

**REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE
FLORIN RESOURCE CONSERVATION DISTRICT**

Agenda

Wednesday, December 30, 2015

6:30 PM

**9257 Elk Grove Blvd.
Elk Grove, CA 95624**

Compliance with Government Code Section 54957.5

Public records, including writings related to an agenda item for an open session of a regular meeting of the Florin Resources Conservation District that are distributed less than 72 hours before the meeting, are available for public inspection during normal business hours at the Administration building of Elk Grove Water District, located at 9257 Elk Grove Blvd. Elk Grove, California. In addition, such writings may be posted, whenever possible, on the Elk Grove Water District website at www.egwd.org.

The Board will discuss all items on the agenda, and may take action on any item listed as an "Action" item. The Board may discuss items that do not appear on the agenda, but will not act on those items unless there is a need to take immediate action and the Board determines by a two-thirds (2/3) vote that the need for action arose after posting of the agenda.

If necessary, the Meeting will be adjourned to Closed Session to discuss items on the agenda listed under "Closed Session." At the conclusion of the Closed Session, the meeting will reconvene to "Open Session."

CALL TO ORDER, ROLL CALL AND PLEDGE OF ALLEGIANCE

Public Comment – Please complete a Request to Speak Form if you wish to address the Board. Members of the audience may comment on matters that are not included on the agenda. Each person will be allowed three (3) minutes, or less if a large number of requests are received on a particular subject. No action may be taken on a matter raised under "Public Comment" until the matter has been specifically included on an agenda as an action item. Items listed on the agenda will be opened for public comment as they are considered by the Board of Directors.

1. Proclamations and Announcements

Associate Director Comment

Public Comment

- 2. Consent Calendar** (Stefani Phillips, Secretary and Jim Malberg, Treasurer)
- a. FRCD Cash Flow Worksheet – November, 2015
 - b. Warrants Paid – November, 2015
 - c. Active Accounts – November, 2015
 - d. Bond Covenant Status for FY 2015-16 – November, 2015
 - e. Revenues and Expenses – Actual vs. Budget FY 2015-16 – November, 2015
 - f. Cash Accounts – November, 2015
 - g. Consultants Expenses – November, 2015

Associate Director Comment

Public Comment

Recommended Action: Approve Florin Resource Conservation District Consent Calendar

3. Fiscal Year 2014-15 Comprehensive Annual Financial Report

(Jim Malberg, Finance Manager/Treasurer)

Associate Director Comment

Public Comment

Recommended Action: Approve a motion accepting the Fiscal Year 2014-15 Comprehensive Annual Financial Report

4. Potential Refunding of Florin Resource Conservation District Debt

(Jim Malberg, Finance Manager/Treasurer)

Associate Director Comment

Public Comment

Recommended Action: Adopt a motion authorizing staff to proceed with engaging the financing team to investigate the potential for refunding a portion of Florin Resource Conservation District's outstanding debt

5. Directors Comments

6. Closed Session

- a. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (Section 54957)
Title: General Manager

- b. CONFERENCE WITH LABOR NEGOTIATORS (Section 54957.6)
Agency designated representatives: Chuck Dawson
Unrepresented employee: General Manager

Adjourn to Regular Meeting – January 27, 2016.

December 30, 2015

TO: Chairman and Directors of the Florin Resource Conservation District
FROM: Stefani Phillips, Secretary and Jim Malberg, Treasurer
SUBJECT: CONSENT CALENDAR

RECOMMENDATION

It is recommended that the Florin Resource Conservation District Board of Directors approve the FRCD Consent Calendar.

Summary

By this action, the Board will approve the FRCD Consent Calendar items a-g.

DISCUSSION

Background

Consent Calendar items a-g are standing items on the Regular Board Meeting agenda.

FINANCIAL SUMMARY

N/A

Respectfully Submitted,


STEFANI PHILLIPS, SECRETARY AND
JIM MALBERG, TREASURER

SP

Attachments



**FRCD Cash Flow
For the Month Ended Nov 30, 2015**

Cash in Bank – Beginning	\$ 124,307.23
Receipts:	
Interest Earned	\$ 8.17
Disbursements:	
Cash in Bank – Ending	\$ 124,315.40

Check History Report

11/1/2015 to 11/30/2015
Elk Grove District

Check Number	Check Date	Vendor Number	Vendor Name	Check	Explanation
039531	11/13/2015	A, TEIC	A, TEICHERT & SON, INC	1,713.07	
039532	11/13/2015	ACWA	ACWA	14,210.00	2016-Annual Agency Dues
039533	11/13/2015	ACWAJPI	CB&T/ACWA-JPIA	60,011.73	
039534	11/13/2015	AFLAC	AFLAC	1,853.32	
039535	11/13/2015	AIRBORN	AIRBORNE SECURITY PATROL, INC.	7,200.00	Conservation Patrol
039536	11/13/2015	B WAGNE	BRANDON WAGNER	143.50	Clothing Reimbursement
039537	11/13/2015	BEST	BEST, BEST & KRIEGER	3,179.12	Legal
039538	11/13/2015	BG SOLU	SOLUTIONS BY BG INC.	4,902.00	Daily Tasks/Help Tickets
039539	11/13/2015	BSK4	BSK ASSOCIATES	961.00	Sampling-Treatment
039540	11/13/2015	CAP AIR	CAPITAL AIR TOOL, LLC.	180.26	
039541	11/13/2015	CITY EG	CITY OF ELK GROVE	77.85	
039542	11/13/2015	COEG	CITY OF ELK GROVE	424.23	
039543	11/13/2015	CONSOLI	CONSOLIDATED COMMUNICATIONS	1,251.38	
039544	11/13/2015	CONSOLI	CONSOLIDATED COMMUNICATIONS	238.65	
039545	11/13/2015	CR FID	FIDELITY NATIONAL TITLE	64.34	
039546	11/13/2015	CR FID	FIDELITY NATIONAL TITLE	63.09	
039547	11/13/2015	CR FID	FIDELITY NATIONAL TITLE	126.16	
039548	11/13/2015	CRF LEN	LENNAR HOMES CA, INC	4.07	
039549	11/13/2015	CRF LEN	LENNAR HOMES CA, INC	33.74	
039550	11/13/2015	CRF LEN	LENNAR HOMES CA, INC	17.01	
039551	11/13/2015	CRF NSC	NORTH STAR CONST & ENGINEERING	1,562.24	
039552	11/13/2015	CRF OC	OLD REPUBLIC TITLE COMPANY	35.04	
039553	11/13/2015	CRFBSU	BEN & SUE UPTON	11.75	
039554	11/13/2015	CRFCHTI	CHICAGO TITLE	82.06	
039555	11/13/2015	CRFDMC	DONNA MCKENNA	42.71	
039556	11/13/2015	CRFFLGM	FLAVYN & GERONIMO MENDOZA	2.24	
039557	11/13/2015	CRFFNTO	FIDELITY NATIONAL TITLE CO	140.74	
039558	11/13/2015	CRFJE	JOSE ESCOTO	12.88	
039559	11/13/2015	CRFKG	KATHY GRIFFIN C/O PDF REALTY	10.17	
039560	11/13/2015	CRFLB	LOUIE BROWN	36.07	
039561	11/13/2015	CRFMLP	MARISSA L PERRIN	88.83	
039562	11/13/2015	CRFMMS	MICHAEL M SAREERAM	87.30	
039563	11/13/2015	CRFMPV	MICHAEL P VIOLETT	12.75	
039564	11/13/2015	CRFORA	ORANGE COAST TITLE	154.68	
039565	11/13/2015	CRFPFT	PERHAM FAMILY TRUST	7.54	
039566	11/13/2015	CRFPL	PLACER TITLE CO	55.74	
039567	11/13/2015	CRFPLC	PLACER TITLE COMPANY	47.11	
039568	11/13/2015	CRFRE	REALTY ROUNDUP	130.95	
039569	11/13/2015	CRFSH	SCOTT HONG	19.30	
039570	11/13/2015	CRFST	SUSAN THEISEN	65.29	
039571	11/13/2015	CRFTD	TIMOTHY DWYER	3.93	
039572	11/13/2015	DATAPRO	DATAPROSE LLC	6,801.30	Monthly Billing

039573	11/13/2015	DELUXE	DELUXE	177.26	
039574	11/13/2015	EFFECT	EFFECTIVE PHONE SOLUTIONS INC.	1,265.85	Disaster Recovery
039575	11/13/2015	EGCOC	ELK GROVE CHAMBER OF COMMERCE	700.00	Membership Dues
039576	11/13/2015	FASTENA	FASTENAL COMPANY	324.23	
039577	11/13/2015	FREDER	DAVID FREDERICK	70.00	
039578	11/13/2015	FTB	FRANCHISE TAX BOARD	298.05	Confidential
039579	11/13/2015	FTB	FRANCHISE TAX BOARD	50.00	Confidential
039580	11/13/2015	GOLDEN	GOLDEN STATE FLOW MEASUREMENT	599.47	
039581	11/13/2015	GRAINGE	GRAINGER	736.18	Materials/Supplies-Colton
039582	11/13/2015	HANFORD	HANFORD READY MIX INC.	175.92	
039583	11/13/2015	HOLT	HOLT OF CALIFORNIA	1,516.02	Repairs & Maintenance on the Bob Cat
039584	11/13/2015	INT STA	INTERSTATE OIL COMPANY	2,079.82	Fuel
039585	11/13/2015	JAN PRO	JAN-PRO CLEANING SYSTEMS	515.00	Janitorial-MOC/ADMIN
039586	11/13/2015	PACE	PACE SUPPLY CORP	7,212.59	(5) Invoices-Materials/Supplies-Colton Ave
039587	11/13/2015	PAULA M	PAULA MAITA & COMPANY	3,132.23	Field Crew Clothing-Winter Supply
039588	11/13/2015	PEST	PEST CONTROL CENTER INC	80.00	
039589	11/13/2015	PLATT2	PLATT	2.71	
039590	11/13/2015	RADIAL	RADIAL TIRE OF ELK GROVE	360.49	Repairs & Maintenance -Vehicle's
039591	11/13/2015	RCB DO	CARD SERVICE CENTER	561.85	Seminars, Membership dues
039592	11/13/2015	RCB EC	CARD SERVICE CENTER	141.72	Pumpkin Festival-Supplies
039593	11/13/2015	RCB MM	CARD SERVICE CENTER	157.10	Meals
039594	11/13/2015	RCB RS	CARD SERVICE CENTER	179.96	Materials/Supplies
039595	11/13/2015	RCB SS	CARD SERVICE CENTER	909.06	Materials/Supplies
039596	11/13/2015	RCBJO	CARD SERVICE CENTER	347.69	Materials/Supplies
039597	11/13/2015	REPUBLI	REPUBLIC SERVICES #922	792.98	
039598	11/13/2015	ROOCO	ROOCO RENTS	2,162.16	Materials/Supplies-Colton/Distribution
039599	11/13/2015	ROTH	ROTH STAFFING COMPANIES, L.P.	1,168.32	Temporary Customer Service Help
039600	11/13/2015	SEN 2	SENSUS USA	1,686.20	Auto Read Software Support-Meter Reading
039601	11/13/2015	SIERRA C	SIERRA CHEMICAL COMPANY	1,639.87	Supplies-Treatment
039602	11/13/2015	SIERRA	SIERRA OFFICE SUPPLIES	578.77	
039603	11/13/2015	SMUD	SMUD	779.27	
039604	11/13/2015	SMUD	SMUD	3,551.66	
039605	11/13/2015	SMUD	SMUD	4,018.16	
039606	11/13/2015	SMUD	SMUD	855.13	
039607	11/13/2015	SMUD	SMUD	5,853.73	
039608	11/13/2015	SMUD	SMUD	5,128.39	
039609	11/13/2015	SMUD	SMUD	2,771.64	
039610	11/13/2015	SMUD	SMUD	59.34	
039611	11/13/2015	SMUD	SMUD	669.23	
039612	11/13/2015	TOSHIBA	TOSHIBA FINANCIAL SERVICES	528.93	Copier-ADMIN
039613	11/13/2015	TRAFF S	TRAFFIC SIGN SPECIALTIES	758.16	Materials/Supplies
039614	11/13/2015	ULTRA	ULTRA TRUCK WORKS, INC	105.42	
039615	11/13/2015	VALL MO	VALLEY MOTOR PARTS	116.34	
039616	11/13/2015	VERIZON	VERIZON WIRELESS	415.97	Aircards-Laptops
039617	11/19/2015	AIR QUA	AIR QUALITY	4,886.00	Renewal Fees-Permit to Operate-Hampton
039618	11/19/2015	BATTER	BATTERIES PLUS	23.22	
039619	11/19/2015	BAY ALA	BAY ALARM COMPANY	35.00	
039620	11/19/2015	BRINKS	BRINKS INCORPORATED	262.51	
039621	11/19/2015	BSK4	BSK ASSOCIATES	85.00	
039622	11/19/2015	CCPPM	CCPPM	441.94	Supplies- ADMIN/Conservation
039623	11/19/2015	DIAZ	JOHN DIAZ	302.40	Clothing Reimbursement

Invoice #	Date	Vendor	Amount	Description
039624	11/19/2015	DOWNEY	600.00	Legal
039625	11/19/2015	FASTENA	1.51	
039626	11/19/2015	FASTENA COMPANY	147.78	
039627	11/19/2015	FERRELLGAS	4,073.72	Materials/Supplies-Colton/Distribution
039628	11/19/2015	JAY'S TRUCKING SERVICE	309.41	Software Programs and Updates
039629	11/19/2015	NEWEGG BUSINESS, INC	2,515.40	Software Programs and Updates
039630	11/19/2015	NEWEGG BUSINESS, INC	529.20	Materials/Supplies-Treatment
039631	11/19/2015	PACE SUPPLY CORP	606.80	(3) Invoices-Shirts-Field Crews
039632	11/19/2015	PAULA MAITA & COMPANY	11.74	Postage
039633	11/19/2015	PACIFIC GAS & ELECTRIC COMPANY	537.22	
039634	11/19/2015	PURCHASE POWER	28.94	
039635	11/19/2015	RCB BK	943.46	
039636	11/19/2015	RCB SP	1,200.00	Employee Appreciation, Contracted Services, Secretary Conference, Hotel
039637	11/19/2015	REGIONW	795.11	Appraisal Report-9728 Kent Street
039638	11/19/2015	ROTH	294.47	Temporary Customer Service Help
039639	11/19/2015	SAC SHE	575.00	Confidential
039640	11/24/2015	WEF3	1,393.16	Membership Dues
039641	11/24/2015	AQUA	5,001.75	SCADA Improvements
039642	11/24/2015	BG SOLU	200.00	Daily Tasks/Help Tickets
039643	11/24/2015	EMPLOYEE	50.00	Confidential
039644	11/24/2015	FTB	1,536.12	Confidential
039645	11/24/2015	JAYS	1,275.00	Materials/Supplies-Colton
039646	11/24/2015	ROB MER	1,516.32	Accounting Services-Audit
039647	11/24/2015	ROOCO	892.97	Materials/Supplies-Colton/Distribution
039648	11/24/2015	ROTH	294.47	Temporary Customer Service Help
039649	11/24/2015	SAC SHE	1,034.00	Confidential
039650	11/24/2015	YOUNGDA	221.08	RRWTF Parking Lot
039651	11/30/2015	ZOOM	706.11	Materials/Supplies
039652	11/30/2015	A. TEIC	103,107.40	RRWTF Parking Lot
039653	11/30/2015	ABIDE	298.88	
039654	11/30/2015	ATT&T	576.81	
039655	11/30/2015	BATTER	309.00	
039656	11/30/2015	BAY ALA	230.00	Sampling-Treatment
039657	11/30/2015	BSK4	2,310.80	
039658	11/30/2015	CDW	1,125.00	Upgrade MAS 90 to current version
039659	11/30/2015	CHAMPS	31.18	
039660	11/30/2015	COUNTY4	480.49	Account Closed-Customer Refund
039661	11/30/2015	CRFCONT	64.36	Account Closed-Customer Refund
039662	11/30/2015	CRFNOB	2,785.00	Training for Wonderware-In Touch 2014 R2
039663	11/30/2015	E&M	59.63	
039664	11/30/2015	FASSTENA	220.94	Well site communications
039665	11/30/2015	FRONT C	169.13	Well site communications
039666	11/30/2015	FRONT C	174.51	Well site communications
039667	11/30/2015	FRONT C	440.45	Materials/Supplies-Utility Crew
039668	11/30/2015	HOLT	515.00	Janitorial-MOC/ADMIN
039669	11/30/2015	JAN PRO	394.00	
039670	11/30/2015	LAKE V	2,559.00	(3) Invoices-Supplies-Colton
039671	11/30/2015	LAKE V	11,481.08	(9) Invoices-Materials/Supplies- Colton/Distribution
039672	11/30/2015	LAKE V	105.93	Shirts-Field Crews
039673	11/30/2015	LAKE V	80.00	

039674	11/30/2015	RADIAL	RADIAL TIRE OF ELK GROVE	82.34	
039675	11/30/2015	ROOCO	ROOCO RENTS	1,797.12	Materials/Supplies-Colton
039676	11/30/2015	ROTH	ROTH STAFFING COMPANIES, L.P.	877.04	Temporary Customer Service Help
039677	11/30/2015	SIERRA	SIERRA OFFICE SUPPLIES	152.59	
039678	11/30/2015	SUMMIT	AIR WORKS INC	165.00	
039679	11/30/2015	SWRCB	SWRCB	10,710.24	Large Water System Fees 7/1/2014-6/30/2015
039680	11/30/2015	ULTRA	ULTRA TRUCK WORKS, INC	702.00	
039681	11/30/2015	UNITED	UNITED SITE SERVICES	250.15	
039682	11/30/2015	A. TEIC	A. TEICHERT & SON, INC	244.35	
039683	11/30/2015	AIRBORN	AIRBORNE SECURITY PATROL, INC.	6,205.50	Conservation Patrol
039684	11/30/2015	BEST	BEST, BEST & KRIEGER	3,942.75	Legal
039685	11/30/2015	BSK4	BSK ASSOCIATES	480.00	
039686	11/30/2015	BULLET	BULLET GUARD	20,370.20	Front Office Security
039687	11/30/2015	CASTEAM	CALIFORNIA STEAM	155.33	
039688	11/30/2015	COEG	CITY OF ELK GROVE	793.43	Colton/Orton/Permits-Distribution
039689	11/30/2015	DIAZ	JOHN DIAZ	92.32	Clothing Reimbursement
039690	11/30/2015	DMV	DMV	19.00	
039691	11/30/2015	EG FORD	ELK GROVE FORD	216.95	
039692	11/30/2015	FASTENA	FASTENAL COMPANY	102.02	
039693	11/30/2015	HALING	CINDY HALING	150.00	
039694	11/30/2015	INDUSTR	TNT INDUSTRIAL CONTRACTORS INC	24,498.91	Hampton WTP Refurbishment
039695	11/30/2015	INT STA	INTERSTATE OIL COMPANY	1,422.94	Fuel
039696	11/30/2015	INT STA	INTERSTATE OIL COMPANY	1,432.49	Fuel
039697	11/30/2015	JAYS	JAY'S TRUCKING SERVICE	3,708.29	Materials/Supplies-Colton/Distribution
039698	11/30/2015	MADISON	MARK MADISON	742.76	Travel Reimbursement, Car rental, Meals, Hotel
039699	11/30/2015	NTS	NTS MIKEDON, LLC	369.60	Supplies-Colton
039700	11/30/2015	PACE	PACE SUPPLY CORP	334.77	Materials/Supplies-Colton
039701	11/30/2015	PAULA M	PAULA MAITA & COMPANY	272.23	Shirts-Field Crews
039702	11/30/2015	RADIAL	RADIAL TIRE OF ELK GROVE	80.00	
039703	11/30/2015	SAC VAL	SAC VALLEY ELECTRIC, INC	3,086.49	VFD Booster Pump
039704	11/30/2015	T FRANK	TRAVIS FRANKLIN	168.18	Clothing Reimbursement
039705	11/30/2015	TRAFF S	TRAFFIC SIGN SPECIALTIES	108.00	
039706	11/30/2015	VALL MO	VALLEY MOTOR PARTS	24.30	
039707	11/30/2015	VERIZON	VERIZON WIRELESS	416.39	Aircards-Laptops
039708	11/30/2015	WHITE	HDS WHITE CAP CONST SUPPLY	273.69	
				Total:	406,590.78

Elk Grove Water District

Bond Covenant Status

For Fiscal Year 2015-16

As of November 30, 2015

Operating Revenues:

Charges for Services	\$	5,835,368
----------------------	----	-----------

Operating Expenses:

Salaries & Benefits		1,521,580
Seminars, Conventions and Travel		12,534
Office & Operational		370,199
Purchased Water		1,157,302
Outside Services		261,474
Equipment Rent, Taxes, an Utilities		129,999
Depreciation & Amortization		645,833
Total Operating Expenses		4,098,921

Income From Operations	\$	1,736,447
-------------------------------	-----------	------------------

Covenant Number 2

Income From Operations		1,736,447
Add: Depreciation & Amortization Expenses		645,833 *
Total		2,382,280

Interest & Principal Payments		
2,225,240 interest + 1,430,000 principal		1,523,017 *

Coverage Ratio:

Actual		1.56
Required		1.15

* Note: The calculation for the period = the percentage of the year completed.

Elk Grove Water District
Revenues and Expenses Actual to Budget
November 30, 2015

General Ledger Reference	November Activity	November Budget	Variance	% Variance	YTD Activity	Annual Budget	5/12=41.67%	
							Variance	% Realized
Revenues	1,061,946	1,115,496	(53,550)	-4.80%	\$5,835,368	\$13,385,949	(\$7,550,581)	43.59%
Salaries & Benefits (1)	280,625	300,015	(19,390)	-6.46%	\$1,521,580	\$3,600,175	(\$2,078,595)	42.26%
Seminars, Conventions and Travel	2,704	3,679	(976)	-26.52%	\$12,534	\$44,150	(\$31,616)	28.39%
Office & Operational	77,557	82,767	(5,210)	-6.29%	\$370,199	\$993,202	(\$623,003)	37.27%
Purchased Water (2)	205,066	240,976	(35,910)	-14.90%	\$1,157,302	\$2,891,709	(\$1,734,407)	40.02%
Outside Services	50,100	67,665	(17,565)	-25.96%	\$261,474	\$811,983	(\$550,509)	32.20%
Equipment Rent, Taxes, Utilities	25,687	36,950	(11,263)	-30.48%	\$129,999	\$443,400	(\$313,401)	29.32%
Total Operational Expenses	641,738	732,052	(90,314)	-12.34%	\$3,453,089	\$8,784,619	(\$5,331,530)	39.31%
Net Operations	420,208				\$2,382,280			
Non-Operating Activity								
Capital Equipment & Expenditures	129,167	129,167	0	0.00%	645,833	1,550,000	(904,167)	41.67%
Bond Interest Accrued	185,437	185,437	0	0.00%	927,183	2,225,240	(1,298,057)	41.67%
Interest Earned	836	1,667	(831)	-49.83%	5,308	20,000	(14,692)	26.54%
Other Income	1,420	0	1,420		43,052	0	43,052	
Revenues in Excess of Expenditures (Net Revenues)	107,861				857,623			
Capital Expenses								
Capital Improvements					384,799			
Capital Replacements					102,693			
Equipment					61,553			
Bond Retirement: \$1,430,000					595,833			
Total Capital And Debt Retirement Expenditures					1,144,879			
Net Position after Capital and Debt Retirement Expenditures					(287,256)			

(1) Approximately of \$509,238 of salary & benefit expenses will be capitalized to various capital projects, which will reduce the final operating expenditures

(2) Estimated Expenditures: Purchased Water \$205,065.86 in November.

**Florin Resource Conservation District
CASH - Detail Schedule of Investments
11/30/2015**

Consent
Calendar Item#

P

G/L Account #	Money Market Fund	Account number / name	Investment Name	Investment Type	Restrictions	Market Value
HELD BY BOND TRUSTEE:						
1130-000-30	Building	BNY 113518 FRCD OB 2003 A/B Rev Fd	Dreyfus Inst Treasury	MM Mutual Fund	Restricted	\$ 271,775.46
	Building	BNY 113522 FRCD OB 2003 B SUB IPF	Dreyfus Inst Treasury	MM Mutual Fund	Restricted	0.00
	Building	BNY 113591 FRCD OB 03 A/B O/M RES FD	Dreyfus Inst Treasury	MM Mutual Fund	Restricted	7,590,164.11
1132-000-30	Building	BNY 113594 FRCD OB 03 A/B RES FD	Dreyfus Inst Treasury	MM Mutual Fund	Restricted	460,000.00
	Building	BNY 113598 FRCD 03 A INST PMT FD	Dreyfus Inst Treasury	MM Mutual Fund	Restricted	0.00
	Building	BNY 113599 FRCD OB 03 A SR IPF	Dreyfus Inst Treasury	MM Mutual Fund	Restricted	3,774.72
1133-000-30	Building	BNY 113601 FRCD 2003 A/B CAR/PAINT EXP	Dreyfus Inst Treasury	MM Mutual Fund	Restricted	95.11
1134-000-30	Building	BNY 113602 FRCD 2003 A/B ADMIN EXP FD	Dreyfus Inst Treasury	MM Mutual Fund	Restricted	2.00
1103-000-20	Water	BNY 113757 FRCD 2002 INST PMT SER B	Dreyfus Inst Treasury	MM Mutual Fund	Restricted	1.01
	Water	BNY 113759 FRCD 2002 INST PMT SER B	Dreyfus Inst Treasury	MM Mutual Fund	Restricted	770,219.00
	Water	BNY 113756 FRCD INST PMT SER A	Dreyfus Inst Treasury	MM Mutual Fund	Restricted	0.00
1107-000-20	Water	BNY 113576 FRCD 2003 A CONST FUND	Dreyfus Inst Treasury	MM Mutual Fund	Restricted	0.00
1122-000-20	Water	BNY 113584 FRCD 2005 A CONST FUND	Dreyfus Inst Treasury	MM Mutual Fund	Restricted	192,418.68
1123-000-20	Water	BNY 113585 FRCD 2005 A INST PM	Dreyfus Inst Treasury	MM Mutual Fund	Restricted	0.00
1121-000-20	Water	BNY 113586 FRCD 2005 A RATE STAB	Dreyfus Inst Treasury	MM Mutual Fund	Restricted	1.00
	Water	BNY 113587 FRCD 2005 A RES FD	Dreyfus Inst Treasury	MM Mutual Fund	Restricted	0.00
1101-000-20	Water	BNY 113764 FRCD 2002 A/B RATE STABILIZATION	Dreyfus Inst Treasury	MM Mutual Fund	Restricted	0.00
1108-000-20	Water	BNY 892747 FRCD 2014A COI	Dreyfus Inst Treasury	MM Mutual Fund	Restricted	0.00
1109-000-20	Water	BNY 892745 FRCD 2014A REDEMPTION	Dreyfus Inst Treasury	MM Mutual Fund	Restricted	0.00
1110-000-20	Water	BNY 892744 FRCD 2014A DEBT SERVICE	Dreyfus Inst Treasury	MM Mutual Fund	Restricted	9,145.84
			Subtotal			\$ 9,297,596.93
1001-000-20	Water	CASH ON HAND			Unrestricted	\$ 300.00
HELD BY RIVER CITY BANK:						
1010-000-10	FRCD	RCB 1111057982 CHECKING ACCOUNT			Unrestricted	124,315.40
1010-000-20	Water	RCB 1111063486 GENERAL CHECKING			Unrestricted	307,632.18
1020-000-20	Water	RCB 1111028001 MONEY MARKET			Unrestricted	5,297,150.92
1030-000-20	Water	RCB 1111025851 CHARGE CARD ACCOUNT			Unrestricted	569,060.69
1040-000-20	Water	RCB 1111096589 HIGH YIELD MONEY MARKET			Unrestricted	1,382,847.88
1050-000-20	Water	RCB 1111099502 DEBT SERVICE ACCOUNT			Unrestricted	4.21
1060-000-20	Water	RCB 1111097844 PAYROLL ACCOUNT			Unrestricted	212,722.45
1070-000-20	Water	RCB 1111097933 WEB PAYMENT RECEIPTS			Unrestricted	1,325,325.49
			Subtotal			\$ 9,219,059.22
1080-000-20	Water	Office of the Treasurer - Sacramento California	LAIF	Investment Pool	Unrestricted	\$ 2,838,545.86
				N/A		
			Total			\$ 21,355,502.01
			Total Restricted			\$ 9,297,596.93
			Total Unrestricted			\$ 12,057,905.08

Consultant Expenses
November 30, 2015

Consent
Calendar Item# _____ 

Fiscal Retainer Contracts

Consultant	Description	Current Month	Paid to date	Budget/Contract Amount	Percent of year (42%)
Best Best, & Krieger**	Task orders	7,121	39,152	130,000	30.12%
Solutions by BG, Inc.	Task orders	9,904	51,701	124,636	41.48%

Project Specific Contracts

Consultant	Description	Current Month	Paid to date	Budget/Contract Amount	Percent of Contract
AECOM	ERP		63,534	74,720	85.03%
MC Engineering, Inc	AMI Study		14,780	23,680	62.42%

*Capital Projects

**Legal Cost detail - FY 14/15

Operations	
FRCD/EDC	\$ 64,132
Litigation	
Other	
TOTAL	<u>64,132</u>

December 30, 2015

TO: Chairman and Directors of the Florin Resource Conservation District
FROM: Jim Malberg, Finance Manager/Treasurer
SUBJECT: **FISCAL YEAR 2014-15 COMPREHENSIVE ANNUAL FINANCIAL REPORT**

RECOMMENDATION

It is recommended that the Board approve a motion accepting the Fiscal Year 2014-15 Comprehensive Annual Financial Report.

Summary

The Florin Resource Conservation District (FRCD) is required by State statute to publish a complete set of financial statements presented in conformity with generally accepted accounting principles and audited in accordance with generally accepted auditing standards. The audit must be conducted by a firm of licensed certified public accountants.

This action, if approved, will result in the Board's acceptance of the Comprehensive Annual Financial Report (CAFR) for the period ending June 30, 2015.

DISCUSSION

Background

The District annually provides the public a CAFR for the fiscal year ending on June 30th. 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 audit was conducted by Badawi & Associates, Certified Public Accountants. Their work included an interim field audit in June and a comprehensive field audit in August.

FISCAL YEAR 2014-15 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Page 2

Present Situation

In addition to the CAFR, the auditor also issues a Management Letter and the Letter of Required Disclosures to the Governing Body, Statement of Auditing Standards (SAS) 114 to the Board of Directors.

The Management Letter discusses the District's internal control over the financial reporting and makes recommendations of controls that need to be strengthened. The SAS 114 Letter is a document which discusses, among other matters, any significant findings.

The District's audit firm, Badawi & Associates will be in attendance at the Board Meeting to talk about the audit and present the Management Letter, which discusses the District's internal controls and makes recommendations to management for consideration.

Strategic Plan Conformity

The recommendation made in this staff report conforms to the FRCD/EGWD's 2012-2017 Strategic Plan. The Strategic Plan directs EGWD to achieve financial stability in order to operate in an efficient manner as to provide our ratepayers with a safe and reliable source of water for their current and future needs.

FINANCIAL SUMMARY

The financial statements reflect a restatement of the June 30, 2014 financial statements related to Capital Assets. This resulted in the restatements of capital assets of approximately \$29.6 million, accumulated depreciation of approximately \$9.5 million, and an increase to the investment in capital assets of approximately \$18.2 million.

The following are key financial highlights of the FY 2014-15 CAFR:

- Florin Resource Conservation District (General Fund)
 - Revenues \$ 2,643
 - Expenditures \$ 21,847
 - Assets \$ 127,886
 - Liabilities \$ 4,667
 - Fund Balance \$ 123,219
 - Net Position \$ 123,219

FISCAL YEAR 2014-15 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Page 3

- Florin Resource Conservation District Economic Development Corporation
 - Revenues \$ 1,121,400
 - Expenditures \$ 1,672,932
 - Assets \$ 8,221,127
 - Liabilities \$12,908,967
 - Net Position \$(4,687,840)

- Elk Grove Water District
 - Revenues \$13,185,838
 - Expenditures \$12,137,407
 - Assets \$85,978,590
 - Liabilities \$55,063,231
 - Net Position \$31,792,788

- Capital Assets (net of depreciation)
 - Land \$ 1,243,882
 - Construction in Progress \$ 1,349,827
 - Buildings/Improvements/Infra. \$75,831,283
 - Total Net Capital Assets \$78,424,992

- The District's total assets, which were restated back to fiscal year 2013, decreased by \$1.0 million during fiscal 2015, decreased by \$1.0 in 2014 and increased by \$2.0 million in 2013. This was due to the changes in net position as described below. Total liabilities increased by \$0.5 million in 2015 and decreased by \$1.8 and \$2.1 million during fiscals 2014 and 2013 respectively, due to payments on existing debt and the restatement to record accreted interest on the 2003 Subordinate Lien Refunding Certificates. The net results of this activity are a decrease of \$0.6 million during fiscal 2015, and increases in net position of \$0.6 and \$2.3 million in 2014 and 2013, respectively.

- Operating revenue of \$14.3, \$14.7 and \$15.6 million in 2015, 2014 and 2013 respectively, and operating expenses of \$11.0, \$10.0 and \$9.6 million in 2015, 2014 and 2013 respectively, after depreciation resulted in net income from operations of \$3.2, \$4.6 and \$6.0 million in enterprise funds in 2015, 2014 and 2013 respectively. Net non-operating expenses of \$2.7, \$4.0 and \$3.7 million in business-type activities in 2015, 2014 and 2013 respectively, is the result of \$2.7, \$3.5 and \$3.8 million in interest expense for 2015, 2014 and 2013 respectively, offset by non-operating revenue of approximately \$290,000, \$40,000, and \$73,000 in 2015, 2014 and 2013 respectively.

FISCAL YEAR 2014-15 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Page 4

- Capital assets, which were restated back to fiscal year 2013, remained stable in fiscal year 2015, decreased by \$0.8 million during fiscal 2014 and increased by \$0.1 in 2013. The restatement of capital assets is discussed in detail later in this MD&A. The District added approximately \$1.5 million in infrastructure, improvements and equipment during 2015. Annual depreciation for 2015 was approximately \$2.0 million. During 2014 capital assets decreased by \$0.8 million. This was the result of approximately \$2.0 million in infrastructure, equipment and improvement assets being added, off-set by \$2.4 million in depreciation expense. Also at the end of fiscal 2015, \$0.5 million in infrastructure, improvement, and equipment assets were classified as “in-progress”.
- Restricted cash and investments decreased by \$0.2, \$0.1, and \$0.7 million in 2015, 2014 and 2013 respectively. The decrease in 2015 was a result of liquidating the rate stabilization fund that is no longer required. The decrease in 2014 was a result of activities in the District’s Office Building fund, while the decreases in 2013 were a result of expenses made to improve the water system.
- Unrestricted net position was \$11.1, \$9.9 and \$10.8 million at June 30, 2015, 2014 and 2013 respectively. Restricted net position was \$1.9, \$2.1 and \$2.2 million at June 30, 2015, 2014 and 2013 respectively, of which \$1.9, \$1.9 and \$1.8 million was restricted for debt service. In addition, \$0.2 and \$0.4 million in 2014 and 2013 respectively, was restricted for Building Fund administration, operating and maintenance expenses each year.
- The District had positive cash flow from enterprise fund operations of \$ \$5.0 and \$7.1 million in 2015, 2014 and 2013, respectively. The District spent \$2.0, \$2.2 and \$2.1 million in 2015, 2014 and 2013 respectively, on the acquisition of capital assets. The District issued \$32.2 million of refunding debt during 2015 receiving \$34.6 in refunding bond proceeds and spent \$38.6, \$5.6 and \$5.1 million in 2015, 2014 and 2013 respectively, on debt principle and interest payments. For 2014, 2013 and 2012, the District experienced increases of \$0.4, \$0.3 and \$0.6 million in its ending cash balances of \$13.3, \$14.1 and \$13.8 million, respectively at June 30, 2015, 2014 and 2013, respectively.
- As shown in the CAFR the District has \$11,500,000 in Unrestricted Reserves which includes the following designated reserves:

○ Operations Reserves (120 days)	\$ 4,462,000
○ FY 2014/15 Capital Improvement Fund	\$ 1,643,000
○ FY 2014/15 Capital Replacement Fund	\$ 682,000
○ Elections and Special Studies	\$ 120,000
○ Future Capital Improvements	\$ 3,444,750
○ Future Capital Replacements	\$ 1,148,250

FISCAL YEAR 2014-15 COMPREHENSIVE ANNUAL FINANCIAL REPORT

Page 5

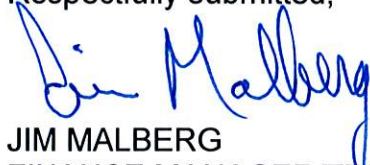
The Unrestricted Reserves include reserves designated for a specific purpose such as the Other Post Employment Benefit (OPEB) trust fund. The following is an analysis to reflect how much of the Unrestricted Reserves are truly available for projects and cash funded reserves:

Cash and Cash Equivalents	\$ 11,531,290
Customer Accounts Receivable	1,661,206
Other Receivables	28,000
Interest Receivable	2,004
Accounts Payable	(203,758)
Due to Other Governments (Sacramento County Water)	(226,403)
	<u>\$ 12,792,339</u>

When applying this analysis to the reserves, EGWD has \$12,792,339 in available Unrestricted Reserves and is applied to the designated reserves as follows:

○ Operations Reserves (120 days)	\$ 4,462,000
○ FY 2013/14 Capital Improvement Fund	1,643,000
○ FY 2013/14 Capital Replacement Fund	682,000
○ Elections and Special Studies	120,000
○ Future Capital Improvements	4,414,004
○ Future Capital Replacements	1,471,335
	<u>\$ 12,792,339</u>

Respectfully submitted,



JIM MALBERG
FINANCE MANAGER/TREASURER

JM

Attachments

Florin Resource Conservation District

Elk Grove, California

Comprehensive Annual Financial Report

For the years ended June 30, 2015 and 2014

Florin Resource Conservation District
Basic Financial Statements
Table of Contents
For the years ended June 30, 2015 and 2014

Page

INTRODUCTORY SECTION

Transmittal Letter	i
List of Board Members and Committees	vii
Organizational Chart.....	viii
GFOA Certificate.....	ix

FINANCIAL SECTION

Independent Auditors' Report	1
-------------------------------------------	----------

Management's Discussion and Analysis	5
---------------------------------------------------	----------

Basic Financial Statements:

Government-wide Financial Statements:

Comparative Statements of Net Position	17
Comparative Statement of Activities	18

Fund Financial Statements:

Comparative Balance Sheets - Governmental Fund	20
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balance - Governmental Fund	21
Comparative Statements of Net Position - Proprietary Funds	22
Comparative Statements of Revenues, Expenses and Changes in Net Position - Proprietary Funds	23
Comparative Statements of Cash Flows - Proprietary Funds.....	24

Notes to Basic Financial Statements	27
--------------------------------------------------	-----------

Required Supplementary Information:

Budgetary comparison information	65
Pension Plan	66
OPEB Plan - Schedule of Funding Progress.....	70

Florin Resource Conservation District
Basic Financial Statements
Table of Contents
For the years ended June 30, 2015 and 2014

STATISTICAL SECTION:

Table of Contents - Statistical Section.....	72
Net Position by Component.....	74
Changes in Net Position.....	74
Fund Balances of Governmental Funds.....	75
Revenue by Source.....	76
Operating Expenses.....	76
Elk Grove Water District Rate Analysis.....	77
Water Sales by Type	83
Sales - Metered by Flat Rate.....	83
Metered Water Sold.....	84
Metered Water Consumption - CCFs.....	84
Historical Service Connections	84
Ten Largest Commercial Customers - Current Year and Three Years Ago.....	85
Ratio of Debt Service to Operating Expenses - Proprietary Funds	85
Ratio of Outstanding Debt by Type - Proprietary Funds.....	86
Bond Covenant Ratio Analysis - Water District Fund	86
Pledged-Revenue Coverage - Water District Fund	87
Demographic and Economic Information.....	88
Operating Indicators for the Water District Fund.....	89
Capital Assets Statistics by Function.....	89



December 30, 2015

Members of the Board of Directors
Florin Resource Conservation District

Directors:

The Florin Resource Conservation District is required by State statute to publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we are pleased to present the Comprehensive Annual Financial Report for the Florin Resource Conservation District (District) for the fiscal year ended June 30, 2015. 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.

This report contains management's representations concerning the finances of the District. Management is responsible for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed to both protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by 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 year ended June 30, 2015, 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 year ended June 30, 2015, 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. The District's MD&A can be located immediately following the independent auditors' report.

The Comprehensive Annual Financial Report is organized into Introductory, Financial, and Statistical sections. The Introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The Financial section includes: Independent Auditor's Report on the District's financial statements; MD&A; June 30, 2015 basic financial statements, including the statement of net position, statements of revenues, expenses and changes in net position, statements of cash flows and notes to the basic financial statements and required supplementary information. The statistical section is the chief source of information regarding the District's economic condition. The financial statements are prepared in accordance with GAAP.

Accounting System and Budgetary Controls

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

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

DISTRICT PROFILE

History

The Florin Resource Conservation District (FRCD) 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 degradation issues resulting from poor irrigation and drainage. There currently are

approximately 100,000 acres within the District. The FRCD also provides technical assistance and conservation education to farmers, community members and students. In addition, the FRCD participates in a number of regional environmental activities.

The EGWD is a medium sized water purveyor near Sacramento, California, serving a population of approximately 44,000 persons. Water system operations date back to 1893 when the water service was started by a private interest. The water system was purchased by the FRCD in 1999, and is operated as a department of FRCD. The EGWD service area is divided into two distinct service areas commonly referred to as Service Area 1 and Service Area 2.

Source water for Service Area 1 is provided by four (4) deep wells and four (4) shallow wells owned and operated by EGWD. Source water for Service Area 2 is provided by the Sacramento County Water Agency (SCWA), a wholesaler of surface water and groundwater. SCWA owns and operates a water treatment plant, groundwater wells, storage tanks, groundwater treatment facilities, and water conveyance systems. Water is not shared between the two service areas except in an emergency.

The FRCD is governed by a five member Board of Directors serving four year staggered terms, and has used the Florin Resource Conservation District Economic Development Corporation (the Corporation) to facilitate debt issuances. As required by GAAP, the Corporation is reported in these financial statements on a blended basis included with the Enterprise Funds as the Corporation does not issue separate financial statements. More information on the Corporation may be found in Note A to the basic financial statements.

Mission Statement

The Elk Grove Water District is "Continually committed to outstanding customer service along with supplying its customers with excellent, safe, affordable water for current and future generations."

Water Supply

Source Water – There are currently eight wells that supply groundwater to Service Area 1. The deep aquifer has concentrations of iron and manganese that 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 in to the water distribution system. The shallow wells are used to balance system demands.

Water Treatment

The Elk Grove Water District 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 new 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 gallons per minute 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 iron and manganese removal.

Financial Stability and Planning

The current and future stability of the EGWD is positive with the existing revenue source remaining stable. Revenues are received entirely through water rates. EGWD provides water to nearly 12,200 service connections currently and growth projections suggest that the service connections should remain relatively the same in 2016.

The local economy continues to improve slightly and the number of connections has remained relatively stable. Although the service connections remain stable, the volume of water sold has been affected by the continuing drought and has decreased in the fiscal year ended June 30, 2015.

On January 25, 2012, the Board directed Staff to conduct a five year water rate study (Study) for the EGWD to cover the period of FY 2013-14 through FY 2017-18. The Plan's objectives were as follows:

- Maintain appropriate levels for reserve funds
- Maintain appropriate levels of funding for operational requirements
- Generate the appropriate level of funding necessary to fund the FY 2013-14 Five Year Capital Improvement Program
- Update the current Meter Connection Fee and Capacity Charges for new development

On June 26, 2013, the Board of Directors approved the 5-year financial plan and associated amendments to the District's water rate ordinance. The first rate increase

occurred on January 1, 2014 and the plan requires water rate increases on January 1st of each year as follows:

- January 2014 – 3%
- January 2015 – 3%
- January 2016 – 3%
- January 2017 – 4%
- January 2018 – 5%

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.

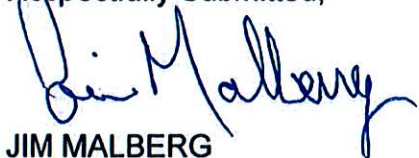
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Florin Resource Conservation District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2014. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

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

The preparation of the comprehensive annual financial report was made possible by the dedicated services of the entire staff of the Finance Department and the Elk Grove Water District Management team.

Respectfully Submitted,



JIM MALBERG
FINANCE MANAGER/TREASURER

**FLORIN RESOURCE CONSERVATION DISTRICT
LIST OF OFFICIALS
JUNE 30, 2015**

BOARD OF DIRECTORS:

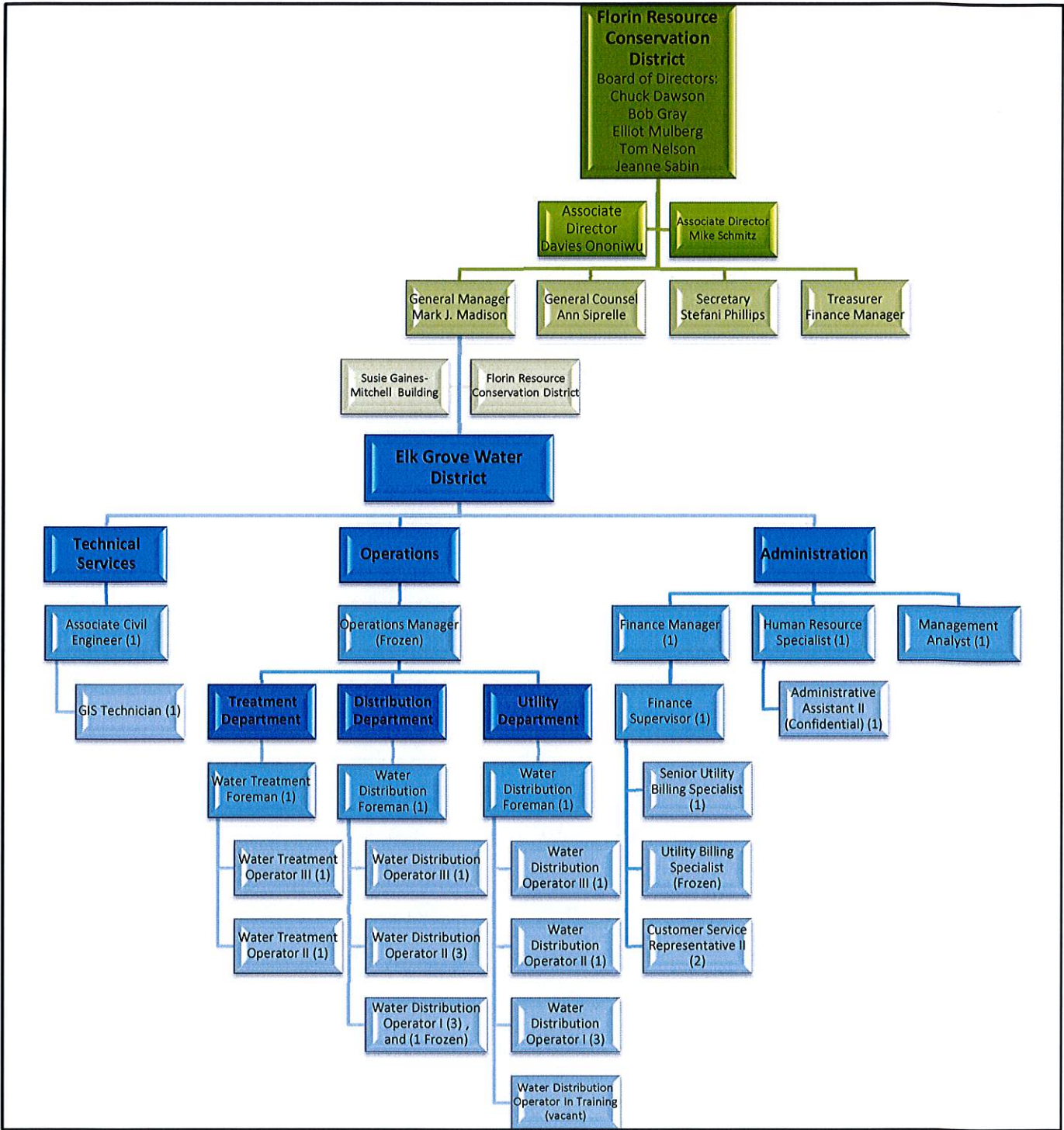
Chuck Dawson <i>Chairman</i>	Tom Nelson <i>Vice-Chairman</i>	Elliot Mulberg <i>Director</i>	Bob Gray <i>Director</i>	Jeanne Sabin <i>Director</i>
---------------------------------	------------------------------------	-----------------------------------	-----------------------------	---------------------------------

STAFF:

Mark J. Madison
General Manager

Jim Malberg
Treasurer/Finance Manager

Stefani Phillips
Secretary/HR Specialist





Government Finance Officers Association

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

Presented to

**Florin Resource Conservation District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of Florin Resource Conservation District (District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinions

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

Prior Period Financial Statements

The basic financial statements of the District as of June 30, 2014, were audited by other auditors whose report dated November 12, 2014, expressed an unmodified opinion on those statements. As part of our audit of the 2015 financial statements, we also audited the adjustments described in Note 9 that were applied to restate the 2014 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures on the 2014 financial statements of the District other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2014 financial statements as a whole.

Emphasis of a Matter

Management adopted the provisions of Governmental Accounting Standards Board Statement 68 - *Accounting and Financial Reporting for Pensions*, which became effective June 30, 2015. See Note 9 to the financial statements for disclosure related to the restatement of beginning Net Position. The emphasis of this matter does not constitute a modification to our opinion.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, pension information and OPEB plans on pages 5 to 16 and pages 65 to 70 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.

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

Other Information

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

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

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

Badawi & Associates
Certified Public Accountants
Oakland, California
December 22, 2015

This page intentionally left blank

FLORIN RESOURCE CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015, 2014 AND 2013

The following narrative overview and analysis of the financial activities of the Florin Resource Conservation District (District) for the fiscal year ended June 30, 2015 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.

FINANCIAL HIGHLIGHTS

- The District's total assets, which were restated back to fiscal year 2013, decreased by \$1.0 million during fiscal 2015, decreased by \$1.0 in 2014 and increased by \$2.0 million in 2013. This was due to the changes in net position as described below. Total liabilities increased by \$0.5 million in 2015 and decreased by \$1.8 and \$2.1million during fiscals 2014 and 2013 respectively, due to payments on existing debt and the restatement to record accreted interest on the 2003 Subordinate Lien Refunding Certificates. The net results of this activity are a decrease of \$0.6 million during fiscal 2015, and increases in net position of \$0.6 and \$2.3 million in 2014 and 2013, respectively.
- The District experienced an increase in its deferred outflows of resources due to the implementation of GASB 68 of \$0.3 million in fiscal 2015 following decreases of \$0.1 and \$0.3 million in 2014 and 2013, respectively, due to normal amortization. The District has ending balances of deferred outflows of resources of \$0.3, zero, and \$0.1 in 2015, 2014 and 2013, respectively.
- Operating revenue of \$14.3, \$14.7 and \$15.6 million in 2015, 2014 and 2013 respectively, and operating expenses of \$11.0, \$10.0 and \$9.6 million in 2015, 2014 and 2013 respectively, after depreciation resulted in net income from operations of \$3.2, \$4.6 and \$6.0 million in enterprise funds in 2015, 2014 and 2013 respectively. Net non-operating expenses of \$2.7, \$4.0 and \$3.7 million in business-type activities in 2015, 2014 and 2013 respectively, is the result of \$2.7, \$3.5 and \$3.8 million in interest expense for 2015, 2014 and 2013 respectively, offset by non-operating revenue of approximately \$290,000, \$40,000, and \$73,000 in 2015, 2014 and 2013 respectively.
- Capital assets, which were restated back to fiscal year 2013, remained stable in fiscal year 2015, decreased by \$0.8 million during fiscal 2014 and increased by \$0.1 in 2013. The restatement of capital assets is discussed in detail later in this MD&A. The District added approximately \$1.5 million in infrastructure, improvements and equipment during 2015. Annual depreciation for 2015 was approximately \$2.0 million. During 2014 capital assets decreased by \$0.8 million. This was the result of approximately \$2.0 million in infrastructure, equipment and improvement assets being added, off-set by \$2.4 million in depreciation expense. Also at the end of fiscal 2015, \$0.5 million in infrastructure, improvement, and equipment assets were classified as "in-progress".

FLORIN RESOURCE CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015, 2014 AND 2013

- Restricted cash and investments decreased by \$0.2, \$0.1, and \$0.7 million in 2015, 2014 and 2013 respectively. The decrease in 2015 was a result of liquidating the rate stabilization fund that is no longer required. The decrease in 2014 was a result of activities in the District's Office Building fund, while the decreases in 2013 were a result of expenses made to improve the water system.
- Unrestricted net position was \$11.1, \$9.9 and \$10.8 million at June 30, 2015, 2014 and 2013 respectively. Restricted net position was \$1.9, \$2.1 and \$2.2 million at June 30, 2015, 2014 and 2013 respectively, of which \$1.9, \$1.9 and \$1.8 million was restricted for debt service. In addition, \$0.2 and \$0.4 million in 2014 and 2013 respectively, was restricted for Building Fund administration, operating and maintenance expenses each year.

The District had positive cash flow from enterprise fund operations of \$ \$5.0 and \$7.1 million in 2015, 2014 and 2013, respectively. The District spent \$2.0, \$2.2 and \$2.1 million in 2015, 2014 and 2013 respectively, on the acquisition of capital assets. The District issued \$32.2 million of refunding debt during 2015 receiving \$34.6 in refunding bond proceeds and spent \$38.6, \$5.6 and \$5.1 million in 2015, 2014 and 2013 respectively, on debt principle and interest payments. For 2014, 2013 and 2012, the District experienced increases of \$0.4, \$0.3 and \$0.6 million in its ending cash balances of \$13.3, \$14.1 and \$13.8 million, respectively at June 30, 2015, 2014 and 2013, 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 was revised to discuss 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 government-wide statements, the fund statements, the notes to the basic financial statements, and the required supplementary information. The management's discussion and analysis was adjusted to indicate that the discussion of the change in net position of governmental activities includes a discussion of the change in fund balance since no significant reconciling items exist between the fund and government-wide statements.

FLORIN RESOURCE CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015, 2014 AND 2013

Statistical Section

The statistical section of the financial statements 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 is needed to help users understand how a government's financial position has changed over time.
- **Provide information on revenue capacity.** Information is needed to help the users understand and assess a government's ability to generate revenues.
- **Provide information on debt capacity.** Information is needed to help users understand and assess a government's debt burden.
- **Provide demographic and economic information.** Information is 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 is 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 discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

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

FLORIN RESOURCE CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015, 2014 AND 2013

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

FINANCIAL ANALYSIS OF THE DISTRICT

**STATEMENT OF NET POSITION – GOVERNMENT-WIDE TOTALS
AS OF JUNE 30, 2015, 2014 AND 2013**

	Governmental activities			Business-type activities			Total		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Current assets	\$127,886	\$ 143,278	\$ 85,594	\$ 13,384,512	\$ 14,129,628	\$ 14,312,482	\$ 13,512,398	\$ 14,272,906	\$ 14,398,076
Capital assets, net of depreciation				78,424,992	78,425,917	79,219,428	78,424,992	78,425,917	79,219,428
Other assets				2,390,213	2,640,486	2,768,994	2,390,213	2,640,486	2,768,994
Total Assets	127,886	143,278	85,594	94,199,717	95,196,031	96,300,904	94,327,603	95,339,309	96,386,498
Deferred outflows			-	1,197,255	-	86,554	1,197,255	-	86,554
Current liabilities	4,667	11,017	4,667	15,621,910	16,251,836	15,984,784	15,626,577	16,262,853	15,989,451
Long-term liabilities				52,350,288	51,229,066	53,303,852	52,350,288	51,229,066	53,303,852
Total Liabilities	4,667	11,017	4,667	67,972,198	67,480,902	69,288,636	67,976,865	67,491,919	69,293,303
Deferred inflows				319,826		-			
Net Position:									
Total liabilities and deferred inflows of resources				14,217,593	15,860,844	14,216,557	14,217,593	15,860,844	14,216,557
Restricted				1,875,557	2,067,919	2,201,220	1,875,557	2,067,919	2,201,220
Unrestricted	123,219	132,261	80,927	11,011,798	9,786,366	10,676,025	11,135,017	9,918,627	10,756,952
Total Net Position	\$ 123,219	\$ 132,261	\$ 80,927	\$ 27,104,948	\$ 27,715,129	\$ 27,093,802	\$ 27,228,167	\$ 27,847,390	\$ 27,174,729

GOVERNMENTAL ACTIVITIES FINANCIAL ANALYSIS

There was a decrease of \$15,392 in 2015, an increase of \$57,684 in 2014, and a decrease of \$2,633 in 2013 in current assets. Also during the same time period, current liabilities decreased \$6,350, increased \$6,350 and \$4,667, and unrestricted net position decreased \$9,042 in 2015, increased \$51,334 in 2014, and decreased \$7,300 in 2013 for the governmental fund. There were not any revenues in 2015, an increase of \$74,221 and \$2,918 in total revenues for the fiscal years of 2014 and 2013, respectively. The increase in 2014 was due to the gain on the disposal of capital assets. There was a decrease of expenditures of \$15,319 in 2015, an increases in expenditures of \$15,587 and \$17,685 in 2014 and 2013 respectively. The increases in 2014 is attributable to legal fees associated with the sale of a building while the increases in 2013 was attributable to expenditures for contracted services to perform a survey of the FRCD boundaries, and to demolish old structures on property jointly owned by the FRCD with two other resource conservation districts.

FLORIN RESOURCE CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015, 2014 AND 2013

BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS

There was a revenue increase of 3% for the water service rate payers effective January 1, 2015. There was a decrease in operating revenues of \$0.3 and \$1.0 million in 2015 and 2014, respectively, due primarily to reduced water sales as a result of increased conservation efforts. There was a slight decrease in operating revenue in 2013 due to a scheduled reduction in rental income for the Susie Gaines Mitchell Building that started in February 2013.

Current assets decreased by approximately \$0.8 million during 2014. This decrease is a primarily due to a decrease in cash and cash equivalents of \$0.5 million and a decrease of \$0.3 million in customer accounts receivable. During 2014, current assets decreased by \$0.2 million which can mainly be attributable to a decrease in customer accounts receivable at June 30, 2014 of \$0.6 million, offset by an increase in cash and cash equivalents of \$0.5 million. During fiscal 2013, current assets increased almost \$1.1 million, mostly attributable to increases in cash and cash equivalents of \$0.9 million and customer accounts receivable of \$0.3 million.

Capital assets (net of depreciation), which was restated in 2015 back to 2013, remained relatively flat in 2015, decreased by \$0.8 million in 2014. Significant additions in the amount of \$1.5 million were invested in the water treatment and distribution system. Total depreciation expense recognized during the year amounted to \$2.0 million. The decrease in depreciation from the prior year is primarily due to the restatement of capital assets and reclassification into proper asset classes.

Capital assets (net of depreciation) decreased by \$0.8 million in 2014 due to the removal of \$0.9 million of well costs for wells that were destroyed and taken out of service. Total depreciation expense recognized by the District during 2014 amounted to \$2.4 million. In 2013 capital assets (net of depreciation) increased by \$0.1 million due primarily to meter program and construction in progress additions of \$2.1 million net of \$2.0 million of depreciation expense.

Current liabilities decreased by \$0.6 million in 2015 primarily due to a decrease in due to other governments \$1.1 million offset by an increase to accounts payable of \$0.7 million and decreases to interest payable and debt in technical default. Current liabilities increased by \$0.3 million in 2014, mainly due to increases in accounts payable of \$0.2 million in the Water District Fund, and \$0.2 million in property taxes payable in the Office Building Fund. These increases were offset by the principal retirement of the Office Building Fund Debt, for the Susie Gaines Mitchell Building that was placed in to a current liability due to a technical violation of the debt covenants in 2012. Current liabilities decreased by \$0.9 million in 2013 primarily due to \$0.5 million decreases in accounts payable in the Water District Fund. During 2013 there was also a decrease of \$0.7 million in the Office Building Fund Debt, from scheduled principal retirements.

FLORIN RESOURCE CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015, 2014 AND 2013

Long term debt in the Water District Fund decreased by \$2.6 million during 2015. This was the result of the refunding and scheduled principal retirements totaling \$34.9 million offset by the issuance of \$32.3 million of refunding debt. During 2014, there were \$2.1 million in scheduled principal retirements and the early payoff of the note payable for the District's administration building.

**CONDENSED SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION –
GOVERNMENT-WIDE TOTALS
FOR THE YEARS ENDED JUNE 30, 2015, 2014 AND 2013**

	Governmental activities			Business-type activities			Total		
	2015	2014	2013	2015	2014	2013	2015	2014	2013
Revenues:									
Program Revenues:									
Charges for services:									
General government	\$0	\$ 5,467	\$ 9,533				\$ -	\$ 5,467	\$ 9,533
Water services				\$ 13,185,838	\$ 13,435,194	\$ 14,312,791	13,185,838	13,435,194	14,312,791
Office building				1,121,400	1,121,400	1,292,417	1,121,400	1,121,400	1,292,417
Capital contribution/grants				28,500	100,000		28,500	100,000.00	-
General Revenues:									
Interest earnings	2,643	50	17	19,970	18,188	20,886	22,613	18,238	20,903
Other	10,162	82,983	4,729	290,069	22,304	52,452	300,231	105,287	57,181
Total Revenues	12,805	88,500	14,279	14,645,777	14,697,086	15,678,546	14,658,582	14,785,586	15,692,825
Expenses:									
General Government	\$ 21,847	\$ 37,166	\$ 21,579				\$ 21,847	\$ 37,166	\$ 21,579
Water Service				12,447,446	12,434,430	11,607,439	12,447,446	12,434,430	11,607,439
Office building				1,672,932	1,641,329	1,753,688	1,672,932	1,641,329	1,753,688
Total Expenses	21,847	37,166	21,579	14,120,378	14,075,759	13,361,127	14,120,378	14,112,925	13,382,706
Change in net position	(9,042)	51,334	(7,300)	525,399	621,327	2,317,419	516,357	672,661	2,310,119
Change in net position	(9,042)	51,334	(7,300)	525,399	621,327	2,317,419	516,357	672,661	2,310,119
Net position, beginning of year	132,261	80,927	88,227	27,715,129	27,093,802	24,776,383	27,847,390	27,174,729	24,864,610
GASB 68 Adjustment				(1,135,580)					
NET POSITION, END OF YEAR	\$ 123,219	\$ 132,261	\$ 80,927	\$ 27,104,948	\$ 27,715,129	\$ 27,093,802	\$ 27,228,167	\$ 27,847,390	\$ 27,174,729

GOVERNMENTAL ACTIVITIES HIGHLIGHTS

During 2015, there was a decrease in net position of \$9,042 mostly from the result of the elimination of rental revenue due to the sale of the building in fiscal 2014. Cash and cash equivalents decreased from \$143,355 in 2014 to \$127,886. Expenses decreased in 2015 due to reduced activity following the sale of the rental property in 2014. There was an increase of \$51,334 in the governmental net position in 2014 due to the sale of the rental property. In addition, there was a loss in rental income due to the sale of the building. Cash and cash equivalents increased from \$80,943 in 2013 to \$143,355 in 2014. There was a reduction in net position of \$7,300 in 2013 due to increased expenditures for contracted services to perform a survey of the FRCD boundaries, and

FLORIN RESOURCE CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015, 2014 AND 2013

to demolish old structures on property jointly owned by the FRCD with two other resource conservation districts.

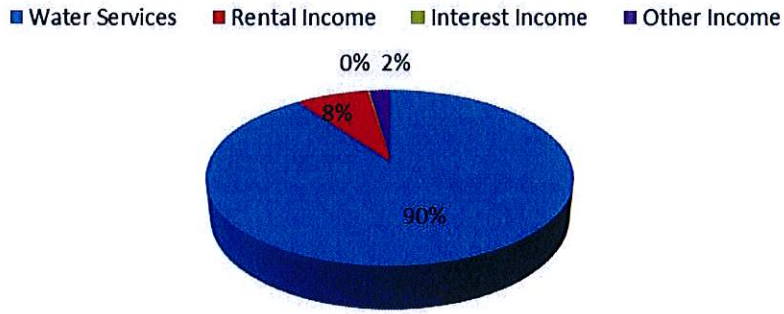
BUSINESS-TYPE ACTIVITIES HIGHLIGHTS

The change in net position decreased from \$0.6 million in 2014 to \$0.5 million in 2015. This can be attributable to a \$0.2 million decrease in water revenues from a reduction in water use due to the drought, which was slightly offset by an increase in other revenue. Operating expenses increased in 2015 by \$1.1 million; administration and general expenses increased by \$0.6 million, salaries and benefits increased by \$0.1 million, other production expenses increased by \$0.9 million. These increases were offset by decreases of \$0.1 million decrease in purchased water and \$0.4 in depreciation and amortization. The stabilization in benefits is largely due to policy changes for health insurance that has resulted in employees migrating to lower cost plans as well as sharing in the cost of medical benefits. Interest expense also decreased by approximately \$0.5 million in 2015 from a reduction in interest bearing liabilities of almost \$2.6 million from the previous year.

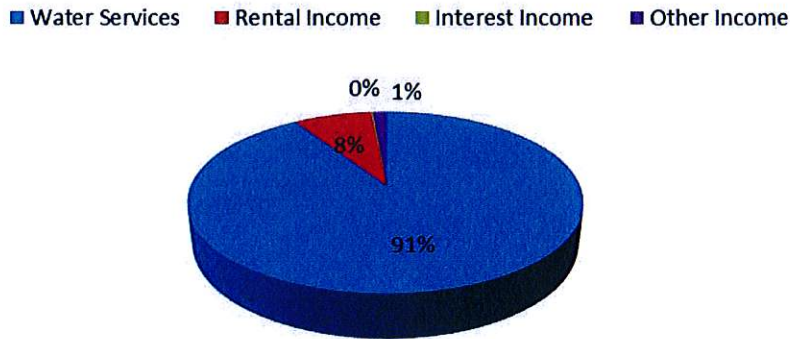
During 2014, the change in net position decreased from \$2.3 million in 2013 to \$0.6 million in 2014. This can be attributable to a \$0.9 million decrease in water revenues from a reduction in water use due to the drought, and a \$0.2 million decrease in rental income from the Office Building Fund. Operating expenses also increased during 2014 by \$0.4 million; water purchased increased by \$0.1 million, other production expenses increased by \$0.1 million, and depreciation and amortization increased by \$0.4 million from current year capital asset additions, and the transfer into service of \$7.9 million of construction in progress assets at the end of last year. These increases were offset by an almost \$0.2 million decrease in administration and general, and salaries and benefits expenses. Also during 2014, the District recognized approximately \$0.6 million in the statements of revenues, expenses, and changes in net position from the abandonment and disposal of wells no longer in use. At the time of recognition, these abandoned wells had a carrying value of approximately \$0.3 million. Interest expense also decreased by approximately \$0.3 million in 2014 from a reduction in interest bearing liabilities of almost \$2.5 million from the previous year.

FLORIN RESOURCE CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015, 2014 AND 2013

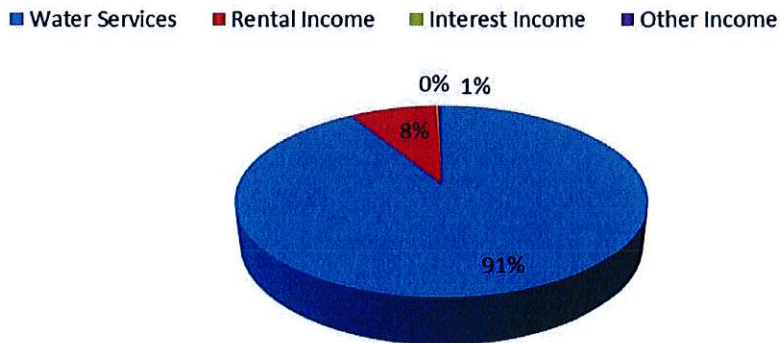
2015 Revenue



2014 Revenue



2013 Revenue



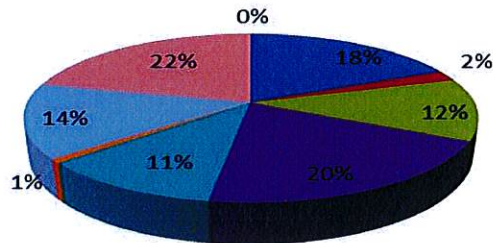
FLORIN RESOURCE CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015, 2014 AND 2013

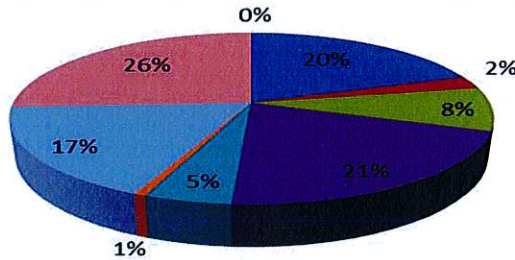
2015 Expenses

- Water Purchased
- Salaries & Benefits
- Depreciation & Amortization
- Power Purchased
- Other Production Expenses
- Interest Expense
- Administration & General
- Insurance
- Other Expenses



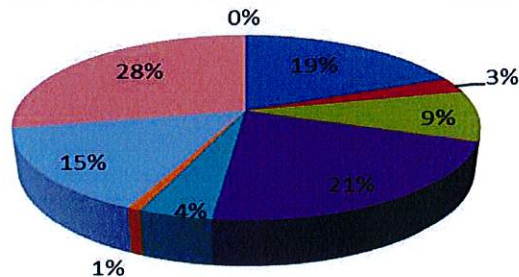
2014 Expenses

- Water Purchased
- Salaries & Benefits
- Depreciation & Amortization
- Power Purchased
- Other Production Expenses
- Interest Expense
- Administration & General
- Insurance
- Other Expenses



2013 Expenses

- Water Purchased
- Salaries & Benefits
- Depreciation & Amortization
- Power Purchased
- Other Production Expenses
- Interest Expense
- Administration & General
- Insurance
- Other Expenses



**FLORIN RESOURCE CONSERVATION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015, 2014 AND 2013**

General Fund Budgetary Highlights

The General Fund's only source of revenue in FY 2014-15 was from interest income. The building owned jointly by Florin Resource Conservation District, Sloughhouse Resource Conservation District, and Lower Cosumnes Resource Conservation District was sold during the prior fiscal. Association dues, meeting expenses, and various sponsorships were budgeted based upon those expected revenues and paid from reserves.

Capital Asset and Debt Administration

Capital assets, which were restated back to fiscal year 2013, remained stable in fiscal year 2015, decreased by \$0.8 million during fiscal 2014 and increased by \$0.1 in 2013 respectively, (net of annual depreciation) as a result of expenditures for infrastructure offset by depreciation each year. Depreciation expense for 2015, 2014 and 2013 were \$2.0, \$2.4 and \$2.0 million respectively.

The District recently completed an Asset Management Plan (AMP) that identified and valued all capital assets within the District. From that inventory of assets, EGWD staff developed detailed asset and depreciation schedules which resulted in the restatements of capital assets of approximately \$29.6 million, accumulated depreciation of approximately \$9.5 million, and an increase to the investment in capital assets of approximately \$18.2 million.

Major capital asset projects during 2015 and 2014 were completion of the Meter Retrofit Program, Information Technology Purchases, and the Hampton Village Water Treatment Plant Project. See additional information on capital assets in Note C on page 30.

**OUTSTANDING DEBT ISSUES
AS OF JUNE 30, 2015, 2014 AND 2013**

	2015	2014	2013
2002/3/5/14 Refunding and			
Capital Improvements-EGWD	\$ 50,492,145	\$ 53,077,145	\$ 55,135,162
2003 Refunding-Office Building	9,816,994	10,251,994	10,666,994
Total	<u>\$ 60,309,139</u>	<u>\$ 63,329,139</u>	<u>\$ 65,802,156</u>

FLORIN RESOURCE CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015, 2014 AND 2013

The Florin Resource Conservation District issued \$32.2 million of water revenue refunding debt during the year. See additional information on debt in Note D at page 32.

During the year the Florin Resource Conservation District issued several Material Event Notices to the Electronic Municipal Marketplace Access (EMMA) regarding the 2003 Refunding Bond Issue for the Susan B. Gaines Office Building. The Notices described the prior technical default, the current financial condition and the District's efforts to market and sell the building. The building was subsequently sold in October 2015. Due to the District being in technical default of the debt agreement, the debt was reclassified as a current liability in 2012. See additional information in Note I at page 41.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County of Sacramento area surrounding the Florin Resource Conservation District was 5.2% in September 2015 and 6.6% and 8.5% as of September, 2014 and 2013, respectively.
- Overall, the rates for the water service for FY 2014-15 were increased by 3% as approved in the five year rate schedule. The District has completed a rate study and the Board has adopted a five year rate structure which calls for revenue adjustments as follows:
 - 3% January 2014
 - 3% January 2015
 - 3% January 2016
 - 4% January 2017
 - 5% January 2018

All of these factors were considered in preparing the Florin Resource Conservation District's budget for the fiscal year ending June 30, 2016. The District adopted an operating budget of \$13.5 million for FY 2015-16. In addition the District approved \$2.3 in capital expenditures for FY 2015-16, as part of the five-year Capital Improvement Program totaling \$12.6 million.

FLORIN RESOURCE CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2015, 2014 AND 2013

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 Jim Malberg, Finance Manager/Treasurer, 9257 Elk Grove Blvd, Elk Grove, CA 95624 or please call (916) 685-3556.



MARK J. MADISON, GENERAL MANAGER



JIM MALBERG, FINANCE MANAGER

Florin Resource Conservation District
Comparative Statement of Net Position
June 30, 2015

	2015			2014		
	Governmental	Business-type	Total	Governmental	Business-type	Total
	Activities	Activities		Activities	Activities	
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 127,886	\$ 11,531,290	\$ 11,659,176	\$ 143,355	\$ 12,042,857	\$ 12,186,212
Receivables:						
Customer accounts receivable	-	1,661,206	1,661,206	-	1,987,395	1,987,395
Other receivables	-	28,000	28,000	-	28,000	28,000
Interest receivable	-	2,004	2,004	-	1,559	1,559
Due from other funds	-	-	-	(77)	77	-
Inventories	-	79,012	79,012	-	69,740	69,740
Prepaid expenses	-	83,000	83,000	-	-	-
Total current assets	127,886	13,384,512	13,512,398	143,278	14,129,628	14,272,906
Noncurrent assets:						
Restricted cash and cash and cash equivalents	-	1,813,736	1,813,736	-	2,067,919	2,067,919
OPEB asset	-	576,477	576,477	-	572,567	572,567
Capital assets:						
Not being depreciated	-	2,593,709	2,593,709	-	2,082,221	2,082,221
Being depreciated, net	-	75,831,283	75,831,283	-	76,343,696	76,343,696
Total capital assets	-	78,424,992	78,424,992	-	78,425,917	78,425,917
Total noncurrent assets	-	80,815,205	80,815,205	-	81,066,403	81,066,403
Total assets	127,886	94,199,717	94,327,603	143,278	95,196,031	95,339,309
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amount on refunding of debt	-	751,982	751,982	-	-	-
Deferred employer pension contribution	-	291,670	291,670	-	-	-
Deferred outflows of resources - pension	-	153,603	153,603	-	-	-
Total deferred outflows of resources	-	1,197,255	1,197,255	-	-	-
LIABILITIES						
Current liabilities:						
Accounts payable	-	203,758	203,758	3,817	560,287	564,104
Due to other governments	4,667	1,228,467	1,233,134	7,200	1,341,149	1,348,349
Interest payable	-	944,590	944,590	-	1,060,802	1,060,802
Unearned revenue	-	-	-	-	4,124	4,124
Debt in technical default	-	11,693,632	11,693,632	-	11,875,956	11,875,956
Noncurrent liabilities, due within one year	-	1,551,463	1,551,463	-	1,409,518	1,409,518
Total current liabilities	4,667	15,621,910	15,626,577	11,017	16,251,836	16,262,853
Noncurrent liabilities:						
Net pension liability	-	1,217,268	1,217,268	-	-	-
Noncurrent liabilities, due in more than one year	-	51,133,020	51,133,020	-	51,229,066	51,229,066
Total noncurrent liabilities	-	52,350,288	52,350,288	-	51,229,066	51,229,066
Total liabilities	4,667	67,972,198	67,976,865	11,017	67,480,902	67,491,919
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - pension	-	319,826	319,826	-	-	-
Total deferred inflows of resources	-	319,826	319,826	-	-	-
NET POSITION						
Net investment in capital assets	-	14,217,593	14,217,593	-	15,860,844	15,860,844
Restricted for debt service	-	1,871,782	1,871,782	-	1,863,744	1,863,744
Restricted for capital projects	-	-	-	-	1,321	1,321
Restricted for administrative, operating and maintenance expenses	-	3,775	3,775	-	202,854	202,854
Unrestricted	123,219	11,011,798	11,135,017	132,261	9,786,366	9,918,627
Total net position	\$ 123,219	\$ 27,104,948	\$ 27,228,167	\$ 132,261	\$ 27,715,129	\$ 27,847,390

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

Florin Resource Conservation District
Statement of Activities
For the year ended June 30, 2015

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Change in Net Position		
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:						
GOVERNMENTAL ACTIVITIES:						
General government	\$ 21,847	\$ -	\$ -	\$ (21,847)	\$ -	\$ (21,847)
TOTAL GOVERNMENTAL ACTIVITIES	21,847	-	-	(21,847)	-	(21,847)
BUSINESS-TYPE ACTIVITIES:						
Water District	12,447,446	13,185,838	28,500	-	766,892	766,892
Office Building	1,672,932	1,121,400	-	-	(551,532)	(551,532)
TOTAL BUSINESS-TYPE ACTIVITIES	14,120,378	14,307,238	28,500	-	215,360	215,360
TOTAL PRIMARY GOVERNMENT	\$ 14,142,225	\$ 14,307,238	\$ 28,500	(21,847)	215,360	193,513
GENERAL REVENUES:						
Interest and investment earnings				2,643	19,970	22,613
Other revenues				10,162	287,774	297,936
Gain on sale of capital assets				-	2,295	2,295
				Total general revenues	12,805	310,039
				Change in net position	(9,042)	516,357
				Net position - beginning of year, as restated	132,261	26,579,549
				Net position - end of year	\$ 123,219	\$ 27,104,948
					\$ 27,228,167	

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

Florin Resource Conservation District
Statement of Activities (Continued)
For the year ended June 30, 2014

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Change in Net Position		
		Charges for Services	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:						
GOVERNMENTAL ACTIVITIES:						
General government	\$ 37,166	\$ 5,467	\$ -	\$ (31,699)	\$ -	\$ (31,699)
TOTAL GOVERNMENTAL ACTIVITIES	37,166	5,467	-	(31,699)	-	(31,699)
BUSINESS-TYPE ACTIVITIES:						
Water District	11,855,162	13,435,194	100,000	-	1,680,032	1,680,032
Office Building	1,641,329	1,121,400	-	-	(519,929)	(519,929)
TOTAL BUSINESS-TYPE ACTIVITIES	13,496,491	14,556,594	100,000	-	1,160,103	1,160,103
TOTAL PRIMARY GOVERNMENT	\$ 13,533,657	\$ 14,562,061	\$ 100,000	(31,699)	1,160,103	1,128,404
GENERAL REVENUES:						
Interest and investment earnings				50	18,188	18,238
Other revenues				-	22,304	22,304
Gain (loss) on sale of capital assets				82,983	(579,268)	(496,285)
Total General revenues				83,033	(538,776)	(455,743)
Change in net position				51,334	621,327	672,661
Net position - beginning of year				80,927	27,093,802	27,174,729
Net position - end of year				\$ 132,261	\$ 27,715,129	\$ 27,847,390

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

Florin Resource Conservation District
Comparative Balance Sheet
Governmental Fund
June 30, 2015 and 2014

		General Fund	
		2015	2014
ASSETS			
Cash and investments		\$ 127,886	\$ 143,355
Total assets		<u>\$ 127,886</u>	<u>\$ 143,355</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable		\$ -	\$ 3,817
Due to other governments		4,667	7,200
Due to other funds		-	77
Total liabilities		<u>4,667</u>	<u>11,094</u>
Fund Balances:			
Unassigned		123,219	132,261
Total fund balances		<u>123,219</u>	<u>132,261</u>
Total liabilities and fund balances		<u>\$ 127,886</u>	<u>\$ 143,355</u>
Total fund balance, governmental fund		\$ 123,219	\$ 132,261
Amounts reported for governmental activities in the statement of net position are different because:			
Some receivables are deferred in the governmental fund because the amounts do not represent current financial resources that are recognized under the accrual basis in the statement of activities. This amount represents deferred inflows recognized.			
		-	4,729
Total net position, governmental activities		<u>\$ 123,219</u>	<u>\$ 136,990</u>

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

Florin Resource Conservation District
Comparative Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Fund
June 30, 2015 and 2014

	General Fund	
	2015	2014
REVENUES:		
Use of money and property	2,643	5,517
Charges for services		
Grant revenue		
Miscellaneous	10,162	4,729
Total revenues	12,805	10,246
EXPENDITURES:		
Current:		
General government	21,847	37,166
Total expenditures	21,847	37,166
REVENUES OVER (UNDER) EXPENDITURES	(9,042)	(26,920)
OTHER FINANCING SOURCES (USES):		
Proceeds from sale of capital assets	-	82,983
Total other financing sources (uses)	-	82,983
Net change in fund balances	(9,042)	56,063
FUND BALANCES:		
Beginning of year	132,261	76,198
End of year	<u>\$ 123,219</u>	<u>\$ 132,261</u>
 Net change in fund balance, governmental fund	 \$ (9,042)	 \$ 56,063
Amounts reported for governmental activities in the statement of net position are different because:		
Some receivables are deferred in the governmental fund because the amounts do not represent current financial resources that are recognized under the accrual basis in the statement of activities. This amount represents deferred inflows recognized.	-	(4,729)
Change in net position, governmental activities	<u>\$ (9,042)</u>	<u>\$ 51,334</u>

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

Florin Resource Conservation District
Comparative Statement of Net Position
Proprietary Funds
June 30, 2015 and 2014

	Enterprise Funds			Enterprise Funds		
	2015			2014		
	Water District Fund	Office Building Fund	Total Proprietary Funds	Water District Fund	Office Building Fund	Total Proprietary Funds
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 11,531,290	\$ -	\$ 11,531,290	\$ 12,042,857	\$ -	\$ 12,042,857
Receivables:						
Customer accounts receivable	1,661,206	-	1,661,206	1,987,395	-	1,987,395
Other receivables	28,000	-	28,000	28,000	-	28,000
Interest receivable	2,004	-	2,004	1,559	-	1,559
Due from other funds	-	-	-	15,077	-	15,077
Inventories	79,012	-	79,012	69,740	-	69,740
Prepaid expense	83,000	-	83,000	-	-	-
Total current assets	13,384,512	-	13,384,512	14,144,628	-	14,144,628
Noncurrent assets:						
Restricted cash and cash equivalents	980,928	832,808	1,813,736	973,103	1,094,816	2,067,919
OPEB asset	576,477	-	576,477	572,567	-	572,567
Capital assets:						
Not being depreciated	1,987,902	605,807	2,593,709	1,476,414	605,807	2,082,221
Being depreciated, net	69,048,771	6,782,512	75,831,283	69,252,892	7,090,804	76,343,696
Total capital assets	71,036,673	7,388,319	78,424,992	70,729,306	7,696,611	78,425,917
Total noncurrent assets	72,594,078	8,221,127	80,815,205	72,274,976	8,791,427	81,066,403
Total assets	85,978,590	8,221,127	94,199,717	86,419,604	8,791,427	95,211,031
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amount on refunding of debt	751,982	-	751,982	-	-	-
Deferred employer pension contribution	291,670	-	291,670	-	-	-
Deferred outflows of resources - pension	153,603	-	153,603	-	-	-
Total deferred outflows of resources	1,197,255	-	1,197,255	-	-	-
LIABILITIES						
Current liabilities:						
Accounts payable	203,758	-	203,758	560,287	-	560,287
Due to other governments	226,403	1,002,064	1,228,467	511,994	829,155	1,341,149
Interest payable	731,319	213,271	944,590	853,178	207,624	1,060,802
Due to other funds	-	-	-	-	15,000	15,000
Unearned revenue	-	-	-	4,124	-	4,124
Debt in technical default	-	11,693,632	11,693,632	-	11,875,956	11,875,956
Noncurrent liabilities, due within one year	1,551,463	-	1,551,463	1,409,518	-	1,409,518
Total current liabilities	2,712,943	12,908,967	15,621,910	3,339,101	12,927,735	16,266,836
Noncurrent liabilities:						
Net pension liability	1,217,268	-	1,217,268	-	-	-
Noncurrent liabilities, due in more than one year	51,133,020	-	51,133,020	51,229,066	-	51,229,066
Total noncurrent liabilities	52,350,288	-	52,350,288	51,229,066	-	51,229,066
Total liabilities	55,063,231	12,908,967	67,972,198	54,568,167	12,927,735	67,495,902
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - pension	319,826	-	319,826	-	-	-
Total deferred inflows of resources	319,826	-	319,826	-	-	-
NET POSITION						
Net investment in capital assets	18,522,906	(4,305,313)	14,217,593	18,241,171	(2,380,327)	15,860,844
Restricted for debt service	980,928	890,854	1,871,782	971,782	891,962	1,863,744
Restricted for capital projects	-	-	-	1,321	-	1,321
Restricted for administrative, operating and maintenance expenses	-	3,775	3,775	-	202,854	202,854
Unrestricted (deficit)	12,288,954	(1,277,156)	11,011,798	12,637,163	(2,850,797)	9,786,366
Total net position	\$ 31,792,788	\$ (4,687,840)	\$ 27,104,948	\$ 31,851,437	\$ (4,136,308)	\$ 27,715,129

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

Florin Resource Conservation District
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
June 30, 2015 and 2014

	Enterprise Funds			Enterprise Funds		
	2015			2014		
	Water District Fund	Office Building Fund	Total Proprietary Funds	Water District Fund	Office Building Fund	Total Proprietary Funds
OPERATING REVENUES:						
Charges for services	13,185,838	-	13,185,838	\$ 13,433,371	-	13,433,371
Rental income	-	1,121,400	1,121,400	1,823	1,121,400	1,123,223
Total operating revenues	13,185,838	1,121,400	14,307,238	13,435,194	1,121,400	14,556,594
OPERATING EXPENSES:						
Water purchased	2,587,097	-	2,587,097	2,656,509	-	2,656,509
Power purchased	285,902	-	285,902	326,237	-	326,237
Administration and general	1,218,888	458,794	1,677,682	865,681	234,855	1,100,536
Salaries and benefits	2,855,533	-	2,855,533	2,808,085	-	2,808,085
Other production expenses	1,437,329	135,172	1,572,501	411,116	251,720	662,836
Insurance	76,462	34,229	110,691	68,815	18,476	87,291
Depreciation and amortization	1,696,678	308,292	2,004,970	2,054,712	308,292	2,363,004
Total operating expenses	10,157,889	936,487	11,094,376	9,191,155	813,343	10,004,498
OPERATING INCOME	3,027,949	184,913	3,212,862	4,244,039	308,057	4,552,096
NONOPERATING REVENUES (EXPENSES):						
Interest revenue	19,970	-	19,970	18,188	-	18,188
Interest expense	(2,289,557)	(736,445)	(3,026,002)	(2,664,007)	(827,986)	(3,491,993)
Loss on disposal of capital assets	-	-	-	(579,268)	-	(579,268)
Gain on disposal of capital assets	2,295	-	2,295	-	-	-
Other nonoperating revenue	287,774	-	287,774	22,304	-	22,304
Total nonoperating revenues (expenses)	(1,979,518)	(736,445)	(2,715,963)	(3,202,783)	(827,986)	(4,030,769)
Income (loss) before contributions	1,048,431	(551,532)	496,899	1,041,256	(519,929)	521,327
CAPITAL CONTRIBUTIONS						
Capital contributions	28,500	-	28,500	100,000	-	100,000
Total contributions	28,500	-	28,500	100,000	-	100,000
CHANGE IN NET POSITION	1,076,931	(551,532)	525,399	1,141,256	(519,929)	621,327
NET POSITION						
Beginning of year, as restated	30,715,857	(4,136,308)	26,579,549	30,710,181	(3,616,379)	27,093,802
End of year	\$ 31,792,788	(4,687,840)	27,104,948	\$ 31,851,437	(4,136,308)	27,715,129

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

Florin Resource Conservation District
Comparative Statement of Cash Flows
Proprietary Funds
June 30, 2015 and 2014

	Enterprise Funds			Enterprise Funds		
	2015			2014		
	Water District Fund	Office Building Fund	Total Proprietary Funds	Water District Fund	Office Building Fund	Total Proprietary Funds
CASH FLOWS FROM OPERATING ACTIVITIES:						
Receipts from customers and users	\$ 13,507,903	\$ 1,121,400	\$ 14,629,303	\$ 14,001,406	\$ 1,121,400	\$ 15,122,806
Payments to suppliers	(6,324,993)	(470,286)	(6,795,279)	(3,980,602)	(325,777)	(4,306,379)
Payments to employees	(2,881,614)	-	(2,881,614)	(2,841,697)	-	(2,841,697)
NET CASH PROVIDED BY OPERATING ACTIVITIES	4,301,296	651,114	4,952,410	7,179,107	795,623	7,974,730
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:						
Operating grants and reimbursements	287,774	-	287,774	54,874	-	54,874
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	287,774	-	287,774	54,874	-	54,874
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:						
Bond proceeds from debt issuance	34,593,278	-	34,593,278	-	-	-
Principal paid on noncurrent liabilities	(34,910,000)	(435,000)	(35,345,000)	(2,058,017)	(415,000)	(2,473,017)
Interest paid on noncurrent liabilities	(2,822,365)	(478,122)	(3,300,487)	(2,651,634)	(513,923)	(3,165,557)
Proceeds from sale of capital assets	2,295	-	2,295	-	-	-
Purchase of capital assets	(2,004,045)	-	(2,004,045)	(2,153,781)	-	(2,153,781)
Capital contributions received	28,500	-	28,500	90,000	-	90,000
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(5,112,337)	(913,122)	(6,025,459)	(6,773,432)	(928,923)	(7,702,355)
CASH FLOWS FROM INVESTING ACTIVITIES:						
Interest received	19,525	-	19,525	18,342	-	18,342
NET CASH PROVIDED BY INVESTING ACTIVITIES	19,525	-	19,525	18,342	-	18,342
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(503,742)	(262,008)	(765,750)	478,891	(133,300)	345,591
CASH AND CASH EQUIVALENTS - Beginning of year	13,015,960	1,094,816	14,110,776	12,537,069	1,228,116	13,765,185
CASH AND CASH EQUIVALENTS - End of year	\$ 12,512,218	\$ 832,808	\$ 13,345,026	\$ 13,015,960	\$ 1,094,816	\$ 14,110,776
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION						
Cash and cash equivalents	\$ 11,531,290	\$ -	\$ 11,531,290	\$ 12,042,857	\$ -	\$ 12,042,857
Restricted cash and cash equivalents	980,928	832,808	1,813,736	973,103	1,094,816	2,067,919
CASH AND CASH EQUIVALENTS	\$ 12,512,218	\$ 832,808	\$ 13,345,026	\$ 13,015,960	\$ 1,094,816	\$ 14,110,776

(Continued)

Florin Resource Conservation District
Comparative Statement of Cash Flows
Proprietary Funds
June 30, 2015 and 2014

	Enterprise Funds			Enterprise Funds		
	2015			2014		
	Water District	Office Building	Total Proprietary Funds	Water District	Office Building	Total Proprietary Funds
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	\$ 3,027,949	\$ 184,913	\$ 3,212,862	\$ 4,244,039	\$ 308,057	\$ 4,552,096
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation and amortization	1,696,678	308,292	2,004,970	2,054,712	308,292	2,363,004
Changes in operating assets and liabilities:						
Customer accounts receivable	326,189	-	326,189	569,400	-	569,400
Due from other funds	15,077	-	15,077	(14,999)	-	(14,999)
Inventory	(9,272)	-	(9,272)	69,621	-	69,621
Prepaid expenses	(83,000)	-	(83,000)	-	-	-
OPEB asset	(3,910)	-	(3,910)	(4,793)	-	(4,793)
Deferred employer pension contributions	5,745	-	5,745	-	-	-
Deferred outflows of resources - pension	(153,603)	-	(153,603)	-	-	-
Accounts payable	(356,529)	-	(356,529)	216,339	-	216,339
Due to other governments	(285,591)	172,909	(112,682)	25,145	164,274	189,419
Due to other funds	-	(15,000)	(15,000)	-	15,000	15,000
Unearned revenue	(4,124)	-	(4,124)	(3,188)	-	(3,188)
Net pension liability	(215,727)	-	(215,727)	-	-	-
Deferred inflows of resources - pension	319,826	-	319,826	-	-	-
Compensated absences	21,588	-	21,588	22,831	-	22,831
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 4,301,296	\$ 651,114	\$ 4,952,410	\$ 7,179,107	\$ 795,623	\$ 7,974,730

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

This page intentionally left blank

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Florin Resource Conservation District (the District) was formed in 1953, pursuant to Section 9000 et seq. of the Public Resources Code of the State of California. The District, which is located approximately six miles southeast of the City of Sacramento is the west central portion of unincorporated Sacramento County, was formed to address soil dehydration issues resulting from poor irrigation and drainage. There currently are approximately 100,000 acres within the District.

The District provides technical assistance and conservation and conservation education to farmers dealing with natural resource management issues, and views education as one of its primary objectives. The District additionally serves as the clearinghouse for solid and water conservation measures, such as administering the local water hyacinth eradication program. The United States Department of Agriculture, through its Soil Conservation Services, provides staffing and technical assistance to the District and the two adjacent soil conservation districts. The District has provided water service within its 13-mile water service area since it acquired the Elk Grove Water Service in 1999, which was merged into and is a department of the District. In 2010, the name of the Elk Grove Water Service was changed to the Elk Grove Water District (EGWD). In 1998, the District acquired a building which houses the Sacramento County Department of Human Assistance and is leased by the District to the County of Sacramento.

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

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

As required by GAAP, these financial statements present the District and its only component unit, the Florin Resource Conservation District Economic Development Corporation (the Corporation). The Corporation is reported in these financial statements on a blended basis due to the District's Board of Directors serving as the Corporation's governing body, the District's Board having the ability to impose its will on the Corporation, because the Corporation is financially dependent on the District and the fact that the sole purpose of the Corporation is to provide financing to the District under the District's debt issuance documents. The Corporation does not issue separate financial statements.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus

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

Government-Wide Financial Statements

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

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

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

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

Certain eliminations have been made in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated. There were no interfund activities requiring elimination in fiscal year 2015 and 2014.

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

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements

Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for the District's major governmental fund. An accompanying schedule is presented to reconcile and explain the differences in net position as presented in these statements to the net position presented in the government-wide financial statements.

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

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

General Fund accounts for resources traditionally associated with governmental activities that are not required legally or by sound financial management to be accounted for in another fund.

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

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

Proprietary Fund Financial Statements

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

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

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Basis of Accounting and Measurement Focus, Continued

Proprietary Fund Financial Statements, 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

The District reports the Water District and the Office Building Funds as proprietary funds of the District.

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

Office Building Fund accounts for all activities related to a building owned by the District on Florin Road in Sacramento, California and leased to the County of Sacramento Department of Human Assistance.

D. Cash, Cash Equivalents and Investments

Investments are stated at fair value based on quoted market prices. 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).

E. 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. Certain unspent bond proceeds are also restricted to specific capital projects or administrative, operating and maintenance expenses in the Office Building Fund by the related debt covenants.

F. 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 \$92,790 and \$13,661 was recorded in the Water District Fund by the District as of June 30, 2015 and 2014.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Interfund Transactions

Borrowings between funds outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. short term borrowings) or “advance to/from other funds” (i.e. long term borrowings). The \$15,000 due to/from reported between the Water District Fund and Office Building Fund at June 30, 2014 was for audit fees paid by the Water District Fund on behalf of the Building Fund that was reimbursed after year-end.

H. 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.

I. Capital Assets, Continued

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

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

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

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

J. 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 are expensed as incurred.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

J. Bond Discounts, Premiums and Deferred Amount on Refunding of Long-Term Debt, Continued

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.

K. Due to Other Governments

Due to other governments in the General Fund consisted of rents collected by the District on property jointly owned with two other resource conservation districts that had not been remitted to the other districts at year-end. Due to other governments in the Water District Fund mainly consisted of \$226,403 and \$511,994 payable to the County of Sacramento for water purchases at June 30, 2015 and 2014, respectively.

L. Compensated Absences

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

M. Unearned Revenue

Unearned revenue consists of exchange revenue received from private developers prior to the exchange taking place. Unearned revenue consisted of unearned plan check fees at June 30, 2014.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

N. Net Position and Fund Balance

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

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

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

Unrestricted Net Position - This amount is the remaining net position that does not meet the definition of "invested in capital assets, net of related debt" or "restricted net position."

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

O. Deficit Net Position Balances

It is uncertain whether the deficit net position balance of the Office Building Fund will be eliminated due to the shortfall in rents from the building discussed in the Immanent Default of Debt section of Note 8.

P. Use of Estimates

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

Q. 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 by commercial insurance purchased from independent third parties and through the District's participation in the Special District Risk Management Authority as described in Note 6. The insurance is subject to a deductible. No significant claims occurred during the years ended June 30, 2015 and 2014. 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, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

R. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/ expenditure) until then. The government reports a deferred charge on refunding debt, deferred employer pension contributions, and other deferred outflows related to the District's pension plans in this category.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

The government reports one item in this category, an amount related to changes in the District's net pension liability that are deferred and amortized over a stated period. Certain changes in the District's net pension liability are required to be deferred and reflected in pension expense over a closed amortization period. The District reported the unamortized net difference between the projected and actual earnings on pension plans as deferred inflows of resources in the government-wide and proprietary funds' statements of net position.

S. *New Pronouncements*

In 2015, the District adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* – The primary objective of this statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments and accountability and interperiod equity, and creating additional transparency.

The statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures* as they relate to pensions that are provided through pension plans administered as trusts of equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. The District restated its beginning net position as part of implementation of this accounting standard.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

S. New Pronouncement, Continued

- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* – This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* include a variety of transactions referred to as mergers, acquisitions, and transfers of operations. There was no impact on beginning net position as part of the implementation of this accounting standard.

- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68* – The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government’s beginning net pension liability. The District restated its beginning net position as part of implementation of this accounting standard.

2. CASH AND INVESTMENTS

A. Summary of Cash and Investments

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

	As of June 30, 2015		
	Government-Wide Statement of Net Position		
	Governmental Activities	Business-Type Activities	Total
Deposits and investments	\$ 127,886	\$ 11,531,290	\$ 11,659,176
Restricted cash and investments	-	1,813,736	1,813,736
Total cash and investments	\$ 127,886	\$ 13,345,026	\$ 13,472,912

	As of June 30, 2014		
	Government-Wide Statement of Net Position		
	Governmental Activities	Business-Type Activities	Total
Deposits and investments	\$ 143,355	\$ 12,042,857	\$ 12,186,212
Restricted cash and investments	-	2,067,919	2,067,919
Total cash and investments	\$ 143,355	\$ 14,110,776	\$ 14,254,131

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

2. CASH AND INVESTMENTS, Continued

A. Summary of Cash and Investments, Continued

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

	2015	2014
Cash on hand	\$ 1,000	\$ 1,000
Deposits with financial institution	8,823,770	9,357,867
Total cash on hand and deposits	<u>8,824,770</u>	<u>9,358,867</u>
Local Agency Investment funds	2,834,406	2,827,345
Total investments	<u>2,834,406</u>	<u>2,827,345</u>
 Total District Treasury	<u>11,659,176</u>	<u>12,186,212</u>
Cash with fiscal agent	1,813,736	2,067,919
 Total cash and investments	<u>\$ 13,472,912</u>	<u>\$ 14,254,131</u>

B. Deposits

The carrying amount of the District's cash deposit was \$8,823,770 and \$9,357,867 at June 30 2015 and 2014 respectively. Balance before reconciling amounts were a positive amount of \$9,476,065 and \$9,464,219 at June 30, 2015 and 2014 respectively. The District has waived collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The remaining amount was collateralized with securities pledged by the pledging financial institution in the District's name.

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

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

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

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

2. CASH AND INVESTMENTS, Continued

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 following instruments:

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, 2015 and 2014

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. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

Investments are stated at fair value using the aggregate method in all funds, resulting in the following investment income in all funds:

Interest income	\$	19,014
Unrealized gain in changes in fair value of investments		<u>1,066</u>
Total investment income	\$	<u><u>20,080</u></u>

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, 2015 and 2014, include a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments include the following:

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

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

As of June 30, 2015, the District had \$2,834,259 invested in LAIF, which had invested 2.08% of the pool investments funds in Structured Notes and Asset-Backed Securities as compared to 1.86% in the previous year. The LAIF fair value factor of 1.000375979 was used to calculate the fair value of the investments in LAIF.

As of June 30, 2014, the District had \$2,827,345 invested in LAIF, which had invested 1.86% of the pool investments funds in Structured Notes and Asset-Backed Securities as compared to 1.96% in the previous year. The LAIF fair value factor of 1.00029875 was used to calculate the fair value of the investments in LAIF.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

2. CASH AND INVESTMENTS, Continued

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 following table that shows the distribution of the District's investments by maturity as of June 30, 2015 and 2014:

2015

Investment Type	Fair Value	Investment Maturities (in years)	
		1 year or Less	
Local Agency Investment Fund	\$ 2,834,406	\$	2,834,406
Total	\$ 2,834,406	\$	2,834,406

2014

Investment Type	Fair Value	Investment Maturities (in years)	
		1 year or Less	
Local Agency Investment Fund	\$ 2,827,345	\$	2,827,345
Total	\$ 2,827,345	\$	2,827,345

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, 2015 the District's deposits and investments were rated as follows:

	Credit Quality Ratings	
	Moody's	S&P
Local Agency Investment Funds	Unrated	Unrated

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

2. CASH AND INVESTMENTS, Continued

D. Risk Disclosures, Continued

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.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

3. CAPITAL ASSETS

There were no governmental activity capital assets for the years ended June 30, 2015 and 2014.

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

	Balance			Balance			Balance
	June 30, 2013 as Restated	2014		June 30, 2014 as Restated	2015		
		Additions	Reductions		Additions	Reductions	
Capital assets not being depreciated:							
Land	\$ 1,118,402	\$ 125,480	\$ -	\$ 1,243,882	\$ -	\$ -	\$ 1,243,882
Construction in progress	848,097	-	(9,758)	838,339	511,488	-	1,349,827
Total capital assets not being depreciated	1,966,499	125,480	(9,758)	2,082,221	511,488	-	2,593,709
Capital assets being depreciated:							
Buildings	13,104,337	1,569	-	13,105,906	-	-	13,105,906
Wells	7,856,536	386,996	-	8,243,532	105,000	-	8,348,532
Treatment Plants	10,984,023	219,763	-	11,203,786	953,004	-	12,156,790
Water mains	71,895,146	1,334,480	-	73,229,626	367,839	-	73,597,465
Equipment	2,987,115	85,493	(929,875)	2,142,733	66,714	(16,500)	2,192,947
Total assets being depreciated	106,827,157	2,028,301	(929,875)	107,925,583	1,492,557	(16,500)	109,401,640
Less accumulated depreciation for:							
Buildings	(4,798,700)	(409,106)	-	(5,207,806)	(339,332)	-	(5,547,138)
Wells	(3,575,701)	(258,690)	-	(3,834,391)	(315,365)	-	(4,149,756)
Treatment Plants	(4,290,549)	(349,881)	-	(4,640,430)	(352,614)	-	(4,993,044)
Water mains	(14,809,304)	(1,126,433)	-	(15,935,737)	(915,370)	-	(16,851,107)
Equipment	(2,104,994)	(218,894)	360,365	(1,963,523)	(82,289)	16,500	(2,029,312)
Total accumulated depreciation	(29,579,248)	(2,363,004)	360,365	(31,581,887)	(2,004,970)	16,500	(33,570,357)
Total capital assets being depreciated, net	77,247,909	(334,703)	(569,510)	76,343,696	(512,413)	-	75,831,283
Total capital assets, net	\$ 79,214,408	\$ (209,223)	\$ (579,268)	\$ 78,425,917	\$ (925)	\$ -	\$ 78,424,992

Depreciation expense of \$1,696,678 and \$2,054,712 was allocated to the Water District activities and \$308,292 and \$308,292 was allocated to the Office Building activities in the government-wide statement of activities during the years ended June 30, 2015 and 2014, respectively.

The District incurred an impairment loss of \$579,268 on disposal of a number of wells that were capped during the year ended June 30, 2014.

The District restated its capital asset balances as of June 30, 2013 and June 30, 2014 based on an updated study of all capital assets owned by the District.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

4. LONG-TERM DEBT

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

	Balance	2015		Balance	Due Within
	July 1, 2014	Additions	Reductions	June 30, 2015	One Year
Business-type activities:					
Water District Fund					
Certificates of Participation					
2002 Refunding, Series A	\$ 20,700,000	\$ -	\$ (19,600,000)	\$ 1,100,000	\$ 725,000
2002 Capital Improvement, Series B	8,540,000	-	(6,465,000)	2,075,000	300,000
2003 Capital Improvement, Series A	11,030,000	-	(7,115,000)	3,915,000	310,000
2005 Capital Improvement, Series A	12,807,145	-	(1,730,000)	11,077,145	95,000
2014 Refunding, Series A	-	32,325,000	-	32,325,000	-
Total Water District Fund debt	53,077,145	32,325,000	(34,910,000)	50,492,145	1,430,000
Compensated absences	149,128	21,588	-	170,716	121,463
Total Water District Fund	53,226,273	\$ 32,346,588	\$ (34,910,000)	50,662,861	\$ 1,551,463
Unamortized bond discounts & premiums	(587,689)	2,268,278	(341,033)	2,021,622	-
Less: Due within one year	(1,409,518)	-	-	(1,551,463)	-
Due in more than one year	\$ 51,229,066	-	-	\$ 51,133,020	-
Office Building Fund					
2003 Subordinate Lien Refunding,					
Series B capital appreciation					
certificates	\$ 10,251,994	\$ -	\$ (435,000)	\$ 9,816,994	\$ 9,816,994
Accreted interest on capital	-	-	-	-	-
appreciation certificates	1,799,018	240,672	-	2,039,690	2,039,690
Total Office Building Fund debt	12,051,012	240,672	(435,000)	11,856,684	11,856,684
Unamortized bond discounts	(175,056)	-	(12,004)	(163,052)	(163,052)
Less: Due within one year	(11,875,956)	-	-	11,693,632	-
Due in more than one year	\$ -	-	-	\$ -	-

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

4. LONG-TERM DEBT, Continued

	Balance	2014		Balance	Due Within
	July 1, 2013	Additions	Reductions	June 30, 2014	One Year
Business-type activities:					
Water District Fund					
Certificates of Participation					
2002 Refunding, Series A	\$ 21,295,000	\$ -	\$ (595,000)	\$ 20,700,000	\$ 655,000
2002 Capital Improvement, Series B	8,815,000	-	(275,000)	8,540,000	285,000
2003 Capital Improvement, Series A	11,275,000	-	(245,000)	11,030,000	290,000
2005 Capital Improvement, Series A	12,867,145	-	(60,000)	12,807,145	60,000
Note Payable - Administration Building	883,017		(883,017)	-	
Total Water District Fund debt	55,135,162	-	(2,058,017)	53,077,145	1,290,000
Compensated absences	126,297	101,220	(78,389)	149,128	119,518
Total Water District Fund	55,261,459	\$ 101,220	\$ (2,136,406)	53,226,273	\$ 1,409,518
Unamortized bond discounts	(615,918)			(587,689)	
Less: Due within one year	(1,341,689)			(1,409,518)	
Due in more than one year	\$ 53,303,852			\$ 51,229,066	
Office Building Fund					
2003 Subordinate Lien Refunding,					
Series B capital appreciation					
certificates	\$ 10,666,994	\$ -	\$ (415,000)	\$ 10,251,994	\$ 10,251,994
Accreted interest on capital					
appreciation certificates	1,574,873	224,145		1,799,018	1,799,018
Total Office Building Fund debt	12,241,867	224,145	(415,000)	12,051,012	12,051,012
Compensated absences	-	-	-	-	-
Total Office Building Fund	12,241,867	\$ -	\$ -	12,051,012	\$ 12,051,012
Unamortized bond discounts	(187,066)			(175,056)	(175,056)
Less: Due within one year	(12,054,801)			(11,875,956)	
Due in more than one year	\$ -			\$ -	

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

4. LONG-TERM DEBT, Continued

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

2002 Refunding Certificates of Participation, Elk Grove Water Service, Series A

On August 16, 2002, the District issued the 2002 Refunding Certificates of Participation, Elk Grove Water Service, Series A in the amount of \$23,675,000. The proceeds were used to refund the 1999 Certificates of Participation, Elk Grove Water Service Acquisition, Series A and B and 1999 Subordinate Lien Capital Appreciation Certificates of Participation, Elk Grove Water Service Acquisition, Series C. The Certificates are secured by a lien on the net water system revenues. Semi-annual principal payments of \$305,000 to \$825,000 are due on September 1 and March 1 through March 1, 2033. Semi-annual interest payments of \$20,625 to \$502,444 are due on September 1 and March 1 through March 1, 2033. Interest rates range from 4.25% to 5.00%.

\$ 1,100,000 \$ 20,700,000

2002 Capital Improvement Certificates of Participation, Elk Grove Water Service, Series B:

On August 16, 2002, the District issued the 2002 Capital Improvement Certificates of Participation, Elk Grove Water Service, Series B in the amount of \$10,170,000. The proceeds were used for certain improvements to the water system. The Certificates are secured by a lien on the net water system revenues. Semi-annual principal payments of \$140,000 to \$340,000 are due on September 1 and March 1 through March 1, 2033. Semi-annual interest payments of \$8,500 to \$207,225 are due on September 1 and March 1 through March 1, 2033. Interest rates range from 4.25% to 5.00%

\$ 2,075,000 \$ 8,540,000

2003 Capital Improvement Certificates of Participation, Elk Grove Water Service, Series A:

On October 9, 2003, the District issued the 2003 Capital Improvement Certificates of Participation, Elk Grove Water Service, Series A in the amount of \$11,910,000. The proceeds were used for certain improvements to the water system. The net revenues of the water system are pledged under the installment sale agreement. The Certificates are secured by a lien on the net water system revenues. Semi-annual principal payments of \$140,000 to \$470,000 are due on March 1 and September 1 through September 1, 2033. Semi-annual interest payments of \$11,750 to \$268,751 are due March 1 and September 1 through September 1, 2033. Interest rates range from 3.90% to 5.00%.

\$ 3,915,000 \$ 11,030,000

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

4. LONG TERM DEBT, Continued

	2015	2014
<u>2005 Capital Improvement Certificates of Participation, Elk Grove Water Service, Series A (Current Interest Certificates and Capital Appreciation Certificates):</u>		

On March 8, 2005, the District issued the 2005 Capital Improvement Certificates of Participation, Elk Grove Water Service, Series A (Current Interest Certificates and Capital Appreciation Certificates) in the amount of \$13,267,145. The proceeds were used for certain improvements to the water system. The Certificates are secured by a lien on the net water system revenues. Semi-annual principal payments of \$30,000 to \$390,000 are due on March 1 and September 1 through September 1, 2045. Semi-annual interest payments of \$9,500 to \$301,346 are due March 1 and September 1 through September 1, 2045. Interest rates range from 3.80% to 4.75%.

	\$ 11,077,145	\$ 12,807,145
--	---------------	---------------

Florin Resource Conservation District, Water Revenue Refunding Bonds, 2014 Series A

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%.

	\$ 32,325,000	-
--	---------------	---

Office Building Fund:

2003 Subordinate Lien Refunding Certificates of Participation, Office Building, Series B (Current Interest Certificates and Capital Appreciation Certificates):

On March 13, 2003, the Florin Resource Conservation District Economic Development Corporation issued the 2003 Subordinate Lien Refunding Certificates of Participation, Office Building, Series B (Current Interest Certificates and Capital Appreciation Certificates) in the amount of \$10,666,994. Proceeds were used to refund the 1998 Certificates of Participation Senior Lien Current Interest Certificates and the 1998 Certificates originally issued to finance the purchase of an office building. The Certificates are secured by the gross rental revenues of the building financed under a lease agreement with the County of Sacramento Department of Human Assistance. Semi-annual principal payments of \$215,000 to \$523,609 are due on August 1 and February 1, through February 1, 2029. Semi-annual interest payments of \$13,205 to \$249,149 are due August 1 and February 1 through February 1, 2029. Interest rates range from 5.00% to 7.50%

	\$ 9,816,994	\$ 10,251,994
--	--------------	---------------

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

4. LONG TERM DEBT, Continued

	2015	2014
<p>The Capital Appreciation Certificates will be repaid in the amount of \$5,863,007 beginning August 1, 2023. Payments of \$508,511 to \$646,392 will be made on the Certificates each August 1 and February 1 from August 1, 2023 to February 1, 2028 at interest rates of 7.00% to 7.50%. Interest on these Certificates will be accreted over the life of the Certificates in the amount of \$37,307 to \$240,672 per year. The accreted interest is reported as part of long-term liabilities.</p>	\$ 2,039,690	\$ 1,799,018

The annual requirements to amortize the outstanding business-type activities debt as of June 30, 2015 are as follows:

Year Ending June 30,	Water District Fund		
	2002 Series A and B, 2003 Series A, 2005 Series A Certificates and 2014 Series A Bond		
	Principal	Interest	Total
2016	\$ 1,430,000	\$ 1,781,179	\$ 3,211,179
2017	1,555,000	2,155,665	3,710,665
2018	1,645,000	2,114,054	3,759,054
2019	1,705,000	2,049,231	3,754,231
2020	1,790,000	1,981,031	3,771,031
2021-2025	10,670,000	8,470,406	19,140,406
2026-2030	13,570,000	6,120,631	19,690,631
2031-2035	11,445,000	2,824,163	14,269,163
2036-2040	2,795,000	1,103,900	3,898,900
2041-2045	3,535,000	781,969	4,316,969
2046-2050	352,145	9,500	361,645
	\$ 50,492,145	\$ 29,391,729	\$ 79,883,874

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

4. LONG TERM DEBT, Continued

The office Building debt has been reclassified as a current liability due to the District being in technical default of the debt agreement. The following future debt service payment schedule is provided to demonstrate the inability of the future lease revenue under the lease agreement to fund both future debt service payments and future operating costs:

Year Ending June 30,	Office Building Fund				2	2
	2003 Series B					
	Capital Appreciation Certificates				Scheduled	Available for
	Principal	Interest Accretion	Interest	Total	Lease Payment Revenue	Operating Costs
2016	\$ 450,000	\$ -	\$ 470,717	\$ 920,717	\$ 1,121,400	\$ 200,683
2017	470,000	-	447,036	917,036	1,121,400	204,364
2018	495,000	-	421,979	916,979	1,121,400	204,421
2019	515,000	-	395,238	910,238	1,121,400	211,162
2020	535,000	-	366,625	901,625	1,121,400	219,775
2021-2025	3,496,090	2,113,910	1,356,497	6,966,497	2,896,950	(4,069,547)
2026-2030	3,855,904	3,749,098	431,100	8,036,102	-	(8,036,102)
	<u>\$ 9,816,994</u>	<u>\$ 5,863,008</u>	<u>\$ 3,889,192</u>	<u>\$ 19,569,194</u>	<u>\$ 8,503,950</u>	<u>\$ (11,065,244)</u>
Less: unaccreted interest	-	(3,823,318)	-			
	<u>\$ 9,816,994</u>	<u>\$ 2,039,690</u>	<u>\$ 3,889,192</u>			

2 - The lease payments, net of debt service, are not expected to be sufficient to fund future operating costs, which were \$628,195 and \$505,051 (excluding depreciation) during the years ended June 30, 2015 and 2014, respectively. The lease expires in 2023. See Note 8 for more information.

Pledged Revenues: The District has pledged future water system revenues, net of specified operating expenses, to repay its 2002 Series A and B, 2003 Series A and 2005 Series A Certificates of Participation, Elk Grove Water Service, and 2014 Series A Water Revenue Refunding Bonds in the original amount of \$23,675,000, \$10,170,000, \$11,910,000 and \$13,267,145, and \$32,325,000 respectively. Proceeds of the Certificates were used to refund certain debt issuances as described above and to fund improvements to the water system. The Certificates are payable solely from water system revenues and are payable through September 2045. Annual principal and interest remaining to be paid on the Certificates were \$79,883,874 and \$88,227,073 at June 30, 2015 and 2014. Cash basis principal and interest paid on the Certificates were \$3,290,466 and \$3,770,985 and total water system net revenues calculated in accordance with the covenants were \$4,724,627 and \$6,316,939 at June 30, 2015 and 2014, respectively.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

4. LONG TERM DEBT, Continued

The Certificate of Participation and Bonds above contain clauses requiring the District to collect rates and charges from its water system that will be sufficient to yield net revenue equal to a minimum ratio under two separate debt covenants.

Covenant 1: The net revenue (as defined) plus the stabilization fund are required to be at least 1.25 times the sum of the cash basis installment payments of interest and principal on the outstanding Certificates and any parity debt. Net revenue is accrual basis operating income plus interest and depreciation.

Covenant 2: The net revenues in Covenant 1, less the rate stabilization fund, are required to be at least 1.15 times the sum of the cash basis installment principal and interest payments on the outstanding Certificates and any other obligation payable from water system revenues.

According to the terms of the Certificates of Participation, the District must retain an independent rate consultant to advise the District on the operation of the water system and the adjustment of rates and charges in order to achieve compliance with the foregoing covenants for the current and subsequent fiscal years. In addition, if the rate covenant is not attained, all net revenues remaining after paying the current principal and interest with respect to the Certificates will be held in the rate stabilization fund until such time that an independent Certified Public Accountant certifies that the rate covenant has been met on an audited basis.

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

	2015	2014
Covenant 1*:		
Net revenues before adjustment (operating income)	\$ -	\$ 4,262,227
Add: Depreciation and amortization	-	2,054,712
Add: Rate stabilization fund	-	971,782
Net revenues plus rate stabilization fund, accrual basis	-	7,288,721
Interest and principal payments, cash basis (as defined)	-	3,770,985
Coverage ratio computed	0.00	1.93
Required ratio	0.00	1.25
Covenant 2:		
Net revenues before adjustments (operating income)	\$ 3,027,949	\$ 4,262,227
Add: Depreciation and amortization	1,696,678	2,054,712
Net revenues, not including rate stabilization fund, accrual basis	4,724,627	6,316,939
Interest and principal payments, cash basis (as defined)	3,290,466	4,709,651
Coverage ratio computed	1.44	1.34
Required ratio	1.15	1.15

* Covenant 1 was no longer applicable for fiscal year 2015 as the District met the debt clause stating that if the District reached 1.40 or greater coverage for 3 consecutive years, the District could partially or completely liquidate the rate stabilization fund.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

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, 2015 and 2014.

5. NET POSITION RESERVES

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

	Description	2015	2014
Operating fund	120 days of annual operations and maintenance budget	\$ 4,462,000	\$ 4,820,410
Future capital improvement fund	75% of unrestricted funds not allocated to other reserve funds	3,444,750	4,092,565
Capital improvement fund	Annual capital improvement budget	1,643,000	1,799,000
Future capital replacement fund	25% of unrestricted funds not allocated to other reserve funds	1,148,250	1,364,188
Capital replacement fund	Annual capital replacement budget	682,000	441,000
Elections and special studies	Amount specified by Board of Directors	120,000	120,000
Total net position commitments		<u>\$ 11,500,000</u>	<u>\$ 12,637,163</u>

6. INSURANCE

The District is a member of the Special District Risk Management Authority (SDRMA). The SDRMA is a risk-pooling self-insurance authority, created under the provisions of the California Government Code Section 6500 et.seq. Its purpose is to provide a full risk management program for California local governments. The District pays an annual premium to SDRMA for general and auto liability, errors and omissions, property, boiler and machinery and employee dishonesty insurance coverage. The District 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 SDRMA. The District's coverage and corresponding deductibles follow. Note that the high deductibles below are used only in limited circumstances, such as in the case of a terrorist attack.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

6. INSURANCE, Continued

Coverage	Amount	Deductible
General and auto liability (includes errors and omissions)	\$ 10,000,000	\$500 to 20,000
Property damage	1,000,000,000	1,000 to 500,000
Uninsured motorist	750,000	1,000
Boiler and machinery	100,000,000	1,000 to 350,000
Employee dishonesty	400,000	None
Worker's compensation	5,000,000	None
Board member liability	500,000	500

7. RETIREMENT BENEFITS

A. Plan Description

District employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS) a cost sharing multiple employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The District's employees participate in three separate Miscellaneous Employee Plans. Benefit provisions under both Plans are established by State statute and District resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for both Plans are determined on an actuarial basis as of June 30 of each year. The District must contribute the amounts determined by CALPERS.

B. Benefits Provided

CALPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members who must be public employees, and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 55 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employee's Retirement Law.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

7. RETIREMENT BENEFITS, Continued

B. Benefits Provided, Continued

The Plans' provisions and benefits in effect at June 30, 2015 are summarized as follows:

	<u>Miscellaneous - Classic</u>	<u>Miscellaneous - PEPRA</u>
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
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%	2.00%
Required employee contribution rates	6.00%	6.25%
Required employer contribution rates	15.817%	6.25%

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.

For the year ended June 30, 2015, the contributions recognized against net pension liability for the Plans were as follows:

	<u>Miscellaneous Classic</u>	<u>Miscellaneous PEPRA</u>
Contributions - employer	\$ 195,095	\$ 102,320

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

6. RETIREMENT BENEFITS, Continued

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

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

	Proportionate Share of Net Pension Liability
Miscellaneous - Classic	\$ 1,217,060
Miscellaneous - PEPRA	208
Total Net Pension Liability	\$ 1,217,268

The District's net pension liabilities for the Plans are measured as the proportionate share of the total net pension liability of each Plan. The net pension liability of the Plans are measured as of June 30, 2014, and the total pension liability for the Plans used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The District's proportionate share of the net pension liability was based on the District's plan liability and asset-related information where available, and proportional allocations of individual plan amounts as of the valuation date where not available.

The District's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 were as follows:

	Miscellaneous Classic	Miscellaneous PEPRA
Proportion - June 30, 2013	0.043725%	0.000009%
Proportion - June 30, 2014	0.049240%	0.000010%
Change - Increase (Decrease)	0.005515%	0.000001%

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

6. RETIREMENT BENEFITS, Continued

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

For the year ended June 30, 2015, the District recognized pension expense of \$247,910. At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Pension contributions subsequent to measurement date	\$ 291,670	\$ -
Changes in employer's proportion and differences between the employer's contribution and the employer's proportionate share of contributions	153,603	93,876
Net differences between projected and actual earnings on plan investments		225,950
	<u> </u>	<u> </u>
Total	<u>\$ 445,273</u>	<u>\$ 319,826</u>

\$291,670 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year	
Ending June 30:	
<u> </u>	
2016	\$ (35,155)
2017	(35,165)
2018	(39,424)
2019	(56,489)

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

6. RETIREMENT PLANS, Continued

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

Actuarial Assumptions - The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous Plans</u>
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.50%
Inflation	2.75%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return ⁽¹⁾	7.50%
Mortality	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, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability was 7.50 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

6. RETIREMENT PLANS, Continued

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

Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

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

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

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

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

6. RETIREMENT PLANS, Continued

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	12.00%	6.83%	6.95%
Real Estate	11.00%	4.50%	5.13%
Infrastructure and Forestland	3.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100%		

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

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

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

The following presents the District's proportionate share of the net pension liability 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:

	Miscellaneous Classic	Miscellaneous PEPRA	Total
1% Decrease	6.50%	6.50%	6.50%
Net Pension Liability	\$ 1,814,775	\$ 370	\$ 1,815,145
Current Discount Rate	7.50%	7.50%	7.50%
Net Pension Liability	\$ 1,217,060	\$ 208	\$ 1,217,268
1% Increase	8.50%	8.50%	8.50%
Net Pension Liability	\$ 721,012	\$ 73	\$ 721,085

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

6. RETIREMENT PLANS, Continued

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

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2015 the District reported a payable of \$0 for outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

7. OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description: The District’s other postemployment benefits plan (the plan) is an agent defined benefit healthcare plan administered by the District. CalPERS invests the Plan’s assets as part of the California Employer’s Retiree Benefit Trust (CERBT), resulting in its classification as an agent plan. The plan provides lifetime healthcare insurance coverage for eligible retirees and their dependents through the District’s group medical insurance plan, which covers both active and retired participants. Employees are eligible to participate in the Plan if they are enrolled in the District’s health plan, have five years of continuous service, attain age 55 and retire directly from the District under CalPERS. Since premiums are determined for active employees and retirees on a combined basis, an implied subsidy must be reflected under GASB45. Benefit provisions are established and may be amended through agreements and memorandums of understanding between the District and its employees. The Plan does not issue a financial report.

Funding Policy: The contribution requirements of the Plan participants and the District are established by and may be amended by the District. The District elected to pre-fund benefits during the year ended June 30, 2009 and contributes the annual OPEB cost each year.

Annual OPEB Cost and Net OPEB Obligation/Assets: The District’s annual other postemployment benefits cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The table on the following page shows the components of the District’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District’s Net OPEB obligation for the year ended June 30, 2015 and 2014.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

7. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

	2015	2014
Annual required contribution (ARC)	\$ 77,079	\$ 73,148
Interest on net OPEB obligation	(43,572)	(43,208)
Adjustment to annual required contribution	39,662	38,415
Annual OPEB cost (expense)	73,169	68,355
Contribution	(77,079)	(73,148)
(Increase) decrease in net asset	(3,910)	(4,793)
Net OPEB obligation (asset) - beginning of year	(572,567)	(567,774)
Net OPEB obligation (asset) - end of year	<u>\$ (576,477)</u>	<u>\$ (572,567)</u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the last three fiscal years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2013	\$ 90,351	107%	\$ (567,774)
6/30/2014	68,355	107%	(572,567)
6/30/2015	73,169	105%	(576,477)

Funded Status and Funding Progress: The funded status of the plan as of most recent valuation was as follows:

	7/1/2013
Actuarial accrued liability (AAL)	\$ 1,085,281
Actuarial value of plan assets	1,474,536
Unfunded actuarial accrued (liability) asset (UAAL)	<u>\$ 389,255</u>
Funded ratio (actuarial value of plan assets/AAL)	135.9%
Covered payroll (active plan members)	\$ 1,961,000
UAAL as a percentage of covered payroll	19.8%

Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liabilities for benefits.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

7. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

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

For the July 1, 2013 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 7.61% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.0% initially, reduced by decrements to an annual rate of 5.0%, 3.25% annual payroll increases and a 5.00% general inflation assumption. The initial UAAL was amortized as a level percentage of projected payroll over a closed 30-year period. The remaining amortization period at June 30, 2013 was 25 years.

8. COMMITMENTS AND CONTIGENCIES

Immanent Default of Debt: The Subordinate Lien Refunding Certificates of Participation, Office Building, Series 2003 B (Current Interest Certificates and Capital Appreciation Certificates) (the Certificates) are collateralized by an office building at 2450 Florin Road, Sacramento owned by the District and leased by the County of Sacramento Department of Human Assistance (the County). The lease payments received from the County that are the sole source of repayment of the Certificates are not adequate to make the scheduled debt service payments along with administrative, operating and maintenance expenses while maintaining administrative, operations and maintenance expense reserve funds required under the debt agreement. No other District revenues may be legally used to make up the shortfall of lease revenues.

The District also previously used a portion of the administrative expense reserve fund to make certain payments on the Certificates and was not able to maintain the required reserve funds. The use of reserve funds to make debt service payments on the Certificates and not being able to maintain required reserve funds resulted in the District being in technical default of the debt agreement. The technical default resulted in the requirement to file a Notice of Listed Event with the Trustee under the Trust Agreement. The District initially filed a Notice of Listed Event with the Bank of New York Mellon Trust Company, N.A. on October 26, 2011 and updates that filing on a regular basis. The Notices may be accessed on the continuing disclosures tab of the Electronic Municipal Market Access Website at www.emma.msrb.org by searching for Florin Resource Conservation District and the Certificates above.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

8. COMMITMENTS AND CONTINGENCIES

In addition to the inability to maintain the required reserve funds described above, the District was unable to make property tax payments to the County of Sacramento for fiscal years 2009-10 through 2014-15 totaling approximately \$1,002,064 as of June 30, 2015 due to the lack of available funds. The property taxes are delinquent and are subject to penalties and interest that accrue continually. In addition, after five years of delinquency the County has the right to sell the property to satisfy the tax lien. The County may sell the building to satisfy the tax lien on or after July 1, 2015 under the California Revenue and Taxation Code Section 3361 and must attempt to sell the building to satisfy the tax lien by July 1, 2019 under California Revenue and Taxation Code Section 3362.

In consultation with The Bank of New York Mellon Trust Company, N.A., the District commissioned CBRE, Inc. to market the office building and assist the District in completing a sales transaction. On April 8, 2015, CBRE, Inc. issued an offering memorandum listing the office building for sale with an offering price of \$8,950,000. On May 21, 2015 the District executed a Purchase and Sales Agreement with The Three Tower Corporation, Inc., and R. Scott Rasmussen, LLC. for a purchase price of \$9,900,000. All delinquent property taxes as well as deferred Capital Improvements under the lease agreement of \$850,000 were scheduled to be paid from the escrow account at the close of the sales transaction.

On May 29, 2015, the District filed a Complaint for Declaratory Relief in the Sacramento County Superior Court seeking a judicial declaration that its sale of the office building and payment from the sale proceeds of costs of sale, delinquent property taxes, and deferred Capital Improvements, and payment of the net sale proceeds to the Trustee for distribution to the 2003 Certificate holders is reasonable, appropriate and consistent with the District's obligations under the Certificates.

Due to the technical default of the debt, all outstanding principal amounts due under the Certificates are reported as a current liability on the statement of net position at June 30, 2015 and 2014.

Claims: 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, 2015 and 2014

9 - RESTATEMENT

The District recorded prior period adjustment to recognize deferred outflows of resources, deferred inflows of resources, and net pension liability as of June 30, 2014. The District also restated both fiscal year 2014 and 2015 to adjust capital asset values recorded based on a capital asset study conducted on the District's assets.

2014

	Net Position, as Previously Reported	Prior Period Adjustment Capital Assets	Net Position, as as Restated
Government-Wide Statements			
Business-type activities	\$ (2,483,205)	\$ 29,577,007	\$ 27,093,802
Enterprise funds:			
Water Fund	\$ 1,133,174	\$ 29,577,007	\$ 30,710,181

2015

	Net Position, as Previously as Restated	Prior Period Adjustment		Net Position, as as Restated
		Deferred Employer Pension Contributions	Net Pension Liability	
Government-Wide Statements				
Business-type activities	\$ 27,715,129	\$ 297,415	\$ (1,432,995)	\$ 26,579,549
Enterprise funds:				
Water Fund	\$ 31,851,437	\$ 297,415	\$ (1,432,995)	\$ 30,715,857

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2015 and 2014

10 - SUBSEQUENT EVENT

The court issued a ruling on October 19, 2015 supporting the District's Complaint for Declaratory Relief. As such, on October 30, 2015 the District consummated the sales transaction of the Susie Gaines Mitchell Building with The Three Tower Corporation, Inc., and R. Scott Rasmussen, LLC. (the "Purchaser") for a purchase price of \$9,900,000. In addition, the District assigned all right, title and interest in and to the lease with the County of Sacramento to the purchaser. The net sales proceeds have been remitted to the Bond Trustee, Bank of New York, Mellon, for the payment of outstanding invoices and final disbursement to the Series 2003 Certificate holders.

REQUIRED SUPPLEMENTARY INFORMATION

This page intentionally left blank

Florin Resource Conservation District
Required Supplementary Information
For the year ended June 30, 2015 and 2014

1. BUDGETARY COMPARISON INFORMATION -GENERAL FUND

For the year ended June 30, 2015

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 30	\$ 30	\$ 2,643	\$ 2,613
Miscellaneous	-	-	10,162	10,162
Total revenues	30	30	12,805	12,775
EXPENDITURES:				
General government	21,485	21,485	21,847	(362)
Total expenditures	21,485	21,485	21,847	(362)
Net change in fund balance	\$ (21,455)	\$ (21,455)	(9,042)	\$ 12,413
FUND BALANCE:				
Beginning of year			132,261	
End of year			\$ 123,219	

For the year ended June 30, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 7,010	\$ 7,010	\$ 5,517	\$ (1,493)
Miscellaneous	-	-	4,729	4,729
Total revenues	7,010	7,010	10,246	3,236
EXPENDITURES:				
General government	6,885	6,885	37,166	(30,281)
Total expenditures	6,885	6,885	37,166	(30,281)
REVENUES OVER (UNDER) EXPENDITURE	125	125	(26,920)	(27,045)
OTHER FINANCING SOURCES (USES):				
Proceeds from disposal of capital assets	-	-	82,983	82,983
Total other financing sources (uses)	-	-	82,983	82,983
Net change in fund balance	\$ 125	\$ 125	56,063	\$ 55,938
FUND BALANCE:				
Beginning of year			76,198	
End of year			\$ 132,261	

**Florin Resource Conservation District
 Required Supplementary Information
 For the year ended June 30, 2015 and 2014**

2. DEFINED BENEFIT PENSION PLAN

A. Miscellaneous (Classic) Plan

Florin Resource Conservation District Miscellaneous (Classic) Plan, a Cost Sharing Defined Benefit Pension Plan
 As of June 30, 2015
 Last of 10 Years*

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	<u>6/30/2014</u>
Proportion of the net pension liability	0.01956%
Proportionate share of the net pension liability	\$ 1,217,060
Covered - employee payroll	\$ 1,962,952
Proportionate Share of the net pension liability as percentage of covered-employee payroll	62.00%
Plan's fiduciary net position	\$ 3,288,469
Plan fiduciary net position as a percentage of the total pension liability	72.99%

Notes to Schedule:

*- Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

**Florin Resource Conservation District
Required Supplementary Information
For the year ended June 30, 2015 and 2014**

2. DEFINED BENEFIT PENSION PLAN, Continued

A. Miscellaneous (Classic) Plan, Continued

Florin Resource Conservation District Miscellaneous (Classic) Plan,
a Cost Sharing Defined Benefit Pension Plan

As of June 30, 2015

Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 277,442
Contribution in relation to the actuarially determined contributions	<u>(277,442)</u>
Contribution deficiency (excess)	<u>\$ -</u>
Covered-employee payroll	\$ 1,827,740
Contributions as a percentage of covered-employee payroll	15.18%

Note to Schedule

Valuation date: 6/30/2012

Methods and assumptions used to determine contribution rates:

Single and Agent Employers Example	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	19 years
Asset valuation method	15 year smoothed market
Inflation	2.75%
Salary increases	3.30% to 14.20%, depending on Age, Service, and employment
Investment rate of return	7.50% (net of administrative expenses)
Retirement age	55 yrs.
Mortality	RP-2000 Healthy Annuitant Mortality Table

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown

**Florin Resource Conservation District
 Required Supplementary Information
 For the year ended June 30, 2015 and 2014**

2. DEFINED BENEFIT PENSION PLAN, Continued

B. Miscellaneous (PEPRA) Plan

Florin Resource Conservation District Miscellaneous (PEPRA) Plan, a Cost Sharing Defined Benefit Pension Plan
 As of June 30, 2015
 Last of 10 Years*

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	<u>6/30/2014</u>
Proportion of the net pension liability	0.00000%
Proportionate share of the net pension liability	\$ 208
Covered - employee payroll	\$ 131,640
Proportionate Share of the net pension liability as percentage of covered-employee payroll	0.16%
Plan's fiduciary net position	\$ 1,015
Plan fiduciary net position as a percentage of the total pension liability	82.99%

Notes to Schedule:

*- Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

**Florin Resource Conservation District
Required Supplementary Information
For the years ended June 30, 2015 and 2014**

2. DEFINED BENEFIT PENSION PLAN, Continued

B. Miscellaneous (PEPRA) Plan, Continued

Florin Resource Conservation District (PEPRA) Plan,
a Cost Sharing Defined Benefit Pension Plan
As of June 30, 2015
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

		2015	
Contractually required contribution (actuarially determined)	\$	14,228	
Contribution in relation to the actuarially determined contributions		(14,228)	
Contribution deficiency (excess)	\$	-	
 Covered-employee payroll	 \$	 227,656	
 Contributions as a percentage of covered-employee payroll		 6.25%	
Note to Schedule			
Valuation date:		6/30/2012	
Methods and assumptions used to determine contribution rates:			
Single and Agent Employers Example		Entry age	
Amortization method		Level percentage of payroll, closed	
Remaining amortization period		19 years	
Asset valuation method		15 year smoothed market	
Inflation		2.75%	
Salary increases		3.30% to 14.20%, depending on Age, Service, and employment	
Investment rate of return		7.50% (net of administrative expenses)	
Retirement age		55 yrs.	
Mortality		RP-2000 Healthy Annuitant Mortality Table	

* - Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown

Florin Resource Conservation District
Required Supplementary Information
For the years ended June 30, 2015 and 2014

3. OTHER POSTEMPLOYMENT BENEFIT PLAN SCHEDULE OF FUNDING PROGRESS

The table below, which is from the latest available actuarial valuation, shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the funded status of the accrued liability as a percentage of the annual covered payroll for the District's contribution to OPEB as of June 30:

Funded Status of Plan

Actuarial Valuation Date	Actuarial Value of Assets	Entry Age Actuarial Accrued Liability	Actuarial Unfunded (Overfunded) Liability	Funded Ratio	Covered Payroll	Liability as Percentage of Covered Payroll
6/30/2012	\$ 1,345,909	\$ 961,832	\$ (384,077)	139.9%	\$ 1,849,000	-21%
6/30/2013	1,474,536	1,085,281	(389,255)	135.9%	1,944,000	-20%
6/30/2014	1,634,503	1,239,231	(395,272)	131.9%	1,961,000	-20%

This page intentionally left blank

STATISTICAL SECTION

Table of Contents

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

CONTENTS

Financial Trends Data

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

❖ Net Position by Component	74
❖ Changes in Net Position	74
❖ Fund Balances of Governmental Funds.....	75
❖ Changes in Fund Balances of Governmental Funds	75
❖ Revenues by Source	76
❖ Operating Expenses.....	76

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.....	77
❖ Water Sales by Type	83
❖ Sales - Metered vs. Flat Rate	83
❖ Metered Water Sold.....	84
❖ Metered Water Consumption – CCFs.....	84
❖ Historical Service Connections	84
❖ Ten Largest Commercial Customers – Current Year and Three Years Ago.....	85

Debt Capacity Data

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

❖ Ratio of Debt Service to Operating Expenses.....	85
❖ Ratios of Outstanding Debt By Type – Proprietary Funds.....	86
❖ Bond Covenant Ratio Analysis – Water District Fund	86
❖ Pledged-Revenue Coverage – Water District Fund	87

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..... 88
- ❖ City of Elk Grove Unemployment Rate..... 88
- ❖ City of Elk Grove Per Capita Income..... 88
- ❖ Area Demographic and Economic Statistical Information.....88
- ❖ Operating Indicators for the Water District Fund 89
- ❖ Capital Asset Statistics by Function.....89

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
Net Position by Component
Last Nine Years**

Fiscal Year ended June 30,	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities									
Unrestricted	\$ 168,419	\$ 170,385	\$ 67,862	\$ 69,903	\$ 80,760	\$ 88,227	\$ 80,927	\$ 132,261	\$ 123,219
Total governmental activities net position	168,419	170,385	67,862	69,903	80,760	88,227	80,927	132,261	123,219
Business-Type									
Invested in capital assets (net of debt)	(15,919,943)	(16,229,391)	(17,480,931)	(17,738,507)	(18,773,507)	(17,230,289)	(15,360,450)	15,860,844	14,217,593
Restricted for Debt Services	2,455,387	2,348,094	2,224,971	2,383,125	1,953,435	1,965,930	1,834,869	1,863,744	1,871,782
Restricted for Capital Projects	7,989,292	6,336,442	3,771,280	1,568,906	533,691	1,321	1,321	1,321	-
Restricted for administrative, operating and maintenance expenses					480,803	419,984	365,030	202,854	3,775
Unrestricted	(3,457,192)	337,661	5,509,663	9,122,678	9,538,425	10,042,430	10,676,025	9,786,366	11,011,778
Total business-type net position	(8,932,456)	(7,207,194)	(5,975,017)	(4,663,798)	(6,267,153)	(4,800,624)	(2,483,205)	27,715,129	27,104,948
Primary Government									
Net investment in capital assets	(15,919,943)	(16,229,391)	(17,480,931)	(17,738,507)	(18,773,507)	(17,230,289)	(15,360,450)	15,860,844	14,217,593
Restricted	10,444,679	8,684,536	5,996,251	3,952,031	2,967,929	2,387,235	2,201,220	2,067,919	1,813,736
Unrestricted	(3,288,773)	508,046	5,577,525	9,192,581	9,619,185	10,130,657	10,756,952	9,918,627	11,135,017
Total Primary government net position	\$ (8,764,037)	\$ (7,036,809)	\$ (5,907,155)	\$ (4,593,895)	\$ (6,186,393)	\$ (4,712,397)	\$ (2,402,278)	\$ 27,847,390	\$ 27,166,346

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

Fiscal Year ended June 30,	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses									
Governmental Activities:									
General Government	\$ 17,030	\$ 16,253	\$ 116,712	\$ 18,961	\$ 1,198	\$ 3,894	\$ 21,579	\$ 37,166	\$ 21,847
Business-type activities:									
Water	9,561,923	10,377,324	11,741,844	12,442,411	12,765,798	11,946,649	11,607,439	11,855,162	12,447,446
Office Building	1,412,270	1,703,967	1,495,043	1,377,430	1,619,569	1,747,033	1,544,934	1,641,329	1,672,932
Total business-type activities	10,974,193	12,081,291	13,236,887	13,819,841	14,385,367	13,693,682	13,152,373	13,496,491	14,120,378
Total primary government expenses	10,991,223	12,097,544	13,353,599	13,838,802	14,386,565	13,697,576	13,173,952	13,533,657	14,142,225
Program Revenues									
Governmental Activities:									
Charges for Services	9,833	11,900	12,000	12,000	12,000	11,333	9,533	5,467	-
Operating Grants				8,936					
Total governmental activities	9,833	11,900	12,000	20,936	12,000	11,333	9,533	5,467	-
Business-type activities:									
Charges for Services									
Water	8,358,765	11,922,374	12,865,774	13,642,267	13,981,562	14,420,788	14,312,791	13,435,194	13,185,838
Office Building	1,421,381	1,346,210	1,414,636	1,414,572	1,532,453	1,414,572	1,292,417	1,121,400	1,121,400
Operating Grants	69,075	-	10,519	3,834		198,000		100,000	-
Total business-type activities	9,849,221	13,268,584	14,290,929	15,060,673	15,514,015	16,033,360	15,605,208	14,656,594	14,307,238
Total primary government program revenues	9,859,054	13,280,484	14,302,929	15,081,609	15,526,015	16,044,693	15,614,741	14,662,061	14,307,238
Net revenues (expenses)									
Governmental activities	(7,197)	(4,353)	(104,712)	1,975	10,802	7,439	(12,046)	(31,699)	(21,847)
Business-Type	(1,124,972)	1,187,293	1,054,042	1,240,832	1,128,648	2,339,678	2,452,835	1,160,103	186,860
Total net revenues (expenses)	(1,132,169)	1,182,940	949,330	1,242,807	1,139,450	2,347,117	2,440,789	1,128,404	165,013
General Revenues and Other Changes in Net Position									
Governmental Activities:									
Interest and investment earnings	501	361	189	66	55	28	17	50	2,643
Other revenues	2,558						4,729	82,983	10,162
Transfers	7,173								
Total governmental activities	10,232	361	189	66	55	28	4,746	83,033	12,805
Business-type activities:									
Interest and investment earnings	709,971	349,606	126,485	42,170	36,642	21,812	20,886	18,188	19,970
Other revenues		188,363	51,650	28,217	91,758	276,738	52,452	22,304	287,774
Transfers	(7,173)								
Total business-type activities	702,798	537,969	178,135	70,387	128,400	298,550	73,338	40,492	307,744
Total primary government	713,030	538,330	178,324	70,453	128,455	298,578	78,084	123,525	320,549
Change in net position:									
Governmental activities	3,035	(3,992)	(104,523)	2,041	10,857	7,467	(7,300)	51,334	(9,042)
Business-type activities	(422,174)	1,725,262	1,232,177	1,311,219	1,257,048	2,638,228	2,526,173	1,200,595	494,604
Total primary government	\$ (419,139)	\$ 1,721,270	\$ 1,127,654	\$ 1,313,260	\$ 1,267,905	\$ 2,645,695	\$ 2,518,873	\$ 1,251,929	\$ 485,562

The Net Position was restated for GASB 65 and reflected in year 2011 through 2015.
Data for periods prior to Fiscal Year 2007 were not readily available.
Source: Finance Department

Florin Resource Conservation District
Fund Balances of Governmental Funds
Last Nine Years

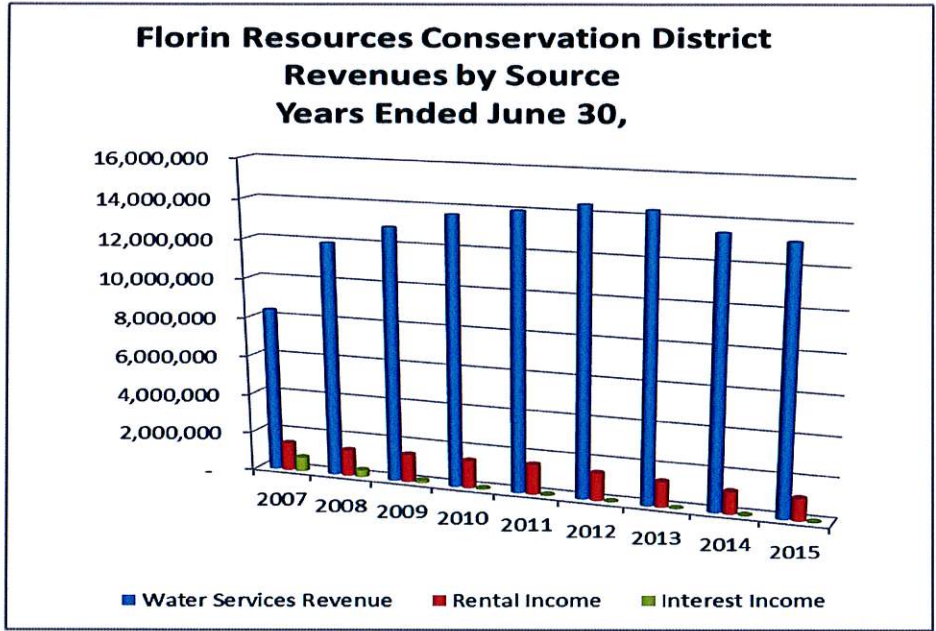
Fiscal Year ended June 30,	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund									
Reserved									
Unreserved	\$ 168,419	\$ 172,385	\$ 67,862	\$ 69,903	\$ 80,760	88,227	76,198	132,261	123,219
Total General Fund	168,419	172,385	67,862	69,903	80,760	88,227	76,198	132,261	123,219

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

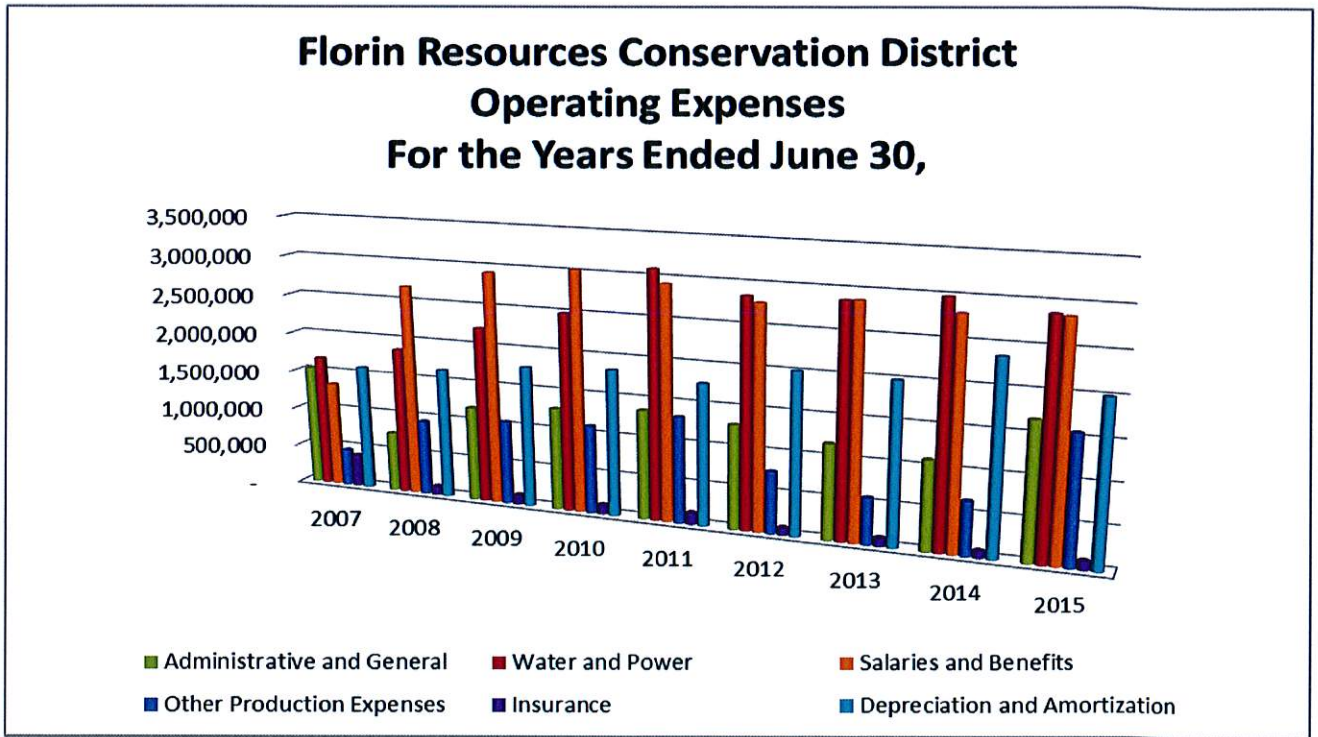
Fiscal Year ended June 30,	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues									
Use of money and property	10,334	10,261	14,189	12,066	12,055	11,361	9,550	5,517	2,643
Other	2,558			8,936				4,729	10,162
Total Revenues	12,892	10,261	14,189	21,002	12,055	11,361	9,550	10,246	12,805
Expenditures									
General and administrative	17,030	8,295	116,712	18,961	1,198	3,894	21,579	37,166	21,847
Total expenditures	17,030	8,295	116,712	18,961	1,198	3,894	21,579	37,166	21,847
Other Financing Sources									
Transfers	7,173								
Gain (loss) on disposal of capital assets								82,983	
Total other financing sources	7,173	-	-	-	-	-	-	82,983	-
Net change in fund balance	3,035	1,966	(102,523)	2,041	10,857	7,467	(12,029)	56,063	(9,042)
Fund balance, beginning of the year	165,384	168,419	170,385	67,862	69,903	80,760	88,227	76,198	132,261
Fund balance, end of the year	\$ 168,419	\$ 170,385	\$ 67,862	\$ 69,903	\$ 80,760	\$ 88,227	\$ 76,198	\$ 132,261	\$ 123,219

Data for periods prior to Fiscal Year 2007 were not readily available.
Source: Finance Department

Florin Resource Conservation District Financial Trends



The majority of the District's revenues are comprised of Water District revenues, rents that are collected from the 2450 Florin Road Building, and interest earned on the various accounts.



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

Data for periods prior to Fiscal Year 2007 were not readily available.

Source: Finance Department

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

	2006/07		2007/08		2008/09		2009/10		2010/11	
	Metered Rate Area 1	Metered Rate Area 2	Flat Rate	Metered Rate ⁽¹⁾	Flat Rate	Metered Rate	Flat Rate	Metered Rate	Flat Rate	Metered Rate
Monthly Meter/Service										
1-inch meter/service	\$ 30.41	\$ 40.06	\$ 39.10	\$ 42.06	\$ 58.26	\$ 50.47	\$ 69.91	\$ 56.53	\$ 78.30	\$ 78.30
Monthly Consumption Rates										
1st tier: 0-30 ccf	0.445	1.09		1.09		1.31		1.46		1.46
2nd tier: over 30 ccf	0.445	1.34		1.34		1.61		1.80		1.80
For each sq. ft. of premises over 4000 sf			0.00122		0.00182		0.00218		0.00244	0.00244
Average Bill	50.03			66.04		79.25		88.76		88.76
Meter Charge										
For 5/8 x 3/4-inch meter	21.89	31.08		42.06		50.47		56.53		56.53
For 3/4-inch meter	24.25	34.06		42.06		50.47		56.53		56.53
For 1-inch meter	30.41	40.06		42.06		50.47		56.53		56.53
For 1-1/2 inch meter	46.25	55.07		54.68		65.61		73.48		73.48
For 2-inch meter	63.87	73.47		88.33		105.99		118.71		118.71
For 3-inch meter	106.44	115.08		332.27		398.73		446.56		446.56
For 4-inch meter	167.68	175.17		420.60		504.72		565.29		565.29
For 6-inch meter	320.21	327.25		630.90		757.08		847.93		847.93
For 8-inch meter	503.27			870.64		1,044.77		1,170.14		1,170.14

	2011/12		2012/13		2013/14		2014/15	
	Metered Rate	Flat Rate	Metered Rate	Flat Rate	Metered Rate	Flat Rate	Metered Rate	Flat Rate
Monthly Meter/Service								
1-inch meter/service	\$ 56.53	\$ 78.30	\$ 56.53	\$ 78.30	\$ 59.23	\$ 70.22	\$ 60.01	\$ 72.00
Monthly Consumption Rates								
1st tier: 0-30 ccf	1.46		1.46		1.39		1.44	
2nd tier: over 30 ccf	1.80		1.80		2.76		2.85	
For each sq. ft. of premises over 4000 sf		0.00244		0.00244		0.00244		0.00244
Average Bill	88.76		88.76		89.91		91.69	
Meter Charge								
For 5/8 x 3/4-inch meter	56.53		56.53		59.23		60.01	
For 3/4-inch meter	56.53		56.53		59.23		60.01	
For 1-inch meter	73.48		73.48		59.23		60.01	
For 1-1/2 inch meter	118.71		118.71		83.37		85.87	
For 2-inch meter	446.56		446.56		112.34		115.71	
For 3-inch meter	565.29		565.29		179.93		185.33	
For 4-inch meter	847.93		847.93		276.49		284.79	
For 6-inch meter	1,170.14		1,170.14		517.89		533.43	
For 8-inch meter					807.57		831.80	
For 10-inch meter					1,145.53		1,179.90	

	2006/07		2007/08		2008/09		2009/10		2010/11		
	Metered Rate	Metered Area 2 Rate	Flat Rate	Metered Rate ⁽¹⁾	Flat Rate	Metered Rate	Flat Rate	Metered Rate	Flat Rate	Metered Rate	
Flat Rate											
For 3/4-inch service			28.77		46.61		55.93		62.64		62.64
For 1-inch service			39.10		58.26		69.91		78.30		78.3
For 1-1/4 inch service			50.43		69.91		83.89		93.96		93.96
For 1-1/2 inch service			62.86		81.72		90.89		109.83		109.83
For 2-inch service			92.71		122.35		146.82		164.44		164.44
For 3-inch service			198.28		460.25		552.30		618.58		618.58
For 4-inch service					582.60		699.12		783.02		783.02
For 6-inch service					873.90		1,048.68		1,174.53		1,174.53
For 8-inch service					1,205.98		1,410.13		1,579.35		1,579.35
1 x 3/4" + 1 x 2"			106.33		168.95		202.74		227.07		227.07
2 x 3/4"			42.40		93.22		111.86		125.29		125.29
3 x 3/4"			56.04		139.82		167.79		187.93		187.93
10 x 3/4"			151.46		466.08		559.30		626.42		626.42
33 x 3/4"			465.04		1,538.06		1,845.68		2,067.17		2,067.17
68 x 3/4"			942.20		3,169.34		3,803.21		4,259.60		4,259.60
2 x 1"			63.06		116.52		139.82		156.60		156.6
6 x 1" + 1 x 2"			236.53		471.91		566.29		634.25		634.25
6 x 1"			158.97		349.56		419.47		469.81		469.81
16 x 1"			398.69		932.16		118.59		132.83		132.83
21 x 1"			518.55		1,223.46		1,468.15		1,644.33		1,644.33
49x 1"			1,189.79		2,854.74		3,425.69		3,836.78		3,836.78
72 x 1"			1,741.17		4,194.72		5,033.66		5,637.70		5,637.70
100 x 1"			2,412.39		5,826.00		6,991.20		7,830.15		7,830.15
2 x 2"			170.27		244.69		293.63		328.87		328.87

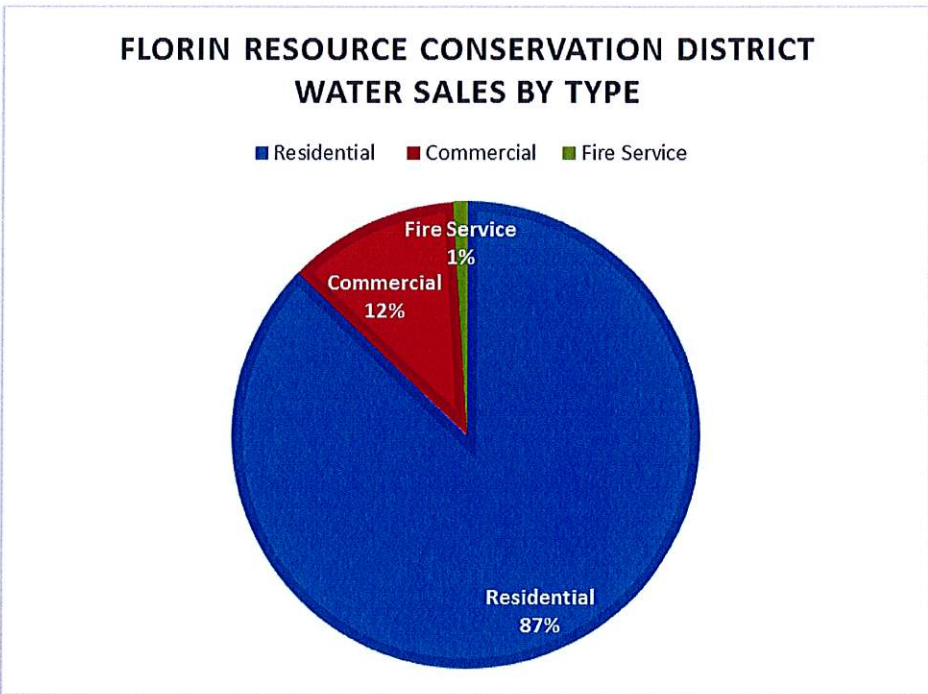
	2011/12		2012/13		2013/14		2014/15	
	Metered Rate	Flat Rate	Metered Rate	Flat Rate	Metered Rate	Flat Rate	Metered Rate	Flat Rate
Flat Rate								
For 3/4-inch service		62.64		62.64				
For 1-inch service		78.30		78.30		70.22		72.00
For 1-1/4 inch service		93.96		93.96				
For 1-1/2 inch service		109.83		109.83		94.36		96.86
For 2-inch service		164.44		164.44		123.33		126.70
For 3-inch service		618.58		618.58		190.92		196.32
For 4-inch service		783.02		783.02				
For 6-inch service		1,174.53		1,174.53				
For 8-inch service		1,579.35		1,579.35				
1 x 3/4" + 1 x 2"		227.07		227.07				
2 x 3/4"		125.29		125.29				
3 x 3/4"		187.93		187.93				
10 x 3/4"		626.42		626.42				
33 x 3/4"		2,067.17		2,067.17				
68 x 3/4"		4,259.60		4,259.60				
2 x 1"		156.60		156.60				
6 x 1" + 1 x 2"		634.25		634.25				
6 x 1"		469.81		469.81				
16 x 1"		132.83		132.83				
21 x 1"		1,644.33		1,644.33				
49x 1"		3,836.78		3,836.78				
72 x 1"		5,637.70		5,637.70				
100 x 1"		7,830.15		7,830.15				
2 x 2"		328.87		328.87				

	2006/07		2007/08		2008/09		2009/10		2010/11	
	Metered	Flat	Metered	Rate *	Metered	Flat	Metered	Flat	Metered	Flat
	Rate Area 1	Rate Area 2	Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate
For each additional single family residential unit			5.09		7.58		9.10		10.20	
For each sq. ft. of premises, over 4000 sq. ft.			0.00122		0.00182		0.00218		0.00244	
Fire Protection Service										
2-inch connection				44.17		21.20		23.74		23.74
3-inch connection	23.20			166.14		79.75		89.32		89.32
4-inch connection	27.22			210.30		100.94		113.05		113.05
6-inch connection	39.24			315.45		151.41		169.58		169.58
8-inch connection	50.31			435.32		208.95		234.02		234.02
Usage										
First 3000 Cu Ft. Per 100 Cu. Ft.	0.83			1.09		1.31		1.46		1.46
Over 3000 Cu. Ft.	1.02			1.34		1.61		1.80		1.80

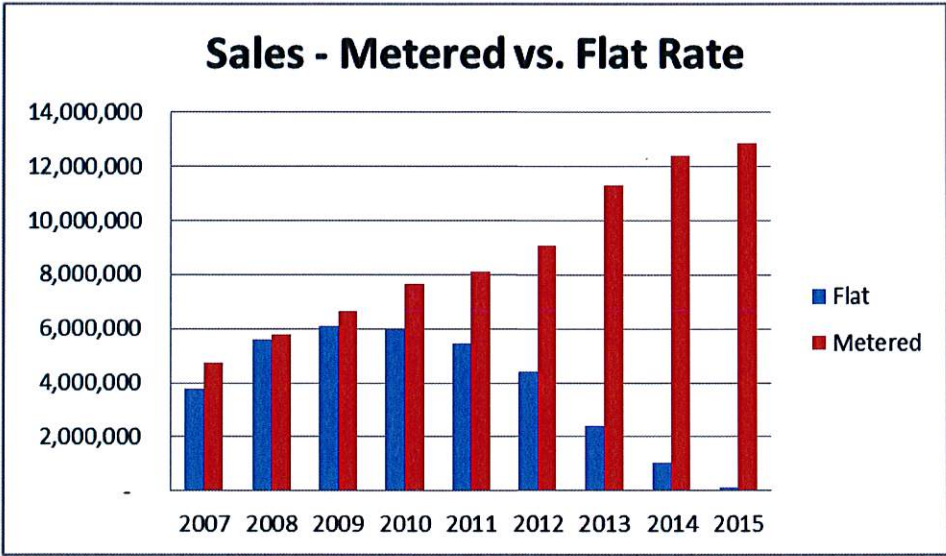
* In April of 2013, a new 5 year Rate Plan was adopted.
Data for periods prior to Fiscal Year 2007 were not readily available.
Source: Finance Department

	2011/12		2012/13		2013/14		2014/15	
	Metered Rate	Flat Rate	Metered Rate	Flat Rate	Metered Rate	Flat Rate	Metered Rate	Flat Rate
For each additional single family residential unit		10.20		10.20		10.19		10.19
For each sq. ft. of premises, over 4000 sq. ft.		0.00244		0.00244		0.00244		0.00244
Fire Protection Service								
2-inch connection	23.74		23.74		2.71		2.79	
3-inch connection	89.32		89.32		7.87		8.11	
4-inch connection	113.05		113.05		16.78		17.28	
6-inch connection	169.58		169.58		48.73		50.19	
8-inch connection	234.02		234.02		103.85		106.96	
10-inch connection					186.75		192.35	
12-inch connection					301.65		310.70	
Usage								
First 3000 Cu Ft. Per 100 Cu. Ft.	1.46		1.46					
Over 3000 Cu. Ft.	1.80		1.80					

* In April of 2013, a new 5 year Rate Plan was adopted. Data for periods prior to Fiscal Year 2007 were not readily available.

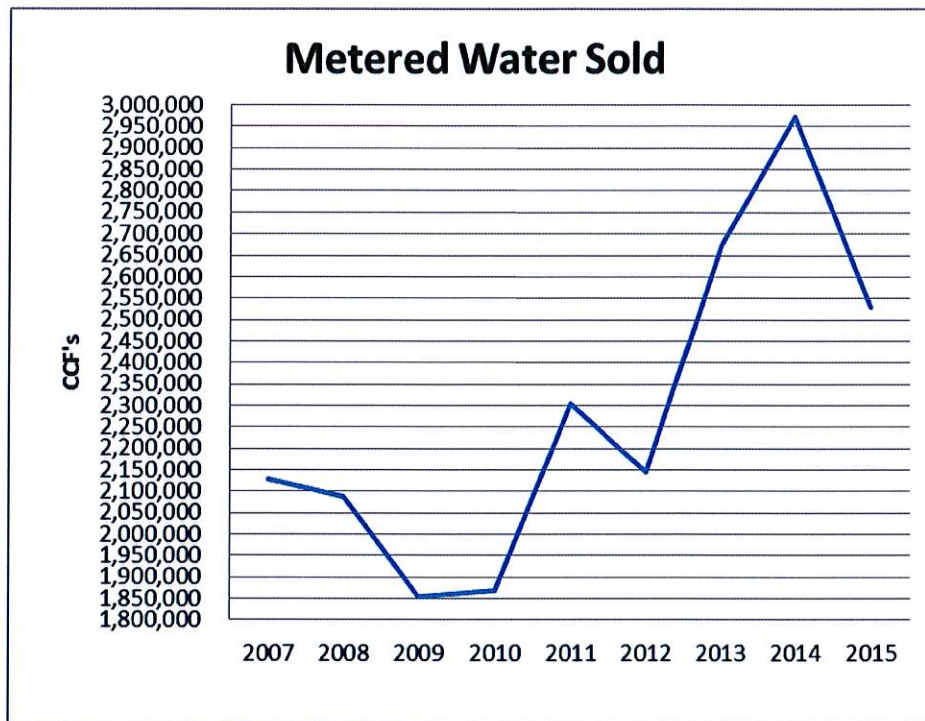


Sales by Type – This graph shows the percentages of the three major components of water sales by the Elk Grove Water District.



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. Overall sale increases in the first three years were due to rate increases.

Data for periods prior to Fiscal Year 2007 were not readily available.
Source: Finance Department



Data for periods prior to Fiscal Year 2007 were not readily available.

Metered Water Consumption – CCFs – This graph shows the consumption of metered water over the four 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
6/30/06	6,028	5,688	11,716	11,167	549
6/30/07	6,033	5,855	11,888	11,327	561
6/30/08	6,020	5,999	12,019	11,453	566
6/30/09	5,849	6,272	12,121	11,530	618
6/30/10	5,328	6,834	12,162	11,509	653
6/30/11	4,681	7,409	12,090	11,474	616
6/30/12	3,259	9,041	12,300	11,679	621
6/30/13	1,193	10,955	12,148	11,523	625
6/30/14	240	12,109	12,349	11,784	565
6/30/15	0	12,291	12,291	11,779	512

Source: Finance Department

FLORIN RESOURCE CONSERVATION DISTRICT
Five Largest Commercial Customers
Current Year and Five Years Ago

Customer	FY 2010-11		Customer	FY 2014-15	
	Amount Billed	% of Total Billed		Amount Billed	% of Total Billed
Elk Grove Unified School District	\$ 246,895.63	43.96%	Cosumnes CSD	\$ 323,627.11	37.22%
Cosumnes CSD	122,458.52	21.80%	Elk Grove Unified School District	278,553.39	32.04%
Realty Roundup	66,675.39	11.87%	City Of Elk Grove-Public Works	53,861.80	6.19%
Emerald Park Company	27,257.87	4.85%	Lennar Homes CA, Inc	50,759.80	5.84%
Oak Grove Apartments/Office	25,206.16	4.49%	Emerald Park Company	49,895.13	5.74%
City Of Elk Grove-Public Works	20,577.07	3.66%	Ferguson & Brewer Mgmt	27,978.86	3.22%
Kimco Realty Corp	14,914.84	2.66%	The Oaks Mobile Home Park	23,750.72	2.73%
ACIS Customer Service	13,345.60	2.38%	JJD-Hov Elk Grove LLC	22,245.76	2.56%
Ferguson & Brewer Mgmt	12,567.32	2.24%	Elk Grove Village, LLC	19,426.27	2.23%
Oaks Mobile Home Park	11,764.85	2.09%	Gage Street Townhouses	19,414.70	2.23%
	<u>\$ 561,663.25</u>	<u>100%</u>		<u>\$ 869,513.54</u>	<u>100%</u>

Debt Capacity

Florin Resource Conservation District					
Ratio of Debt Service to Operating Expenses - Proprietary Funds					
Last Nine Years					
Fiscal Year Ended June 30,	Principal Payments	Interest Payments	Total	Operating Expenses	Ratio of Total Debt Service to Operating Expenses
2007	695,000	3,427,970	4,122,970	7,007,955	58.83%
2008	750,000	3,408,230	4,158,230	8,003,616	51.95%
2009	1,090,000	3,383,008	4,473,008	9,442,594	47.37%
2010	1,260,000	3,349,544	4,609,544	9,866,695	46.72%
2011	1,495,000	3,305,500	4,800,500	10,619,531	45.20%
2012	1,670,000	3,247,339	4,917,339	9,796,569	50.19%
2013	1,770,000	3,180,956	4,950,956	9,606,919	51.54%
2014	1,590,000	3,109,908	4,699,908	10,004,498	46.98%
2015	1,725,000	2,587,708	4,312,708	11,094,376	38.87%

Note: The District has no governmental activities debt.

*Interest Payments on the Cash Basis

Data for periods prior to Fiscal Year 2007 were not readily available.

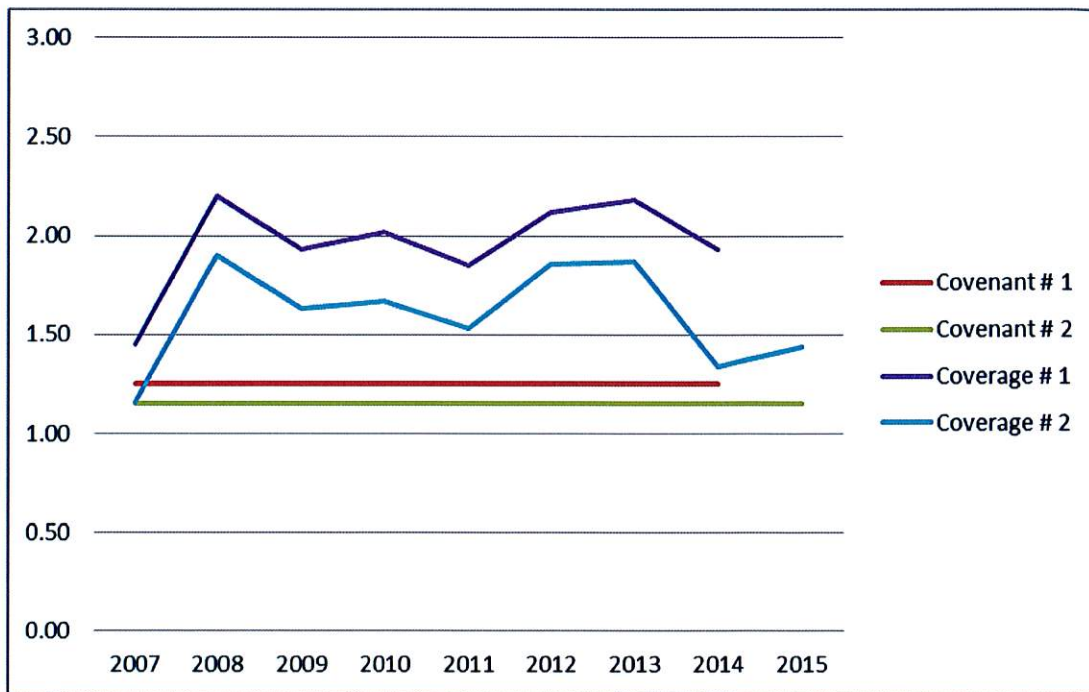
Source: Finance Department

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

Last Nine Years						
Fiscal Year Ended June 30,	COP's - Water Services	COP's - Building	Loans	Total	Percentage of Personal Income	Outstanding Debt per Capita
2007	58,567,145	14,386,994		72,954,139	1.443%	535.18
2008	58,307,145	13,896,994		72,204,139	1.331%	519.01
2009	57,822,145	13,291,994	1,085,386	72,199,525	1.713%	510.50
2010	57,187,145	12,666,994	1,039,602	70,893,741	1.822%	492.71
2011	56,337,145	12,021,994	990,745	69,349,884	1.712%	453.22
2012	55,332,145	11,356,994	938,623	67,627,762	1.642%	433.69
2013	54,252,145	10,666,994	883,017	65,802,156	1.539%	413.66
2014	53,077,145	10,251,994		63,329,139	1.424%	394.11
2015	50,492,145	9,816,994		60,309,139	Not Available	Not Available

Data for periods prior to Fiscal Year 2007 were not readily available.
Source: Finance Department

**Florin Resource Conservation District
Bond Covenant Ratio Analysis – Water District Fund
Last Nine Years**



Data for periods prior to Fiscal Year 2007 were not readily available.
Covenant #1 is no longer applicable as of FY 2015.
Source: Finance Department

Florin Resource Conservation District
Pledged-Revenue Coverage - Water Service Fund Cash Basis
Last Nine Years

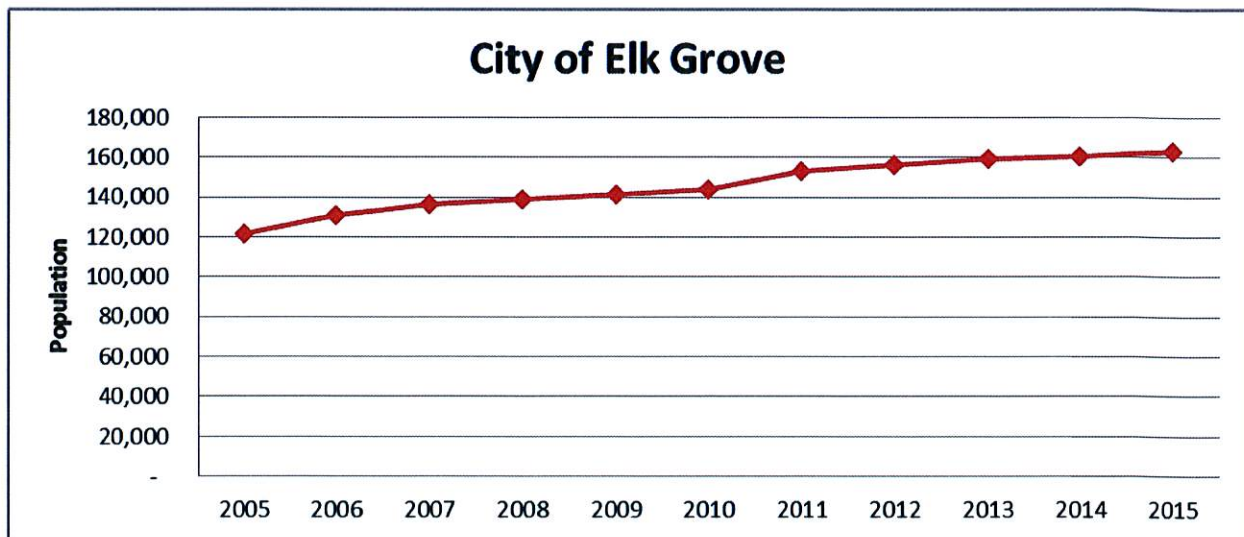
	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Operating Revenues									
Charges for Services	\$ 8,358,765	\$ 11,922,374	\$ 12,865,774	\$ 13,642,267	\$ 13,981,562	\$ 14,420,788	\$ 14,312,791	\$ 13,435,194	\$ 13,185,838
Operating Expenses									
Water & Power	\$ 1,670,825	\$ 1,864,314	\$ 2,221,925	\$ 2,487,961	\$ 3,093,211	\$ 2,846,200	\$ 2,872,105	\$ 2,982,746	\$ 2,872,999
Other Production Expenses	460,657	896,218	984,362	1,047,545	1,160,949	582,000	365,502	411,116	1,437,329
Payroll & Related Taxes	1,331,705	2,679,183	2,923,030	3,024,955	2,927,357	2,777,271	2,882,423	2,808,085	2,855,533
Insurance	404,737	102,585	97,418	111,455	117,247	74,105	83,098	68,815	76,462
Administration & General	1,413,691	511,054	1,042,542	1,207,200	1,113,405	1,098,238	977,491	865,681	1,218,888
Depreciation & Amortization	1,282,640	1,339,001	1,471,072	1,533,295	1,455,222	1,705,720	1,687,331	2,054,712	1,696,678
Total Operating Expenses	\$ 6,564,255	\$ 7,392,355	\$ 8,740,349	\$ 9,412,411	\$ 9,867,391	\$ 9,083,534	\$ 8,867,950	\$ 9,191,155	\$ 10,157,889
Income From Operations	\$ 1,794,510	\$ 4,530,019	\$ 4,125,425	\$ 4,229,856	\$ 4,114,171	\$ 5,337,254	\$ 5,444,841	\$ 4,244,039	\$ 3,027,949

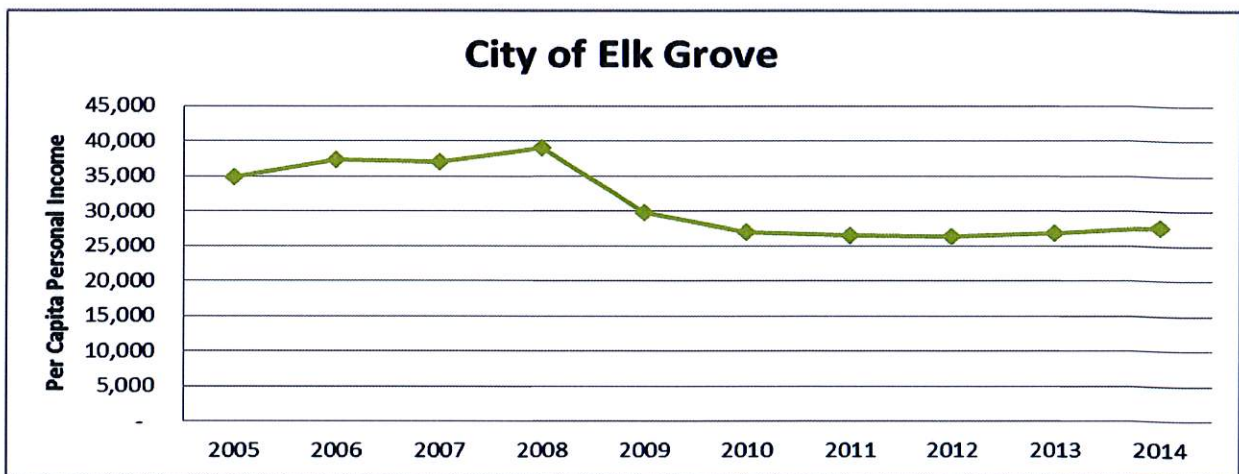
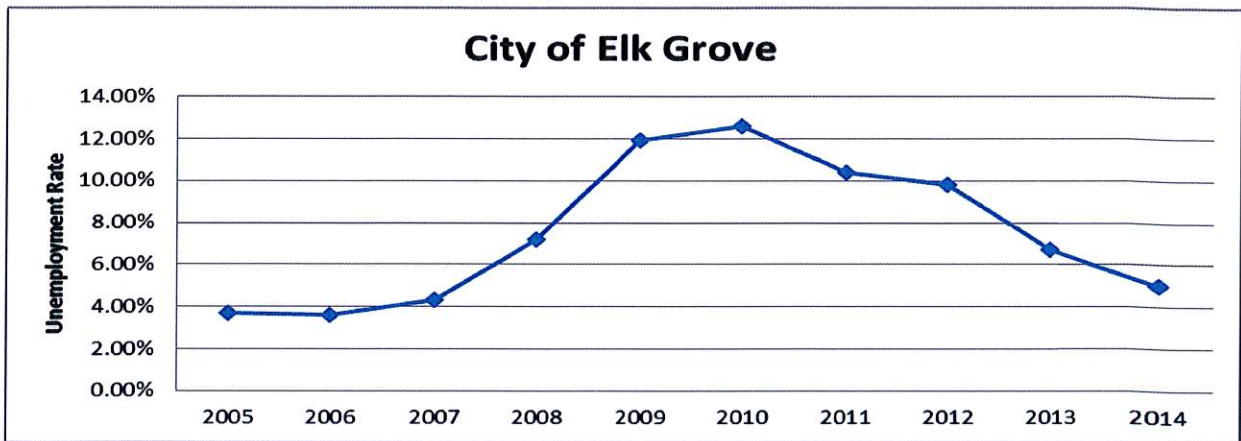
Covenant Number 2

Income From Operations	\$ 1,794,510	\$ 4,530,019	\$ 4,125,425	\$ 4,229,856	\$ 4,114,171	\$ 5,337,254	\$ 5,444,841	\$ 4,244,039	\$ 3,027,949
Add: Interest Income	645,856	311,768	122,221	42,170	36,642	21,812	20,866	18,188	19,970
Add: Depreciation & Amortization Expenses	1,282,640	1,339,001	1,471,072	1,533,295	1,455,222	1,705,720	1,687,331	2,054,712	1,696,678
Total	\$ 3,723,006	\$ 6,180,788	\$ 5,718,718	\$ 5,805,321	\$ 5,606,035	\$ 7,064,786	\$ 7,153,038	\$ 6,316,939	\$ 4,744,597
Interest & Principal Payments	\$ 3,209,484	\$ 3,247,444	\$ 3,505,180	\$ 3,477,026	\$ 3,669,868	\$ 3,795,751	\$ 3,833,665	\$ 4,709,651	\$ 3,290,466
Coverage Ratio (1.15 Minimum Req.)	1.16	1.90	1.63	1.67	1.53	1.86	1.87	1.34	1.44

Note: Details regarding the requires of the two covenants can be found in Note 4 of the financial statements.

Demographic and Economic Information
Florin Resource Conservation District





Data for 2015 unavailable from the City of Elk Grove.

Year	Population ⁽¹⁾	Personal Income (in thousands)	Per Capita Personal Income ⁽²⁾	Unemployment Rate ⁽²⁾
2005	121,609	4,232,601	34,805	3.70%
2006	130,874	4,878,590	37,277	3.60%
2007	136,318	5,054,399	37,078	4.30%
2008	139,119	5,425,919	39,002	7.20%
2009	141,430	4,214,190	29,797	11.90%
2010	143,885	3,891,082	27,043	12.60%
2011	153,015	4,051,684	26,479	10.40%
2012	155,937	4,117,828	26,407	9.80%
2013	159,074	4,277,023	26,887	6.70%
2014	160,688	4,447,844	27,680	5.00%
2015	162,899	Not Available	Not Available	Not Available

Source: (1) California Department of Finance
 (2) City of Elk Grove

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

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

Fiscal Year ended June 30,	2007	2008	2009	2010	2011	2012	2013	2014	2015
Acre-feet water sold:									
Purchased water (CCFs)	2,128,280	2,087,803	1,854,139	1,868,738	2,304,632	1,069,886	1,128,430	1,145,719	942,941
Treated water (CCFs)	2,973,199	2,781,990	2,114,031	2,079,311	1,471,518	2,189,232	2,397,179	2,055,947	1,585,736
Total	5,101,479	4,869,793	3,968,170	3,948,049	3,776,150	3,259,118	3,525,609	3,201,666	2,528,677
Number of Accounts									
Non-metered	6,033	6,020	5,849	5,328	4,681	3,259	1,193	240	
Metered	5,855	5,999	6,272	6,834	7,409	9,041	10,955	12,109	12,291
Total	11,888	12,019	12,121	12,162	12,090	12,300	12,148	12,349	12,291
Average annual CCFs used per account	429.13	405.17	327.38	324.62	312.34	264.97	290.22	259.27	205.73
Average daily consumption per account (CCFs)	1.1757	1.1101	0.8969	0.8894	0.8557	0.7259	0.7951	0.7103	0.5637
Number of Employees:									
General Government	-	-	-	-	-	-	-	-	-
Water	23	24	24	32	32	30	29	29	29
Building	-	-	-	-	-	-	-	-	-

Note: Each one hundred cubic foot (1 CCF) equals 748 gallons
Data for periods prior to 2007 were not readily available

Source: Finance Department

**Florin Resource Conservation District
Capital Assets Statistics by Function
Last Nine Years**

Fiscal Year ended June 30,	2007	2008	2009	2010	2011	2012	2013	2014	2015
Capital Asset Statistics									
Water:									
Water main miles	121.0	121.0	124.0	124.0	124.0	124.0	124.0	131.0	131.0
Maximum daily capacity (thousands of gallons)	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
Maximum daily treatment capacity (thousands of gallons)	7,000	7,000	7,000	7,000	7,000	7,000	7,000	10,000	10,000
Building:									
Buildings owned	1	1	1	1	1	1	1	2	2

Data for periods prior to Fiscal Year 2007 were not readily available.
Source: Finance Department

ELK GROVE WATER RESERVES

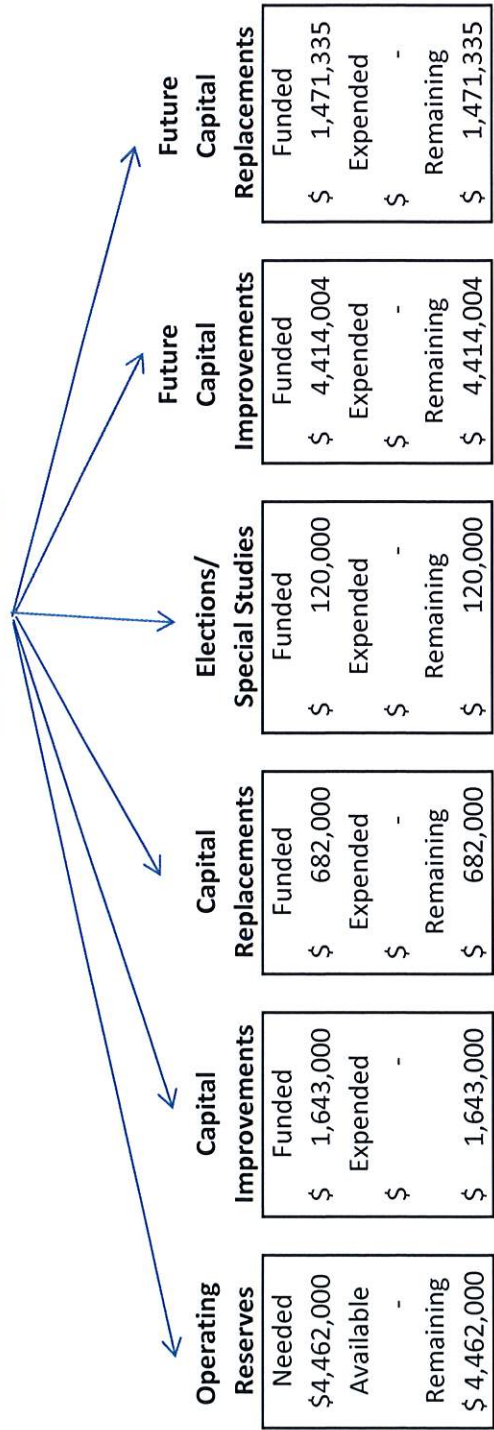
Fiscal Year 2014-15

As of June 30, 2015

Unrestricted Reserves \$ 11,531,290

Adjustments for Non-Cash Reserves \$ 1,261,049

Available Reserves \$ 12,792,339



December 30, 2015

TO: Chairman and Directors of the Florin Resource Conservation District

FROM: Jim Malberg, Finance Manager/Treasurer

SUBJECT: **POTENTIAL REFUNDING OF FLORIN RESOURCE CONSERVATION DISTRICT DEBT**

RECOMMENDATION

It is recommended that the Florin Resource Conservation District Board of Directors adopt a motion authorizing staff to proceed with engaging the financing team to investigate the potential for refunding a portion of Florin Resource Conservation District's outstanding debt.

Summary

As part of reviewing and implementing strategies that will assist the Florin Resource Conservation District (District) in achieving and maintaining financial stability, staff is presenting information to the Board regarding the possible refunding of a portion of the District's outstanding debt to generate annual debt service savings as well as parity between all District debt issuances. This action, if approved, would authorize staff to proceed with engaging the finance team to investigate the potential for refunding a portion of the Florin Resource Conservation District's outstanding debt.

DISCUSSION

Background

On December 16, 2014, the District issued \$32,325,000 of Water Revenue Refunding Bonds Series 2014A resulting in an average annual debt service savings of approximately \$265,000. It was determined at the time of bond issuance that it was not economically advantageous to refund all outstanding bonds and there is currently \$16,320,000 of remaining bonds that are eligible for refunding.

In addition, during the rating agency presentation made by staff and the financing team to Standard & Poor's (S&P), S&P indicated that if the District was able to resolve the financial situation associated with the Susie Gaines Mitchell Building that it may be possible to increase the District's bond rating from BBB to A. An improved bond rating

POTENTIAL REFUNDING OF FLORIN RESOURCE CONSERVATION DISTRICT DEBT

Page 2

could improve the average annual financial savings derived from refunding the remaining outstanding bonds.

Present Situation

The municipal bond market continues to be favorable to the potential refunding of the remaining \$16,320,000 of bonds. The current market conditions provide for potential annual savings of approximately \$57,000 to \$72,000 depending upon the bond rating and use of bond insurance. The present value savings range from \$986,000 to \$1,308,000 again depending upon the structure of the refunding bond issuance. The present value savings are the future annual savings discounted and summed up in today's dollars.

Also, with the successful sale of the Susie Gaines Mitchell Building on October 29, 2015, it may be possible for the District to receive a higher bond rating which would allow for maximizing the annual and present value of debt service savings.

In addition to District staff, the financing team for the issuance of the Series 2014A bonds consisted of Del Rio Advisors, LLC as the Financial Advisor, Citigroup Global Markets as the Underwriter, Best Best & Krieger, LLP as the Bond Counsel, and Schiff Hardin LLP as the Disclosure Counsel. Due to the overwhelming success of the Series 2014A bond issuance as well as the familiarity between the District and the financing team, staff is recommending utilizing the same team to analyze the potential refunding of the remaining \$16,320,000 of outstanding bonds.

As previously mentioned, the refunding of the remaining outstanding bonds would result in annual debt service savings that could assist in offsetting future revenue adjustments. Also, refunding the remaining outstanding bonds would allow the District to have all debt on parity which in essence would eliminate the senior-subordinate bond structure that the District currently has making all outstanding bonds equal.

Staff is also recommending using the same refunding parameters previously set by the Board which were that there will be no additional amount of bond principal issued, there will be no extension of the debt service term, and there must be a minimum total present value savings of three percent to move forward.

If the Board is interested in pursuing a potential refunding of outstanding bonds, staff will return to the Board in February or March with updated contracts and proposals for approval. In addition, staff will also return to the Board with the preliminary documents and necessary resolution for adoption to proceed with the issuance of refunding bonds.

**POTENTIAL REFUNDING OF FLORIN RESOURCE CONSERVATION DISTRICT
DEBT**

Page 3

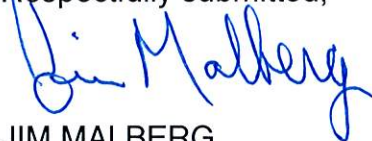
STRATEGIC PLAN CONFORMITY

The recommendation made in this staff report conforms to the FRCD/EGWD's 2012-2017 Strategic Plan. The Strategic Plan directs EGWD to achieve financial stability in order to operate in an efficient manner as to provide our ratepayers with a safe and reliable source of water for their current and future needs.

FINANCIAL SUMMARY

All financing team fees are contingent upon the successful issuance of refunding bonds which will require Board approval at a later date. The only cost that the District will incur should the bonds not be issued is the rating agency fee estimated to be \$20,000.

Respectfully submitted,



JIM MALBERG
FINANCE MANAGER/TREASURER