



Annual Comprehensive Financial Report

For the Fiscal Years Ended
June 30, 2023 and June 30, 2022

Elk Grove, California



Florin Resource Conservation District



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Years Ended June 30, 2023 and 2022

Issued by:

BRUCE KAMILOS
General Manager

PATRICK LEE
Finance Manager/Board Treasurer

DONELLA MURILLO
Finance Supervisor

Florin Resource Conservation District
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Elk Grove, CA 95624

www.egwd.org

Florin Resource Conservation District

Annual Comprehensive Financial Report

Table of Contents

For the years ended June 30, 2023 and 2022

Page

INTRODUCTORY SECTION

Transmittal Letter i

GFOA Certificate vi

List of Board Members and Committees..... vii

Organizational Chart..... viii

FINANCIAL SECTION

Independent Auditors’ Report..... 1

Management’s Discussion and Analysis 5

Basic Financial Statements:

Comparative Statements of Net Position 15

Comparative Statements of Revenues, Expenses and Changes in Net Position 16

Comparative Statements of Cash Flows..... 17

Notes to Basic Financial Statements..... 19

Required Supplementary Information:

Pension Plan 51

OPEB Plan..... 52

STATISTICAL SECTION

Table of Contents – Statistical Section 55

Net Position by Component..... 57

Changes in Net Position 58

Revenue by Source 59

Operating Expenses..... 59

Elk Grove Water District Rate Analysis 60

Water Sales by Type 62

Sales – Metered by Flat Rate 63

Metered Water Sold..... 63

Metered Water Consumption - CCFs 63

Historical Service Connections 63

Ten Largest Commercial Customers – Current Year and Ten Years Ago..... 64

Ratio of Debt Service to Operating Expenses 64

Ratio of Outstanding Debt by Type 65

Bond Covenant Ratio Analysis 65

Pledged-Revenue Coverage 66

Area Demographic and Economic Information 67

Operating Indicators for the Elk Grove Water District 68

Capital Assets Statistics by Function 68

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November 27, 2023

To: Members of the Florin Resource Conservation District Board of Directors
and Ratepayers of the Elk Grove Water District

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 Annual Comprehensive Financial Report (Annual Report) for the District for the fiscal years ended June 30, 2023 and 2022.

The information presented in this Annual Report 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 Annual Report contains management's representations concerning the finances of the District. Management is responsible for the completeness and reliability of all 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, 2023 and 2022, 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, 2023 and 2022, 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 where revenues 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 Board 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 30th 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 and is governed by a five-member Board of Directors serving four-year staggered terms. 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 addition to resource conservation efforts, the District provides water service within its 13-mile water service area through the Elk Grove Water Service, which was acquired in 1999. The Elk Grove Water Service operates as an enterprise fund of the District. In 2010, the name of the Elk Grove Water Service was changed to the Elk Grove Water District (EGWD).

The EGWD is classified as a medium sized water purveyor serving approximately 46,000 people. The EGWD service boundary 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.

On April 18, 2018, the District adopted Resolution No. 04.18.18.01, declaring that effective July 1, 2018, all activities performed by the District be limited to water related activities that provide a benefit to EGWD ratepayers. With the adoption of this resolution, the District's sole focus shifted to the operation of the EGWD.

Mission Statement

The EGWD is "Committed to supplying our customers with high quality, safe water along with outstanding customer service for current and future generations."

Water Supply

Source Water – There are currently seven (7) wells that supply groundwater to Service Area 1. Four (4) of the wells are deep wells, and three (3) 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 financial 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 13,000 service connections currently and growth projections suggest that the service connections should increase by approximately 150 in 2024.

In October of 2022, the Board directed staff to conduct a five-year water rate study (Study) for the EGWD to cover the period of calendar year 2024 through calendar year 2028. 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 five-year Capital Improvement Program
- Update the current Meter Connection Fee and Capacity Charges for new development

This study, referred to as the 2024-2028 Water Rate Study, was approved by the Board on July 18, 2023, in compliance with the rate setting process governed under Proposition 218.

The 2024-2028 Water Rate Study recommends rate adjustments over the next 5 years with the first adjustment commencing on January 1, 2024, and subsequent adjustments commencing each January 1 thereafter, through and including January 1, 2028. Water revenue adjustments recommended by the study and approved by the Board are as follows:

- January 2024 – 4.50%
- January 2025 – 4.50%
- January 2026 – 4.50%
- January 2027 – 4.50%
- January 2028 – 4.50%

On June 20, 2023, the District's Board of Directors adopted Resolution No. 06.20.23.01, approving the District's fiscal year 2023-24 Operating Budget which reflects a 4.50% revenue rate adjustment effective January 1, 2024 as recommended by the 2024-2028 Water Rate Study. 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.

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 Annual Report for the fiscal year ended June 30, 2022. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized Annual Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The District believes that its current Annual Report 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, 2023.

The preparation of the Annual 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,



BRUCE KAMILOS
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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

BOARD OF DIRECTORS

As of June 30, 2022



Chair

Tom Nelson
Present term expires
December 31, 2026



Vice-Chair

Paul Lindsay
Present term expires
December 31, 2026



Director

Lisa Medina
Present term expires
December 31, 2024



Director

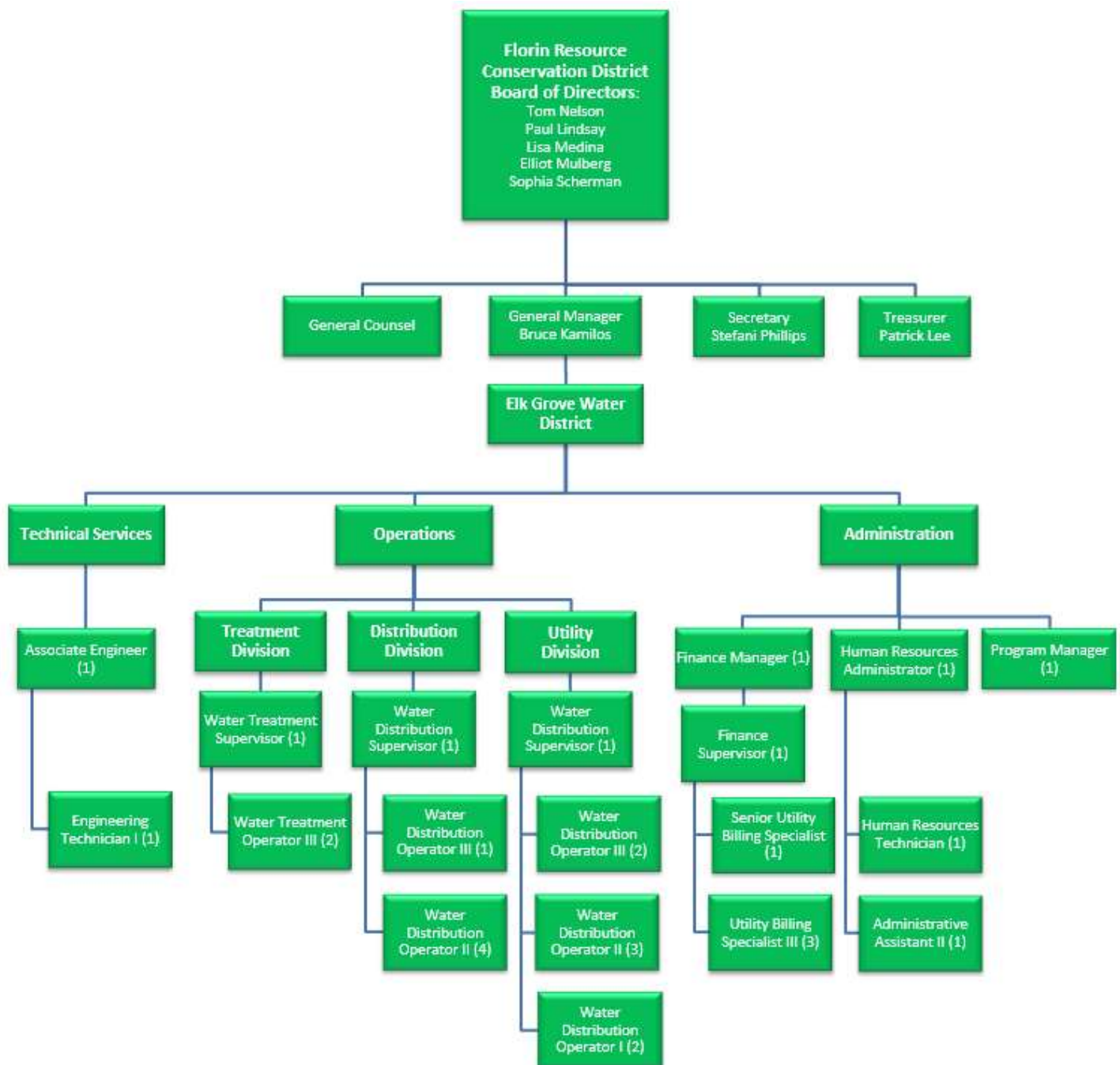
Elliot Mulberg
Present term expires
December 31, 2026



Director

Sophia Scherman
Present term expires
December 31, 2024

ORGANIZATIONAL CHART





INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Florin Resource Conservation District (District) as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents. In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the District, as of June 30, 2023 and 2022, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

The District's 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

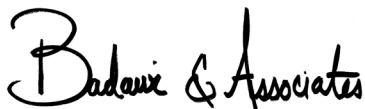
To the Board of Directors
of the Florin Resource Conservation District
Elk Grove, California
Page Three

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 5 to 14 and pages 51 to 53 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

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

A handwritten signature in black ink that reads "Badawi & Associates". The signature is written in a cursive, flowing style.

Badawi & Associates, CPAs
Berkeley, California
November 27, 2023

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Florin Resource Conservation District

Management's Discussion and Analysis

For the years ended June 30, 2023, 2022 and 2021

The following narrative overview and analysis of the financial activities of the Florin Resource Conservation District (District) for the fiscal years ended June 30, 2023, 2022 and 2021 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), which is owned and operated by the Florin Resource Conservation District.

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. In accordance with this resolution, in fiscal year 2019, the governmental fund of the District, which was used to account for resource conservation efforts not funded from user charges, was combined with the proprietary fund of the District, which is used to account for the water service activities funded primarily through user charges to EGWD customers.

FINANCIAL HIGHLIGHTS

- The District's total assets were \$107.7 million, \$103.0 million, and \$100.4 million for the years ended June 30, 2023, 2022 and 2021 respectively. There was an increase in total assets of \$4.6 million, or 4.47% during fiscal year ended June 30, 2023, and increase of \$2.6 million or 2.60% during fiscal year ended June 30, 2022 and an increase in total assets of \$10.4 million or 11.62% during the fiscal year ended June 30, 2021, respectively. The increase in fiscal year ended June 30, 2023 was due mainly to the addition of capital assets and developer donated assets valued at approximately \$6.2 million. The increase for fiscal year ended June 30, 2022 was due mainly to a net pension asset of \$1.6 million and an increase in capital assets. The increase for fiscal year ended June 30, 2021 was due mainly to a restatement of the District's capital assets balance to capture donated capital assets from prior years.
- The District's total liabilities were \$37.2 million, \$39.2 million, and \$43.2 million as of June 30, 2023, 2022 and 2021 respectively. The decrease in total liabilities of \$2.0 million, or 4.97% during fiscal year ended June 30, 2023, the decrease in total liabilities of \$4.0 million, or 9.39% during fiscal year end June 30, 2022, and the decrease in total liabilities of \$2.1 million, or 4.7% during fiscal year ended June 30, 2021 were due mainly to the continued pay down of the District's outstanding debt obligations.
- The District's total operating revenues were \$15.9 million, \$16.0 million, and \$16.6 million as of June 30, 2023, 2022 and 2021, respectively. The decrease in total operating revenue of \$0.1 million, or 0.79% for fiscal year ended June 30, 2023 was due mainly to increase rainfall in the fiscal year, resulting in less water consumption. The decrease in total operating revenues of \$0.6 million, or 3.81% for fiscal year ended June 30, 2022 was due to water conservation effort related to drought conditions. The increase in total operating

Florin Resource Conservation District
Management's Discussion and Analysis, Continued
For the years ended June 30, 2023, 2022 and 2021

revenues of \$0.25 million, or 1.5% during fiscal year ended June 30, 2021 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 District's total operating expenses, after depreciation, were \$14.3 million, \$8.4 million, and \$11.9 million as of June 30, 2023, 2022 and 2021, respectively. The increase in operating expenses of \$5.9 million, or 71.57% for fiscal year ended June 30, 2023 was due mainly to inflation and increased operating costs and the recognition of a \$2.6 million net pension expense as a result of CalPERS investment performance. The decrease in total operating expenses of \$3.6 million, or 29.83% for fiscal year end June 30, 2022 was due mainly to the recognition of net pension income of \$2.6 million as a result of CalPERS investment performance. The increase in total operating expenses of \$0.7 million, or 6.2% during fiscal years ended June 30, 2021 was due mainly to an increase in water production costs associated with the increase in overall water consumption and water purchased from SCWA.
- The District has benefited from continued positive net income, resulting in an increase in net position of \$6.6 million, or 9.92%, \$6.0 million, or 9.87% and \$14.1 million, or 30.22% during fiscal years ended June 30, 2023, 2022 and 2021, respectively. In addition to positive net income, the increase for year end June 30, 2021 was also due to a restatement of capital asset balances to capture donated capital assets from prior years.
- Capital assets net of depreciation increased \$6.4 million, or 7.83% during fiscal year ended June 30, 2023 due mainly to developer donated assets valued at approximately \$6.2 million. The increase to capital assets of \$2.7 million, or 3.34% during fiscal year ended June 30, 2022 and was due mainly to the improvements on the District's new administration building. The increase of \$10.9 million, or 0.69% during the fiscal year ended June 30, 2021 was due mainly to the acquisition of a new administration building, offset by the sale of the District's old administration building and a restatement of capital asset balances to capture donated capital assets from prior years. The District added approximately \$12.6 million, \$2.3 million, and \$0.9 million in infrastructure, improvements and equipment during fiscal years ended June 30, 2023, 2022 and 2021, respectively, with annual depreciation for fiscal years ended June 30, 2023, 2022 and 2021 being approximately \$1.9 million, \$1.8 million, and \$1.9 million in each year, respectively. At the end of fiscal years June 30, 2023, 2022 and 2021, \$0.38 million, \$4.2 million, and \$2.0 million in infrastructure, improvement, and equipment assets were classified as "construction in-progress".
- Unrestricted net position was \$17.5 million, \$18.4 million, and \$19.1 million at June 30, 2023, 2022 and 2021, respectively. Unrestricted net position decreased \$0.9 million, or 4.62% during fiscal year ended June 30, 2023 due mainly to the elimination of the District's net pension asset and the recognition of a net pension liability of approximately \$0.3 million. Unrestricted net position decreased \$0.8 million, or 4.00% during fiscal year ended June 30, 2022 due mainly to the recognition of deferred outflows related to the District's pension and OPEB plans, offset by the decrease in cash. Unrestricted net position increased \$0.8 million, or 4.5%, during fiscal year ended June 30, 2021 mainly to positive

Florin Resource Conservation District

Management's Discussion and Analysis, Continued

For the years ended June 30, 2023, 2022 and 2021

operating results. The District reported \$0 million, \$1.6 million, and \$0 in restricted net position for fiscal years ended June 30, 2023, 2022 and 2021, respectively. The restricted net position reported in fiscal year June 30, 2022 is comprised of the net pension asset.

- The District had positive cash flow from enterprise fund operations of \$5.8 million, \$7.4 million, and \$5.1 million for the fiscal years ended June 30, 2023, 2022 and 2021, respectively. The District spent \$2.4 million, \$4.5 million, and \$2.2 million during fiscal years ended June 30, 2023, 2022 and 2021, respectively, on the acquisition of capital assets. The District spent \$3.9 million during each fiscal years ended June 30, 2023, 2022 and 2021, respectively, on debt principal and interest payments. The District experienced a decrease of \$0.2 million, \$1.2 million, and \$0.7 million in its ending cash and cash equivalents balances of \$16.3 million, \$16.5 million, and \$17.7 million for the years ended June 30, 2023, 2022 and 2021, 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.

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 financial statements, the notes to the basic financial statements, and the required supplementary information.

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.

Florin Resource Conservation District
Management's Discussion and Analysis, Continued
For the years ended June 30, 2023, 2022 and 2021

- *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 three components: 1) financial statements, 2) notes to the basic financial statements, and 3) required supplementary information. The District's financial statements account for Water System activities funded primarily through user charges to customers.

The Statement of Net Position presents information on all assets and liabilities, with the difference between the two reported as total net position. The District's financial statements use the accrual basis of accounting, similar to private enterprises. When evaluated over a period of time, increases, or decreases in net position may serve as an indicator of whether the financial position of the District is improving or deteriorating. The Statement of Revenues, Expenses and Changes in Net Position 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 AS OF JUNE 30, 2023, 2022 AND 2021

	2023	2022	2021
Current assets	\$ 18,542,409	\$ 18,804,912	\$ 20,469,760
Capital assets, net of depreciation	89,130,858	82,656,952	79,986,153
Other assets	-	1,608,503	-
Total Assets	107,673,267	103,070,367	100,455,913
Deferred outflows	4,330,052	4,815,208	3,870,274
Current liabilities	4,516,082	4,619,284	4,120,573
Long-term liabilities	32,706,275	34,548,996	39,105,768
Total Liabilities	37,222,357	39,168,280	43,226,341
Deferred inflows	1,330,966	1,895,176	283,191
Net Position:			
Net Investment in Capital Assets, as	55,926,053	46,840,061	41,677,173
Restricted for net pension asset	-	1,608,503	-
Unrestricted	17,523,943	18,373,555	19,139,482
Total Net Position	\$ 73,449,996	\$ 66,822,119	\$ 60,816,655

Florin Resource Conservation District

Management's Discussion and Analysis, Continued

For the years ended June 30, 2023, 2022 and 2021

Current assets decreased by \$0.3 million, \$1.7 million, and \$0.5 million in fiscal years ended June 30, 2023, 2022, and 2021, respectively. The decrease in fiscal year 2023 was due mainly to inflation and an overall increase to operating costs. The decrease in fiscal year 2022 was due mainly to the improvements to the District's new administration building. The decrease in fiscal year 2021 was due to the acquisition of a new administration building, offset by the sale by the District's current administration building.

Capital assets (net of depreciation) increased by \$6.5 million, \$2.7 million, and \$10.9 million in the fiscal years ended June 30, 2023, 2022, and 2021, respectively. The increase in fiscal year 2023 was due mainly to developer installed and donated assets valued at approximately \$6.2 million. The increase in fiscal year 2022 was due mainly to the improvements on the District's new administration building. The increase in fiscal year 2021 was due to the acquisition of a new administration building, offset by the sale of the District's current administration building. Total depreciation expense recognized was approximately \$1.9 million, \$1.8 million, and \$1.9 million, for fiscal years 2023, 2022, and 2021, respectively.

Deferred outflows of resources decreased by \$0.5 million and increased by \$0.9 million and \$1.4 million in the fiscal years ended June 30, 2023, 2022, and 2021, respectively. The decrease in fiscal year 2023 was due mainly to the amortization of pension and OPEB related deferrals. The increase in fiscal year 2022 was due mainly to the recognition of deferred outflows related to the District's pension and OPEB plans. The increase in fiscal year 2021 was due to an approximate \$1.7 million prepayment to CalPERS to pay down the District's unfunded accrued liability.

Current liabilities decreased by \$0.1 million and increased by \$0.5 million and \$0.3 million in the fiscal years ended June 30, 2023, 2022, and 2021, respectively. The decrease in fiscal year 2023 was due mainly to a reduction in unearned revenue that was earned as part of work completed on a grant project. The increase in fiscal year 2022 was due mainly to the recognition of \$0.4 million in unearned revenue related to an ARPA grant passed through from the City of Elk Grove for projects not yet started. The increase in fiscal year 2021 was due mainly to principal debt payments coming due within the year.

Long term liabilities decreased by \$1.8 million, \$4.6 million, and \$2.4 million in the fiscal years ended June 30, 2023, 2022, and 2021, respectively. The decrease in fiscal year 2023 was due mainly to the continued paydown of the District's outstanding debt, offset by the recognition of a net pension liability related to the District's CalPERS plan. The decrease in fiscal year 2022 was due mainly to the elimination of the net pension liability as a result of CalPERS investment performance. The decrease in fiscal year 2021 was due mainly to the continued paydown of the District's debt obligations.

Deferred inflows of resources decreased by \$0.6 million, increased by \$1.6 million, and decreased by \$0.08 million in the fiscal years ended June 30, 2023, 2022, and 2021, respectively. The decrease in fiscal year 2023 was due mainly to the amortization of pension and OPEB related deferrals. The increase in fiscal year 2022 was due mainly to recognition of deferred inflows related to the District's pension and OPEB plans offset by the amortization of pension and OPEB related deferrals.

Florin Resource Conservation District
Management's Discussion and Analysis, Continued
For the years ended June 30, 2023, 2022 and 2021

There was an increase in net position of \$6.6 million, \$6.0 million, and \$14.1 million in the fiscal years ended June 30, 2023, 2022, and 2021, respectively. The increase in fiscal year 2021 was due to a restatement of net position to capture donated capital assets from prior years. All other increase in net position is directly related to prudent cost control leading to operating revenues in excess of operating expenses.

**CONDENSED SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023, 2022 AND 2021**

	2023	2022	2021
Revenues:			
Water services	\$ 15,902,913	\$ 16,030,316	\$ 16,666,067
General Revenues:			
Interest earnings	109,120	(334,766)	69,849
Other	-	21,142	-
Total Revenues	\$ 16,012,033	\$ 15,716,692	\$ 16,735,916
Expenses:			
Water Service	15,573,011	9,711,228	13,380,546
Other	102,969	-	8,133
Total Expenses	\$ 15,675,980	\$ 9,711,228	\$ 13,388,679
Capital Contributions			
Contributed Assets	6,291,824	-	-
Change in net position	6,627,877	6,005,464	3,347,237
Net position, beginning of year, as restated	66,822,119	60,816,655	57,469,418
NET POSITION, END OF YEAR	\$ 73,449,996	\$ 66,822,119	\$ 60,816,655

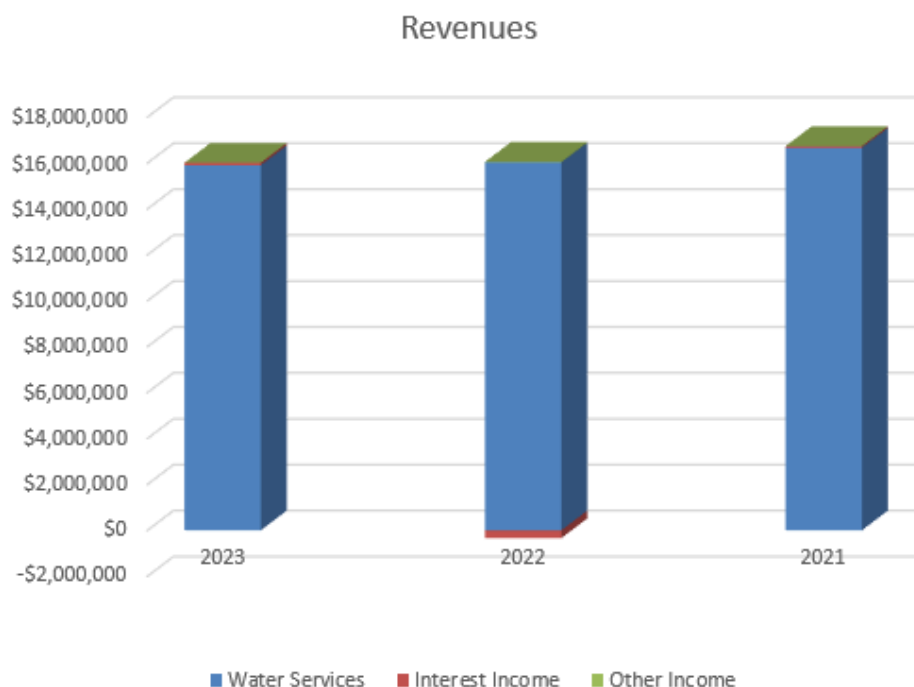
There was a decrease in revenues of \$0.1 million, \$0.6 million and an increase in revenues of \$0.2 million in fiscal years ended June 30, 2023, 2022, and 2021, respectively. The decrease in revenues for fiscal year 2023 was due mainly to less consumption as a result of more rainfall during the year. The decrease in revenues for fiscal year 2022 was due mainly to water conservation efforts as a result of drought conditions. The increase in revenues for fiscal year 2021 was due to an overall increase in the number of new accounts as residential development increased in the EGWD's Service Area 2.

Florin Resource Conservation District

Management's Discussion and Analysis, Continued

For the years ended June 30, 2023, 2022 and 2021

The breakdown of revenues by type for the fiscal years ended June 30, 2023, 2022 and 2021 were as follows:



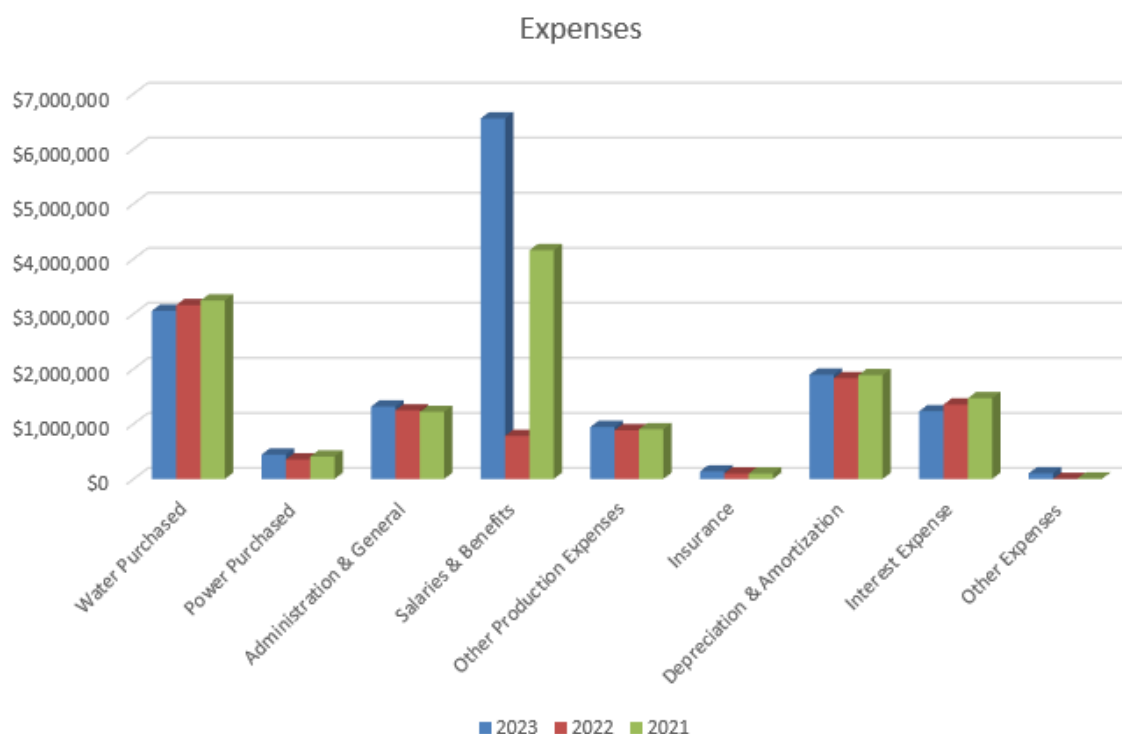
There was an increase in expenses of \$5.9 million, a decrease in expenses of \$3.7 million and an increase in operating expenses of \$0.6 million in the fiscal years ended June 30, 2023, 2022, and 2021, respectively. The increase in fiscal year 2023 was due mainly to a recognition of a net pension expense of approximately \$2.6 million related to the District's CalPERS GASB 68 pension plan. The decrease in fiscal year 2022 was due mainly to the recognition of net pension income of approximately \$2.8 million related to the District's CalPERS GASB 68 pension plan. The increase in fiscal year 2021 was due mainly to an increase in water production costs associated with the increase in overall water consumption and water purchased from SCWA.

Florin Resource Conservation District

Management's Discussion and Analysis, Continued

For the years ended June 30, 2023, 2022 and 2021

The breakdown of expenses by type for the fiscal years ended June 30, 2023, 2022 and 2021 were as follows:



CAPITAL ASSET AND DEBT ADMINISTRATION

Most of the District's annual assets and annual expenditures relate to the construction, repair, and maintenance of the EGWD's infrastructure. 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 2023, 2022 and 2021 were primarily a result of donated capital assets from developers and expenditures for infrastructure offset by depreciation each year. Depreciation expense for fiscal years 2023, 2022 and 2021 was approximately \$1.9 million, \$1.8 million, and \$1.9 million each year, respectively.

Major capital asset projects during fiscal years 2023 and 2022 included the District's new administration building tenant improvements, multiple watermain replacement projects, purchase of a chlortech system, the Backyard Water Main Replacement Project, service line replacements and the purchase of a compact loader and new truck. See additional information on capital assets in Note 3 on page 32.

Florin Resource Conservation District
Management's Discussion and Analysis, Continued
For the years ended June 30, 2023, 2022 and 2021

OUTSTANDING DEBT ISSUES
AS OF JUNE 30, 2023, 2022 AND 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
2014 Water Revenue Refunding Bonds	\$ 20,545,000	\$ 22,690,000	\$ 24,730,000
2016 Water Revenue Refunding Bonds	12,065,000	12,480,000	12,880,000
Total	<u>\$ 32,610,000</u>	<u>\$ 35,170,000</u>	<u>\$ 37,610,000</u>

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 33.

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 an improving economy. As of June 2023, the local unemployment rate was 4.4%, compared to 6.9% in June 2022, respectively and the CPI for the San Francisco area, which is the nearest metropolitan area, increasing 2.9% over June of 2022.
- With inflation at 3.0% as of June 30, 2023 and the region closely monitoring potential drought conditions, the District has experienced a decrease in water consumption. District staff continue to prudently manage District resources while minimizing revenue rate increases to offset the impact of the current economic conditions.
- On July 18, 2023 the Board adopted a five-year rate structure which recommends revenue rate adjustments as follows:
 - 4.50% January 2024
 - 4.50% January 2025
 - 4.50% January 2026
 - 4.50% January 2027
 - 4.50% January 2028

All of these factors were considered in preparing the Florin Resource Conservation District's budget for the fiscal year ending June 30, 2024. The District adopted an operating budget of \$18.5 million for FY 2023-24. Included in this amount is \$3.2 million in capital expenditures for FY 2023-24, as part of the five-year Capital Improvement Program totaling \$19.1 million.

Florin Resource Conservation District
Management's Discussion and Analysis, Continued
For the years ended June 30, 2023, 2022 and 2021

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
9829 Waterman Rd.
Elk Grove, CA 95624

Or you may visit the District's website at www.egwd.org for more information.

Florin Resource Conservation District

Comparative Statement of Net Position

Elk Grove Water District

June 30, 2023 and 2022

	2023	2022
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 16,282,327	\$ 16,476,954
Receivables:		
Customer accounts receivable	2,015,014	2,067,516
Interest receivable	43,781	10,262
Inventories	86,979	89,053
Prepaid expense	114,308	161,127
Total current assets	18,542,409	18,804,912
Noncurrent assets:		
Net pension asset	-	1,608,503
Capital assets:		
Not being depreciated	1,170,158	4,973,776
Being depreciated, net	87,960,700	77,683,176
Total capital assets	89,130,858	82,656,952
Total noncurrent assets	89,130,858	84,265,455
Total assets	107,673,267	103,070,367
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding of debt	665,351	739,279
Deferred outflows of resources - pension	2,180,663	2,787,149
Deferred outflows of resources - OPEB	1,484,038	1,288,780
Total deferred outflows of resources	4,330,052	4,815,208
LIABILITIES		
Current liabilities:		
Accounts payable	329,415	304,474
Due to other governments	552,214	562,187
Interest payable	420,703	461,433
Unearned revenue	215,000	436,000
Noncurrent liabilities, due within one year	2,998,750	2,855,190
Total current liabilities	4,516,082	4,619,284
Noncurrent liabilities:		
Net pension liability	318,533	-
Net OPEB liability	1,167,262	549,216
Noncurrent liabilities, due in more than one year	31,220,480	33,999,780
Total noncurrent liabilities	32,706,275	34,548,996
Total liabilities	37,222,357	39,168,280
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pension	813,156	1,044,401
Deferred inflows of resources - OPEB	517,810	850,775
Total deferred inflows of resources	1,330,966	1,895,176
NET POSITION		
Net investment in capital assets, as restated	55,926,053	46,840,061
Restricted for net pension asset, as restated	-	1,608,503
Unrestricted (deficit), as restated	17,523,943	18,373,555
Total net position	\$ 73,449,996	\$ 66,822,119

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

Florin Resource Conservation District

Comparative Statement of Revenues, Expenses and Changes in Net Position

Elk Grove Water District

For the Fiscal Years ended June 30, 2023 and 2022

	2023	2022
OPERATING REVENUES:		
Charges for services	\$ 15,902,913	\$ 16,030,316
Total operating revenues	15,902,913	16,030,316
OPERATING EXPENSES:		
Water purchased	3,056,889	3,159,853
Power purchased	442,791	352,784
Administration and general	1,315,020	1,246,308
Salaries and benefits	3,967,696	3,361,894
Pension expense (see Note 11)	2,584,493	(2,579,165)
Other production expenses	944,179	885,865
Insurance	137,012	99,889
Depreciation and amortization	1,894,545	1,832,189
Total operating expenses	14,342,625	8,359,617
OPERATING INCOME	1,560,288	7,670,699
NONOPERATING REVENUES (EXPENSES):		
Interest and investment earnings	109,120	(334,766)
Interest expense	(1,230,386)	(1,351,611)
Loss on disposition of capital assets	(360,235)	(3,856)
Other nonoperating revenue	257,266	24,998
Total nonoperating revenues (expenses)	(1,224,235)	(1,665,235)
CAPITAL CONTRIBUTIONS		
Contributed Assets	6,291,824	-
Total Capital Contributions	6,291,824	-
CHANGE IN NET POSITION	6,627,877	6,005,464
NET POSITION		
Beginning of year, as restated	66,822,119	60,816,655
End of year	<u><u>\$ 73,449,996</u></u>	<u><u>\$ 66,822,119</u></u>

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

Florin Resource Conservation District

Comparative Statement of Cash Flows

Elk Grove Water District

For the Fiscal Years ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM		
OPERATING ACTIVITIES:		
Receipts from customers and users	\$ 15,734,415	\$ 16,933,262
Payments to suppliers	(5,832,030)	(5,824,346)
Payments to employees	(4,109,813)	(3,636,524)
NET CASH PROVIDED BY		
OPERATING ACTIVITIES	<u>5,792,572</u>	<u>7,472,392</u>
CASH FLOWS FROM NONCAPITAL		
FINANCING ACTIVITIES:		
Operating grants and reimbursements	257,266	24,998
NET CASH PROVIDED BY NONCAPITAL FINANCING		
ACTIVITIES	<u>257,266</u>	<u>24,998</u>
CASH FLOWS FROM CAPITAL		
AND RELATED FINANCING ACTIVITIES:		
Principal paid on noncurrent liabilities	(2,560,000)	(2,440,000)
Interest paid on noncurrent liabilities	(1,323,204)	(1,442,498)
Purchase of capital assets	(2,436,862)	(4,506,844)
NET CASH USED BY CAPITAL AND RELATED FINANCING		
ACTIVITIES	<u>(6,320,066)</u>	<u>(8,389,342)</u>
CASH FLOWS FROM		
INVESTING ACTIVITIES:		
Interest received	75,601	(340,565)
NET CASH PROVIDED (USED) BY		
INVESTING ACTIVITIES	<u>75,601</u>	<u>(340,565)</u>
NET INCREASE (DECREASE) IN		
CASH AND CASH EQUIVALENTS	<u>(194,627)</u>	<u>(1,232,517)</u>
CASH AND CASH EQUIVALENTS - Beginning of year	<u>16,476,954</u>	<u>17,709,471</u>
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 16,282,327</u>	<u>\$ 16,476,954</u>
RECONCILIATION OF CASH AND		
CASH EQUIVALENTS TO THE		
STATEMENT OF NET POSTION		
Cash and cash equivalents	\$ 16,282,327	\$ 16,476,954
CASH AND CASH EQUIVALENTS	<u>\$ 16,282,327</u>	<u>\$ 16,476,954</u>

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

Florin Resource Conservation District

Comparative Statement of Cash Flows

Elk Grove Water District

For the Fiscal Years ended June 30, 2023 and 2022

	2023	2022
RECONCILIATION OF OPERATING INCOME TO NET		
CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income	\$ 1,560,288	\$ 7,670,699
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,894,545	1,832,189
Changes in operating assets and liabilities:		
Customer accounts receivable	52,502	481,105
Inventory	2,074	2,120
Prepaid expenses	46,819	(45,095)
Net OPEB asset/liability	618,046	(191,910)
Deferred outflows of resources - pension	606,486	(577,751)
Deferred outflows of resources - OPEB	(195,258)	(441,111)
Accounts payable	24,941	12,077
Due to other governments	(9,973)	(48,749)
Unearned revenue	(221,000)	421,841
Net pension asset/liability	1,927,036	(3,277,314)
Deferred inflows of resources - pension	(231,245)	1,030,522
Deferred inflows of resources - OPEB	(332,965)	581,463
Compensated absences	50,276	22,306
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 5,792,572	\$ 7,472,392
SUPPLEMENTAL DISCLOSURE OF NONCASH		
CAPITAL AND RELATED FINANCING ACTIVITIES:		
Capital assets contributed by developers	\$ 6,291,824	\$ -

(Continued)

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

Florin Resource Conservation District

Notes to Basic Financial Statements

For the years ended June 30, 2023 and 2022

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 in the west central portion of unincorporated Sacramento County, was formed to address soil dehydration issues resulting from poor irrigation and drainage. There is currently 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 also provides water service within a 13-mile water service area through the Elk Grove Water Service, which was acquired in 1999. The Elk Grove Water Service operates as a proprietary fund of the District. In 2010, the name of the Elk Grove Water Service was changed to the Elk Grove Water District (EGWD).

On April 18, 2018, the District adopted Resolution No. 04.18.18.01, declaring that effective July 1, 2018, all activities performed by the District be limited to water related activities that provide a benefit to EGWD ratepayers. With the adoption of this resolution, the District's sole focus shifted to the operation of the EGWD.

B. *Basis of Accounting and Measurement Focus*

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 District reports the EGWD as a proprietary fund of the District. 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.

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 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.

Florin Resource Conservation District

Notes to Basic Financial Statements, Continued

For the years ended June 30, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

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.

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, 2023 and 2022.

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 years ended June 30, 2023 and 2022.

F. 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, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Capital Assets

Capital assets are reported on the statement of net position and are recorded at historical cost if purchased or constructed. Donated or contributed assets are recorded at acquisition value at the date of donation. 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.

H. 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.

I. Due to Other Governments

Due to other governments consisted of \$552,214 and \$562,187 payable to the County of Sacramento for water purchases at June 30, 2023 and 2022, respectively.

J. 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 on the statement of net position. The current portion of this long-term liability is estimated based on historical trends.

Florin Resource Conservation District

Notes to Basic Financial Statements, Continued

For the years ended June 30, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

K. *Unearned Revenue*

Unearned revenue is recognized for transactions for which revenue has not yet been earned. The District recorded \$215,000 and \$436,000 at June 30, 2023 and 2022, respectively related to American Rescue Plan Act funds passed through to the District from the City of Elk Grove for various watermain replacement projects.

L. *Net Position*

The financial statements present net position. Net position is categorized as 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.”

M. *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 expenses during the reporting period. Actual results could differ from those estimates.

N. *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 6. The insurance is subject to a deductible. No significant claims occurred during the years ended June 30, 2023 and 2022. 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.

Florin Resource Conservation District

Notes to Basic Financial Statements, Continued

For the years ended June 30, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

O. 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 assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense) 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 assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

P. 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.

Q. 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 District'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, 2021
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

Florin Resource Conservation District

Notes to Basic Financial Statements, Continued

For the years ended June 30, 2023 and 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

R. New GASB Pronouncements

In fiscal year 2023, the District adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- 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 did not have an impact on the District’s net position for years ended June 30, 2023 and 2022, respectively.
- GASB Statement No. 100, *Accounting Changes and Error Corrections-an Amendment of GASB Statement No. 62* – The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement did not have an impact on the District’s net position for the years ended June 30, 2023 and 2022, respectively.
- GASB Statement No. 101, *Compensated Absences* – The primary objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement have been implemented and reflected in the District’s notes to the financial statements Note 4, Long-Term Debt.

Florin Resource Conservation District

Notes to Basic Financial Statements, Continued

For the years ended June 30, 2023 and 2022

2. CASH AND INVESTMENTS

A. Summary of Cash and Investments

Cash and investments are classified in the accompanying financial statements as of June 30, 2023 and 2022 as follows:

	2023	2022
Deposits and Investments	\$ 16,282,327	\$ 16,476,954
Total cash and investments	\$ 16,282,327	\$ 16,476,954

Cash and investments were classified according to GASB Statement No. 40 as of June 30, 2023 and 2022 as follows:

	2023	2022
Cash on hand	\$ 300	\$ 300
Deposits with financial institution	4,582,783	5,849,418
Total cash on hand and deposits	4,583,083	5,849,718
Money Market F&M	1,108,917	100,825
Money Market US Bank	77,541	51,571
Local Agency Investment funds	5,491,605	5,410,575
CalTrust	1,351,641	1,340,835
US Government Securities held by custodian	3,669,540	3,723,430
Total investments	11,699,244	10,627,236
Total cash and investments	\$ 16,282,327	\$ 16,476,954

B. Deposits

The carrying amount of the District's cash deposit was \$4,582,783 and \$5,849,418 at June 30, 2023 and 2022, respectively. Balances before reconciling amounts were a positive amount of \$4,642,208 and \$6,495,461 at June 30, 2023 and 2022, 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.

Florin Resource Conservation District

Notes to Basic Financial Statements, Continued

For the years ended June 30, 2023 and 2022

2. CASH AND INVESTMENTS, Continued

B. Deposits, Continued

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 below:

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.

Florin Resource Conservation District

Notes to Basic Financial Statements, Continued

For the years ended June 30, 2023 and 2022

2. CASH AND INVESTMENTS, Continued

C. Investments, Continued

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.

Investments are stated at fair value using the aggregate method in all funds, resulting in the investment income as of June 30, 2023 and 2022 as follows:

	2023	2022
Interest income	\$ 155,106	\$ 56,182
Unrealized gain/(loss) in change in fair value of investment	(45,986)	(390,948)
Total investment income	\$ 109,120	\$ (334,766)

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.

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, 2023 and 2022, 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.

Florin Resource Conservation District

Notes to Basic Financial Statements, Continued

For the years ended June 30, 2023 and 2022

2. CASH AND INVESTMENTS, Continued

C. Investments, Continued

As of June 30, 2023, the District had \$5,491,605 invested in LAIF, which had invested 1.46% of the pool investments funds in Structured Notes and Asset-Backed Securities as compared to 1.88% in the previous year. The LAIF fair value factor of 0.984828499 was used to calculate the fair value of the investments in LAIF.

As of June 30, 2022, the District had \$5,410,575 invested in LAIF, which had invested 1.88% of the pool investments funds in Structured Notes and Asset-Backed Securities as compared to 2.31% in the previous year. The LAIF fair value factor of 0.987125414 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, 2023 and 2022, the District had \$1,351,641 and \$1,340,835 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.

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 tables that shows the distribution of the District's investments by maturity as of June 30, 2023 and 2022 on the following page:

Florin Resource Conservation District

Notes to Basic Financial Statements, Continued

For the years ended June 30, 2023 and 2022

2. CASH AND INVESTMENTS, Continued

D. Risk Disclosures, Continued

2023:

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:							
F F C B	0.570% 7/02/24	\$ 951,740	\$ 951,740	\$ -	\$ -	\$ -	\$ -
F N M A	0.580% 11/25/25	906,020	-	906,020	-	-	-
F F C B DEB	0.870% 4/15/26	897,960	-	-	897,960	-	-
F N M A M T N	0.720% 7/09/25	913,820	-	913,820	-	-	-
Money Market F&M		1,108,917	1,108,917	-	-	-	-
Money Market US Bank		77,541	77,541	-	-	-	-
CalTrust (NAV)		1,351,641	1,351,641	-	-	-	-
Local Agency Investment Fund		5,491,605	5,491,605	-	-	-	-
Total		\$ 11,699,244	\$ 8,981,444	\$ 1,819,840	\$ 897,960	\$ -	\$ -

2022:

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:							
F F C B	0.570% 7/02/24	\$ 950,530	\$ -	\$ 950,530	\$ -	\$ -	\$ -
F N M A	0.580% 11/25/25	919,780	-	-	919,780	-	-
F F C B DEB	0.870% 4/15/26	920,540	-	-	-	920,540	-
F N M A M T N	0.720% 7/09/25	932,580	-	-	932,580	-	-
Money Market F&M		100,825	100,825	-	-	-	-
Money Market US Bank		51,571	51,571	-	-	-	-
CalTrust (NAV)		1,340,835	1,340,835	-	-	-	-
Local Agency Investment Fund		5,410,575	5,410,575	-	-	-	-
Total		\$ 10,627,236	\$ 6,903,806	\$ 950,530	\$ 1,852,360	\$ 920,540	\$ -

Florin Resource Conservation District

Notes to Basic Financial Statements, Continued

For the years ended June 30, 2023 and 2022

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, 2023 the District's deposits and investments were rated as follows:

		Credit Quality Ratings	
		Moody's	S&P
F F C B	0.570% 7/02/24	AAA	AA+
F N M A	0.580% 11/25/25	AAA	AA+
F F C B DEB	0.870% 4/15/26	AAA	AA+
F N M A M T N	0.720% 7/09/25	WR	AA+
Local Agency Investment Funds		Unrated	Unrated
CalTrust		Unrated	AA-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. Investment fair value measurements at June 30, 2023 and 2022 were as follows:

Florin Resource Conservation District

Notes to Basic Financial Statements, Continued

For the years ended June 30, 2023 and 2022

2. CASH AND INVESTMENTS, Continued

E. Investment Valuation, Continued

2023:

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Securities of U.S. Government				
Treasury and Agencies:				
F F C B 0.570% 7/02/24	\$ 951,740	\$ -	\$ 951,740	\$ -
F N M A 0.580% 11/25/25	906,020	-	906,020	-
F F C B D E B 0.870% 4/15/26	897,960	-	897,960	-
F N M A M T N 0.720% 7/09/25	913,820	-	913,820	-
Total Securities of U.S. Government	\$ 3,669,540	\$ -	\$ 3,669,540	\$ -
<i>Investments not subject to levelling:</i>				
Money Market F&M	1,108,917			
Money Market US Bank	77,541			
CalTrust Investment Pool (NAV)	1,351,641			
Local Agency Investment Fund	5,491,605			
Total	\$ 11,699,244			

2022:

Investment Type	Fair Value	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
Securities of U.S. Government				
Treasury and Agencies:				
F F C B 0.570% 7/02/24	\$ 950,530	\$ -	\$ 950,530	\$ -
F N M A 0.580% 11/25/25	919,780	-	919,780	-
F F C B DEB 0.870% 4/15/26	920,540	-	920,540	-
F N M A M T N 0.720% 7/09/25	932,580	-	932,580	-
<i>Total Securities of U.S. Government</i>	<u><u>\$ 3,723,430</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,723,430</u></u>	<u><u>\$ -</u></u>
<i>Investments not subject to levelling:</i>				
Money Market F&M	100,825			
Money Market US Bank	51,571			
CalTrust Investment Pool (NAV)	1,340,835			
Local Agency Investment Fund	<u>5,410,575</u>			
Total	<u><u>\$ 10,627,236</u></u>			

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.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2023 and 2022

3. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2023, 2022 and 2021 were as follows:

	Balance June 30, 2021	2022		Balance June 30, 2022	2023		Balance June 30, 2023
		Additions	Reductions		Additions	Reductions	
Capital assets not being depreciated:							
Land	\$ 781,206	\$ -	\$ -	\$ 781,206	\$ -	\$ -	\$ 781,206
Construction in progress	1,992,872	2,300,628	(100,930)	4,192,570	379,886	(4,183,504)	388,952
Total capital assets not being depreciated	2,774,078	2,300,628	(100,930)	4,973,776	379,886	(4,183,504)	1,170,158
Capital assets being depreciated:							
Buildings	926,546	313,855	-	1,240,401	4,756,080	(270,804)	5,725,677
Wells	8,963,367	96,984	-	9,060,351	10,000	-	9,070,351
Treatment Plants	13,724,515	90,913	-	13,815,428	162,523	-	13,977,951
Water mains	88,816,987	1,687,565	(17,139)	90,487,413	7,468,690	(527,108)	97,428,995
Equipment	2,753,618	117,828	-	2,871,446	216,992	(335,589)	2,752,849
Total assets being depreciated	115,185,033	2,307,145	(17,139)	117,475,039	12,614,285	(1,133,501)	128,955,823
Less accumulated depreciation for:							
Buildings	(130,879)	(21,600)	-	(152,479)	(29,447)	93,328	(88,598)
Wells	(5,862,891)	(243,800)	-	(6,106,691)	(263,197)	-	(6,369,888)
Treatment Plants	(7,163,178)	(296,672)	-	(7,459,850)	(305,763)	-	(7,765,613)
Water mains	(22,632,693)	(1,109,998)	13,069	(23,729,622)	(1,131,093)	262,368	(24,598,347)
Equipment	(2,183,317)	(159,904)	-	(2,343,221)	(165,045)	335,589	(2,172,677)
Total accumulated depreciation	(37,972,958)	(1,831,974)	13,069	(39,791,863)	(1,894,545)	691,285	(40,995,123)
Total capital assets being depreciated, net	77,212,075	475,171	(4,070)	77,683,176	10,719,740	(442,216)	87,960,700
Total capital assets, net	\$ 79,986,153	\$ 2,775,799	\$ (105,000)	\$ 82,656,952	\$ 11,099,626	\$ (4,625,720)	\$ 89,130,858

Florin Resource Conservation District

Notes to Basic Financial Statements, Continued

For the years ended June 30, 2023 and 2022

4. LONG-TERM DEBT

The following is a summary of long-term liability activity for the years ended June 30, 2023 and 2022:

	Balance June 30, 2022	2023		Balance June 30, 2023	Due Within One Year
		Additions	Reductions		
Certificates of Participation					
2014 Refunding, Series A	\$ 22,690,000	\$ -	\$ (2,145,000)	\$ 20,545,000	\$ 2,245,000
Notes from direct borrowings and direct placements					
2016 Refunding, Series A	12,480,000	-	(415,000)	12,065,000	430,000
Total debt outstanding	35,170,000	-	(2,560,000)	32,610,000	2,675,000
Compensated absences ⁽¹⁾	298,800	50,275	-	349,075	323,750
TOTAL	<u>\$ 35,468,800</u>	<u>\$ 50,275</u>	<u>\$ (2,560,000)</u>	<u>\$ 32,959,075</u>	<u>\$ 2,998,750</u>
Unamortized bond discounts & premiums	1,386,171	-	(126,015)	1,260,155	
Less: Due within one year	(2,855,190)			(2,998,750)	
Due in more than one year	<u>\$ 33,999,780</u>			<u>\$ 31,220,480</u>	

⁽¹⁾ The change in compensated absences liability is presented as a net change.

	Balance June 30, 2021	2022		Balance June 30, 2022	Due Within One Year
		Additions	Reductions		
Certificates of Participation					
2014 Refunding, Series A	\$ 24,730,000	\$ -	\$ (2,040,000)	\$ 22,690,000	\$ 2,145,000
Notes from direct borrowings and direct placements					
2016 Refunding, Series A	12,880,000	-	(400,000)	12,480,000	415,000
Total debt outstanding	37,610,000	-	(2,440,000)	35,170,000	2,560,000
Compensated absences ⁽¹⁾	276,493	22,307	-	298,800	295,190
TOTAL	<u>\$ 37,886,493</u>	<u>\$ 22,307</u>	<u>\$ (2,440,000)</u>	<u>\$ 35,468,800</u>	<u>\$ 2,855,190</u>
Unamortized bond discounts & premiums	1,512,186	-	(126,015)	1,386,171	
Less: Due within one year	(2,702,848)			(2,855,190)	
Due in more than one year	<u>\$ 36,695,831</u>			<u>\$ 33,999,780</u>	

⁽¹⁾ The change in compensated absences liability is presented as a net change.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2023 and 2022

4. LONG-TERM DEBT, Continued

Long-term debt as of June 30, 2023 and 2022 consisted of the following:

	2023	2022
<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, 2023 and 2022 was \$400,727 and \$445,252. The aggregate difference between the debt service requirements of the refunding bonds and remaining debt service of the refunded bonds was \$4,893,871.	\$ 20,545,000	\$ 22,690,000
<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, 2023 and 2022 was \$264,624 and \$294,027. 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.	\$ 12,065,000	\$ 12,480,000
TOTAL	\$ 32,610,000	\$ 35,170,000

Florin Resource Conservation District

Notes to Basic Financial Statements, Continued

For the years ended June 30, 2023 and 2022

4. LONG TERM DEBT, Continued

The annual requirements to amortize the outstanding business-type activities debt as of June 30, 2023 are as follows:

Year Ending June 30,	2014 Refunding, Series A Bonds		Direct Placement 2016 Refunding, Series A Bonds		Total
	Principal	Interest	Principal	Interest	
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	2,170,000	617,613	765,000	388,890	3,941,503
2027	2,285,000	545,147	790,000	360,900	3,981,047
2028	2,365,000	465,200	815,000	332,010	3,977,210
2029-2033	9,150,000	996,656	8,815,000	942,030	19,903,686
	<u>\$ 20,545,000</u>	<u>\$ 4,107,279</u>	<u>\$ 12,065,000</u>	<u>\$ 2,861,190</u>	<u>\$ 39,578,469</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 2016 Series A Revenue Refunding Bonds 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 calculation of the required coverage ratios as of June 30, 2023 and 2022 were as follows:

Covenant:	2023	2022
Revenues ⁽¹⁾	\$ 16,058,019	\$ 16,086,498
Expenses ⁽²⁾	(9,863,587)	(9,106,593)
Net revenues, not including rate stabilization fund, accrual basis	6,194,432	6,979,905
Interest and principal payments, cash basis (as defined)	\$ 3,883,204	\$ 3,882,498
Coverage ratio computed	<u>1.60</u>	<u>1.80</u>

⁽¹⁾ Includes interest earnings on investments, excludes unrealized gain/losses from GASB 31 fair market value adjustments

⁽²⁾ Excludes depreciation expense, capital expenditures and debt service and GASB 68 non-cash pension adjustments

Florin Resource Conservation District

Notes to Basic Financial Statements, Continued

For the years ended June 30, 2023 and 2022

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, 2023 and 2022.

5. NET POSITION RESERVES

The District's Board of Directors approved a reserve policy that authorized commitments of unrestricted net position reported in the audited financial statements up to a specified dollar amount as of June 30, 2023 and 2022 as follows:

	Description	2023	2022
Operating fund	120 days of annual operations and maintenance budget	\$ 5,035,660	\$ 4,849,427
Future capital improvement fund	75% of unrestricted funds not allocated to other reserve funds	6,984,963	9,476,647
Capital improvement fund	Annual capital improvement budget	840,000	100,000
Future capital replacement fund	25% of unrestricted funds not allocated to other reserve funds	2,328,321	3,158,882
Capital replacement fund	Annual capital replacement budget	2,335,000	1,583,000
Elections and special studies	Amount specified by Board of Directors	-	250,000
Total net position commitments		<u>\$ 17,523,944</u>	<u>\$ 19,417,956</u>

6. 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)	\$ 55,000,000	None
Cyber Liability	\$ 2,000,000	\$ 25,000
Property	\$ 2,500,000 - 500,000,000	\$ 500-25,000
Excess Crime	\$ 1,000,000	\$ 100,000
Worker's compensation	\$ 4,000,000	None

Florin Resource Conservation District

Notes to Basic Financial Statements, Continued

For the years ended June 30, 2023 and 2022

7. 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 others). 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.

The rate plans' provisions and benefits in effect at June 30, 2023 and 2022 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%	6.750%
Required employer contribution rates (2023)	11.240%	7.470%
Required unfunded liability payment (2023)	\$7,904	\$360
Required employer contribution rates (2022)	11.250%	7.590%
Required unfunded liability payment (2022)	\$0	\$0

Florin Resource Conservation District

Notes to Basic Financial Statements, Continued

For the years ended June 30, 2023 and 2022

8. RETIREMENT BENEFITS, Continued

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, 2022 and 2021 were \$245,378 and \$1,965,002, respectively.

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

As of June 30, 2023, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$318,533 and as of June 30, 2022, the District reported a net pension asset for its proportionate share of the net pension liability of the Plan of \$1,608,503, respectively.

The District's net pension liability for the Plan 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 2023 is measured as of June 30, 2022, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The net pension liability of the Plan for the fiscal year 2022 is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2020, rolled forward to June 30, 2021. 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.

The District's proportionate share of the net pension liability for the plan as of the measurement date of June 30, 2022, 2021 and 2020 were as follows:

Proportion - June 30, 2021	-0.029740%	Proportion - June 30, 2020	0.015340%
Proportion - June 30, 2022	<u>0.002760%</u>	Proportion - June 30, 2021	<u>-0.029740%</u>
Change - Increase (Decrease)	0.032500%	Change - Increase (Decrease)	-0.045080%

Florin Resource Conservation District

Notes to Basic Financial Statements, Continued

For the years ended June 30, 2023 and 2022

8. RETIREMENT BENEFITS, Continued

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

For the year ended June 30, 2023, the District recognized pension expense of \$2,584,493 and for the year ended June 30, 2022, the District recognized pension income of \$2,579,165, respectively. At June 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 282,216	\$ -	\$ 245,378	\$ -
Changes in employer's proportion	1,108,426	544,015	18,405	864,020
Differences between the employer's contribution and the employer's proportionate share of contributions	692,636	264,856	1,119,223	-
Changes of assumptions	32,641	-	-	-
Differences between expected and actual experiences	6,397	4,285	-	180,381
Net differences between projected and actual earnings on plan investments	58,347	-	1,404,143	-
Total	\$ 2,180,663	\$ 813,156	\$ 2,787,149	\$ 1,044,401

\$282,216 and \$245,378 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, 2024 and 2023, 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 Ending June 30:	2023	2022
2023	-	371,030
2024	432,093	370,613
2025	388,776	367,696
2026	228,734	388,031
2027	35,687	-

Florin Resource Conservation District

Notes to Basic Financial Statements, Continued

For the years ended June 30, 2023 and 2022

8. RETIREMENT PLANS, Continued

F. Actuarial Assumptions

The total pension liabilities in the June 30, 2021 and 2020 actuarial valuations were determined using the following actuarial assumptions:

	2023	2022
Valuation Date	June 30, 2021	June 30, 2020
Measurement Date	June 30, 2022	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	6.90%	7.15%
Inflation	2.30%	2.50%
Projected Salary Increase	Varies by entry age and service	Varies by entry age and service
Investment Rate of Return ⁽¹⁾	6.90%	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, 2021 valuation was based on the 2021 Experience Study and 2020 valuation was based on the results of the 2017 Experience Study. Further details of the Experience Studies can be found on the CalPERS website.

G. Discount Rate

The discount rate used to measure the total pension liability as of the measurement date of June 30, 2022 for the Plan was 6.90% and the discount rate used to measure the total pension liability as of the measurement date of June 30, 2021 for the Plan was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at the statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. A detailed report testing these projections can be obtained from the CalPERS website at www.calpers.ca.gov.

In determining the long-term expected rate of return as of the measurement date June 30, 2022, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

Florin Resource Conservation District

Notes to Basic Financial Statements, Continued

For the years ended June 30, 2023 and 2022

8. RETIREMENT PLANS, Continued

G. Discount Rate, 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+ 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 adjusted to account for assumed administrative expenses.

The tables below reflect the long-term expected real rate of return by asset class as of the measurement date June 30, 2022 and June 30, 2021. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	2023		Asset Class (a)	2022		
	Assumed Asset Allocation	Real Return Years 1 - 10(a)(b)		New Strategic Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity - cap-weighted	30.00%	4.45%	Global Equity	50.00%	4.80%	5.98%
Global Equity - noncap-weighted	12.00%	3.84%	Global Fixed Income	28.00%	1.00%	2.62%
Private Equity	13.00%	7.28%	Inflation Sensitive	0.00%	0.77%	1.81%
Treasury	5.00%	0.27%	Private Equity	8.00%	6.30%	7.23%
Mortgage-backed Securities	5.00%	0.50%	Real Estate	13.00%	3.75%	4.93%
Investment Grade Corporates	10.00%	1.56%	Liquidity	1.00%	0.00%	-0.92%
High Yield	5.00%	2.27%	Total	100%		
Emerging Market Debt	5.00%	2.48%				
Private Debt	5.00%	3.57%				
Real Assets	15.00%	3.21%				
Leverage	-5.00%	-0.59%				
Total	100%					

(a) An expected inflation of 2.3% used for this period.

(b) Figures are based on the 2021-22 Asset Liability Management study

(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, 2023 and 2022

8. RETIREMENT PLANS, Continued

H. 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:

	2023	2022
1% Decrease	5.90%	6.15%
Net Pension Liability/(Asset)	\$ 1,960,655	\$ (222,524)
Current Discount Rate	6.90%	7.15%
Net Pension Liability/(Asset)	\$ 318,533	\$ (1,608,503)
1% Increase	7.90%	8.15%
Net Pension Liability/(Asset)	\$ (1,032,527)	\$ (2,754,272)

I. Pension Plan Fiduciary Net Position

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

J. Payable to the Pension Plan

At June 30, 2023 and 2022 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, 2023 and 2022

9. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

B. Employees Covered

As of the June 30, 2021 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>6</u>
Total	35

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, 2023, the District's cash contributions were \$76,009 in pay-as-you-go premiums, payment to the trust of \$139,539 and the estimated implicit subsidy was \$56,994 resulting in total payments of \$272,542. For the fiscal year ended June 30, 2022, the District's cash contributions were \$93,052 in pay-as-you-go premiums, payment to the trust of \$107,905 and the estimated implicit subsidy was \$56,179 resulting in total payments of \$257,136.

D. Net OPEB Liability

The District's net OPEB liability as of June 30, 2023 was measured as of June 30, 2022 and the net OPEB liability as of June 30, 2022 was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability for measurement date June 30, 2022 and June 30, 2021 was determined by an actuarial valuation dated June 30, 2021 based on the following actuarial methods and assumptions:

Actuarial Assumptions⁽¹⁾

<i>Valuation Date</i>	June 30, 2021
<i>Discount Rate</i>	6.00%
<i>Inflation rate</i>	2.50%
<i>Salary Increases</i>	3.00% per year
<i>Investment Rate of Return</i>	6.00%
<i>Mortality Rate</i>	MacLeod Watts Scale 2022 applied generationally from 2017
<i>Pre-Retirement Turnover</i>	Derived using CalPERS Membership Data for all funds

Notes: ⁽¹⁾ Demographic actuarial assumptions used in this valuation are based on the CalPERS 2021 experience study using data from 1997 to 2019, except for a different basis used to project future mortality improvements. CalPERS 2021 experience study may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

Florin Resource Conservation District

Notes to Basic Financial Statements, Continued

For the years ended June 30, 2023 and 2022

9. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

D. Net OPEB Liability, Continued

The long-term expected rate of return on OPEB plan investments was derived from information published by CalPERS for CERBT Strategy 1. CalPERS determined its returns using a building-block method and best estimate ranges of expected future real rates of return for each major asset class (expected returns, net of OPEB plan investment expenses and inflation). The target allocation and best estimates of geometric real rates of return for each major asset class as of the June 30, 2022 and June 30, 2021 measurement dates are summarized in the following table:

<i>Investment Class</i>	<i>June 30, 2022 and 2021</i>	
	Target Allocation	Long-Term Expected Real Rate of Return
<i>Global Equity</i>	59.00%	8.90%
<i>Fixed Income</i>	25.00%	5.54%
<i>Treasury Inflation-Protected Securities</i>	5.00%	4.38%
<i>Commodities</i>	3.00%	5.79%
<i>Real Estate Investment Trusts</i>	8.00%	7.92%
TOTAL	100.00%	

E. Discount Rate

The discount rate used to measure the total OPEB liability as of June 30, 2022 was 6.20 percent based on the CERBT Strategy 1 investment policy and the discount rate used to measure the total OPEB liability as of June 30, 2021 was 6.00 percent. The discount rate was lowered from 7.10 percent to 6.00 percent for the measurement period June 30, 2021 to anticipate the expected decrease in trust rate return as part of CalPERS Affiliate Funds Strategic Asset Allocation program. 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.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2023 and 2022

9. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

F. Changes in the OPEB Liability

The changes in the net OPEB liability for the OPEB Plan as of June 30, 2023 and 2022 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, 2021 (Measurement Date June 30, 2020)	\$ 3,747,834	\$ 3,006,708	\$ 741,126
Changes recognized for the measurement period:			
Service cost	186,827	-	186,827
Interest	274,517	-	274,517
Difference between expected and actual experience	(212,323)	-	(212,323)
Changes in Assumption	635,200	-	635,200
Contributions - employer	-	249,861	(249,861)
Net investment income	-	827,409	(827,409)
Benefit payment	(136,438)	(136,438)	-
Administrative expenses	-	(1,139)	1,139
Net Changes	747,783	939,693	(191,910)
Balance at June 30, 2022 (Measurement Date June 30, 2021)	\$ 4,495,617	\$ 3,946,401	\$ 549,216
Changes recognized for the measurement period:			
Service cost	210,616	-	210,616
Interest	277,897	-	277,897
Difference between expected and actual experience	-	(766,566)	766,566
Changes in Assumption	(140,906)	-	(140,906)
Contributions - employer	-	257,136	(257,136)
Net investment income	-	239,991	(239,991)
Benefit payment	(149,231)	(149,231)	-
Administrative expenses	-	(1,000)	1,000
Net Changes	198,376	(419,670)	618,046
Balance at June 30, 2023 (Measurement Date June 30, 2022)	\$ 4,693,993	\$ 3,526,731	\$ 1,167,262

Florin Resource Conservation District

Notes to Basic Financial Statements, Continued

For the years ended June 30, 2023 and 2022

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, 2022 and 2021:

	2022	2021
1% Decrease	5.20%	5.00%
Net OPEB Liability	\$ 1,937,432	\$ 1,300,301
Current Discount Rate	6.20%	6.00%
Net OPEB Liability	\$ 1,167,262	\$ 549,216
1% Increase	7.20%	7.00%
Net OPEB Liability	\$ 546,408	\$ (54,706)

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, 2022 and 2021:

	2022	2021
1% Decrease	4.70%	4.70%
Net OPEB Liability	\$ 435,478	\$ (151,642)
Current Healthcare Cost Trend Rate	5.70%	5.70%
Net OPEB Liability	\$ 1,167,262	\$ 549,216
1% Increase	6.70%	6.70%
Net OPEB Liability	\$ 2,112,051	\$ 1,454,077

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, 2023 and 2022

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, 2023 and 2022, the District recognized OPEB expense of \$362,365 and \$205,578. For the fiscal years ended June 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023		2022	
	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	\$ 1,728	\$ 298,504	\$ 1,971	\$ 333,352
Changed in assumptions	914,850	219,306	1,029,673	102,459
Net differences between projected and actual earnings on OPEB plan investments	294,918	-	-	414,964
Contributions to OPEB plan after measurement date	272,542	-	257,136	-
Total	\$ 1,484,038	\$ 517,810	\$ 1,288,780	\$ 850,775

The \$272,542 and \$257,136 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 and 2021 measurement dates will be recognized as a reduction of the net OPEB liability during the fiscal years ending June 30, 2024 and 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as expense as follows:

Year		
Ending June 30:	2023	2022
2023	\$ -	\$ (27,387)
2024	114,311	(25,919)
2025	108,289	(31,941)
2026	87,481	(52,749)
2027	209,473	69,242
2028	56,159	-
Thereafter	117,973	249,623

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, 2023 and 2022

11. PENSION EXPENSE/(CREDIT)

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$2,584,493 and for fiscal year ended June 30, 2022, the District recognized a pension credit of \$(2,579,165) related to its participation in the CalPERS Public Agency Cost-Sharing Multiple-Employer Defined Benefit Plan (Plan).

The pension expense/(credit) is a result of the difference in the allocation factors used for allocating activity within the Plan's fiduciary net position, mostly investment earnings that results in recognition of deferred outflows or inflows of resources (the difference between actual and projected investment earnings). A fiduciary net position allocation factor is used to allocate changes within the Plan fiduciary net position; however, the related recognized deferral is allocated using a factor based on the District's proportionate net pension asset divided by the Plan's net pension liability. The difference between these proportioned amounts resulted in a significant expense/(credit) that was recognized through pension expense.

The Plan's total pension liability, fiduciary net position and net pension liability are allocated to participating employers based on an allocation methodology developed by CalPERS based on each participating employer's proportionate share of the actuarial accrued liability, market value of assets and net pension liability. For more information on the allocation methodology, please refer to the CalPERS Schedule of Employer Allocations for Components of Net Pension Liability and Schedule of Collective Pension Amounts located at <https://www.calpers.ca.gov/page/employers/actuarial-resources/gasb>.

The recognition of the pension expense as of June 30, 2023 and the pension (credit) as of June 30, 2022 were netted against the District's salaries and benefits in each year, resulting in a reported salaries and benefits for fiscal year end June 30, 2023 of \$6,552,189 and for fiscal year ended June 30, 2022 of \$782,729. The table below shows the effect of the recognition of the pension expense/(credit) on total salaries and benefits for the fiscal years ended June 30, 2023 and 2022, respectively:

	2023	2022
Total Salaries and Benefits	\$ 3,967,696	\$ 3,361,894
Pension expense/(credit)	2,584,493	(2,579,165)
Net Salaries and Benefits	\$ 6,552,189	\$ 782,729

Florin Resource Conservation District

Notes to Basic Financial Statements, Continued

For the years ended June 30, 2023 and 2022

12. RESTATEMENT OF NET POSITION CLASSIFICATION

Fiscal year 2022 net position restricted for net pension asset and unrestricted net position has been reclassified for consistency with the current year presentation. This reclassification had no effect on the reported results of operations. Reclassifications are as follows:

	June 30, 2022, as restated	June 30, 2022
Net Investment in capital assets	\$ 46,840,061	\$ 46,840,061
Restricted for net pension asset	1,608,503	564,102
Unrestricted	18,373,555	19,417,956
Toal Net Position	<u>\$ 66,822,119</u>	<u>\$ 66,822,119</u>

REQUIRED SUPPLEMENTARY INFORMATION

Florin Resource Conservation District
Required Supplementary Information
For the years ended June 30, 2023 and 2022

1. DEFINED BENEFIT PENSION PLAN

A. Schedule of the District's Proportionate Share of the Net Pension Liability – Last 10 Fiscal Years*

Fiscal Year	2023	2022	2021	2020	2019	2018	2017	2016	2015
Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Proportion of the net pension liability	0.00276%	-0.02974%	0.01534%	0.01510%	0.01498%	0.01581%	0.01596%	0.01692%	0.01956%
Proportionate share of the net pension liability	\$ 318,533	\$ (1,608,503)	\$ 1,668,811	\$ 1,547,411	\$ 1,443,330	\$ 1,568,286	\$ 1,381,275	\$ 1,161,703	\$ 1,217,268
Covered payroll	\$ 2,575,478	\$ 2,517,843	\$ 2,398,498	\$ 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	12.37%	-63.88%	69.58%	65.31%	61.18%	69.01%	58.16%	56.52%	62.00%
Plan fiduciary net position as a percentage of the total pension liability	76.68%	88.29%	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	79.82%

Notes to Schedule:

*- Fiscal year 2015 was the 1st year of implementation, therefore only nine years are shown..

The CalPERS discount rate was increased from 7.5% to 7.65% in fiscal year 2016, and then decreased from 7.65% to 7.15% in fiscal year 2018 and then decreased from 7.15 to 6.9% in fiscal year 2023.

The CalPERS mortality assumptions were adjusted in fiscal year 2019

A. Schedule of Contributions – Last 10 Fiscal Years*

Fiscal Year	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 282,216	\$ 245,378	\$ 336,963	\$ 388,976	\$ 350,843	\$ 317,812	\$ 302,911	\$ 298,556	\$ 291,670
Contribution in relation to the actuarially determined contributions	(282,216)	(245,378)	(1,965,002)	(388,976)	(350,843)	(317,812)	(302,911)	(298,556)	(291,670)
Contribution deficiency (excess)	\$ -	\$ -	\$ (1,628,039)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,903,161	\$ 2,575,478	\$ 2,517,843	\$ 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	9.72%	9.53%	78.04%	16.22%	14.81%	13.47%	13.33%	12.57%	14.19%

Notes to Schedule

Valuation date: 6/30/2020 6/30/2019 6/30/2018 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	Market Value	Market Value	Market Value	15 yr smoothed
Inflation	2.500%	2.500%	2.500%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by entry age and service								
Investment rate of return	7.00%	7.00%	7.00%	7.25%	7.375%	7.50%	7.50%	7.50%	7.50%
Payroll Growth	2.750%	2.875%	2.875%	2.875%	3.00%	3.00%	3.00%	3.00%	3.00%

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

The District made a prepayment in the amount of \$1,628,039 in December of 2020 to pay down the unfunded accrued liability.

Florin Resource Conservation District

Required Supplementary Information

For the years ended June 30, 2023 and 2022

2. 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	2023	2022	2021	2020	2019	2018
Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Discount Rate on Measurement Date	6.20%	6.00%	7.10%	7.10%	7.28%	7.28%
Total OPEB Liability						
Service Cost	\$ 210,616	\$ 186,827	\$ 181,385	\$ 150,210	\$ 132,574	\$ 148,138
Interest	277,897	274,517	252,309	192,247	159,290	166,580
Changes in benefit terms	-	-	-	-	190,124	-
Differences between expected and actual experience	-	(212,323)	-	2,700	-	(216,413)
Changes of assumptions	(140,906)	635,200	-	620,984	(5,404)	(151,557)
Benefit payments	(149,231)	(136,438)	(116,255)	(52,574)	(29,949)	(32,629)
Net change in total OPEB liability	198,376	747,783	317,439	913,567	446,635	(85,881)
Total OPEB liability - beginning	4,495,617	3,747,834	3,430,395	2,516,828	2,070,193	2,156,074
Total OPEB liability - ending (a)	\$ 4,693,993	\$ 4,495,617	\$ 3,747,834	\$ 3,430,395	\$ 2,516,828	\$ 2,070,193
Contributions - employer	\$ 257,136	\$ 249,861	\$ 243,240	\$ 170,925	\$ 155,329	\$ 114,015
Net investment income	(526,575)	827,409	98,023	156,791	172,787	203,487
Benefit payments	(149,231)	(136,438)	(116,255)	(52,574)	(29,949)	(32,629)
Administrative expenses	(1,000)	(1,139)	(1,361)	(539)	(1,180)	(991)
Net change in plan fiduciary net position	(419,670)	939,693	223,647	274,603	296,987	283,882
Plan fiduciary net position - beginning	3,946,401	3,006,708	2,783,061	2,508,458	2,211,471	1,927,589
Plan fiduciary net position - ending (b)	\$ 3,526,731	\$ 3,946,401	\$ 3,006,708	\$ 2,783,061	\$ 2,508,458	\$ 2,211,471
Net OPEB liability - ending (a) - (b)	\$ 1,167,262	\$ 549,216	\$ 741,126	\$ 647,334	\$ 8,370	\$ (141,278)
Covered employee payroll	\$ 2,745,597	\$ 2,774,047	\$ 2,445,919	\$ 2,368,929	\$ 2,407,765	\$ 2,458,390
Plan fiduciary net position as of percentage of total OPEB Liability	75%	88%	80%	81%	100%	107%
Net OPEB liability as a % of covered employee payroll	42.51%	19.80%	30.30%	27.33%	0.35%	-5.75%

* - 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, 2023 and 2022

2. OTHER POSTEMPLOYMENT BENEFIT PLAN, Continued

B. Schedule of Contributions - Last 10 Fiscal Years*

Fiscal Year Ended June 30	2023	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 272,542	\$ 257,136	\$ 249,861	\$ 243,240	\$ 170,925	\$ 155,329
Contributions in relation to the ADC	(272,542)	(257,136)	(249,861)	(243,240)	(170,925)	(155,329)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
 Covered-employee payroll	 3,178,989	 2,745,597	 2,774,047	 2,445,919	 2,368,929	 2,407,765
 Contributions as a percentage of covered-employee payroll	 8.57%	 9.37%	 9.01%	 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	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Valuation Date	6/30/2021		6/30/2019		6/30/2017	
Actuarial Cost Method	Entry Age Normal		Entry Age Normal		Entry Age Normal	
Amortization Method	Level % of Pay		Level % of Pay		N/A	N/A
Amortization Period	17 yrs remain	18 yrs remain	19 yrs remain	20 yrs remain	20 yrs remain	21 yrs remain
Asset Valuation Method	Market Value		Market Value		Market Value	
Inflation	2.50%		2.50%		2.25%	
Healthcare Cost Trend rate	5.7% in 2022, fluctuates until ultimate rate of 3.9% in 2076		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 grading down to 50% in 2021	
Salary Increases	3.00%		3.00%		3.25%	
Investment Rate of Return	6.00%		7.10%		7.28%	
Retirement Age	From 50 to 75		From 50 to 75		From 50 to 75	
Mortality	CalPERS 2021 Experience Study	CalPERS 2017 Experience Study	CalPERS 2017 Experience Study		CalPERS 2014 Experience Study	
Mortality Improvement	MW Scale 2022		MW Scale 2018 generationally		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 (District) annual comprehensive 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.....	57
❖ Changes in Fund Balances of Governmental Funds	57
❖ Net Position by Component	57
❖ Changes in Net Position.....	58
❖ Revenues by Source	59
❖ Operating Expenses	59

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.....	60
❖ Water Sales by Type	62
❖ Sales - Metered vs. Flat Rate	62
❖ Metered Water Sold	63
❖ Metered Water Consumption – CCFs	63
❖ Historical Service Connections	63
❖ Ten Largest Commercial Customers – Current Year and Ten Years Ago	64

Debt Capacity Data

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

❖ Ratio of Debt Service to Operating Expenses.....	64
❖ Ratios of Outstanding Debt by Type.....	65
❖ Bond Covenant Ratio Analysis	65
❖ Pledged-Revenue Coverage	66

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	66
❖ City of Elk Grove Unemployment Rate	67
❖ City of Elk Grove Per Capita Income	67
❖ Area Demographic and Economic Statistical Information.....	67
❖ Operating Indicators for the Elk Grove Water District	68
❖ Capital Asset Statistics by Function	68

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,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Unassigned	\$ 132,261	\$ 123,219	\$ 88,834	\$ 42,401	\$ 17,703	\$ -	N/A	N/A	N/A	N/A
Total General Fund	\$ 132,261	\$ 123,219	\$ 88,834	\$ 42,401	\$ 17,703	\$ -	N/A	N/A	N/A	N/A

Note: On April 18, 2018, the District's Board adopted a resolution declaring that effective July 1, 2018, all activities of the District would be limited to water related activities that benefit EGWD ratepayers. In FY 2019 the governmental fund of the District was combined with the business-type fund of the District, eliminating the governmental fund.

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

Fiscal Year ended June 30,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
Use of money and property	\$ 5,517	\$ 2,643	\$ 93	\$ 4	\$ -	\$ -	N/A	N/A	N/A	N/A
Other	4,729	10,162	353	1,564	23,542	19,092	N/A	N/A	N/A	N/A
Total Revenues	10,246	12,805	446	1,568	23,542	19,092	N/A	N/A	N/A	N/A
Expenditures										
General and administrative	37,166	21,847	34,831	48,001	48,240	18,243	N/A	N/A	N/A	N/A
Total expenditures	37,166	21,847	34,831	48,001	48,240	18,243	N/A	N/A	N/A	N/A
Other Financing Sources										
Transfers	-	-	-	-	-	(18,552)	N/A	N/A	N/A	N/A
Gain (loss) on disposal of capital assets	82,983	-	-	-	-	-	N/A	N/A	N/A	N/A
Total other financing sources	82,983	-	-	-	-	(18,552)	N/A	N/A	N/A	N/A
Net change in fund balance	56,063	(9,042)	(34,385)	(46,433)	(24,698)	(17,703)	N/A	N/A	N/A	N/A
Fund balance, beginning of the year	76,198	132,261	123,219	88,834	42,401	17,703	N/A	N/A	N/A	N/A
Fund balance, end of the year	\$ 132,261	\$ 123,219	\$ 88,834	\$ 42,401	\$ 17,703	\$ -	N/A	N/A	N/A	N/A

Note: On April 18, 2018, the District's Board adopted a resolution declaring that effective July 1, 2018, all activities of the District would be limited to water related activities that benefit EGWD ratepayers. In FY 2019 the governmental fund of the District was combined with the business-type fund of the District, eliminating the governmental fund.

Florin Resource Conservation District
Net Position by Component
Last Ten Years

Fiscal Year ended June 30,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities										
Unrestricted	\$ 132,261	\$ 123,219	\$ 88,834	\$ 42,401	\$ 17,703	\$ -	N/A	N/A	N/A	N/A
Total governmental activities net position	132,261	123,219	88,834	42,401	17,703	-	N/A	N/A	N/A	N/A
Business-Type										
Net investment in capital assets	15,860,844	17,009,265	22,281,403	23,387,996	25,163,739	26,595,706	28,389,207	41,677,173	46,840,061	55,926,053
Restricted for Debt Services	1,863,744	1,871,782	412,862	10	-	-	-	-	-	-
Restricted for Capital Projects	1,321	-	-	-	-	-	-	-	-	-
Restricted for administrative, operating and maintenance expenses	202,854	3,775	-	-	-	-	-	-	-	-
Restricted for net pension asset	-	-	-	-	-	-	-	-	1,608,503	-
Unrestricted	9,786,366	8,220,125	11,982,765	13,894,173	14,139,332	16,082,657	18,314,558	19,139,482	18,373,555	17,523,943
Total business-type net position	27,715,129	27,104,947	34,677,030	37,282,179	39,303,071	42,678,363	46,703,765	60,816,655	66,822,119	73,449,996
Primary Government										
Net investment in capital assets	15,860,844	17,009,265	22,281,403	23,387,996	25,163,739	26,595,706	28,389,207	41,677,173	46,840,061	55,926,053
Restricted	2,067,919	1,875,557	412,862	10	-	-	-	-	1,608,503	-
Unrestricted	9,918,627	8,343,344	12,071,599	13,936,574	14,157,035	16,082,657	18,314,558	19,139,482	18,373,555	17,523,943
Total Primary government net position	\$ 27,847,390	\$ 27,228,166	\$ 34,765,864	\$ 37,324,580	\$ 39,320,774	\$ 42,678,363	\$ 46,703,765	\$ 60,816,655	\$ 66,822,119	\$ 73,449,996

Note: On April 18, 2018, the District's Board adopted a resolution declaring that effective July 1, 2018, all activities of the District would be limited to water related activities that benefit EGWD ratepayers. In FY 2019 the governmental fund of the District was combined with the business-type fund of the District, eliminating the governmental fund.

Source: Finance Department

Florin Resource Conservation District
Changes in Net Position
Last Ten Years

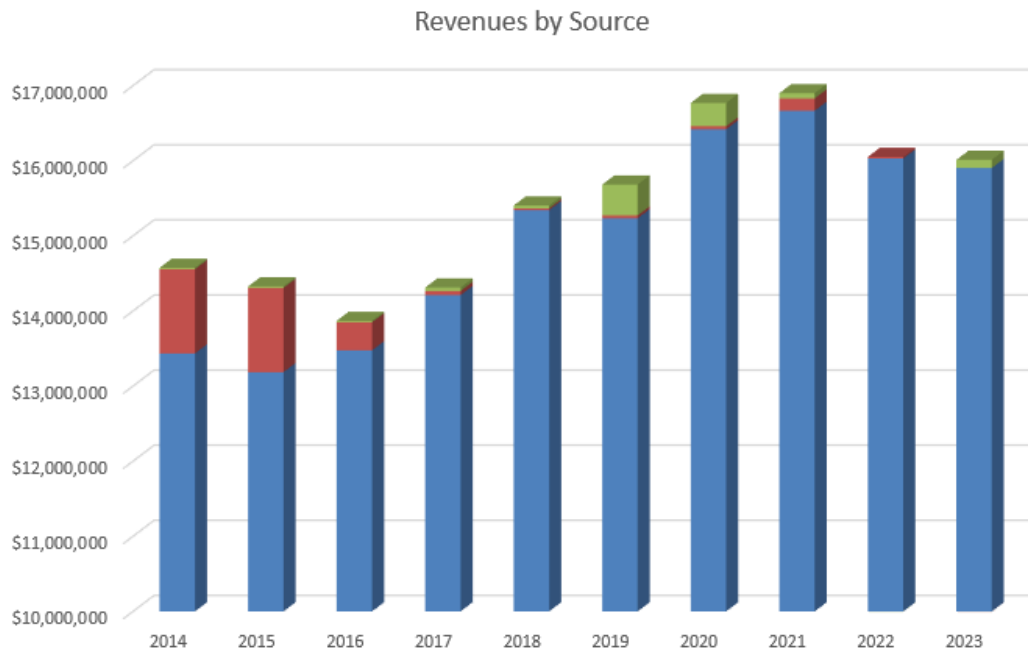
Fiscal Year ended June 30,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental Activities:										
General Government	\$ 37,166	\$ 21,847	\$ 34,831	\$ 48,001	\$ 48,240	\$ 18,243	N/A	N/A	N/A	N/A
Business-type activities:										
Water	11,855,162	12,447,446	10,754,181	11,706,501	12,689,245	12,307,827	12,745,042	13,380,546	9,711,228	15,573,011
Office Building	1,641,329	1,672,932	320,016	-	-	-	-	-	-	-
Total business-type activities	13,496,491	14,120,378	11,074,197	11,706,501	12,689,245	12,307,827	12,745,042	13,380,546	9,711,228	15,573,011
Total primary government expenses	13,533,657	14,142,225	11,109,028	11,754,502	12,737,485	12,326,070	12,745,042	13,380,546	9,711,228	15,573,011
Governmental Activities:										
Program Revenues										
Charges for Services	5,467	-	-	-	-	-	N/A	N/A	N/A	N/A
Operating Grants	-	-	-	-	23,542	19,092	N/A	N/A	N/A	N/A
Total governmental activities	5,467	-	-	-	23,542	19,092	N/A	N/A	N/A	N/A
Business-type activities:										
Charges for Services										
Water	13,435,194	13,185,838	13,475,325	14,210,971	15,343,124	15,233,673	16,418,370	16,666,067	16,030,316	15,902,913
Office Building	1,121,400	1,121,400	373,800	-	-	-	-	-	-	-
Operating Grants	100,000	-	-	-	-	-	-	-	-	-
Total business-type activities	14,656,594	14,307,238	13,849,125	14,210,971	15,343,124	15,233,673	16,418,370	16,666,067	16,030,316	15,902,913
Total primary government program revenues	14,662,061	14,307,238	13,849,125	14,210,971	15,366,666	15,252,765	16,418,370	16,666,067	16,030,316	15,902,913
Net revenues (expenses)										
Governmental activities	(31,699)	(21,847)	(34,831)	(48,001)	(24,698)	849	N/A	N/A	N/A	N/A
Business-Type	1,160,103	186,860	2,774,928	2,504,470	2,653,879	2,925,846	3,673,328	3,285,521	6,319,088	329,902
Total net revenues (expenses)	1,128,404	165,013	2,740,097	2,456,469	2,629,181	2,926,695	3,673,328	3,285,521	6,319,088	329,902
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Interest and investment earnings	50	2,643	93	4	-	-	N/A	N/A	N/A	N/A
Other revenues	82,983	10,162	353	1,564	-	-	N/A	N/A	N/A	N/A
Transfers	-	-	-	-	-	(18,552)	N/A	N/A	N/A	N/A
Total governmental activities	83,033	12,805	446	1,568	-	(18,552)	N/A	N/A	N/A	N/A
Business-type activities:										
Interest and investment earnings	18,188	19,970	20,002	46,228	38,008	411,525	311,494	69,849	(334,766)	109,120
Other revenues	22,304	290,069	4,777,152	54,451	23,344	19,369	40,580	(8,133)	21,142	(102,969)
Transfers	-	-	-	-	-	18,552	-	-	-	-
Capital contributions	-	-	-	-	-	-	-	-	-	6,291,824
Total business-type activities	40,492	310,039	4,797,154	100,679	61,352	449,446	352,074	61,716	(313,624)	6,297,975
Total primary government	123,525	322,844	4,797,600	102,247	61,352	430,894	352,074	61,716	(313,624)	6,297,975
Change in net position:										
Governmental activities	51,334	(9,042)	(34,385)	(46,433)	(24,698)	(17,703)	N/A	N/A	N/A	N/A
Business-type activities	1,200,595	496,899	7,572,082	2,605,149	2,715,231	3,375,292	4,025,402	3,347,237	6,005,464	6,627,877
Total primary government	\$ 1,251,929	\$ 487,857	\$ 7,537,697	\$ 2,558,716	\$ 2,690,533	\$ 3,357,589	\$ 4,025,402	\$ 3,347,237	\$ 6,005,464	\$ 6,627,877

Note: On April 18, 2018, the District's Board adopted a resolution declaring that effective July 1, 2018, all activities of the District would be limited to water related activities that benefit EGWD ratepayers. In FY 2019 the governmental fund of the District was combined with the business-type fund of the District, eliminating the governmental fund.

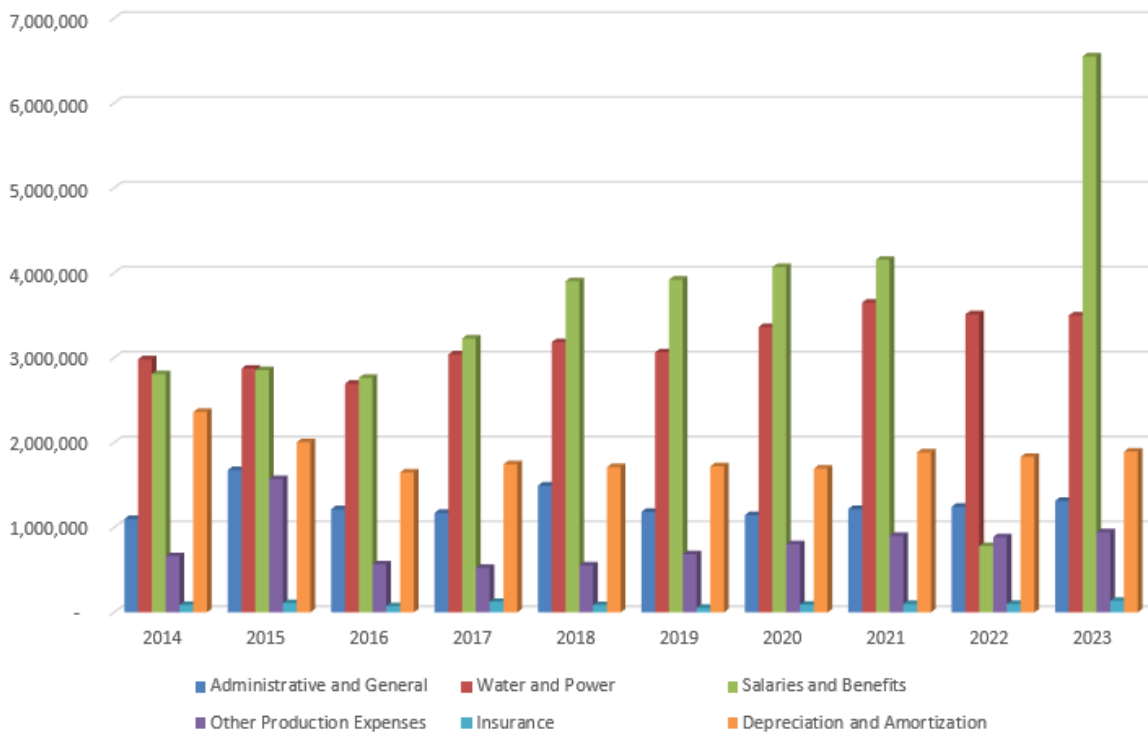
Source: Finance Department

Florin Resource Conservation District Financial Trends

Revenues by Source



Expenses by Source



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

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

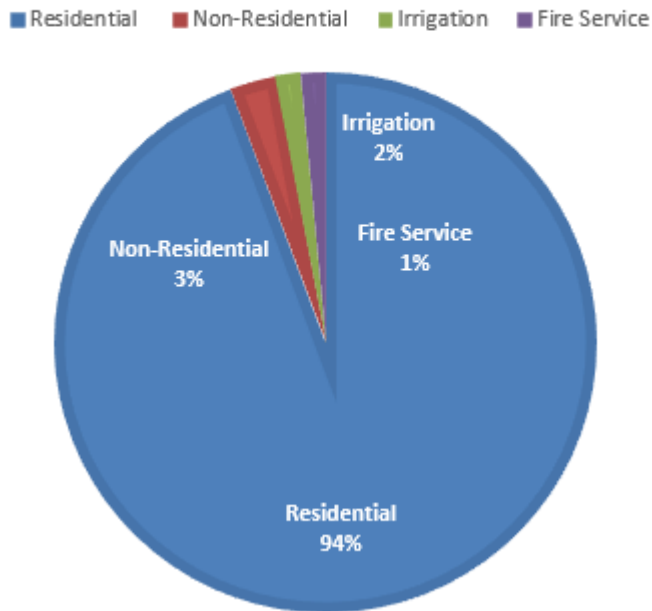
	2014		2015		2016		2017		2018	
	Metered	Flat Rate	Metered	Flat Rate	Metered	Flat Rate	Metered	Flat Rate	Metered	Flat Rate
	Rate		Rate		Rate		Rate		Rate	
Monthly Fixed Rate										
1 inch meter	\$ 59.23	\$ 70.22	\$ 61.01	\$ 72.00	\$ 62.84	N/A	\$ 64.73	N/A	\$ 66.67	N/A
Monthly Consumption Rates										
1st tier: 0-30 ccf	1.39		1.44		1.48		1.52		1.57	
2nd tier: over 30 ccf	2.76		2.85		2.93		3.02		3.11	
Each sq. ft. of premises over 4,000 sf.		0.00244		0.00244		N/A		N/A		N/A
Non-residential	1.57		1.62		1.67		1.72		1.77	
Irrigation	1.7		1.75		1.8		1.85		1.91	
Fixed Charge										
5/8" meter	59.23		61.01		62.84		64.73		66.67	
3/4" meter	59.23		61.01		62.84		64.73		66.67	
1" meter	59.23		61.01		62.84		64.73		66.67	
1 1/2" meter	83.37		85.87		88.45		91.10		93.84	
2" meter	112.34		115.71		119.18		122.76		126.44	
3" meter	179.93		185.33		190.89		196.62		202.52	
4" meter	276.49		284.79		293.33		302.13		311.19	
6" meter	517.89		533.43		549.43		565.91		582.89	
8" meter	807.57		831.80		856.75		882.45		908.93	
10" meter	1,145.53		1,179.90		1,215.29		1,251.75		1,289.30	
	2019		2020		2021		2022		2023	
	Metered	Flat Rate	Metered	Flat Rate	Metered	Flat Rate	Metered	Flat Rate	Metered	Flat Rate
	Rate		Rate		Rate		Rate		Rate	
Monthly Fixed Rate										
1 inch meter	\$ 61.15	N/A	\$ 61.15	N/A	\$ 61.15	N/A	\$ 61.15	N/A	\$ 62.37	N/A
Monthly Consumption Rates										
1st tier: 0-30 ccf	1.92		1.92		1.92		1.92		1.96	
2nd tier: over 30 ccf	4.04		4.04		4.04		4.04		4.12	
Each sq. ft. of premises over 4,000 sf.		N/A		N/A		N/A		N/A		N/A
Non-residential	1.79		1.79		1.79		1.79		1.83	
Irrigation	2.27		2.27		2.27		2.27		2.32	
Fixed Charge										
5/8" meter	61.15		61.15		61.15		61.15		62.37	
3/4" meter	61.15		61.15		61.15		61.15		62.37	
1" meter	61.15		61.15		61.15		61.15		62.37	
1 1/2" meter	86.07		86.07		86.07		86.07		87.79	
2" meter	115.97		115.97		115.97		115.97		118.29	
3" meter	185.76		185.76		185.76		185.76		189.48	
4" meter	285.43		285.43		285.43		285.43		291.14	
6" meter	534.64		534.64		534.64		534.64		545.33	
8" meter	833.69		833.69		833.69		833.69		850.36	
10" meter	1,182.57		1,182.57		1,182.57		1,182.57		1,206.22	

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
	Flat Rate	Flat Rate	Flat Rate	Flat Rate	Flat Rate	Flat Rate	Flat Rate	Flat Rate	Flat Rate	Flat Rate
Flat Rate										
3/4" service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1" service	70.22	72	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1 1/4" service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1 1/2" service	94.36	96.86	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2" service	123.33	126.7	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3" service	190.92	196.32	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4" service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6" service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
8" service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
1x3/4" + 1x2" service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2x3/4" service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
3x3/4" service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
10x3/4" service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
33x3/4" service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
68x3/4" service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2x1" service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6x1" + 1x2" service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
6x1" service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
16x1" service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
21x1" service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
49x1" service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
72x1" service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
100x1" service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2x2" service	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	2014 Rate	2015 Rate	2016 Rate	2017 Rate	2018 Rate	2019 Rate	2020 Rate	2021 Rate	2022 Rate	2023 Rate
Fire Protection Service										
2" connection	2.71	2.79	2.87	2.96	3.04	3.02	3.02	3.02	3.02	3.08
3" connection	7.87	8.11	8.35	8.60	8.86	8.78	8.78	8.78	8.78	8.96
4" connection	16.78	17.28	17.80	18.33	18.88	18.71	18.71	18.71	18.71	19.08
6" connection	48.73	50.19	51.70	53.25	54.85	54.34	54.34	54.34	54.34	55.43
8" connection	103.85	106.96	110.17	113.48	116.88	115.80	115.80	115.80	115.80	118.12
10" connection	186.75	192.35	198.12	204.06	210.19	208.25	208.25	208.25	208.25	212.42
12" connection	301.65	310.70	320.02	329.62	339.51	336.37	336.37	336.37	336.37	343.10

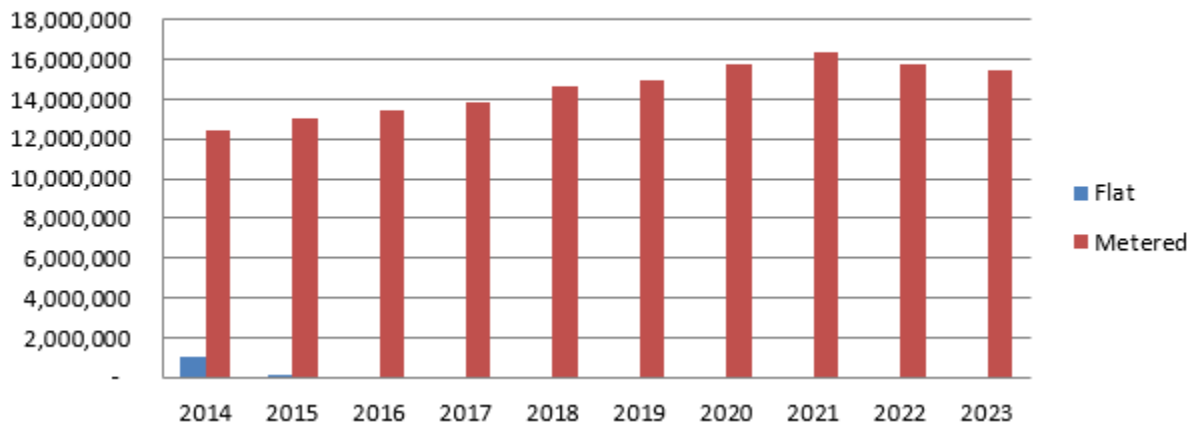
In July 2023 a new 5 year Rate Plan was adopted
Source: Finance Department

ELK GROVE WATER DISTRICT WATER SALES BY TYPE



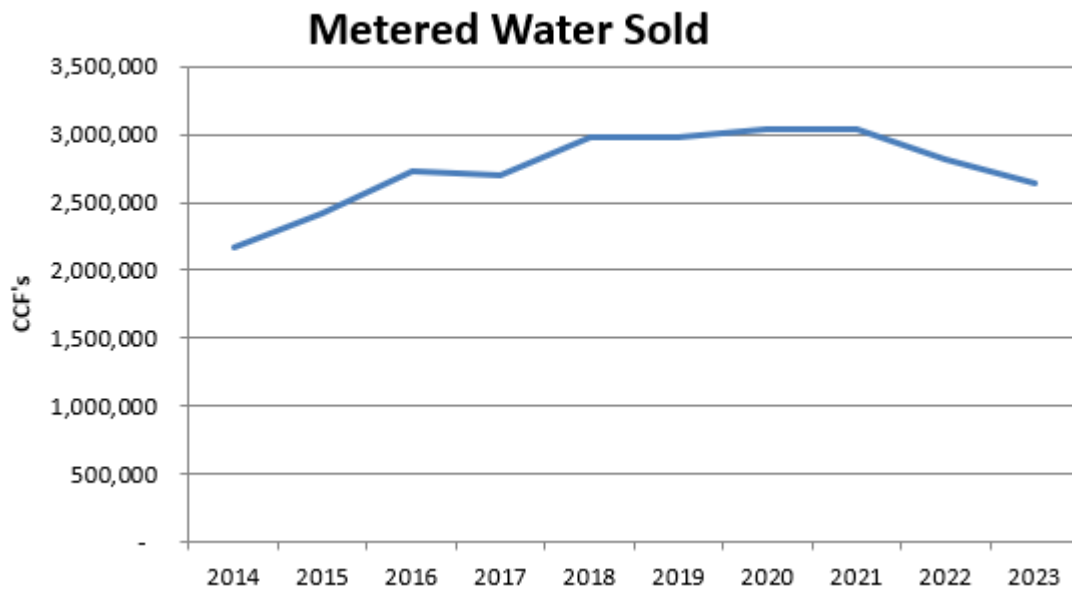
Sales by Type – This graph shows the percentages of the four components of water sales by the Elk Grove Water District.

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
6/30/14	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
6/30/21	-	13,043	13,043	12,317	726
6/30/22	-	13,046	13,046	12,314	732
6/30/23	-	13,067	13,067	12,324	743

Source: Finance Department

FLORIN RESOURCE CONSERVATION DISTRICT

Ten Largest Commercial Customers

Current Year and Ten Years Ago

Florin Resource Conservation District/Elk Grove Water District
Ten Largest Commercial Customers
Current Year and Ten Years Ago

Customer	FY 2013-14		Customer	FY 2022-23	
	Amount Billed	% of Total Billed		Amount Billed	% of Total Billed
CSD	\$ 388,789	2.61%	Cosumnes CSD	\$ 414,068	2.67%
EGUSD	351,021	2.35%	EGUSD	349,744	2.26%
Realty Roundup	115,611	0.77%	City Of Elk Grove	84,885	0.55%
City Of Elk Grove-Public Works	58,397	0.39%	Emerald Vista Apts	61,791	0.40%
Emerald Park Company	56,986	0.38%	JJD-Hov Elk Grove LLC	37,006	0.24%
JJD-Hov Elk Grove LLC	33,104	0.00%	Green Acres	36,052	0.23%
Ferguson & Brewer Mgmt	31,721	0.00%	Feironic LLC	29,042	0.19%
The Oaks Mobile Home Park	26,886	0.00%	Ferguson & Brewer Mgmt	27,952	0.18%
Frontier Communications	24,531	0.00%	The Oaks Mobile Home Park	25,261	0.16%
Elk Grove Village, LLC	22,083	0.00%	VIP FUND III, LLC	23,692	0.15%
	<u>\$ 1,109,128</u>	<u>6.50%</u>		<u>\$ 1,089,493</u>	<u>7.03%</u>

Debt Capacity

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

Fiscal Year Ended June 30,	Principal Payments	Interest Payments	Total	Operating Expenses	Ratio of Total Debt Service to Operating Expenses
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%
2021	2,300,000	1,555,469	3,855,469	11,913,678	32.36%
2022	2,440,000	1,442,499	3,882,499	8,359,617	46.44%
2023	2,560,000	1,323,204	3,883,204	14,342,625	27.07%

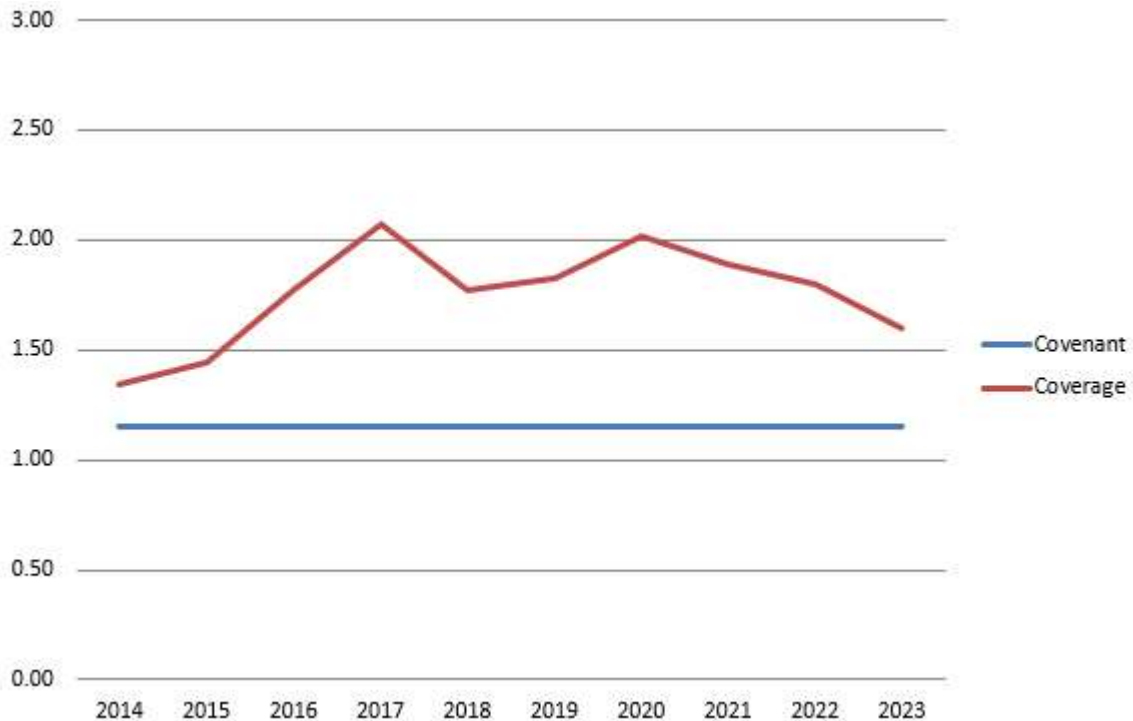
Source: Finance Department

Florin Resource Conservation District
Ratio of Outstanding Debt by Type
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
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	39,910,000	-	-	1,638,202	41,548,202	Not Available	236.40
2021	37,610,000	-	-	1,512,186	39,122,186	Not Available	219.63
2022	35,170,000	-	-	1,386,170	36,556,170	Not Available	204.23
2023	32,610,000	-	-	1,260,155	33,870,155	Not Available	189.22

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues:										
Charges for Services	\$ 13,435,194	\$ 13,185,839	\$ 13,475,325	\$ 14,210,971	\$ 15,343,124	\$ 15,233,673	\$ 16,418,370	\$ 16,666,067	\$ 16,030,316	\$ 15,902,913
Interest Income ⁽¹⁾	18,188	19,970	19,994	42,789	105,884	213,052	221,048	88,328	56,182	155,106
Total Revenue	\$ 13,453,382	\$ 13,205,809	\$ 13,495,319	\$ 14,253,760	\$ 15,449,008	\$ 15,446,725	\$ 16,639,418	\$ 16,754,395	\$ 16,086,498	\$ 16,058,019
Operating Expenses:										
Water & Power	\$ 2,982,746	\$ 2,872,999	\$ 2,694,476	\$ 3,039,628	\$ 3,185,079	\$ 3,064,946	\$ 3,363,254	\$ 3,650,939	\$ 3,512,637	\$ 3,499,680
Other Production Expenses	411,116	1,437,329	524,769	525,951	552,824	686,121	804,474	902,919	885,865	944,179
Payroll & Related Taxes ⁽²⁾	2,808,085	2,855,533	2,763,806	3,314,681	3,365,305	3,465,053	3,512,354	3,595,616	3,361,894	3,967,696
Insurance	68,815	76,462	74,280	125,199	86,006	54,500	91,118	100,008	99,889	137,012
Administration & General	865,681	1,218,888	977,466	1,172,524	1,494,913	1,185,292	1,146,802	1,218,432	1,246,308	1,315,020
Operating Expenses, Less Debt Service:	\$ 7,136,443	\$ 8,461,211	\$ 7,034,797	\$ 8,177,983	\$ 8,684,127	\$ 8,455,912	\$ 8,918,002	\$ 9,467,914	\$ 9,106,593	\$ 9,863,587
Net Income From Operations	\$ 6,316,939	\$ 4,744,598	\$ 6,460,522	\$ 6,075,776	\$ 6,764,881	\$ 6,990,813	\$ 7,721,416	\$ 7,286,481	\$ 6,979,905	\$ 6,194,432
Covenant										
Income From Operations	\$ 6,316,939	\$ 4,744,598	\$ 6,460,522	\$ 6,075,776	\$ 6,764,881	\$ 6,990,813	\$ 7,721,416	\$ 7,286,481	\$ 6,979,905	\$ 6,194,432
Interest & Principal Payments	\$ 4,709,651	\$ 3,290,466	\$ 3,655,240	\$ 2,933,980	\$ 3,823,349	\$ 3,823,909	\$ 3,826,739	\$ 3,855,469	\$ 3,882,499	\$ 3,882,499
Coverage Ratio (1.15 Minimum Req.)	1.34	1.44	1.77	2.07	1.77	1.83	2.02	1.89	1.80	1.60

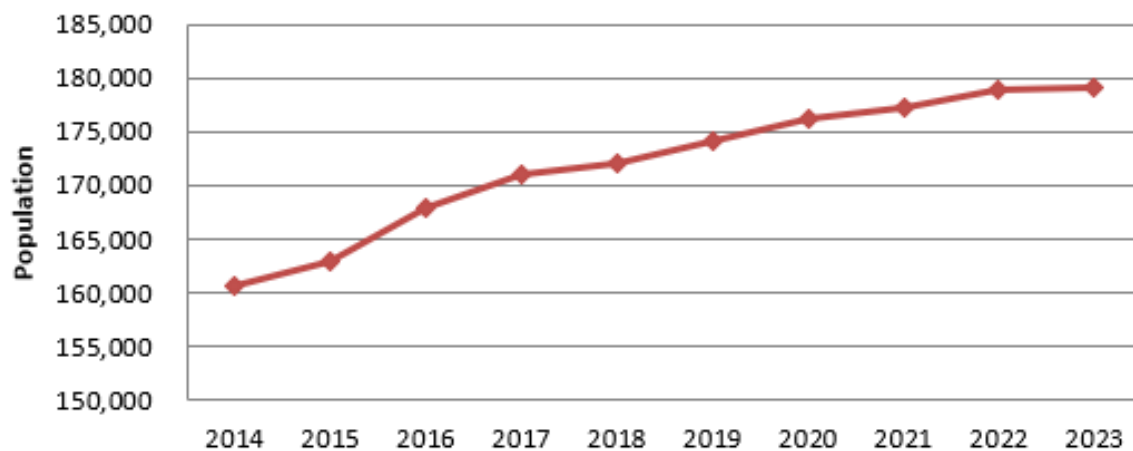
Note: Details regarding the required covenant can be found in Note 4 of the financial statements.

⁽¹⁾ Excludes unrealized gains/loses from GASB 31 fair market value adjustment

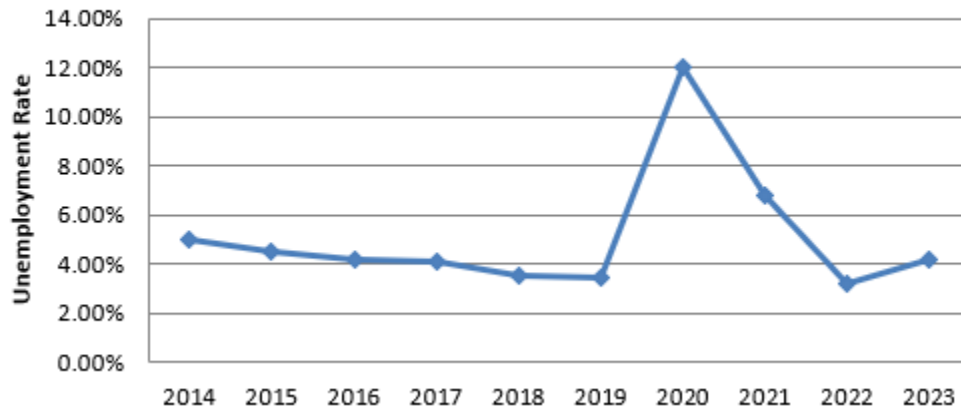
⁽²⁾ Excludes GASB 68 non-cash pension adjustments

Demographic and Economic Information Florin Resource Conservation District

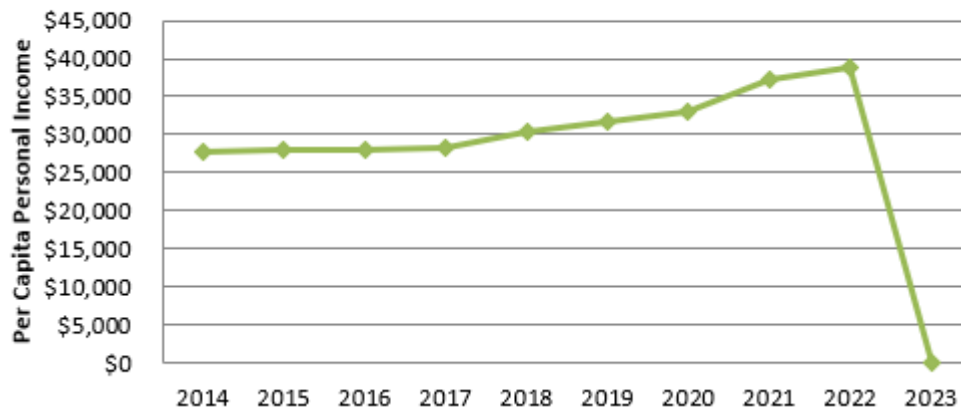
City of Elk Grove



City of Elk Grove



City of Elk Grove



Data for 2023 unavailable from the City of Elk Grove.

Population Last Ten Fiscal Years

Year	Population ⁽¹⁾	Per Capita Personal Income ⁽²⁾	Unemployment Rate ⁽²⁾
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	3.50%
2019	174,025	\$31,702	3.40%
2020	176,154	\$33,140	12.00%
2021	177,145	\$37,252	6.80%
2022	178,997	\$38,839	3.20%
2023	179,000	Not Available	4.20%

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/Elk Grove Water District
Operating Indicators for the Water Service
Last Ten Years

Fiscal Year ended June 30,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Water sold:										
Purchased water (CCFs)	1,145,719	942,941	806,785	899,099	1,001,381	1,037,318	1,082,714	1,151,265	1,110,976	999,663
Treated water (CCFs)	2,055,947	1,585,736	1,365,572	1,527,797	1,725,297	1,663,476	1,893,475	1,884,597	1,712,199	1,646,238
Total	3,201,666	2,528,677	2,172,357	2,426,896	2,726,678	2,700,794	2,976,189	3,035,862	2,823,175	2,645,901
Number of Accounts										
Non-metered	240	-	-	-	-	-	-	-	-	-
Metered	12,109	12,291	12,174	12,506	12,330	12,555	12,880	13,043	13,046	13,067
Total	12,349	12,291	12,174	12,506	12,330	12,555	12,880	13,043	13,046	13,067
Average annual CCFs used per account	259.27	205.73	178.44	194.06	221.14	215.12	231.07	232.76	216.40	202.49
Average daily consumption per account (CCFs)	0.7103	0.5637	0.4889	0.5317	0.6059	0.5894	0.6331	0.6377	0.5929	0.5548
Number of Employees:	29	29	28	31	29	29	29	28	30	30

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

Source: Finance Department

Florin Resource Conservation District/Elk Grove Water District
Capital Assets Statistics by Function
Last Ten Years

Fiscal Year ended June 30,	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Capital Asset Statistics										
Water:										
Water main miles	131.0	131.0	131.0	145.0	145.0	145.0	149.8	150.9	151.8	153.1
Maximum daily capacity (thousands of gallons)	12,800	12,800	12,800	14,000	14,000	11,400	11,400	11,520	12,240	12,240
Maximum daily treatment capacity (thousands of gallons)	10,000	10,000	10,000	11,000	11,000	11,800	13,000	11,520	11,520	11,520
Buildings owned	2	2	2	2	3	3	3	3	3	3

Source: Finance Department