEB Plan) and participates in an agent multiple-employer defined benefit retiree healthcare plan. CalPERS invests the plan's assets as part of the California Employer's Retiree Benefit Trust (CERBT). The OPEB Plan provides employees who retire directly from the District, at a minimum age of 55 and with a minimum of fifteen years of continuous service with the District, a lifetime cash subsidy for monthly medical, dental and vision insurance premiums for each eligible employee and spouse or registered domestic partner retiring within 120 days of separation from the District. Benefits from the District continue to the surviving spouses upon death of the retiree. Employees hired before October 28, 2009 had a one-time option to increase their years for eligibility from five to fifteen and have vision and dental coverage added to their post-retirement benefit.

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

#### 9. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

##### B. Employees Covered

As of the June 30, 2019 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	29
Inactive employees or beneficiaries currently receiving benefits	<u>5</u>
<b>Total</b>	<b>34</b>

##### C. Contributions

The OPEB Plan and its contribution requirements are established by and may be amended by the District. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2020, the District's cash contributions were \$70,825 in pay-as-you-go premiums, payment to the trust of \$126,985 and the estimated implied subsidy was \$45,430 resulting in total payments of \$243,240. For the fiscal year ended June 30, 2019, the District's cash contributions were \$44,294 in pay-as-you-go premiums, payment to the trust of \$118,351 and the estimated implied subsidy was \$8,280 resulting in total payments of \$170,925.

##### D. Net OPEB Liability

The District's net OPEB liability as of June 30, 2020 was measured as of June 30, 2019 and the net OPEB liability as of June 30, 2019 was measured as of June 30, 2018. The total OPEB liability used to calculate the net OPEB liability for measurement date June 30, 2019 was determined by an actuarial valuation dated June 30, 2019 based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Discount Rate	7.10%
Inflation	2.50%
Salary Increases	3.00% per annum, in aggregate
Investment Rate of Return	7.10%
Mortality Rate <sup>(1)</sup>	Derived using CalPERS' Membership Data for all funds
Pre-Retirement Turnover	Derived using CalPERS' Membership Data for all funds
Healthcare Trend Rate	6.50% decreasing to 4.00%

Notes: <sup>(1)</sup> Mortality rates used in this valuation are those from the 2017 CalPERS experience study which may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

#### 9. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

##### D. Net OPEB Liability, Continued

The total OPEB liability used to calculate the net OPEB liability for measurement date June 30, 2018 was determined by an actuarial valuation dated February 28, 2017 that was rolled forward to determine the June 30, 2018 net OPEB liabilities based on the following actuarial methods and assumptions:

<b>Actuarial Assumptions:</b>	
Discount Rate	7.28%
Inflation	2.26%
Salary Increases	3.25% per annum, in aggregate
Investment Rate of Return	7.28%
Mortality Rate <sup>(1)</sup>	Derived using CalPERS' Membership Data for all funds
Pre-Retirement Turnover	Derived using CalPERS' Membership Data for all funds
Healthcare Trend Rate	7.70% decreasing to 5.00%

Notes: <sup>(1)</sup> Mortality rates used in this valuation are those from the 2014 CalPERS experience study which may be accessed on the CalPERS website [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of the June 30, 2019 and June 30, 2018 measurement dates are summarized in the following table:

<i>Investment Class</i>	<i>June 30, 2019</i>		<i>June 30, 2018</i>	
	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
<i>Global Equity</i>	57.00%	8.71%	60.00%	5.49%
<i>Fixed Income</i>	27.00%	5.40%	32.00%	1.65%
<i>Treasury Inflation-Protected Securities</i>	5.00%	5.25%	0.00%	0.00%
<i>Commodities</i>	3.00%	7.95%	0.00%	0.00%
<i>Real Estate Investment Trusts</i>	8.00%	10.88%	8.00%	5.06%
<i>Liquidity</i>	0.00%	0.00%	0.00%	0.00%
<b>TOTAL</b>	<b>100.00%</b>		<b>100.00%</b>	

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

#### 9. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

##### E. Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2020 was 7.10 percent and the discount rate used to measure the total OPEB liability as of June 30, 2019 was 7.28 percent and are both based on the CERBT Strategy 1 investment policy. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

##### F. Changes in the OPEB Liability

The changes in the net OPEB liability for the OPEB Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2018 (Measurement Date June 30, 2017)	\$ 2,070,193	\$ 2,211,471	\$ (141,278)
<b>Changes recognized for the measurement period:</b>			
Service cost	132,574	-	132,574
Interest	159,290	-	159,290
Change in benefit terms	190,124	-	190,124
Changes in Assumption	(5,404)	-	(5,404)
Contributions - employer	-	155,329	(155,329)
Net investment income	-	172,787	(172,787)
Benefit payment	(29,949)	(29,949)	-
Administrative expenses	-	(1,180)	1,180
<b>Net Changes</b>	<b>446,635</b>	<b>296,987</b>	<b>149,648</b>
Balance at June 30, 2019 (Measurement Date June 30, 2018)	\$ 2,516,828	\$ 2,508,458	\$ 8,370
<b>Changes recognized for the measurement period:</b>			
Service cost	150,210	-	150,210
Interest	192,247	-	192,247
Difference between expected and actual experience	2,700	-	2,700
Changes in Assumption	620,984	-	620,984
Contributions - employer	-	170,925	(170,925)
Net investment income	-	156,791	(156,791)
Benefit payment	(52,574)	(52,574)	-
Administrative expenses	-	(539)	539
<b>Net Changes</b>	<b>913,567</b>	<b>274,603</b>	<b>638,964</b>
Balance at June 30, 2020 (Measurement Date June 30, 2019)	\$ 3,430,395	\$ 2,783,061	\$ 647,334

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

#### 9. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

##### G. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019 and 2018:

	2019	2018
1% Decrease	6.10%	6.28%
Net OPEB Liability	\$ 1,187,517	\$ 424,629
Current Discount Rate	7.10%	7.28%
Net OPEB Liability	\$ 647,334	\$ 8,370
1% Increase	8.10%	8.28%
Net OPEB Liability	\$ 208,556	\$ (330,233)

##### H. Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019 and 2018:

	2019	2018
1% Decrease	5.50%	6.70%
Net OPEB Liability	\$ 134,695	\$ (392,573)
Current Healthcare Cost Trend Rate	6.50%	7.70%
Net OPEB Liability	\$ 647,334	\$ 8,370
1% Increase	7.50%	8.70%
Net OPEB Liability	\$ 1,301,616	\$ 250,234

##### I. Recognition of Deferred Outflows and Deferred Inflows of Resources

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

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL)



## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

#### 9. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

##### J. OPEB Expense and Deferred Outflows/(Inflows) of Resources Related to OPEB

For the fiscal years ended June 30, 2020 and 2019, the District recognized OPEB expense of \$178,565 and \$278,088. For the fiscal years ended June 30, 2020 and 2019, the District reported deferred outflows of resources related to OPEB from the following sources:

	2020		2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences in the measurement of Total OPEB Liability	\$ 2,457	\$ 171,011	\$ -	\$ 186,139
Changed in assumptions	565,140	124,411	-	135,381
Net differences between projected and actual earnings on OPEB plan investments	-	4,433	-	42,050
Contributions to OPEB plan after measurement date	243,240	-	170,925	-
Total	\$ 810,837	\$ 299,855	\$ 170,925	\$ 363,570

The \$243,240 and \$170,925 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 and 2018 measurement dates will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2021 and 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

Year Ending June 30:	2020	2019
2020	\$ -	\$ (39,643)
2021	22,473	(39,643)
2022	22,474	(39,642)
2023	34,530	(27,586)
2024	35,998	(26,116)
2025	29,977	-
Thereafter	\$ 122,290	\$ (190,940)

#### 10. COMMITMENTS AND CONTINGENCIES

The District is a party to various claims, legal actions and complaints that arise in the normal operation of business. Management and the District's legal counsel believe that there are no loss contingencies that would have a material adverse impact on the financial position of the District.

## Florin Resource Conservation District

### Notes to Basic Financial Statements, Continued

For the years ended June 30, 2020 and 2019

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#### 11. COVID-19 PANDEMIC

During December 2019, the Novel Corona Virus Disease (COVID-19) was discovered on the continent of Asia. The COVID-19 was subsequently declared a world-wide pandemic by the World Health Organization on March 11, 2020. On March 4, 2020, California State Governor Gavin Newsom proclaimed a State of Emergency as a result of the threat of the COVID-19 in the State of California, leading to the Sacramento County Health Officer issuing a stay-at-home directive on March 19, 2020. This halted all business within Sacramento County outside of essential activities. This directive jeopardized the economic stability of many District ratepayers by shutting down many local businesses and resulting in an increase in layoffs and unemployment. To mitigate the negative consequences of the directive and to ensure District ratepayers maintain access to affordable, critical and vital water services, the District Board of Directors adopted Resolutions No. 03.31.20.01, approving the waiver of late payment penalties, door tag fees and over the phone payment fees and suspending the disconnection of water service due to nonpayment of water bills. Although the waiver of late payment penalties, door tag fees and over the phone payment fees will have an impact on District revenues, the District deems the amount to be insignificant with minimal impact on District operations. The District is continuing to monitor the effects on revenue and has not determined what impact the COVID-19 could potentially have on the collectability of water service charges.

#### 12. SUBSEQUENT EVENT

On June 22, 2020, the District Board of Directors adopted Resolutions No. 06.22.20.02 and No. 06.22.20.03, authorizing the District General Manager to execute a purchase and sales agreement with Elk Grove Mason Lodge Temple Association (Masons), whereby the District would purchase the Masons' property located at 9829 Waterman Rd., Elk Grove, CA, for \$1,850,000 and the Masons would purchase District's property located at 9257 Elk Grove Blvd., Elk Grove, CA for \$900,000. The District's purchase also includes a clause to leaseback to the Masons, on a full-service basis, the Masons' property for a period up to nine (9) months at \$5,555 per month. The Mason's purchase includes a clause to leaseback to the District, on a full-service basis, the District's administration building for a period up to July 30, 2022 at \$6,000 per month.

As part of the 105-day due diligence period for the District's purchase of the Mason's property, a Phase I Environmental Site Assessment (ESA) and an American Land Title Association (ALTA) survey will be conducted of the property. An ESA comprehensively evaluates the property to determine if the site has any recognized environmental conditions, including contamination, that would pose a risk to purchasing the property. An ALTA survey reviews the historical title documents associated with the property, confirms the legal boundary and legal owners of the property and verifies any encumbrances or legal issues associated with the property. The 105-day due diligence period is set to expire on October 7, 2020, at which time the results of the ESA and ALTA surveys, along with any additional property inspections conducted, will determine if the District moves forward with the purchase and sales agreement.

## **REQUIRED SUPPLEMENTARY INFORMATION**

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# Florin Resource Conservation District

## Required Supplementary Information

For the years ended June 30, 2020 and 2019

### 1. BUDGETARY COMPARISON INFORMATION - GENERAL FUND

For the year ended June 30, 2020

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
<b>Total revenues</b>	-	-	-	-
<b>EXPENDITURES:</b>				
General government	-	-	-	-
<b>Total expenditures</b>	-	-	-	-
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	-	-
<b>Net change in fund balance</b>	\$ -	\$ -	-	\$ -
<b>FUND BALANCE:</b>				
Beginning of year			-	
End of year			\$ -	

For the year ended June 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive
				(Negative)
<b>REVENUES:</b>				
Miscellaneous	\$ -	\$ -	\$ 19,092	\$ 19,092
<b>Total revenues</b>	-	-	19,092	19,092
<b>EXPENDITURES:</b>				
General government	-	-	36,795	(36,795)
<b>Total expenditures</b>	-	-	36,795	(36,795)
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	(17,703)	(17,703)
<b>Net change in fund balance</b>	\$ -	\$ -	(17,703)	\$ (17,703)
<b>FUND BALANCE:</b>				
Beginning of year			17,703	
End of year			\$ -	

Note: The basis of budgeting is the same as GAAP.

## Florin Resource Conservation District

### Required Supplementary Information

For the years ended June 30, 2020 and 2019

## 2. DEFINED BENEFIT PENSION PLAN

### A. Schedule of the District's Proportionate Share of the Net Pension Liability - Last 10 Years\*

Fiscal Year	2020	2019	2018	2017	2016	2015
Measurement Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	0.01510%	0.01498%	0.01581%	0.01596%	0.01692%	0.01956%
Proportionate share of the net pension liability	\$ 1,547,411	\$ 1,443,330	\$ 1,568,286	\$ 1,381,275	\$ 1,161,703	\$ 1,217,268
Covered payroll	\$ 2,369,268	\$ 2,359,233	\$ 2,272,435	\$ 2,375,112	\$ 2,055,396	\$ 2,094,592
Proportionate Share of the net pension liability as percentage of covered payroll	65.31%	61.18%	69.01%	58.16%	56.52%	62.00%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

#### Notes to Schedule:

\*- Fiscal year 2015 was the 1st year of implementation.

### B. Schedule of Contributions - Last 10 Years\*

Fiscal Year	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 388,976	\$ 350,843	\$ 317,812	\$ 302,911	\$ 298,556	\$ 291,670
Contribution in relation to the actuarially determined contributions	(388,976)	(350,843)	(317,812)	(302,911)	(298,556)	(291,670)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,398,498	\$ 2,369,268	\$ 2,359,233	\$ 2,272,435	\$ 2,375,112	\$ 2,055,396
Contributions as a percentage of covered payroll	16.22%	14.81%	13.47%	13.33%	12.57%	14.19%

#### Note to Schedule

Valuation date: 6/30/2017 6/30/2016 6/30/2015 6/30/2014 6/30/2013 6/30/2012

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age					
Amortization method	Level percentage of payroll, closed					
Remaining amortization period	Varies, not more than 30 years					
Asset valuation method	Market Value	Market Value	Market Value	Market Value	Market Value	15 yr smoothed
Inflation	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by entry age and service					
Investment rate of return	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Payroll Growth	2.875%	3.00%	3.00%	3.00%	3.00%	3.00%

\* - Fiscal year 2015 was the 1st year of implementation.

## Florin Resource Conservation District

### Required Supplementary Information

For the years ended June 30, 2020 and 2019

### 3. OTHER POSTEMPLOYMENT BENEFIT PLAN

#### A. Schedule of Changes in the Net OPEB Liability and Related Ratios Last 10 fiscal Years

Fiscal Year Ended June 30	2020	2019	2018
Measurement Date	6/30/2019	6/30/2018	6/30/2017
Discount Rate on Measurement Date	7.10%	7.28%	7.28%
<b>Total OPEB Liability</b>			
Service Cost	\$ 150,210	\$ 132,574	\$ 148,138
Interest	192,247	159,290	166,580
Changes in benefit terms	-	190,124	-
Differences between expected and actual experience	2,700	-	(216,413)
Changes of assumptions	620,984	(5,404)	(151,557)
Benefit payments	(52,574)	(29,949)	(32,629)
<b>Net change in total OPEB liability</b>	<b>913,567</b>	<b>446,635</b>	<b>(85,881)</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 3,430,395</b>	<b>\$ 2,516,828</b>	<b>\$ 2,070,193</b>
Contributions - employer	\$ 170,925	\$ 155,329	\$ 114,015
Net investment income	156,791	172,787	203,487
Benefit payments	(52,574)	(29,949)	(32,629)
Administrative expenses	(539)	(1,180)	(991)
<b>Net change in plan fiduciary net position</b>	<b>274,603</b>	<b>296,987</b>	<b>283,882</b>
<b>Plan fiduciary net position - beginning</b>	<b>2,508,458</b>	<b>2,211,471</b>	<b>1,927,589</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 2,783,061</b>	<b>\$ 2,508,458</b>	<b>\$ 2,211,471</b>
<b>Net OPEB liability - ending (a) - (b)</b>	<b>\$ 647,334</b>	<b>\$ 8,370</b>	<b>\$ (141,278)</b>
<b>Covered employee payroll</b>	<b>\$ 2,368,929</b>	<b>\$ 2,407,765</b>	<b>\$ 2,458,390</b>
<b>Plan fiduciary net position as of percentage of total OPEB Liability</b>	<b>81%</b>	<b>100%</b>	<b>107%</b>
<b>Net OPEB liability as a % of covered employee payroll</b>	<b>27.33%</b>	<b>0.35%</b>	<b>-5.75%</b>

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

## Florin Resource Conservation District

### Required Supplementary Information

For the years ended June 30, 2020 and 2019

### 3. OTHER POSTEMPLOYMENT BENEFIT PLAN, Continued

#### B. Schedule of Contributions Last Ten Fiscal Years

Fiscal Year Ended June 30	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 243,240	\$ 170,925	\$ 155,329
Contributions in relation to the ADC	(243,240)	(170,925)	(155,329)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
 <b>Covered-employee payroll</b>	 2,445,919	 2,368,929	 2,407,765
 <b>Contributions as a percentage of covered-employee payroll</b>	 9.94%	 7.22%	 6.45%

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.

#### C. Notes to 10 Year Schedules

Fiscal Year End	6/30/2020	6/30/2019	6/30/2018
Valuation Date	6/30/2019	6/30/2017	6/30/2017
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level % of Pay	N/A	N/A
Amortization Period	20 yrs remain	21 yrs remain	21 yrs remain
Asset Valuation Method	Market Value	Market Value	Market Value
Inflation	2.50%	2.25%	2.25%
Healthcare Cost Trend rate	6.5% in 2021, fluctuates until ultimate rate of 4.0% in 2076	Pre 65: 7.7% in 2019 grading down to 5.0% in 2030. Post 65: 5.5% in 2019	Pre 65: 7.7% in 2019 grading down to 5.0% in 2030. Post 65: 5.5% in 2019
Salary Increases	3.00%	3.25%	3.25%
Investment Rate of Return	7.10%	7.28%	7.28%
Retirement Age	From 50 to 75	From 50 to 75	From 50 to 75
Mortality	CalPERS 2017 Experience Study	CalPERS 2014 Experience Study	CalPERS 2014 Experience Study
Mortality Improvement	MW Scale 2018 generationally	MP Scale 2016	MP Scale 2016

Historical information is required only for measurement periods for which GASB 75 is applicable. Future years' information will be displayed up to 10 years as information becomes available.



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# STATISTICAL SECTION

## Table of Contents

This part of the Florin Resource Conservation District comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

## CONTENTS

### *Financial Trends Data*

These schedules contain financial trend information to help the reader assess the District's most significant own-source revenue, water sales.

❖ Fund Balances of Governmental Funds.....	65
❖ Changes in Fund Balances of Governmental Funds .....	65
❖ Net Position by Component .....	65
❖ Changes in Net Position.....	66
❖ Revenues by Source .....	67
❖ Operating Expenses .....	67

### *Revenue Capacity Data*

These schedules present revenue capacity information to assess the District's ability to generate revenues. Water sales are the District's most significant revenue source.

❖ Elk Grove Water District Rate Analysis.....	68
❖ Water Sales by Type .....	70
❖ Sales - Metered vs. Flat Rate .....	70
❖ Metered Water Sold .....	71
❖ Metered Water Consumption – CCFs .....	71
❖ Historical Service Connections .....	71
❖ Ten Largest Commercial Customers – Current Year and Three Years Ago.....	72

### *Debt Capacity Data*

The District has outstanding Certificates of Participation relating to the purchase of the Water District, Capital Improvements, and a Commercial Building.

❖ Ratio of Debt Service to Operating Expenses.....	72
❖ Ratios of Outstanding Debt by Type – Proprietary Funds .....	73
❖ Bond Covenant Ratio Analysis – Water District Fund .....	73
❖ Pledged-Revenue Coverage – Water District Fund .....	74

## *Demographic and Economic Information*

These schedules provide information on the demographic and economic environment in which the District conducts business, Elk Grove, California.

❖ City of Elk Grove Population .....	74
❖ City of Elk Grove Unemployment Rate .....	75
❖ City of Elk Grove Per Capita Income .....	75
❖ Area Demographic and Economic Statistical Information.....	75
❖ Operating Indicators for the Water District Fund.....	76
❖ Capital Asset Statistics by Function.....	76

## Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports of the relevant years.

**Florin Resource Conservation District**  
**Fund Balances of Governmental Funds**  
**Last Ten Years**

Fiscal Year ended June 30,	2011*	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Unassigned	\$ 80,760	\$ 88,227	\$ 80,927	\$ 132,261	\$ 123,219	\$ 88,834	\$ 42,401	\$ 17,703	\$ -	\$ -
Total General Fund	\$ 80,760	\$ 88,227	\$ 80,927	\$ 132,261	\$ 123,219	\$ 88,834	\$ 42,401	\$ 17,703	\$ -	\$ -

Note:

\* In accordance with the Districts implementation of GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in 2011, unreserved net position for governmental funds is now classified as unassigned.

**Florin Resource Conservation District**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Years**

Fiscal Year ended June 30,	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
Use of money and property	\$ 12,055	\$ 11,361	\$ 9,550	\$ 5,517	\$ 2,643	\$ 93	\$ 4	\$ -	\$ -	\$ -
Other	-	-	-	4,729	10,162	353	1,564	23,542	19,092	-
Total Revenues	12,055	11,361	9,550	10,246	12,805	446	1,568	23,542	19,092	-
<b>Expenditures</b>										
General and administrative	1,198	3,894	21,579	37,166	21,847	34,831	48,001	48,240	18,243	-
Total expenditures	1,198	3,894	21,579	37,166	21,847	34,831	48,001	48,240	18,243	-
<b>Other Financing Sources</b>										
Transfers	-	-	-	-	-	-	-	-	(18,552)	-
Gain (loss) on disposal of capital assets	-	-	-	82,983	-	-	-	-	-	-
Total other financing sources	-	-	-	82,983	-	-	-	-	(18,552)	-
<b>Net change in fund balance</b>	10,857	7,467	(12,029)	56,063	(9,042)	(34,385)	(46,433)	(24,698)	(17,703)	-
Fund balance, beginning of the year	69,903	80,760	88,227	76,198	132,261	123,219	88,834	42,401	17,703	-
<b>Fund balance, end of the year</b>	\$ 80,760	\$ 88,227	\$ 76,198	\$ 132,261	\$ 123,219	\$ 88,834	\$ 42,401	\$ 17,703	\$ -	\$ -

**Florin Resource Conservation District**  
**Net Position by Component**  
**Last Ten Years**

Fiscal Year ended June 30,	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental Activities</b>										
Unrestricted	\$ 80,760	\$ 88,227	\$ 80,927	\$ 132,261	\$ 123,219	\$ 88,834	\$ 42,401	\$ 17,703	\$ -	\$ -
Total governmental activities net position	80,760	88,227	80,927	132,261	123,219	88,834	42,401	17,703	-	-
<b>Business-Type</b>										
Invested in capital assets (net of debt)	(18,773,507)	(17,230,289)	(15,360,450)	15,860,844	17,009,265	22,281,403	23,387,996	25,163,739	26,595,706	28,389,207
Restricted for Debt Services	1,953,435	1,965,930	1,834,869	1,863,744	1,871,782	412,862	10	-	-	-
Restricted for Capital Projects	533,691	1,321	1,321	1,321	-	-	-	-	-	-
Restricted for administrative, operating and maintenance expenses	480,803	419,984	365,030	202,854	3,775	-	-	-	-	-
Unrestricted	9,538,425	10,042,430	10,676,025	9,786,366	8,220,125	11,982,765	13,894,173	14,139,332	16,082,657	18,314,558
Total business-type net position	(6,267,153)	(4,800,624)	(2,483,205)	27,715,129	27,104,947	34,677,030	37,282,179	39,303,071	42,678,363	46,703,765
<b>Primary Government</b>										
Net investment in capital assets	(18,773,507)	(17,230,289)	(15,360,450)	15,860,844	17,009,265	22,281,403	23,387,996	25,163,739	26,595,706	28,389,207
Restricted	2,967,929	2,387,235	2,201,220	2,067,919	1,875,557	412,862	10	-	-	-
Unrestricted	9,619,185	10,130,657	10,756,952	9,918,627	8,343,344	12,071,599	13,936,574	14,157,035	16,082,657	18,314,558
Total Primary government net position	\$ (6,186,393)	\$ (4,712,397)	\$ (2,402,278)	\$ 27,847,390	\$ 27,228,166	\$ 34,765,864	\$ 37,324,580	\$ 39,320,774	\$ 42,678,363	\$ 46,703,765

Source: Finance Department

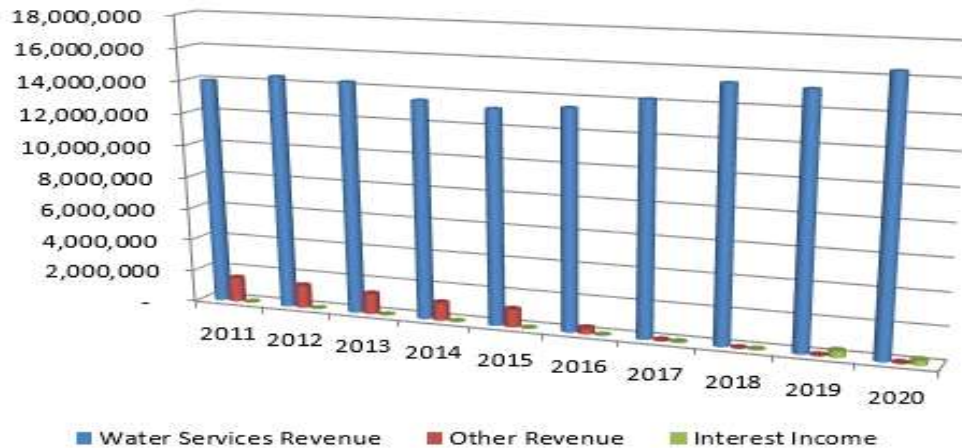
**Florin Resource Conservation District**  
**Changes in Net Position**  
**Last Ten Years**

Fiscal Year ended June 30,	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 1,198	\$ 3,894	\$ 21,579	\$ 37,166	\$ 21,847	\$ 34,831	\$ 48,001	\$ 48,240	\$ 18,243	\$ -
Business-type activities:										
Water	12,765,798	11,946,649	11,607,439	11,855,162	12,447,446	10,754,181	11,706,501	12,689,245	12,307,827	12,745,042
Office Building	1,619,569	1,747,033	1,544,934	1,641,329	1,672,932	320,016	-	-	-	-
Total business-type activities	14,385,367	13,693,682	13,152,373	13,496,491	14,120,378	11,074,197	11,706,501	12,689,245	12,307,827	12,745,042
Total primary government expenses	14,386,565	13,697,576	13,173,952	13,533,657	14,142,225	11,109,028	11,754,502	12,737,485	12,326,070	12,745,042
Governmental Activities:										
<b>Program Revenues</b>										
Charges for Services	12,000	11,333	9,533	5,467	-	-	-	-	-	-
Operating Grants	-	-	-	-	-	-	-	23,542	19,092	-
Total governmental activities	12,000	11,333	9,533	5,467	-	-	-	23,542	19,092	-
Business-type activities:										
Charges for Services										
Water	13,981,562	14,420,788	14,312,791	13,435,194	13,185,838	13,475,325	14,210,971	15,343,124	15,233,673	16,418,370
Office Building	1,532,453	1,414,572	1,292,417	1,121,400	1,121,400	373,800	-	-	-	-
Operating Grants	-	198,000	-	100,000	-	-	-	-	-	-
Total business-type activities	15,514,015	16,033,360	15,605,208	14,656,594	14,307,238	13,849,125	14,210,971	15,343,124	15,233,673	16,418,370
Total primary government program revenues	15,526,015	16,044,693	15,614,741	14,662,061	14,307,238	13,849,125	14,210,971	15,366,666	15,252,765	16,418,370
Net revenues (expenses)										
Governmental activities	10,802	7,439	(12,046)	(31,699)	(21,847)	(34,831)	(48,001)	(24,698)	849	-
Business-Type	1,128,648	2,339,678	2,452,835	1,160,103	186,860	2,774,928	2,504,470	2,653,879	2,925,846	3,673,328
Total net revenues (expenses)	1,139,450	2,347,117	2,440,789	1,128,404	165,013	2,740,097	2,456,469	2,629,181	2,926,695	3,673,328
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Interest and investment earnings	55	28	17	50	2,643	93	4	-	-	-
Other revenues	-	-	4,729	82,983	10,162	353	1,564	-	-	-
Transfers	-	-	-	-	-	-	-	-	(18,552)	-
Total governmental activities	55	28	4,746	83,033	12,805	446	1,568	-	(18,552)	-
Business-type activities:										
Interest and investment earnings	36,642	21,812	20,886	18,188	19,970	20,002	46,228	38,008	411,525	311,494
Other revenues	91,758	276,738	52,452	22,304	290,069	4,777,152	54,451	23,344	19,369	40,580
Transfers	-	-	-	-	-	-	-	-	18,552	-
Total business-type activities	128,400	298,550	73,338	40,492	310,039	4,797,154	100,679	61,352	449,446	352,074
Total primary government	128,455	298,578	78,084	123,525	322,844	4,797,600	102,247	61,352	430,894	352,074
Change in net position:										
Governmental activities	10,857	7,467	(7,300)	51,334	(9,042)	(34,385)	(46,433)	(24,698)	(17,703)	-
Business-type activities	1,257,048	2,638,228	2,526,173	1,200,595	496,899	7,572,082	2,605,149	2,715,231	3,375,292	4,025,402
Total primary government	\$ 1,267,905	\$ 2,645,695	\$ 2,518,873	\$ 1,251,929	\$ 487,857	\$ 7,537,697	\$ 2,558,716	\$ 2,690,533	\$ 3,357,589	\$ 4,025,402

Source: Finance Department

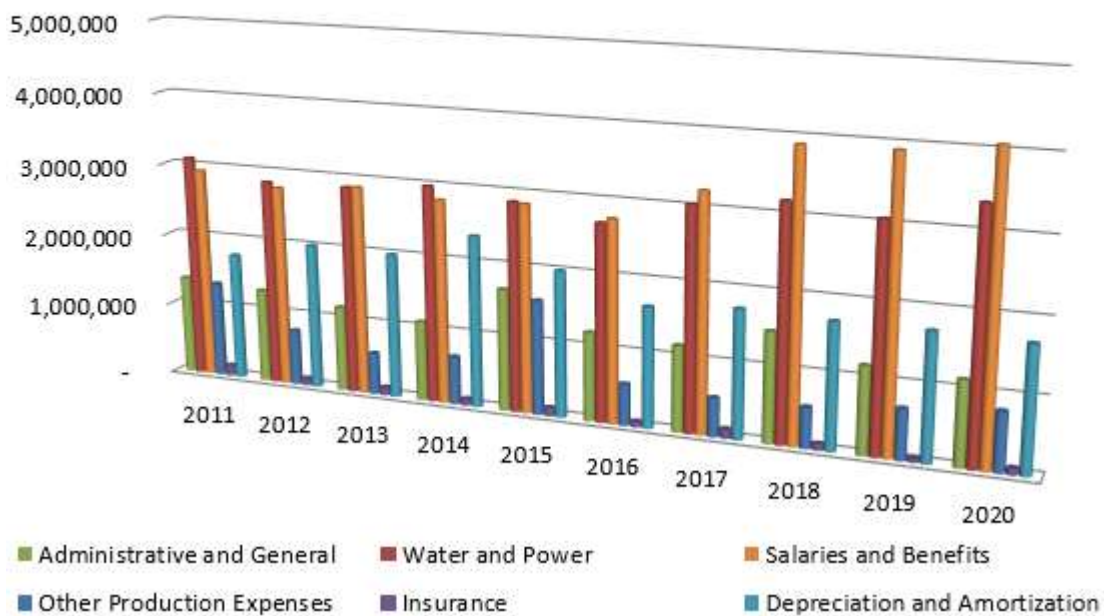
## Florin Resource Conservation District Financial Trends

**Florin Resources Conservation District  
Revenues by Source  
Years Ended June 30,**



The majority of the District's revenues are comprised of Water Enterprise revenues.

**Florin Resources Conservation District  
Operating Expenses  
Years Ended June 30**



This graph contrasts the six largest expense groups of the District.

Source: Finance Department

**Florin Resource Conservation District  
Elk Grove Water District Rate Analysis  
Last Ten Years**

	<b>2011</b>		<b>2012</b>		<b>2013</b>		<b>2014</b>		<b>2015</b>	
	<b>Metered</b>		<b>Metered</b>		<b>Metered</b>		<b>Metered</b>		<b>Metered</b>	
	<b>Rate</b>	<b>Flat Rate</b>	<b>Rate</b>	<b>Flat Rate</b>	<b>Rate</b>	<b>Flat Rate</b>	<b>Rate</b>	<b>Flat Rate</b>	<b>Rate</b>	<b>Flat Rate</b>
<b>Monthly Fixed Rate</b>										
1 inch meter	\$ 56.53	\$ 78.30	\$ 56.53	\$ 78.30	\$ 56.53	\$ 78.30	\$ 59.23	\$ 70.22	\$ 61.01	\$ 72.00
<b>Monthly Consumption Rates</b>										
1st tier: 0-30 ccf	1.46		1.46		1.46		1.39		1.44	
2nd tier: over 30 ccf	1.80		1.80		1.80		2.76		2.85	
Each sq. ft. of premises over 4,000 sf.				0.00244		0.00244		0.00244		0.00244
<b>Non-residential</b>	N/A		N/A		N/A		1.57		1.62	
<b>Irrigation</b>	N/A		N/A		N/A		1.70		1.75	
<b>Fixed Charge</b>										
5/8" meter	56.53		56.53		56.53		59.23		61.01	
3/4" meter	56.53		56.53		56.53		59.23		61.01	
1" meter	56.53		56.53		56.53		59.23		61.01	
1 1/2" meter	73.48		73.48		73.48		83.37		85.87	
2" meter	118.71		118.71		118.71		112.34		115.71	
3" meter	446.56		446.56		446.56		179.93		185.33	
4" meter	565.29		565.29		565.29		276.49		284.79	
6" meter	847.93		847.93		847.93		517.89		533.43	
8" meter	1,170.14		1,170.14		1,170.14		807.57		831.80	
10" meter							1,145.53		1,179.90	
	<b>2016</b>		<b>2017</b>		<b>2018</b>		<b>2019</b>		<b>2020</b>	
	<b>Metered</b>		<b>Metered</b>		<b>Metered</b>		<b>Metered</b>		<b>Metered</b>	
	<b>Rate</b>	<b>Flat Rate</b>	<b>Rate</b>	<b>Flat Rate</b>	<b>Rate</b>	<b>Flat Rate</b>	<b>Rate</b>	<b>Flat Rate</b>	<b>Rate</b>	<b>Flat Rate</b>
<b>Monthly Fixed Rate</b>										
1 inch meter	\$ 62.84	N/A	\$ 64.73	N/A	\$ 66.67	N/A	\$ 61.15	N/A	\$ 61.15	N/A
<b>Monthly Consumption Rates</b>										
1st tier: 0-30 ccf	1.48		1.52		1.57		1.92		1.92	
2nd tier: over 30 ccf	2.93		3.02		3.11		4.04		4.04	
Each sq. ft. of premises over 4,000 sf.		N/A		N/A		N/A		N/A		N/A
<b>Non-residential</b>	1.67		1.72		1.77		1.79		1.79	
<b>Irrigation</b>	1.80		1.85		1.91		2.27		2.27	
<b>Fixed Charge</b>										
5/8" meter	62.84		64.73		66.67		61.15		61.15	
3/4" meter	62.84		64.73		66.67		61.15		61.15	
1" meter	62.84		64.73		66.67		61.15		61.15	
1 1/2" meter	88.45		91.10		93.84		86.07		86.07	
2" meter	119.18		122.76		126.44		115.97		115.97	
3" meter	190.89		196.62		202.52		185.76		185.76	
4" meter	293.33		302.13		311.19		285.43		285.43	
6" meter	549.43		565.91		582.89		534.64		534.64	
8" meter	856.75		882.45		908.93		833.69		833.69	
10" meter	1,215.29		1,251.75		1,289.30		1,182.57		1,182.57	

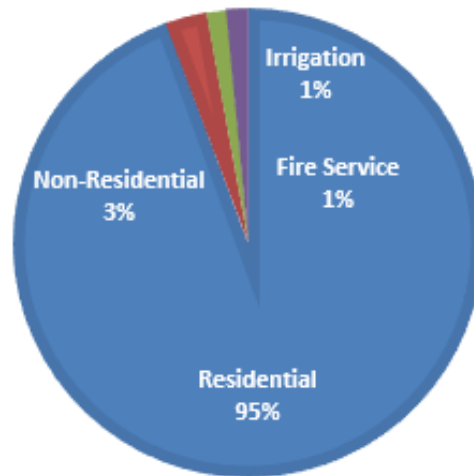
**Florin Resource Conservation District  
Elk Grove Water District Rate Analysis  
Last Ten Years**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
	Flat Rate	Flat Rate	Flat Rate	Flat Rate	Flat Rate	Flat Rate	Flat Rate	Flat Rate	Flat Rate	Flat Rate
<b>Flat Rate</b>										
3/4" service	62.64	62.64	62.64	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1" service	78.30	78.3	78.3	70.22	72.00	N/A	N/A	N/A	N/A	N/A
1 1/4" service	93.96	93.96	93.96	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1 1/2" service	109.83	109.83	109.83	94.36	96.86	N/A	N/A	N/A	N/A	N/A
2" service	164.44	164.44	164.44	123.33	126.7	N/A	N/A	N/A	N/A	N/A
3" service	618.58	618.58	618.58	190.92	196.32	N/A	N/A	N/A	N/A	N/A
4" service	783.02	783.02	783.02	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6" service	1,174.53	1174.53	1174.53	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8" service	1,579.35	1579.35	1579.35	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1x3/4" + 1x2" service	227.07	227.07	227.07	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2x3/4" service	125.29	125.29	125.29	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3x3/4" service	187.93	187.93	187.93	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10x3/4" service	626.42	626.42	626.42	N/A	N/A	N/A	N/A	N/A	N/A	N/A
33x3/4" service	2,067.17	2067.17	2067.17	N/A	N/A	N/A	N/A	N/A	N/A	N/A
68x3/4" service	4,259.60	4259.6	4259.6	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2x1" service	156.60	156.6	156.6	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6x1" + 1x2" service	634.25	634.25	634.25	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6x1" service	469.81	469.81	469.81	N/A	N/A	N/A	N/A	N/A	N/A	N/A
16x1" service	132.83	132.83	132.83	N/A	N/A	N/A	N/A	N/A	N/A	N/A
21x1" service	1,644.33	1644.33	1644.33	N/A	N/A	N/A	N/A	N/A	N/A	N/A
49x1" service	3,836.78	3836.78	3836.78	N/A	N/A	N/A	N/A	N/A	N/A	N/A
72x1" service	5,637.70	5637.7	5637.7	N/A	N/A	N/A	N/A	N/A	N/A	N/A
100x1" service	7,830.15	7830.15	7830.15	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2x2" service	328.87	328.87	328.87	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	<b>2011 Rate</b>	<b>2012 Rate</b>	<b>2013 Rate</b>	<b>2014 Rate</b>	<b>2015 Rate</b>	<b>2016 Rate</b>	<b>2017 Rate</b>	<b>2018 Rate</b>	<b>2019 Rate</b>	<b>2020 Rate</b>
<b>Fire Protection Service</b>										
2" connection	23.74	23.74	23.74	2.71	2.79	2.87	2.96	3.04	3.02	3.02
3" connection	89.32	89.32	89.32	7.87	8.11	8.35	8.60	8.86	8.78	8.78
4" connection	113.05	113.05	113.05	16.78	17.28	17.80	18.33	18.88	18.71	18.71
6" connection	169.58	169.58	169.58	48.73	50.19	51.70	53.25	54.85	54.34	54.34
8" connection	234.02	234.02	234.02	103.85	106.96	110.17	113.48	116.88	115.80	115.80
10" connection				186.75	192.35	198.12	204.06	210.19	208.25	208.25
12" connection				301.65	310.70	320.02	329.62	339.51	336.37	336.37

In July 2018 a new 5 year Rate Plan was adopted  
Source: Finance Department

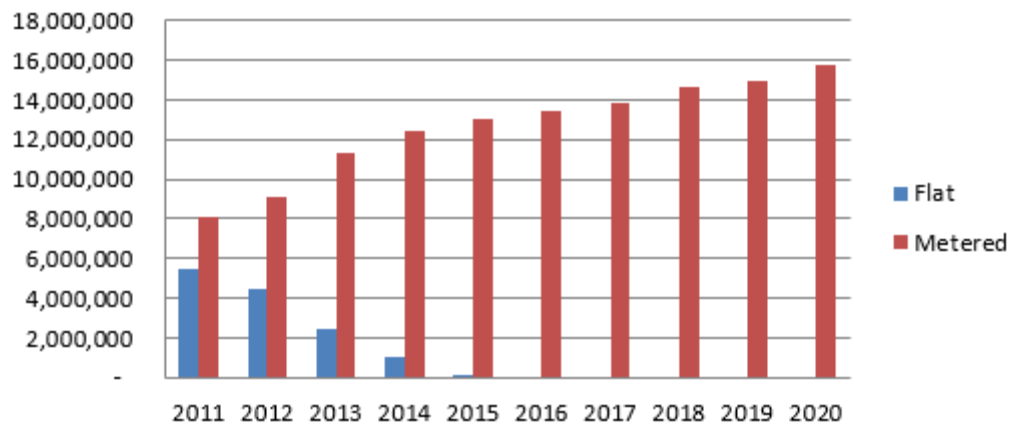
## FLORIN RESOURCE CONSERVATION DISTRICT WATER SALES BY TYPE

■ Residential   ■ Non-Residential   ■ Irrigation   ■ Fire Service



**Sales by Type** – This graph shows the percentages of the four components of water sales by the Elk Grove Water District.

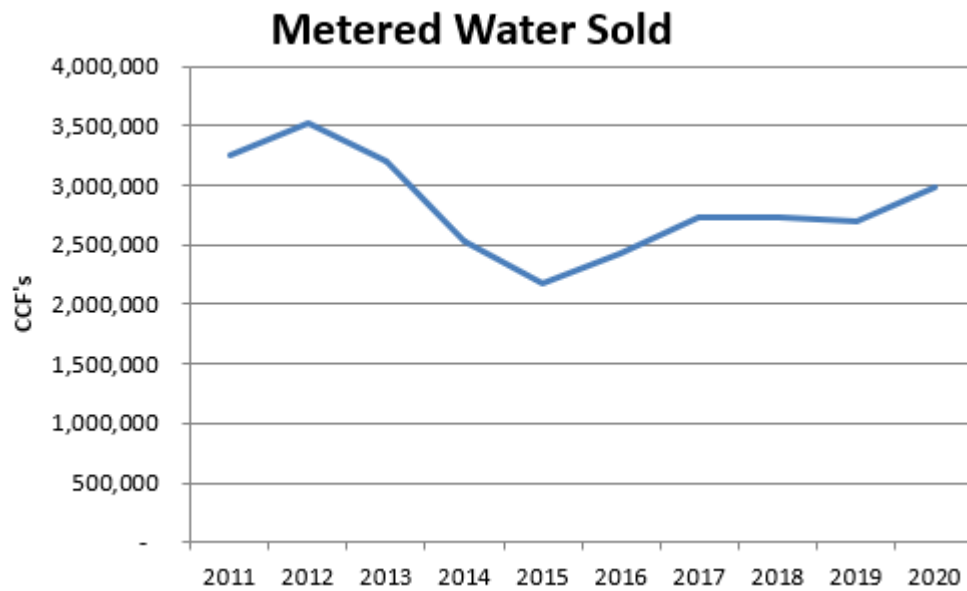
## Sales - Metered vs. Flat Rate



**Metered vs. Flat Rate Sales** – This chart shows the growth in meter sales primarily due to the conversion of accounts from flat rate to meters which was completed in December 2014.

Source: Finance Department





**Metered Water Consumption - CCFs** - This graph shows the consumption of metered water over the last 10 fiscal years. One CCF is equivalent to 748 gallons.

**Historical Service Connections** - The following table shows the service connections broken down by Metered and Flat Rate, Residential and Commercial.

Year End	Flat Rate	Metered	Total	Residential	Commercial
6/30/11	4,681	7,409	12,090	11,474	616
6/30/12	3,259	9,041	12,300	11,679	621
6/30/13	1,193	10,955	12,148	11,523	625
6/30/14	240	12,109	12,349	11,784	565
6/30/15	-	12,291	12,291	11,779	512
6/30/16	-	12,174	12,174	11,662	512
6/30/17	-	12,506	12,506	11,978	528
6/30/18	-	12,330	12,330	11,799	531
6/30/19	-	12,555	12,555	11,842	713
6/30/20	-	12,880	12,880	12,159	721

Source: Finance Department

# FLORIN RESOURCE CONSERVATION DISTRICT

## Ten Largest Commercial Customers

### Current Year and Five Years Ago

Florin Resource Conservation District  
Ten Largest Commercial Customers  
Current Year and Five Years Ago

Customer	FY 2015-16		Customer	FY 2019-20	
	Amount Billed	% of Total Billed		Amount Billed	% of Total Billed
Cosumnes CSD	\$ 255,417	1.90%	Cosumnes CSD	\$ 456,956	2.91%
Elk Grove Unified School District	248,933	1.85%	EGUSD	337,774	2.15%
Emerald Park Company	47,120	0.35%	City Of Elk Grove-Publi	117,094	0.75%
City of Elk Grove Public Works	43,308	0.32%	Emerald Park Company	62,448	0.40%
Ferguson & Brewer Mgmt	27,701	0.21%	Emerald Vista Apts	56,843	0.36%
JJD-Hov Elk Grove LLC	22,153	0.16%	JJD-Hov Elk Grove LLC	40,124	0.26%
Gage Street Townhouses	21,550	0.16%	Lennar Homes	101,735	0.65%
The Oaks Mobile Home Park	21,097	0.16%	The Oaks Mobile Home	26,301	0.17%
Chiu Family Trust	17,523	0.13%	Ferguson & Brewer Mgt	24,483	0.16%
Elk Grove Village, LLC	17,002	0.13%	Waterman Square Apts	22,585	0.14%
	<u>\$ 721,804</u>	<u>5.37%</u>		<u>\$ 1,246,342</u>	<u>7.95%</u>

## Debt Capacity

Florin Resource Conservation District  
Ratio of Debt Service to Operating Expenses - Proprietary Funds  
Last Ten Years

Fiscal Year Ended June 30,	Principal Payments	Interest Payments	Total	Operating Expenses	Ratio of Total Debt Service to Operating Expenses
2011	1,495,000	3,305,500	4,800,500	10,619,531	45.20%
2012	1,670,000	3,247,339	4,917,339	9,796,569	50.19%
2013	1,770,000	3,180,956	4,950,956	9,606,919	51.54%
2014	1,590,000	3,109,908	4,699,908	10,004,498	46.98%
2015	1,725,000	2,587,708	4,312,708	11,094,376	38.87%
2016	1,430,000	2,463,404	3,893,404	8,964,414	43.43%
2017	1,065,000	1,749,919	2,814,919	9,837,521	28.61%
2018	1,990,000	1,833,349	3,823,349	10,933,830	34.97%
2019	2,070,000	1,753,909	3,823,909	10,633,119	35.96%
2020	2,165,000	1,661,739	3,826,739	11,169,724	34.26%

Note: The District has no governmental activities debt.

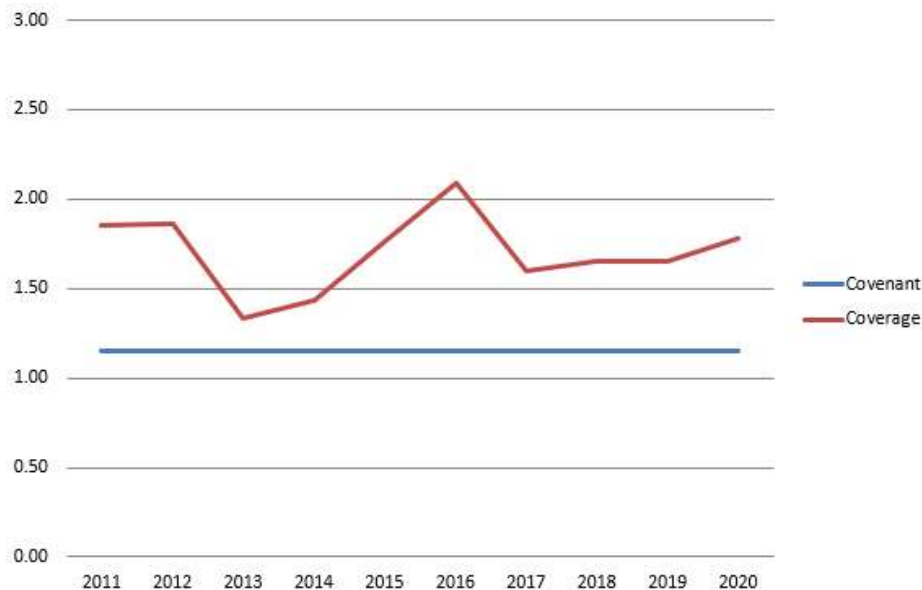
Source: Finance Department

**Florin Resource Conservation District**  
**Ratio of Outstanding Debt by Type - Proprietary Funds**  
**Last Ten Years**

Fiscal Year Ended June 30,	COP's - Water Services	COP's - Building	Loans	Unamortized Bond Premiums and Discounts	Total	Percentage of Personal Income	Outstanding Debt per Capita
2011	56,337,145	12,021,994	990,745	-	69,349,884	1.712%	444.73
2012	55,332,145	11,356,994	938,623	-	67,627,762	1.642%	425.13
2013	54,252,145	10,666,994	883,017	-	65,802,156	1.539%	409.50
2014	53,077,145	10,251,994	-	-	63,329,139	1.424%	388.76
2015	50,492,145	9,816,994	-	-	60,309,139	1.325%	359.06
2016	47,575,000	-	-	2,142,263	49,717,263	1.057%	290.64
2017	46,135,000	-	-	2,016,247	48,151,247	0.995%	279.76
2018	44,145,000	-	-	1,890,232	46,035,232	0.881%	264.53
2019	42,075,000	-	-	1,764,217	43,839,217	0.795%	251.91
2020	40,005,000	-	-	1,638,202	41,643,202	Not Available	236.40

Source: Finance Department

**Florin Resource Conservation District**  
**Bond Covenant Ratio Analysis - Water District Fund**  
**Last Ten Years**



Source: Finance Department

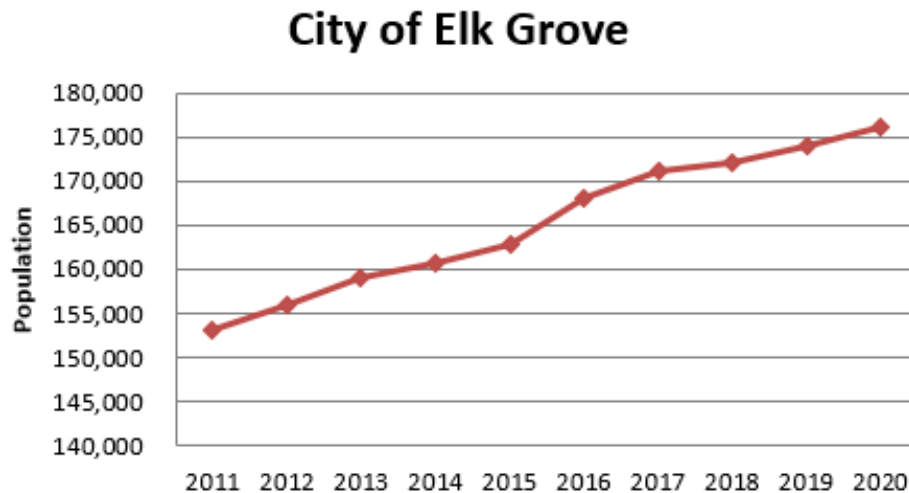
**Florin Resource Conservation District**  
**Pledged-Revenue Coverage - Water Service Fund**  
**Last Ten Years**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Operating Revenues:</b>										
Charges for Services	\$13,981,562	\$14,420,788	\$14,312,791	\$13,435,194	\$13,185,839	\$13,475,325	\$14,210,971	\$15,343,124	\$15,233,673	\$16,418,370
<b>Operating Expenses:</b>										
Water & Power	\$ 3,093,211	\$ 2,846,200	\$ 2,872,105	\$ 2,982,746	\$ 2,872,999	\$ 2,694,476	\$ 3,039,628	\$ 3,185,079	\$ 3,064,946	\$ 3,363,254
Other Production Expenses	1,160,949	582,000	365,502	411,116	1,437,329	524,769	525,951	552,824	686,121	804,474
Payroll & Related Taxes	2,927,357	2,777,271	2,882,423	2,808,085	2,855,533	2,763,806	3,228,235	3,902,805	3,920,469	4,069,128
Insurance	117,247	74,105	83,098	68,815	76,462	74,280	125,199	86,006	54,500	91,118
Administration & General	1,113,405	1,098,238	977,491	865,681	1,218,888	977,466	1,172,524	1,494,913	1,185,292	1,146,802
<b>Operating Expenses, Less Debt Service:</b>	<b>\$ 8,412,169</b>	<b>\$ 7,377,814</b>	<b>\$ 7,180,619</b>	<b>\$ 7,136,443</b>	<b>\$ 8,461,211</b>	<b>\$ 7,034,797</b>	<b>\$ 8,091,537</b>	<b>\$ 9,221,627</b>	<b>\$ 8,911,328</b>	<b>\$ 9,474,776</b>
<b>Net Income From Operations</b>	<b>\$ 5,569,393</b>	<b>\$ 7,042,974</b>	<b>\$ 7,132,172</b>	<b>\$ 6,298,751</b>	<b>\$ 4,724,628</b>	<b>\$ 6,440,528</b>	<b>\$ 6,119,434</b>	<b>\$ 6,121,497</b>	<b>\$ 6,322,345</b>	<b>\$ 6,943,594</b>
<b>Covenant</b>										
Income From Operations	\$ 5,569,393	\$ 7,042,974	\$ 7,132,172	\$ 6,298,751	\$ 4,724,628	\$ 6,440,528	\$ 6,119,434	\$ 6,121,497	\$ 6,322,345	\$ 6,943,594
Interest & Principal Payments	\$ 3,669,868	\$ 3,795,751	\$ 3,833,665	\$ 4,709,651	\$ 3,290,466	\$ 3,655,240	\$ 2,933,980	\$ 3,823,349	\$ 3,823,909	\$ 3,826,739
<b>Coverage Ratio (1.15 Minimum Req.)</b>	<b>1.52</b>	<b>1.86</b>	<b>1.86</b>	<b>1.34</b>	<b>1.44</b>	<b>1.76</b>	<b>2.09</b>	<b>1.60</b>	<b>1.65</b>	<b>1.81</b>

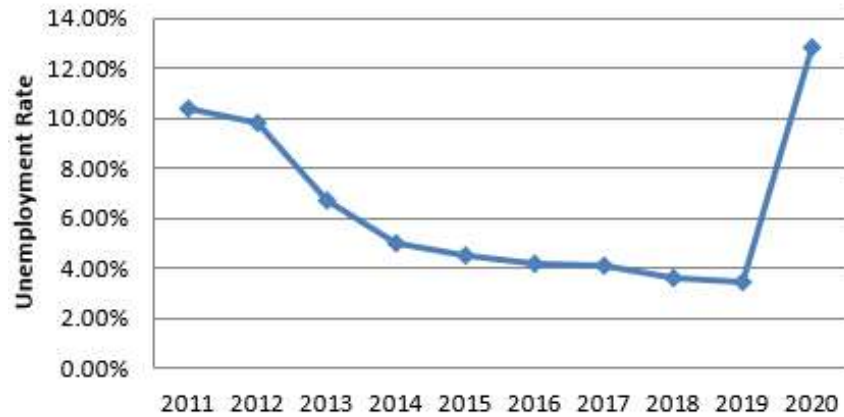
Note: Details regarding the required covenant can be found in Note D of the financial statements.

## Demographic and Economic Information

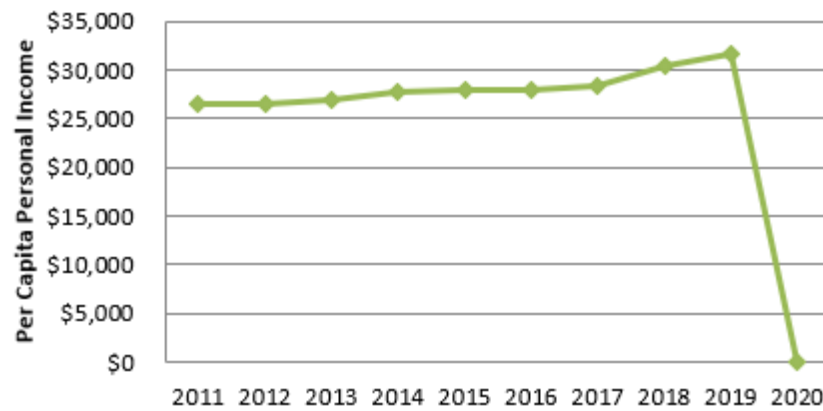
### Florin Resource Conservation District



## City of Elk Grove



## City of Elk Grove



Data for 2020 unavailable from the City of Elk Grove.

### Population Last Ten Fiscal Years

Year	Population <sup>(1)</sup>	Per Capita Personal Income <sup>(2)</sup>	Unemployment Rate <sup>(2)</sup>
2011	153,015	\$26,479	10.40%
2012	155,937	\$26,407	9.80%
2013	159,074	\$26,887	6.70%
2014	160,688	\$27,680	5.00%
2015	162,899	\$27,932	4.50%
2016	167,965	\$28,014	4.20%
2017	171,059	\$28,288	4.10%
2018	172,116	\$30,354	3.60%
2019	174,025	\$31,702	3.40%
2020	176,154	Not Available	12.80%

Source: (1) California Department of Finance

(2) US Census, City of Elk Grove

The largest employers in the District's service area are not known.

**Florin Resource Conservation District**  
**Operating Indicators for the Water Service**  
**Last Ten Years**

<b>Fiscal Year ended June 30,</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Water sold:										
Purchased water (CCFs)	2,304,632	1,069,886	1,128,430	1,145,719	942,941	806,785	899,099	1,001,381	1,037,318	1,082,714
Treated water (CCFs)	-	2,189,232	2,397,179	2,055,947	1,585,736	1,365,572	1,527,797	1,725,297	1,663,476	1,893,475
Total	2,304,632	3,259,118	3,525,609	3,201,666	2,528,677	2,172,357	2,426,896	2,726,678	2,700,794	2,976,189
Number of Accounts										
Non-metered	4,681	3,259	1,193	240	-	-	-	-	-	-
Metered	7,409	9,041	10,955	12,109	12,291	12,174	12,506	12,330	12,555	12,880
Total	12,090	12,300	12,148	12,349	12,291	12,174	12,506	12,330	12,555	12,880
Average annual CCFs used per account	190.62	264.97	290.22	259.27	205.73	178.44	194.06	221.14	215.12	231.07
Average daily consumption per account	0.5223	0.7259	0.7951	0.7103	0.5637	0.4889	0.5317	0.6059	0.5894	0.6331
Number of Employees:	32	30	29	29	29	28	31	29	29	29

Note: Each one hundred cubic foot (1 CCF) equals 748 gallons

Source: Finance Department

**Florin Resource Conservation District**  
**Capital Assets Statistics by Function**  
**Current Year and Ten Years Ago**

<b>Fiscal Year ended June 30,</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Capital Asset Statistics										
Water:										
Water main miles	124.0	124.0	124.0	131.0	131.0	131.0	145.0	145.0	145.0	149.8
Maximum daily capacity (thousands of gallons)	14,000	14,000	14,000	12,800	12,800	12,800	14,000	14,000	11,400	11,400
Maximum daily treatment capacity (thousands of gallons)	7,000	7,000	10,000	10,000	10,000	10,000	11,000	11,000	11,800	13,000
Buildings owned	1	1	1	2	2	2	2	3	3	3

Source: Finance Department