



Comprehensive Annual Financial Report

For the Fiscal Years Ended

June 30, 2019 and 2018

Elk Grove, California



Florin Resource Conservation District



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended June 30, 2019 and 2018

Issued by:

MARK J. MADISON
General Manager

PATRICK LEE
Finance Manager/Board Treasurer

DONELLA MURILLO
Finance Supervisor

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

www.egwd.org

Florin Resource Conservation District
Basic Financial Statements
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September 26, 2019

Members of the Florin Resource Conservation District
Board of Directors

Directors:

The Florin Resource Conservation District (District) is required by State statute to publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP). These statements must also be audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. In meeting those requirements, we are pleased to present the Comprehensive Annual Financial Report (CAFR) for the District for the fiscal years ended June 30, 2019 and 2018.

The information presented in this CAFR is intended to provide financial information with all the disclosures necessary to enable the District's customers, investment community and general public to assess the District's financial condition. The CAFR contains management's representations concerning the finances of the District. Management is responsible for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed to both protect the District's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. 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 independently audited by Badawi & Associates, a firm of licensed certified public accountants with which the District contracts for these services. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal years ended June 30, 2019 and 2018, are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a

reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal years ended June 30, 2019 and 2018, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is designed to complement the MD&A and is intended to be read in conjunction with it. For comparative purposes, the District has elected a dual year presentation for its financial statements, reporting both the current year and prior year activities, and the MD&A reporting the current year and prior two years activities. The District's MD&A is located immediately following the independent auditors' report.

Accounting System and Budgetary Controls

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

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

DISTRICT PROFILE

History

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

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

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

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

The District is governed by a five-member Board of Directors serving four-year staggered terms, 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 1(A) to the basic financial statements.

Mission Statement

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

Water Supply

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

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

Water Treatment

The EGWD maintains two water treatment facilities:

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

The Hampton Village Water Treatment Plant (WTP) provides an additional 1,000 gpm of water to EGWD's source capacity, and improves the reliability of the water system by providing redundancy to the Railroad Water Treatment and Storage Facility. The Hampton Village WTP

contains one shallow well on site. Treatment facilities at the Hampton Village WTP include disinfection by sodium hypochlorite and arsenic, iron and manganese removal.

Financial Stability and Planning

The current and future stability of the District is positive with the existing revenue source from the EGWD remaining stable. Revenues are received entirely through water rates. EGWD provides water to nearly 12,600 service connections currently and growth projections suggest that the service connections should increase by approximately 150 in 2020.

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

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

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

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

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

Each June, the Board also adopts a new five-year Capital Improvement Program (CIP) designed to build, replace, and maintain the necessary infrastructure for the safe operation of the EGWD. The CIP is available on the District's website www.egwd.org.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Florin Resource Conservation District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current 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 the fiscal year ended June 30, 2019.

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

Respectfully Submitted,



MARK J. MADISON
GENERAL MANAGER



PATRICK LEE
FINANCE MANAGER / BOARD TREASURER



Government Finance Officers Association

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

Presented to

**Florin Resource Conservation District
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Merrill

Executive Director/CEO

BOARD OF DIRECTORS



Chairperson

Tom Nelson
Present term expires
December 31, 2022



Vice-Chairperson

Bob Gray
Present term expires
December 31, 2022



Director

Lisa Medina
Present term expires
December 31, 2020



Director

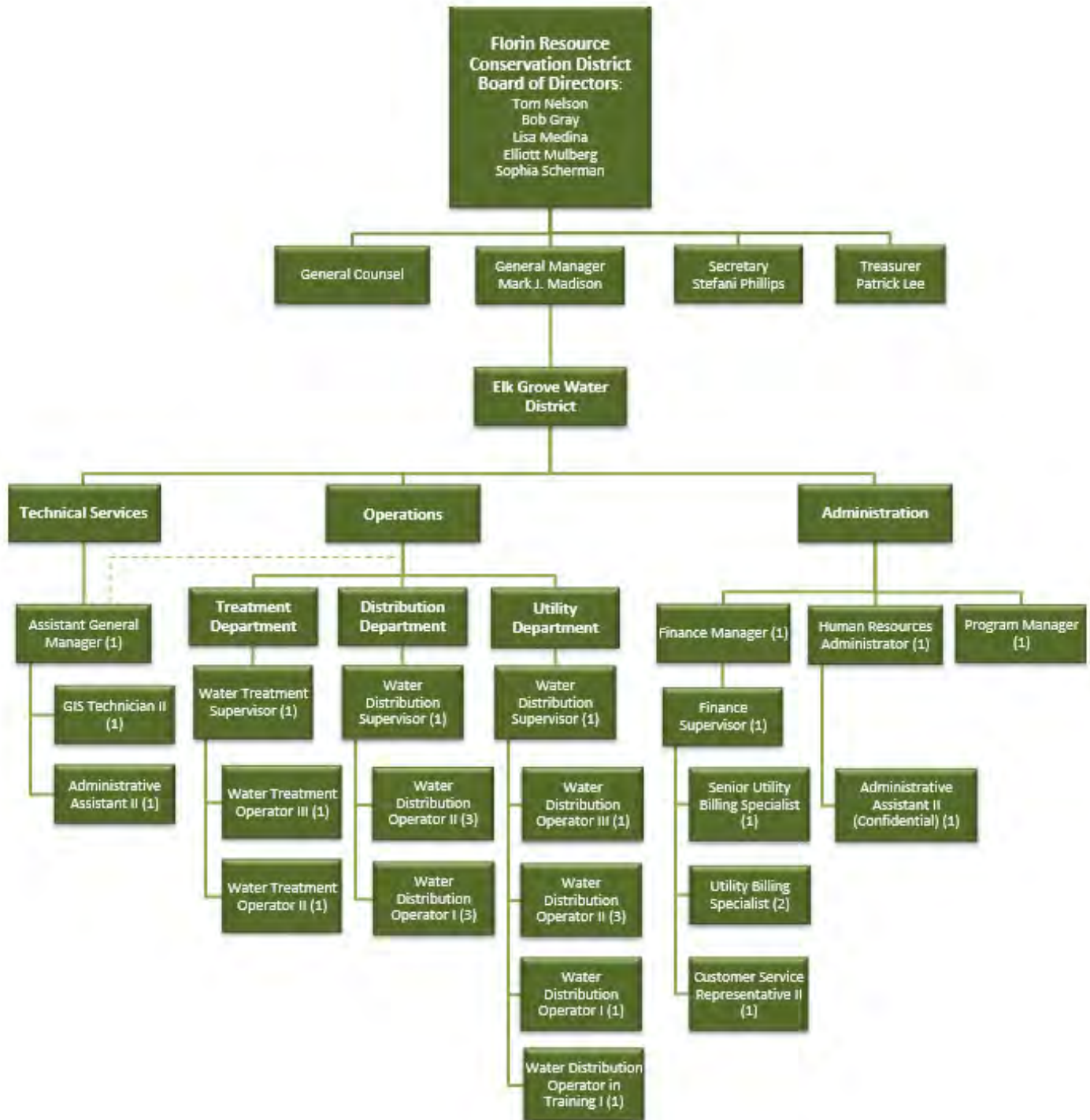
Elliott Mulberg
Present term expires
December 31, 2022



Director

Sophia Scherman
Present term expires
December 31, 2020

ORGANIZATIONAL CHART





INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the Florin Resource Conservation District (District) as of and for the years ended June 30, 2019 and June 30, 2018, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, and each major fund of District, as of June 30, 2019 and June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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

Other Matters

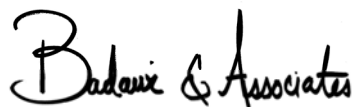
Required Supplementary Information

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

Other Information

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

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



Badawi & Associates
Certified Public Accountants
Oakland, California
September 26, 2019

FLORIN RESOURCE CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019, 2018 AND 2017

The following narrative overview and analysis of the financial activities of the Florin Resource Conservation District (District) for the fiscal year ended June 30, 2019, 2018 and 2017 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. The District is comprised of resource conservation efforts, and also provides water service to residents and businesses in Elk Grove. The latter is under the Elk Grove Water District (EGWD), a department of the Florin Resource Conservation District. While both entities are being reported on, the bulk of the financial information is for the EGWD, which has a large revenue base.

FINANCIAL HIGHLIGHTS

- The District's total assets increased by \$1.5 million during fiscal year 2019 and increased by \$0.4 million during fiscal year 2018 compared to the prior year. Total liabilities decreased by \$2.1 million during fiscal year 2019 and decreased by \$1.9 million in fiscal year 2018 compared to the prior year. The changes in total assets was a result of an increase in cash due to revenues in excess of expenditures in fiscal year 2019 and the change in total liabilities in fiscal 2019 is due primarily to the pay down of District debt. The District has benefited from continued positive net income, resulting in an increase in net position of \$3.3 million during fiscal year 2019 and \$2.0 million during fiscal year 2018 (net of a prior period adjustment of \$0.6 million related to the implementation of GASB 75, refer to Note 11 for additional information).
- Operating revenue of \$15.2 million, \$15.3 million and \$14.2 million in 2019, 2018 and 2017, respectively, and operating expenses of \$10.6 million, \$10.9 million and \$9.8 million in 2019, 2018 and 2017, respectively, after depreciation, resulted in net income from operations of \$4.6 million, \$4.4 million and \$4.4 million in enterprise funds in 2019, 2018 and 2017, respectively. Net non-operating expenses of \$1.2 million in fiscal year 2019, \$1.7 million in fiscal year 2018 and \$1.8 million in 2017 for business-type activities are the result of \$1.7 million, \$1.8 million and \$1.9 million in interest expense for 2019, 2018 and 2017, respectively, offset by non-operating revenue of approximately \$0.5 million, \$0.06 million and \$0.05 million in 2019, 2018 and 2017, respectively.
- Fiscal year 2019 operating income, the difference between operating revenues and operating expenses, was \$4.6 million, or 30.1% of operating revenues. This positive result is an increase of \$0.2 million, or 4.0% compared to 2018 operating income. Charges for services decreased by \$0.1 million, or 0.7%, however, as customers used less water in fiscal year 2019 due to an increase in precipitation during the winter months. As water use restrictions are lifted due to the State no longer being in a drought, and as long as the weather pattern stays consistent from year to year, the District expects to see a steady increase in water consumption, however, not at the rate experienced prior to pre-drought 2013. Operating expenses decreased \$0.3 million, or 2.7% compared to 2018. The significant changes in expenses were:

FLORIN RESOURCE CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019, 2018 AND 2017

- Water purchased from Sacramento County Water Agency for the District's Service Area 2, was down approximately \$0.1 million or 3.5% compared to fiscal year 2018, reflecting a decrease in water usage due to the increased precipitation during the winter months;
- Administration and general expenses were down \$0.3 million, or 2.6% compared to fiscal year 2018, due mainly to no rate study required in fiscal year 2019 and an overall decrease in legal costs;
- Capital assets net of depreciation decreased \$0.7 million, or 1.0% in fiscal year 2019 and decreased \$0.3 million, or 0.4% in fiscal year 2018. This was primarily a reflection continued depreciation of capital assets in excess of construction in progress being added through new capital projects. The District added approximately \$0.8 million and \$1.4 million in infrastructure, improvements and equipment during fiscal years 2019 and 2018 with annual depreciation for fiscal years 2019 and 2018 being approximately \$1.7 million in each year. Also, at the end of fiscal years 2019 and 2018, \$0.4 million and \$0.1 million in infrastructure, improvement, and equipment assets were classified as "construction in-progress".
- Unrestricted net position was \$16.1 million, \$14.1 million and \$13.9 million at June 30, 2019, 2018 and 2017, respectively. Unrestricted net position increased \$2.0 million, or 12.0% in fiscal year 2019 and \$0.2 million, or 1.8% in fiscal year 2018. The District reported no restricted net position for fiscal years ended June 30, 2019, 2018 and 2017, respectively.
- The District had positive cash flow from enterprise fund operations of \$6.8 million, \$6.3 million and \$5.7 million in fiscal years 2019, 2018 and 2017, respectively. The District spent \$1.0 million, \$1.4 million and \$1.4 million in fiscal years 2019, 2018 and 2017, respectively, on the acquisition of capital assets. The District spent \$3.8 million, \$3.8 million and \$3.2 million in fiscal years 2019, 2018 and 2017, respectively, on debt principal and interest payments. The District experienced an increase of \$2.3 million, \$1.1 million and \$1.2 million in its ending cash and cash equivalents balances of \$16.3 million, \$14.0 million and \$12.9 million at June 30, 2019, 2018 and 2017, respectively.

SECTIONS OF THE FINANCIAL STATEMENTS

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

Introductory Section

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

FLORIN RESOURCE CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019, 2018 AND 2017

Financial Section

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

Statistical Section

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

FLORIN RESOURCE CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019, 2018 AND 2017

The government-wide statements include the Comparative Statement of Net Position and the Statements of Activities, the Proprietary Fund Statements and the Statements of Cash Flows. The Statement of Net Position presents information on all assets and liabilities, with the difference between the two reported as total net position. The government-wide statements and Proprietary Fund Statements use the economic resources measurement focus and accrual basis of accounting, similar to private enterprises. The governmental fund statements include a Balance Sheet, Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual. The governmental fund uses the current financial resources measurement focus and the modified accrual basis of accounting. When evaluated over a period of time, increases or decreases in net position and fund balance may serve as an indicator of whether the financial position of the District is improving or deteriorating. The Statement of Revenues, Expenses and Changes in Net Position and the Statement of Revenues, Expenditures and Changes in Fund Balance reflect the revenues and expenses for the fiscal year ended. The Statement of Cash Flows shows the sources and uses of cash in the operating, non-capital, capital and related financing, and investing activities. The notes provide in depth information that is vital to gaining a full understanding of the data provided in the financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT

**STATEMENT OF NET POSITION – GOVERNMENT-WIDE TOTALS
AS OF JUNE 30, 2019, 2018 AND 2017**

	Governmental activities			Business-type activities			Total		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Current assets	\$ -	\$ 22,562	\$ 47,068	\$ 18,611,957	\$ 16,264,907	\$ 15,104,312	\$ 18,611,957	\$ 16,287,469	\$ 15,151,380
Capital assets, net of depreciation	-	-	-	69,473,860	70,163,980	70,430,326	69,473,860	70,163,980	70,430,326
Other assets	-	-	-	-	141,278	579,879	-	141,278	579,879
Total Assets	-	22,562	47,068	88,085,817	86,570,165	86,114,517	88,085,817	86,592,727	86,161,585
Deferred outflows	-	-	-	1,951,453	2,255,963	2,309,325	1,951,453	2,255,963	2,309,325
Current liabilities	-	4,859	4,667	3,738,651	3,387,447	3,329,671	3,738,651	3,392,306	3,334,338
Long-term liabilities	-	-	-	43,169,545	45,641,361	47,606,115	43,169,545	45,641,361	47,606,115
Total Liabilities	-	4,859	4,667	46,908,196	49,028,808	50,935,786	46,908,196	49,033,667	50,940,453
Deferred inflows	-	-	-	45,011	494,249	205,877	45,011	494,249	205,877
Net Position:									
Net Investment in Capital Assets	-	-	-	26,595,706	25,163,739	23,387,996	26,595,706	25,163,739	23,387,996
Restricted	-	-	-	-	-	10	-	-	10
Unrestricted	-	17,703	42,401	16,082,657	14,139,332	13,894,173	16,082,657	14,157,035	13,936,574
Total Net Position	\$ -	\$ 17,703	\$ 42,401	\$ 42,678,363	\$ 39,303,071	\$ 37,282,179	\$ 42,678,363	\$ 39,320,774	\$ 37,324,580

FLORIN RESOURCE CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019, 2018 AND 2017

GOVERNMENTAL ACTIVITIES FINANCIAL ANALYSIS

There was a decrease in current assets of \$22,562 in fiscal year 2019, a decrease of \$24,506 in fiscal year 2018 and a decrease of \$47,976 in fiscal year 2017. Also, during the same time periods, there was a decrease in liabilities of \$4,859 in fiscal year 2019, an increase of \$192 in fiscal year 2018 and a decrease of \$1,543 in fiscal year 2017. Unrestricted net position decreased \$17,703 in fiscal year 2019, decreased \$24,698 in fiscal year 2018 and decreased \$46,433 in fiscal year 2017, respectively.

Although there are no ongoing revenue sources for District resource conservation programs, the District did receive a reimbursement grant from the Department of Conservation which reimbursed the District for expenditures in the amount of \$19,092 in fiscal year 2019 and \$23,542 in fiscal year 2018 for conservation related program expenditures. There were no significant revenues in 2017. There was a decrease in expenditures of \$29,997 in fiscal year 2019, an increase in expenditures of \$239 in fiscal year 2018 and an increase in expenditures of \$13,170 in fiscal year 2017, respectively. The gradual decrease in expenditures from year to year is due to the overall lack in conservation related program funding and no ongoing stable revenue source for the District's resource conservation programs.

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

BUSINESS-TYPE ACTIVITIES FINANCIAL ANALYSIS

There was a decrease in revenues of \$0.1 million in fiscal year 2019, an increase in revenues of \$1.1 million in 2018 and an increase in revenues of \$0.7 million in fiscal year 2017, respectively. The decrease in revenues in fiscal year 2019 was attributable to the increased precipitation during the winter months, resulting in less water consumption. The increases in revenue for fiscal years 2018 and 2017 is attributable to the annual rate increases that were effective each January 1, as well as increased water consumption due to the State emerging from the drought and certain water use restrictions being lifted.

Current assets increased by \$2.3 million in fiscal year 2019, increased by \$1.1 million in fiscal year 2018 and increased by \$1.7 million in fiscal year 2017, respectively. The increases in each of the fiscal years were due to an increase in cash and cash equivalents as a result of positive operating income due to prudent operating cost control.

Capital assets (net of depreciation) decreased approximately \$0.7 million in fiscal year 2019, \$0.3 million in fiscal year 2018 and \$0.4 million in fiscal year 2017, respectively. The decreases in each fiscal year was primarily due to depreciation expense exceeding the amount of capitalized construction in progress to depreciable assets. Total depreciation expense recognized was \$1.7 million each year for fiscal years 2019, 2018 and 2017, respectively.

FLORIN RESOURCE CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019, 2018 AND 2017

Current liabilities increased by \$0.4 million in fiscal year 2019, \$0.06 million in fiscal year 2018 and \$0.7 million in fiscal year 2017, respectively. The increase in fiscal year 2019 was due primarily to the accrual for water purchased from Sacramento County Water Agency for the months of May and June of 2019, while the increases in fiscal years 2018 and 2017 were due primarily to principal debt payments coming due within the year.

Long term liabilities in the Water District Fund decreased by \$2.5 million in fiscal year 2019, \$2.0 million in fiscal year 2018 and \$2.1 million in fiscal year 2017, all as a result of continued debt service payments.

CONDENSED SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - GOVERNMENT-WIDE TOTALS FOR THE YEARS ENDED JUNE 30, 2019, 2018 AND 2017

	Governmental activities			Business-type activities			Total		
	2019	2018	2017	2019	2018	2017	2019	2018	2017
Revenues:									
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Water services	-	-	-	15,233,673	15,343,124	14,210,971	15,233,673	15,343,124	14,210,971
General Revenues:									
Interest earnings	-	-	4	411,525	38,008	46,228	411,525	38,008	46,232
Other	19,092	23,542	1,564	19,369	23,344	54,451	38,461	46,886	56,015
Total Revenues	\$ 19,092	\$ 23,542	\$ 1,568	\$ 15,664,567	\$ 15,404,476	\$ 14,311,650	\$ 15,683,659	\$ 15,428,018	\$ 14,313,218
Expenses:									
General Government	\$ 18,243	\$ 48,240	\$ 48,001	\$ -	\$ -	\$ -	\$ 18,243	\$ 48,240	\$ 48,001
Water Service	-	-	-	12,307,827	12,689,245	11,706,501	12,307,827	12,689,245	11,706,501
Total Expenses	18,243	48,240	48,001	12,307,827	12,689,245	11,706,501	12,307,827	12,737,485	11,754,502
Change in net position before transfers	849	(24,698)	(46,433)	3,356,740	2,715,231	2,605,149	3,357,589	2,690,533	2,558,716
Transfers	(18,552)	-	-	18,552	-	-	-	-	-
Change in net position	(17,703)	(24,698)	(46,433)	3,375,292	2,715,231	2,605,149	3,357,589	2,690,533	2,558,716
Net position, beginning of year, as restated	17,703	42,401	88,834	39,303,071	36,587,840	34,677,030	39,320,774	36,630,241	34,765,864
NET POSITION, END OF YEAR	\$ -	\$ 17,703	\$ 42,401	\$ 42,678,363	\$ 39,303,071	\$ 37,282,179	\$ 42,678,363	\$ 39,320,774	\$ 37,324,580

GOVERNMENTAL ACTIVITIES HIGHLIGHTS

For the District's resource conservation programs during fiscal years 2019, 2018 and 2017, there was a decrease in net position of \$17,703, \$24,698 and \$46,433, respectively. This resulted from conservation related expenditures without ongoing revenues, as the District is drawing down its cash balances to fund resource conservation efforts. Although the District received a reimbursement grant from the Department of Conservation in 2018, the grant only reimbursed the cost of conservation related activities totaling \$19,092 in fiscal year 2019 and \$23,542 in fiscal year 2018. Cash and cash equivalents decreased from \$47,068 to \$19,819 to \$0 in fiscal years 2017, 2018 and 2019. Total expenditures continue to decline year after year as the District shifts its focus from conservation related activities to water related activities that benefit the rate payers of the EGWD.

FLORIN RESOURCE CONSERVATION DISTRICT

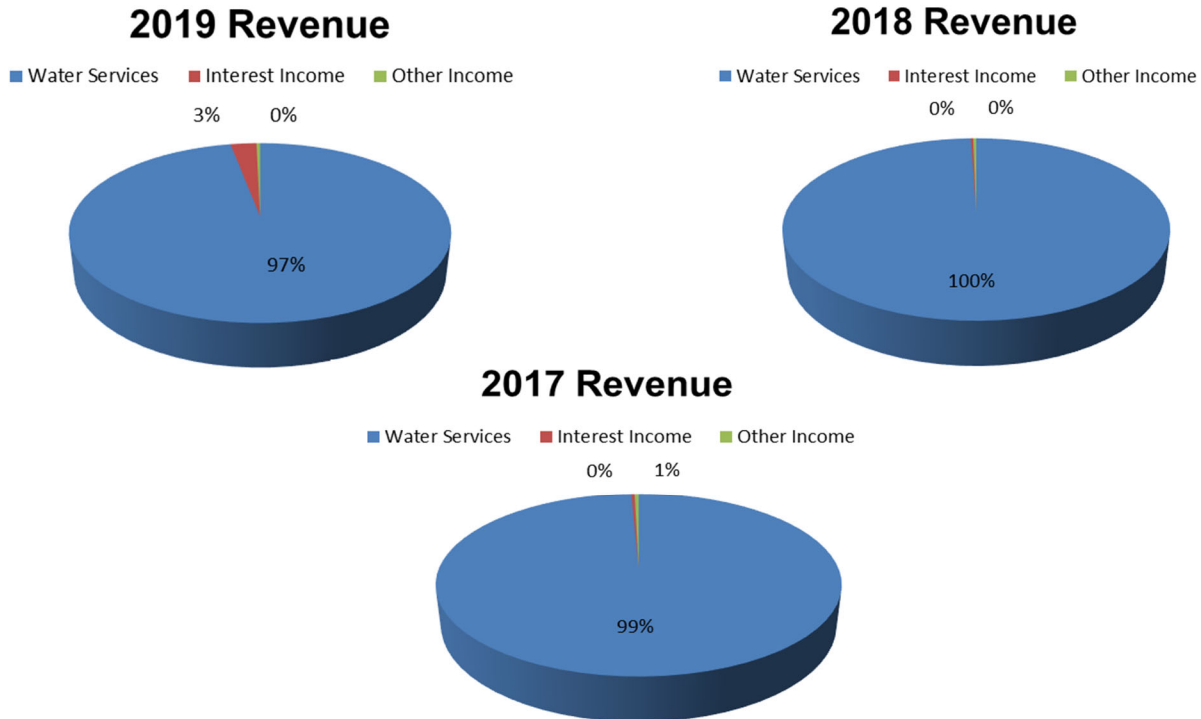
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019, 2018 AND 2017

BUSINESS-TYPE ACTIVITIES HIGHLIGHTS

Total net position of business type activities was \$42.7 million in fiscal year 2019, \$39.3 million in fiscal year 2018 and \$37.3 million in fiscal year 2017, respectively. Operating expenses decreased by approximately \$0.3 million in fiscal year 2019 due mainly to the completion of the 5-year water rate study in fiscal year 2018 and less water purchased from Sacramento County Water Agency as a result of increased precipitation during the winter months. Operating expenses increased by \$1.1 million in fiscal year 2018 due mainly to costs related to the 5-year water rate and connection fee studies, increased legal costs and the recognition of pension expenses related to GASB 68 and the Districts retirement plan. Operating expenses increased \$1.0 million in fiscal year 2017, due mainly to a \$0.3 million increase to purchased water as a result of increased water consumption and a \$0.5 million increase in salaries and benefits as a result of a 2.73% COLA increase.

The breakdown of business-type activities revenues by type for the years ended June 30, 2019, 2018 and 2017 were as follows:



FLORIN RESOURCE CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

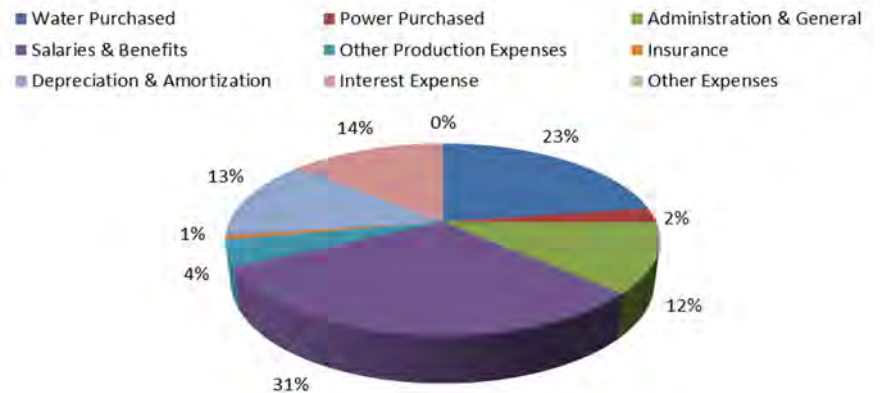
JUNE 30, 2019, 2018 AND 2017

The breakdown of business-type activities expenses by type for the years ended June 30, 2019, 2018 and 2017 were as follows:

2019 Expenses



2018 Expenses



2017 Expenses



FLORIN RESOURCE CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019, 2018 AND 2017

General Fund Budgetary Highlights

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

Capital Asset and Debt Administration

The changes in capital assets in fiscal years 2019, 2018 and 2017 were primarily a result of expenditures for infrastructure offset by depreciation each year. Depreciation expense for fiscal years 2019, 2018 and 2017 was approximately \$1.7 million in each year, respectively.

Major capital asset projects during fiscal years 2019 and 2018 included the Backyard Water Main Replacement Project, the Railroad Water Treatment Facility Modular Meeting Room/IT Center, Service Line Replacements, Kent Street Water Main Replacement, Railroad Corridor Water Line, Hampton Water Treatment Plant Improvements, Fiber Optic Cables and Railroad Water Treatment Facility Tanks and Vessels Recoating. See additional information on capital assets in Note 3 on page 39.

OUTSTANDING DEBT ISSUES AS OF JUNE 30, 2019, 2018 AND 2017

	2019	2018	2017
2014 and 2016 Water Revenue			
Refunding Bonds	\$ 42,075,000	\$ 44,145,000	\$ 46,135,000
Total	\$ 42,075,000	\$ 44,145,000	\$ 46,135,000

Refer to Note 4 on page 40 for additional information on long-term debt activity.

Economic Factors and Next Year's Budgets and Rates

- The most recent data available from the Bureau of Labor Statistics for the Sacramento Metropolitan Area shows a continued improving economy. As of July 2019, the local unemployment rate was 3.8%, compared to 3.9% in July 2018, respectively. A September 2018 report from the U.S. Bureau of Economic Analysis indicates that the Sacramento region's economy grew at an inflation-adjusted rate of 2.4% in 2017, higher than the 2.1% growth rate for all metropolitan areas but slightly lower than the region's 2016 inflation adjusted growth rate of 2.5%. Between March 2018 and March 2019, the region added 28,300 jobs, a 2.8% increase.

FLORIN RESOURCE CONSERVATION DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2019, 2018 AND 2017

- On July 18, 2018 the Board adopted a five-year rate structure which calls for revenue adjustments as follows:
 - 0% January 2019
 - 0% January 2020
 - 3% January 2021
 - 3% January 2022
 - 3% January 2023

All of these factors were considered in preparing the Florin Resource Conservation District's budget for the fiscal year ending June 30, 2020. The District adopted an operating budget of \$15.4 million for FY 2019-20. In addition, the District approved \$1.8 million in capital expenditures for FY 2019-20, as part of the five-year Capital Improvement Program totaling \$7.1 million.

Requests for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning the information provided in this report or for requests for additional financial information should be addressed to Finance Manager/Treasurer, Florin Resource Conservation District, 9257 Elk Grove Blvd, Elk Grove, CA 95624.

Florin Resource Conservation District
Comparative Statement of Net Position
June 30, 2019 and 2018

	2019			2018		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
ASSETS						
Current assets:						
Cash and cash equivalents	\$ -	\$ 16,332,269	\$ 16,332,269	\$ 19,819	\$ 13,981,775	\$ 14,001,594
Receivables:						
Customer accounts receivable	-	2,023,316	2,023,316	-	2,045,987	2,045,987
Other receivables	-	17,341	17,341	2,743	14,201	16,944
Interest receivable	-	22,610	22,610	-	3,410	3,410
Inventories	-	87,632	87,632	-	44,518	44,518
Prepaid expenses	-	128,789	128,789	-	175,016	175,016
Total current assets	-	18,611,957	18,611,957	22,562	16,264,907	16,287,469
Noncurrent assets:						
Net OPEB asset	-	-	-	-	141,278	141,278
Capital assets:						
Not being depreciated	-	1,053,079	1,053,079	-	800,865	800,865
Being depreciated, net	-	68,420,781	68,420,781	-	69,363,115	69,363,115
Total capital assets	-	69,473,860	69,473,860	-	70,163,980	70,163,980
Total noncurrent assets	-	69,473,860	69,473,860	-	70,305,258	70,305,258
Total assets	-	88,085,817	88,085,817	22,562	86,570,165	86,592,727
DEFERRED OUTFLOWS OF RESOURCES						
Deferred amount on refunding of debt	-	961,063	961,063	-	1,034,991	1,034,991
Deferred outflows of resources - pension	-	819,465	819,465	-	1,065,643	1,065,643
Deferred outflows of resources - OPEB	-	170,925	170,925	-	155,329	155,329
Total deferred outflows of resources	-	1,951,453	1,951,453	-	2,255,963	2,255,963
LIABILITIES						
Current liabilities:						
Accounts payable	-	345,439	345,439	-	322,251	322,251
Due to other governments	-	484,043	484,043	4,859	285,469	290,328
Interest payable	-	571,080	571,080	-	598,193	598,193
Unearned revenue	-	16,848	16,848	-	16,848	16,848
Noncurrent liabilities, due within one year	-	2,321,241	2,321,241	-	2,164,686	2,164,686
Total current liabilities	-	3,738,651	3,738,651	4,859	3,387,447	3,392,306
Noncurrent liabilities:						
Net pension liability	-	1,443,330	1,443,330	-	1,568,286	1,568,286
Net OPEB liability	-	8,370	8,370	-	-	-
Noncurrent liabilities, due in more than one year	-	41,717,845	41,717,845	-	44,073,075	44,073,075
Total noncurrent liabilities	-	43,169,545	43,169,545	-	45,641,361	45,641,361
Total liabilities	-	46,908,196	46,908,196	4,859	49,028,808	49,033,667
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows of resources - pension	-	87,141	87,141	-	103,790	103,790
Deferred inflows of resources - OPEB	-	363,570	363,570	-	390,459	390,459
Total deferred inflows of resources	-	450,711	450,711	-	494,249	494,249
NET POSITION						
Net investment in capital assets	-	26,595,706	26,595,706	-	25,163,739	25,163,739
Unrestricted	-	16,082,657	16,082,657	17,703	14,139,332	14,157,035
Total net position	\$ -	\$ 42,678,363	\$ 42,678,363	\$ 17,703	\$ 39,303,071	\$ 39,320,774

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

Florin Resource Conservation District
Statement of Activities
For the year ended June 30, 2019

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

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

Florin Resource Conservation District
Statement of Activities
For the year ended June 30, 2018

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	\$ 48,240	\$ -	\$ 23,542	\$ (24,698)	\$ -	\$ (24,698)
TOTAL GOVERNMENTAL ACTIVITIES	48,240	-	23,542	(24,698)	-	(24,698)
BUSINESS-TYPE ACTIVITIES:						
Water District	12,689,245	15,343,124	-	-	2,653,879	2,653,879
TOTAL BUSINESS-TYPE ACTIVITIES	12,689,245	15,343,124	-	-	2,653,879	2,653,879
TOTAL PRIMARY GOVERNMENT	\$ 12,737,485	\$ 15,343,124	\$ 23,542	\$ (24,698)	\$ 2,653,879	\$ 2,629,181
GENERAL REVENUES:						
Interest and investment earnings				\$ -	\$ 38,008	\$ 38,008
Other revenues				-	23,344	23,344
Transfer in/(out)				-	-	-
Gain on sale of capital assets				-	-	-
Total general revenues				-	61,352	61,352
Change in net position				(24,698)	2,715,231	2,690,533
Net position - beginning of year				42,401	36,587,840	36,630,241
Net position - end of year				\$ 17,703	\$ 39,303,071	\$ 39,320,774

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

Florin Resource Conservation District
Comparative Balance Sheet
Governmental Fund
June 30, 2019 and 2018

		General Fund	
		2019	2018
ASSETS			
Cash and investments		\$ -	\$ 19,819
Receivables:		-	2,743
Total assets		<u>\$ -</u>	<u>\$ 22,562</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other governments		\$ -	\$ 4,859
Total liabilities		<u>-</u>	<u>4,859</u>
Fund Balances:			
Unassigned			17,703
Total fund balances			<u>17,703</u>
Total liabilities and fund balances		<u>\$ -</u>	<u>\$ 22,562</u>
Total fund balance, governmental fund		\$ -	\$ 17,703
There were no reconciling differences between net position for governmental activities in the statement of net position and fund balance in the governmental fund balance sheet.			
Total net position, governmental activities		<u>\$ -</u>	<u>\$ 17,703</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, 2019 and 2018

	General Fund	
	2019	2018
REVENUES:		
Grant revenue	\$ 19,092	\$ 23,542
Total revenues	<u>19,092</u>	<u>23,542</u>
EXPENDITURES:		
Current:		
General government	<u>18,243</u>	<u>48,240</u>
Total expenditures	<u>18,243</u>	<u>48,240</u>
OTHER FINANCING SOURCES (USES):		
Transfers In/ (Outs)	<u>(18,552)</u>	<u>-</u>
Total other financing sources (uses)	<u>(18,552)</u>	<u>-</u>
Net change in fund balances	(17,703)	(24,698)
FUND BALANCES:		
Beginning of year	<u>17,703</u>	<u>42,401</u>
End of year	<u>\$ -</u>	<u>\$ 17,703</u>
Net change in fund balance, governmental fund	\$ (17,703)	\$ (24,698)
There were no reconciling differences between changes in net position for governmental activities in the statement of activities and changes in fund balance in the statement of revenues, expenditures, and changes in fund balance.		
Change in net position, governmental activities	<u>\$ (17,703)</u>	<u>\$ (24,698)</u>

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

Florin Resource Conservation District
Comparative Statement of Net Position
Proprietary Fund - Water Enterprise
June 30, 2019 and 2018

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 16,332,269	\$ 13,981,775
Receivables:		
Customer accounts receivable	2,023,316	2,045,987
Other receivables	17,341	14,201
Interest receivable	22,610	3,410
Inventories	87,632	44,518
Prepaid expense	128,789	175,016
Total current assets	18,611,957	16,264,907
Noncurrent assets:		
Net OPEB asset	-	141,278
Capital assets:		
Not being depreciated	1,053,079	800,865
Being depreciated, net	68,420,781	69,363,115
Total capital assets	69,473,860	70,163,980
Total noncurrent assets	69,473,860	70,305,258
Total assets	88,085,817	86,570,165
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount on refunding of debt	961,063	1,034,991
Deferred outflows of resources - pension	819,465	1,065,643
Deferred outflows of resources - OPEB	170,925	155,329
Total deferred outflows of resources	1,951,453	2,255,963
LIABILITIES		
Current liabilities:		
Accounts payable	345,439	322,251
Due to other governments	484,043	285,469
Interest payable	571,080	598,193
Unearned revenue	16,848	16,848
Noncurrent liabilities, due within one year	2,321,241	2,164,686
Total current liabilities	3,738,651	3,387,447
Noncurrent liabilities:		
Net pension liability	1,443,330	1,568,286
Net OPEB liability	8,370	-
Noncurrent liabilities, due in more than one year	41,717,845	44,073,075
Total noncurrent liabilities	43,169,545	45,641,361
Total liabilities	46,908,196	49,028,808
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources - pension	87,141	103,790
Deferred inflows of resources - OPEB	363,570	390,459
Total deferred inflows of resources	450,711	494,249
NET POSITION		
Net investment in capital assets	26,595,706	25,163,739
Unrestricted (deficit)	16,082,657	14,139,332
Total net position	\$ 42,678,363	\$ 39,303,071

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

Florin Resource Conservation District
Comparative Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund - Water Enterprise
June 30, 2019 and 2018

	2019	2018
OPERATING REVENUES:		
Charges for services	\$ 15,233,673	\$ 15,343,124
Total operating revenues	15,233,673	15,343,124
OPERATING EXPENSES:		
Water purchased	2,777,344	2,873,292
Power purchased	287,602	311,787
Administration and general	1,185,292	1,494,913
Salaries and benefits	3,920,469	3,902,805
Other production expenses	686,121	552,824
Insurance	54,500	86,006
Depreciation and amortization	1,721,791	1,712,203
Total operating expenses	10,633,119	10,933,830
OPERATING INCOME	4,600,554	4,409,294
NONOPERATING REVENUES (EXPENSES):		
Interest and investment earnings	411,525	38,008
Interest expense	(1,674,708)	(1,755,415)
Gain on sale of capital assets	11,586	-
Transfer in/out	18,552	-
Other nonoperating revenue	7,783	23,344
Total nonoperating revenues (expenses)	(1,225,262)	(1,694,063)
CHANGE IN NET POSITION	3,375,292	2,715,231
NET POSITION		
Beginning of year, as restated	39,303,071	36,587,840
End of year	\$ 42,678,363	\$ 39,303,071

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

Florin Resource Conservation District
Comparative Statement of Cash Flows
Proprietary Fund - Water Enterprise
June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM		
OPERATING ACTIVITIES:		
Receipts from customers and users	\$ 15,253,204	\$ 15,321,465
Payments to suppliers	(4,765,984)	(5,316,897)
Payments to employees	(3,711,393)	(3,686,261)
NET CASH PROVIDED BY		
OPERATING ACTIVITIES	<u>6,775,827</u>	<u>6,318,307</u>
CASH FLOWS FROM NONCAPITAL		
FINANCING ACTIVITIES:		
Operating grants and reimbursements	7,783	23,344
NET CASH PROVIDED BY NONCAPITAL FINANCING		
ACTIVITIES	<u>7,783</u>	<u>23,344</u>
CASH FLOWS FROM CAPITAL		
AND RELATED FINANCING ACTIVITIES:		
Principal paid on noncurrent liabilities	(2,070,000)	(1,990,000)
Interest paid on noncurrent liabilities	(1,753,908)	(1,833,351)
Proceeds from sale of capital assets	11,586	-
Purchase of capital assets	(1,031,671)	(1,445,857)
Capital contributions received	18,552	-
NET CASH USED BY CAPITAL AND RELATED FINANCING		
ACTIVITIES	<u>(4,825,441)</u>	<u>(5,269,208)</u>
CASH FLOWS FROM		
INVESTING ACTIVITIES:		
Interest received	392,325	38,037
NET CASH PROVIDED BY		
INVESTING ACTIVITIES	<u>392,325</u>	<u>38,037</u>
NET INCREASE (DECREASE) IN		
CASH AND CASH EQUIVALENTS	2,350,494	1,110,480
CASH AND CASH EQUIVALENTS - Beginning of year	13,981,775	12,871,295
CASH AND CASH EQUIVALENTS - End of year	<u>\$ 16,332,269</u>	<u>\$ 13,981,775</u>
RECONCILIATION OF CASH AND		
CASH EQUIVALENTS TO THE		
STATEMENT OF NET POSTION		
Cash and cash equivalents	\$ 16,332,269	\$ 13,981,775
Restricted cash and cash equivalents	-	-
CASH AND CASH EQUIVALENTS	<u>\$ 16,332,269</u>	<u>\$ 13,981,775</u>

(Continued)

Florin Resource Conservation District
Comparative Statement of Cash Flows
Proprietary Fund - Water Enterprise
June 30, 2019 and 2018

	2019	2018
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 4,600,554	\$ 4,409,294
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	1,721,791	1,712,203
Changes in operating assets and liabilities:		
Customer accounts receivable	19,531	(21,659)
Inventory	(43,114)	21,140
Prepaid expenses	46,227	(49,615)
Net OPEB asset/liability	149,648	438,591
Deferred outflows of resources - pension	246,178	134,764
Deferred outflows of resources - OPEB	(15,596)	(849,668)
Accounts payable	23,188	38,178
Due to other governments	198,574	(7,778)
Net pension liability	(124,956)	187,011
Deferred inflows of resources - pension	(16,649)	(102,087)
Deferred inflows of resources - OPEB	(26,889)	390,459
Compensated absences	(2,660)	17,474
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 6,775,827	\$ 6,318,307

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

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Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

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
For the years ended June 30, 2019 and 2018

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 2019 and 2018.

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

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Basis of Accounting and Measurement Focus, Continued

Governmental Fund Financial Statements

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

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

General Fund accounts for resources traditionally associated with governmental activities that are not required legally or by sound financial management to be accounted for in another fund. The General Fund consists of programs associated with conservation not related to the Elk Grove Water District (EGWD), which is funded by District water charges to customers.

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

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

Proprietary Fund Financial Statements

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

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

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

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

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

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Cash, Cash Equivalents and Investments

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

D. Restricted Cash and Investments

Certain proceeds of the District's long-term debt are classified as restricted cash and investments on the statement of net position because their use is limited by applicable bond covenants. The "reserve" account is used to report resources set aside to make up potential future deficiencies in the bond's debt service.

E. Accounts Receivable

Accounts receivable arise from billings to customers for water usage and include an estimate for unbilled revenues earned from the dates the customers were last billed to the end of the year. An allowance for uncollectible accounts of \$77,708 was recorded in the Water District Fund by the District as of June 30, 2019 and 2018.

F. Interfund Transactions

Borrowings between funds outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. short-term borrowings) or "advance to/from other funds" (i.e. long-term borrowings). The District did not have any interfund borrowings as of June 30, 2019 and 2018.

G. Inventory

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

H. Capital Assets

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

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

H. Capital Assets, Continued

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

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

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

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

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

J. Due to Other Governments

Due to other governments in the Water District Fund mainly consisted of \$484,043 and \$285,469 payable to the County of Sacramento for water purchases at June 30, 2019 and 2018, respectively.

K. 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, 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.

L. Unearned Revenue

Unearned revenue is recognized for transactions for which revenue has not yet been earned. The District recorded \$16,848 at June 30, 2019 and 2018, respectively.

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Net Position and Fund Balance

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

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

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

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

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

N. Use of Estimates

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

O. Risk Management

The District is exposed to various risks of loss related to tort; theft of, damage to and destruction of assets; errors and omissions and natural disasters. These risks are covered through the District's participation in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA or JPIA) as described in Note 7. The insurance is subject to a deductible. No significant claims occurred during the years ended June 30, 2019 and 2018. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance coverage from the prior year.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

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

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Q. Pensions

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

R. Other Postemployment Benefits (OPEB)

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

Valuation Date	February 28 2017
Measurement Date	June 30, 2018
Measurement Period	July 1, 2017 to June 30, 2018

S. New Pronouncements

In 2019, the District adopted new accounting standards in order to conform to the following Governmental Accounting Standards Board Statements:

- GASB Statement No. 83, *Certain Asset Retirement Obligations* - The objective of this statement is to addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this statement did not apply to the District for the current fiscal year.
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements* - The objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. Refer to Note 4 on page 40 for the District's debt disclosures related to direct placement debt.

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

T. Future Implementation of GASB Pronouncements

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

- GASB Statement No. 84, *Fiduciary Activities* – The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for the District's year ending June 30, 2020.
- GASB Statement No. 87, *Leases* – The objective of this statement is to recognize in the financial statements certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this statement are effective for the District's year ending June 30, 2021.
- GASB Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* – The objective of this statement is to (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this statement are effective for the District's year end June 30, 2021.
- GASB Statement 90, *Majority Equity Interest* – The objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. The requirements of this statement are effective for the District's year end June 30, 2020.

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

T. Future Implementation of GASB Pronouncements, Continued

- GASB Statement 91, *Conduit Debt Obligations* – The objective of this statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for the District's year end June 30, 2021.

2. CASH AND INVESTMENTS

A. Summary of Cash and Investments

Cash and investments are classified in the accompanying financial statements as of June 30, 2019 and 2018 as follows:

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

As of June 30, 2018			
Government-Wide Statement of Net Position			
	Governmental Activities	Business-Type Activities	Total
Deposits and investments	\$ 19,819	\$ 13,981,775	\$ 14,001,594
Total cash and investments	\$ 19,819	\$ 13,981,775	\$ 14,001,594

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

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, 2019 and 2018:

	2019	2018
Cash on hand	\$ 300	\$ 300
Deposits with financial institution	1,220,275	2,232,976
Total cash on hand and deposits	1,220,575	2,233,276
Money Market F&M	2,658,509	2,000,000
Money Market Union Bank	1,109,603	151,097
Local Agency Investment funds	3,538,185	508,443
CalTrust	1,328,702	1,276,260
Investments held by custodian	6,476,695	7,832,515
Total investments	15,111,694	11,768,316
Total District Treasury	16,332,269	14,001,592
Cash with fiscal agent	-	2
Total cash and investments	\$ 16,332,269	\$ 14,001,594

B. Deposits

The carrying amount of the District's cash deposit was \$1,220,275 and \$2,232,976 at June 30 2019 and 2018, respectively. Balances before reconciling amounts were a positive amount of \$1,347,326 and \$2,693,467 at June 30, 2019 and 2018, 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
For the years ended June 30, 2019 and 2018

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.

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 as of June 30, 2019 and 2018:

	2019	2018
Interest income	\$ 213,052	\$ 105,884
Unrealized gain/(loss) in change in fair value of investment	198,473	(67,877)
Total investment income	\$ 411,525	\$ 38,008

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

2. CASH AND INVESTMENTS, Continued

C. Investments, Continued

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, 2019 and 2018, 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, 2019, the District had \$3,538,185 invested in LAIF, which had invested 1.77% of the pool investments funds in Structured Notes and Asset-Backed Securities as compared to 2.67% in the previous year. The LAIF fair value factor of 1.001711790 was used to calculate the fair value of the investments in LAIF.

As of June 30, 2018, the District had \$508,443 million invested in LAIF, which had invested 2.67% of the pool investments funds in Structured Notes and Asset-Backed Securities as compared to 2.89% in the previous year. The LAIF fair value factor of 0.998126869 was used to calculate the fair value of the investments in LAIF.

The District is a voluntary participant in the Investment Trust of California (CalTRUST) which is a Joint Powers Authority governed by a Board of Trustees made up of local treasurers and investment officers. The Board of Trustees sets overall policy for CalTRUST and selects and supervises the activities of the Investment Manager and other agents. As of June 30, 2019, and 2018, the District had \$1,328,702 and \$1,276,260 invested in the CalTRUST Medium-term pool. Amounts that may be withdrawn from the Medium-term pool are based on the net asset value per share and the number of shares held by participants in each pool.

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

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, 2019 and 2018:

2019:

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

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

2. CASH AND INVESTMENTS, Continued

D. Risk Disclosures, Continued

2018:

Investment Type	Fair Value	Investment Maturities (in years)				
		1 year or Less	2 years	3 years	4 years	5 years or More
Securities of U.S. Government						
Treasury and Agencies:						
Federal Farm Credit Bank Bonds	\$ 1,946,120	\$ -	\$ 974,520	\$ -	\$ 971,600	\$ -
Federal Home Loan Banks	1,475,515	497,755	-	977,760	-	-
Federal Home Loan Mortg Corp Notes	994,820	994,820	-	-	-	-
Federal National Mortg Assoc Notes	3,416,060	-	2,936,700	479,360	-	-
Money Market F&M	2,000,000	2,000,000	-	-	-	-
Money Market Union Bank	151,097	151,097	-	-	-	-
CalTrust (NAV)	1,276,260	1,276,260	-	-	-	-
Local Agency Investment Fund	508,443	508,443	-	-	-	-
Total	\$ 11,768,316	\$ 5,428,376	\$ 3,911,220	\$ 1,457,120	\$ 971,600	\$ -

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, 2019 the District's deposits and investments were rated as follows:

	Credit Quality Ratings	
	Moody's	S&P
Federal Farm Credit Bank Bonds	Aaa	AA+
Federal Home Loan Banks	Aaa	AA+
Federal Home Loan Mortg Corp Notes	Aaa	AA+
Federal National Mortg Association Notes	Aaa	AA+
Local Agency Investment Funds	Unrated	Unrated
CalTrust	Unrated	A+f

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

Custodial credit risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value for its investment or collateral securities that are in the possession of another party.

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

2. CASH AND INVESTMENTS, Continued

E. Investment Valuation

Investments (except money market accounts that are included as part of restricted cash and investments) are measured at fair value on a recurring basis. *Recurring* fair value measurements, are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements at June 30, 2019 and 2018 are described on the following page:

2019:

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

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

2. CASH AND INVESTMENTS, Continued

E. Investment Valuation, Continued

2018:

Investment Type	Fair Value	Fair Value Measurement Using			
		Level 1	Level 2	Level 3	
Securities of U.S. Government					
Treasury and Agencies:					
Federal Farm Credit Bank Bonds	\$ 1,946,120	\$ -	\$ 1,946,120	\$ -	
Federal Home Loan Banks	1,475,515	-	1,475,515	-	
Federal Home Loan Mortg Corp Notes	994,820	-	994,820	-	
Federal National Mortg Assoc Notes	3,416,060	-	3,416,060	-	
Total Securities of U.S. Government	\$ 7,832,515	\$ -	\$ 7,832,515	\$ -	
<i>Investments not subject to levelling:</i>					
Money Market F&M	2,000,000				
Money Market Union Bank	151,097				
CalTrust Investment Pool (NAV)	1,276,260				
Local Agency Investment Fund	508,443				
Total	\$ 11,768,316				

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

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

3. CAPITAL ASSETS

There were no governmental activity capital assets for the years ended June 30, 2019 and 2018.

Business-type activities capital asset activity for the years ended June 30, 2019 and 2018 were as follows:

	Balance June 30, 2017	2018		Balance June 30, 2018	2019		Balance June 30, 2019
		Additions	Reductions		Additions	Reductions	
Capital assets not being depreciated:							
Land	\$ 686,578	\$ -	\$ -	\$ 686,578	\$ -	\$ -	\$ 686,578
Construction in progress	102,963	114,287	(102,963)	114,287	366,501	(114,287)	366,501
Total capital assets not being depreciated	789,541	114,287	(102,963)	800,865	366,501	(114,287)	1,053,079
Capital assets being depreciated:							
Buildings	1,338,740	646,010	-	1,984,750	6,457	-	1,991,207
Wells	8,580,462	200,752	-	8,781,214	30,662	-	8,811,876
Treatment Plants	13,443,298	70,875	-	13,514,173	125,636	-	13,639,809
Water mains	75,567,397	409,288	-	75,976,685	581,613	-	76,558,298
Equipment	2,229,152	107,608	-	2,336,760	35,089	(51,095)	2,320,754
Total assets being depreciated	101,159,049	1,434,533	-	102,593,582	779,457	(51,095)	103,321,944
Less accumulated depreciation for:							
Buildings	(355,421)	(29,917)	-	(385,338)	(46,066)	-	(431,404)
Wells	(4,776,780)	(311,439)	-	(5,088,219)	(277,372)	-	(5,365,591)
Treatment Plants	(5,752,937)	(347,167)	-	(6,100,104)	(350,002)	-	(6,450,106)
Water mains	(18,683,248)	(944,592)	-	(19,627,840)	(949,709)	-	(20,577,549)
Equipment	(1,949,878)	(79,088)	-	(2,028,966)	(98,642)	51,095	(2,076,513)
Total accumulated depreciation	(31,518,264)	(1,712,203)	-	(33,230,467)	(1,721,791)	51,095	(34,901,163)
Total capital assets being depreciated, net	69,640,785	(277,670)	-	69,363,115	(942,334)	-	68,420,781
Total capital assets, net	\$ 70,430,326	\$ (163,383)	\$ (102,963)	\$ 70,163,980	\$ (575,833)	\$ (114,287)	\$ 69,473,860

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

4. LONG-TERM DEBT

The following is a summary of long-term liability activity for the years ended June 30, 2019 and 2018:

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

	Balance June 30, 2017	2018		Balance June 30, 2018	Due Within One Year
		Additions	Reductions		
Business-type activities:					
Water District Fund					
Certificates of Participation					
2014 Refunding, Series A	\$ 31,610,000	\$ -	\$ (1,475,000)	\$ 30,135,000	\$ 1,705,000
Notes from direct borrowings and direct placements					
2016 Refunding, Series A	14,525,000	-	(515,000)	14,010,000	365,000
Total Water District Fund debt	46,135,000	-	(1,990,000)	44,145,000	2,070,000
Compensated absences	185,055	202,529	(185,055)	202,529	94,686
Total Water District Fund	\$ 46,320,055	\$ 202,529	\$ (2,175,055)	\$ 44,347,529	\$ 2,164,686
Unamortized bond discounts & premiums	2,016,248	-	(126,016)	1,890,232	
Less: Due within one year	(2,111,463)			(2,164,686)	
Due in more than one year	\$ 46,224,840			\$ 44,073,075	

Florin Resource Conservation District

Notes to Basic Financial Statements

For the years ended June 30, 2019 and 2018

4. LONG-TERM DEBT, Continued

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

	2019	2018
<u>Florin Resource Conservation District, Water Revenue Refunding Bonds, 2014 Series A</u>		
On December 16, 2014, the District issued the Florin Resource Conservation District, Water Revenue Refunding Bonds, 2014 Series A in the amount of \$32,325,000. The proceeds were used to prepay aggregate principal amount of outstanding certificates of participation previously executed and delivered by the District, purchase a debt service reserve surety bond, and pay for certain costs associated with the issuance of the 2014 Series A Bonds. The Bonds are secured by a lien on the net water system revenues. Annual principal payments of \$715,000 to \$2,450,000 are due on September 1 through September 1, 2032. Semi-annual interest payments of \$37,625 to \$688,909 are due March 1 and September 1, 2016 through September 1, 2032. Interest rates range from 4.30% to 5.00%. The refunding resulted in an economic gain of \$3,563,207 and an accounting loss that was recorded as a deferred outflow of resources. The unamortized balance of the deferred loss on refunding as of June 30, 2019 and 2018 was \$578,828 and \$623,354. The aggregate difference between the debt service requirements of the refunding bonds and remaining debt service of the refunded bonds was \$4,893,871.	\$ 28,430,000	\$ 30,135,000
<u>Florin Resource Conservation District, Water Revenue Refunding Bonds, 2016 Series A</u>		
On June 7, 2016, the District issued the Florin Resource Conservation District, Direct Placement Water Revenue Refunding Bonds, 2016 Series A in the amount of \$14,875,000. The proceeds were used to prepay aggregate principal amount of outstanding certificates of participation previously executed and delivered by the District, purchase a debt service reserve surety bond, and pay for certain costs associated with the issuance of the 2016 Series A Bonds. The Bonds are secured by a lien on the net water system revenues. Annual principal payments of \$350,000 to \$2,395,000 are due on September 1 through September 1, 2032. Semi-annual interest payments of \$43,110 to \$261,450 are due March 1 and September 1, 2016 through September 1, 2032. Interest rate 3.6%. The refunding resulted in an economic gain of \$2,098,268 and an accounting loss that was recorded as a deferred outflow of resources. The unamortized balance of the deferred loss on refunding as of June 30, 2019 and 2018 was \$382,235 and \$411,638. The aggregate difference between the debt service requirements of the refunding bonds and the remaining debt service of the refunded bonds was \$9,573,508.	\$13,645,000	\$14,010,000

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

4. LONG-TERM DEBT, Continued

The annual requirements to amortize the outstanding business-type activities debt as of June 30, 2019 are as follows:

Year Ending June 30,	Water District Fund				
	2014 Refunding, Series A Bonds		Direct Placement 2016 Refunding, Series A Bonds		Total
	Principal	Interest	Principal	Interest	
2020	\$ 1,790,000	\$ 1,177,269	\$ 375,000	\$ 484,470	\$ 3,826,739
2021	1,910,000	1,084,769	390,000	470,700	3,855,469
2022	2,040,000	986,019	400,000	456,480	3,882,499
2023	2,145,000	881,394	415,000	441,810	3,883,204
2024	2,245,000	785,394	430,000	426,600	3,886,994
2025-2029	11,600,000	2,704,634	3,665,000	1,794,690	19,764,324
2030-2033	6,700,000	617,250	7,970,000	639,900	15,927,150
	<u>\$ 28,430,000</u>	<u>\$ 8,236,729</u>	<u>\$ 13,645,000</u>	<u>\$ 4,714,650</u>	<u>\$ 55,026,379</u>

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

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

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

The following is a calculation of the required coverage ratios for the Water District Fund as of June 30, 2019 and 2018:

Covenant:	2019	2018
Net revenues before adjustments (operating income)	\$ 4,592,274	\$ 4,409,294
Add: Depreciation and amortization	1,721,791	1,712,203
Net revenues, not including rate stabilization fund, accrual basis	6,314,065	6,121,497
Interest and principal payments, cash basis (as defined)	3,823,909	3,823,349
Coverage ratio computed	<u>1.65</u>	<u>1.60</u>

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

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 5th year anniversary of the 2014 Series A Bonds is December of 2019; at which time the District will conduct the necessary Arbitrage Rebate calculations.

5. INTERFUND TRANSFERS

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

6. NET POSITION RESERVES

The District's Board of Directors approved a reserve policy that authorized commitments of unrestricted net position in the Water District Fund for certain percentages of the change in new position reported in the audited financial statements or budget up to a specified dollar amount as follows as of June 30, 2019 and 2018:

	Description	2019	2018
Operating fund	120 days of annual operations and maintenance budget	\$ 5,077,700	\$ 4,869,967
Future capital improvement fund	75% of unrestricted funds not allocated to other reserve funds	6,762,718	5,854,024
Capital improvement fund	Annual capital improvement budget	430,000	440,000
Future capital replacement fund	25% of unrestricted funds not allocated to other reserve funds	2,254,239	1,951,341
Capital replacement fund	Annual capital replacement budget	1,408,000	874,000
Elections and special studies	Amount specified by Board of Directors	150,000	150,000
Total net position commitments		<u>\$ 16,082,657</u>	<u>\$ 14,139,332</u>

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

7. INSURANCE

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

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

8. RETIREMENT BENEFITS

A. Plan Description

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

B. Benefits Provided

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

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

8. RETIREMENT BENEFITS, Continued

B. Benefits Provided, Continued

The rate plans' provisions and benefits in effect at June 30, 2019 and 2018 are summarized as follows:

	Miscellaneous - Classic		Miscellaneous - PEPR	
Hire Date	Prior to January 1, 2013		On or after January 1, 2013	
Benefit vesting schedule	5 years service		5 years service	
Benefit payment	Monthly for life		Monthly for life	
Retirement age	55		62	
Monthly benefits, as a % of annual salary	2.00%		2.00%	
Required employee contribution rates	6.000%		6.250%	
Required employer contribution rates (2018)	8.418%		6.533%	
Required unfunded liability payment (2018)	\$	131,656	\$	34
Required employer contribution rates (2019)	8.892%		6.842%	
Required unfunded liability payment (2019)	\$	150,532	\$	207

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

The District's contributions to the Plan for the measurement periods ended June 30, 2018 and 2017 were \$317,812 and \$302,911, respectively.

As of June 30, 2019, and 2018, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$1,443,330 and \$1,568,286, respectively.

The District's net pension liability for the Plans is measured as the proportionate share of the total net pension liability of the Plan. The net pension liability of the Plan for the fiscal year 2019 is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The net pension liability of the Plan for the fiscal year 2018 is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2016 rolled forward to June 30, 2017 using standard update procedures. The District's proportionate share of the net pension liability was based on the District's plan liability and asset-related information where available, and proportional allocations of plan amounts as of the valuation date where not available.

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

8. RETIREMENT BENEFITS, Continued

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

The District's proportionate share of the net pension liability for the plan as of June 30, 2016, 2017, and 2018 were as follows:

Proportion - June 30, 2016	0.015960%	Proportion - June 30, 2017	0.015810%
Proportion - June 30, 2017	0.015810%	Proportion - June 30, 2018	0.014980%
Change - Increase (Decrease)	-0.000150%	Change - Increase (Decrease)	-0.000830%

For the year ended June 30, 2019 and 2018, the District recognized pension expense of \$455,416 and \$537,500 respectively. At June 30, 2019 and 2018, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 350,843	\$ -	\$ 317,812	\$ -
Changes in employer's proportion	98,036	27,969	227,506	51,166
Differences between the employer's contribution and the employer's proportionate share of contributions	143,528	-	181,549	-
Changes of assumptions	164,544	40,327	274,486	20,930
Differences between expected and actual experiences	55,378	18,845	2,213	31,694
Net differences between projected and actual earnings on plan investments	7,136	-	62,077	-
Total	\$ 819,465	\$ 87,141	\$ 1,065,643	\$ 103,790

\$350,843 and \$317,812 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ending June 30, 2020 and 2019, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30:	2019	2018
2019	\$ -	\$ 267,204
2020	275,091	250,054
2021	183,172	163,639
2022	(34,036)	(36,856)
2023	(42,747)	-

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

8. RETIREMENT BENEFITS, 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, 2017 and 2016 actuarial valuations were determined using the following actuarial assumptions:

	2019	2018
Valuation Date	June 30, 2017	June 30, 2016
Measurement Date	June 30, 2018	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Projected Salary Increase	Varies by entry age and service	Varies by entry age and service
Investment Rate of Return ⁽¹⁾	7.15%	7.15%
Mortality	Derived by CalPERS membership data for all funds	Derived by CalPERS membership data for all funds

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 and 2016 valuations 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 be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liabilities was 7.15 percent for the Plan for the measurement date June 30, 2018 and 2017. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

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

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

8. RETIREMENT BENEFITS, Continued

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

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

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

Asset Class (a)	2019			2018		
	New	Real	Real	New	Real	Real
	Strategic Allocation	Return Years 1 - 10(b)	Return Years 11+(c)	Strategic Allocation	Return Years 1 - 10(d)	Return Years 11+(e)
Global Equity	50.00%	4.80%	5.98%	47.00%	4.90%	5.38%
Global Fixed	28.00%	1.00%	2.62%	19.00%	0.80%	2.27%
Inflation Sensitive	0.00%	0.77%	1.81%	6.00%	0.60%	1.39%
Private Equity	8.00%	6.30%	7.23%	12.00%	6.60%	6.63%
Real Estate	13.00%	3.75%	4.93%	11.00%	2.80%	5.21%
Infrastructure and Forestland	0.00%	0.00%	0.00%	3.00%	3.90%	5.36%
Liquidity	1.00%	0.00%	-0.92%	2.00%	-2.20%	-2.70%
Total	100%			100%		

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

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

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

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

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

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

8. RETIREMENT BENEFITS, Continued

D. 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:

	2019	2018
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 2,462,389	\$ 2,473,069
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 1,443,330	\$ 1,568,286
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 602,113	\$ 818,929

E. Pension Plan Fiduciary Net Position

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

F. Payable to the Pension Plan

At June 30, 2019 and 2018 the District reported a payable of \$0 and \$0 for outstanding amount of required contributions to the pension plan.

9. OTHER POSTEMPLOYMENT BENEFITS PLAN

A. Plan Description

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

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

9. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

B. Employees Covered

As of the February 28, 2017 actuarial valuation, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	29
Inactive employees or beneficiaries currently receiving benefits	<u>2</u>
Total	31

C. Contributions

The OPEB Plan and its contribution requirements are established by and may be amended by the District. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2019, the District's cash contributions were \$44,294 in pay-as-you-go premiums, payment to the trust of \$118,351 and the estimated implied subsidy was \$8,280 resulting in total payments of \$170,925. For the fiscal year ended June 30, 2018, the District's cash contributions were \$26,301 in pay-as-you-go premiums, payment to the trust of \$125,380 and the estimated implied subsidy was \$3,648 resulting in total payments of \$155,329.

D. Net OPEB Liability

The District's net OPEB liability as of June 30, 2019 was measured as of June 30, 2018 and the net OPEB liability as of June 30, 2018 was measured as of June 30, 2017. The total OPEB liability used to calculate the net OPEB liability for measurement date June 30, 2019 and June 30, 2018 was determined by an actuarial valuation dated February 28, 2017 that was rolled forward to determine the June 30, 2018 and June 30, 2017 total OPEB liabilities, based on the following actuarial methods and assumptions:

Actuarial Assumptions:	
Discount Rate	7.28%
Inflation	2.26%
Salary Increases	3.25% per annum, in aggregate
Investment Rate of Return	7.28%
Mortality Rate ⁽¹⁾	Derived using CalPERS' Membership Data for all funds

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

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

9. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

D. Net OPEB Liability, Continued

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of the June 30, 2018 and June 30, 2017 measurement dates are summarized in the following table:

<i>Investment Class</i>	<i>June 30, 2018</i>		<i>June 30, 2017</i>	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
<i>Global Equity</i>	60.00%	5.49%	57.00%	7.75%
<i>Fixed Income</i>	32.00%	1.65%	27.00%	4.29%
<i>Treasury Inflation-Protected Securities</i>	0.00%	0.00%	5.00%	3.50%
<i>Commodities</i>	0.00%	0.00%	3.00%	2.84%
<i>Real Estate Investment Trusts</i>	8.00%	5.06%	8.00%	5.75%
<i>Liquidity</i>	0.00%	0.00%	0.00%	0.00%
<i>TOTAL</i>	100.00%		100.00%	

E. Discount Rate

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

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

9. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

F. Changes in the OPEB Liability

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2017 (Measurement Date June 30, 2016)	\$ 2,156,074	\$ 1,927,589	\$ 228,485
Changes recognized for the measurement period:			
Service cost	148,138	-	148,138
Interest	166,580	-	166,580
Difference between expected and actual experience	(216,413)	-	(216,413)
Changes in Assumption	(151,557)	-	(151,557)
Contributions - employer	-	114,015	(114,015)
Net investment income	-	203,487	(203,487)
Benefit payment	(32,629)	(32,629)	-
Administrative expenses	-	(991)	991
Net Changes	(85,881)	283,882	(369,763)
Balance at June 30, 2018 (Measurement Date June 30, 2017)	\$ 2,070,193	\$ 2,211,471	\$ (141,278)
Changes recognized for the measurement period:			
Service cost	132,574	-	132,574
Interest	159,290	-	159,290
Change in benefit terms	190,124	-	190,124
Changes in Assumption	(5,404)	-	(5,404)
Contributions - employer	-	155,329	(155,329)
Net investment income	-	172,787	(172,787)
Benefit payment	(29,949)	(29,949)	-
Administrative expenses	-	(1,180)	1,180
Net Changes	446,635	296,987	149,648
Balance at June 30, 2019 (Measurement Date June 30, 2018)	\$ 2,516,828	\$ 2,508,458	\$ 8,370

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

9. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

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

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018 and 2017:

	2018	2017
1% Decrease	6.28%	6.28%
Net Pension Liability	\$ 424,629	\$ 182,881
Current Discount Rate	7.28%	7.28%
Net Pension Liability	\$ 8,370	\$ (141,278)
1% Increase	8.28%	8.28%
Net Pension Liability	\$ (330,233)	\$ (407,821)

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

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2018 and 2017:

	2018	2017
1% Decrease	6.70%	6.70%
Net Pension Liability	\$ (392,573)	\$ (458,943)
Current Healthcare Cost Trend Rate	7.70%	7.70%
Net Pension Liability	\$ 8,370	\$ (141,278)
1% Increase	8.70%	8.70%
Net Pension Liability	\$ 250,234	\$ 50,134

I. Recognition of Deferred Outflows and Deferred Inflows of Resources

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

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

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

9. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

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

For the fiscal years ended June 30, 2019 and 2018, the District recognized OPEB expense of \$278,088 and \$134,710. For the fiscal years ended June 30, 2019 and 2018, the District reported deferred outflows of resources related to OPEB from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experiences in the measurement of Total OPEB Liability	\$ -	\$ 186,139	\$ -	\$ 201,276
Changed in assumptions	-	135,381	-	140,956
Net differences between projected and actual earnings on OPEB plan investments	-	42,050	-	48,227
Contributions to OPEB plan after measurement date	170,925	-	155,329	-
Total	\$ 170,925	\$ 363,570	\$ 155,329	\$ 390,459

The \$170,925 and \$155,329 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2018 and 2017 measurement dates will be recognized as a reduction of the net OPEB liability during the fiscal year ending June 30, 2020 and 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as expense as follows:

Year		
Ending June 30:	2019	2018
2019	-	(37,795)
2020	(39,643)	(37,795)
2021	(39,643)	(37,795)
2022	(39,642)	(37,794)
2023	(27,586)	(25,738)
2024	(26,116)	-
Thereafter	(190,940)	(213,542)

K. Plan Provision Changes

The Plan was amended on September 20, 2017 to provide coverage to surviving spouses effective 2017-2018. This amendment is reflected in the June 30, 2018 measurement date valuation but was not reflected in the June 30, 2017 measurement date valuation. Had this amendment been reflected in the June 30, 2017 measurement date valuation, the estimated June 30, 2017 TOL would increase by approximately \$166,740.

Florin Resource Conservation District
Notes to Basic Financial Statements
For the years ended June 30, 2019 and 2018

10. COMMITMENTS AND CONTINGENCIES

A. 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.

B. District Conservation Operation Financial Issues

For many years, with the exception of revenue relating to its water service operations, the District has experienced insufficient revenues and declining reserves. The insufficient revenues and declining reserves are attributable to a reduction in revenue generating operations by the District's conservation operations and a reduction in grant funding available for conservation activities. Although some grant funding is available, the majority of the grants require matching cash funds anywhere from 10-35% of the total grant amount. With declining cash balances, this grant requirement often results in the District not having the financial capacity to apply for such grants with non-water service operation funds.

Significant effort has been expended to resolve this financial issue and to address the strategic direction of the conservation operations of the District. On March 23, 2016, a Final Needs Assessment was accepted and filed by the Board, which concluded that, although certain needs may exist, there were no identifiable activities that the District could undertake that would generate a long-term source of revenue for the District's conservation operations.

On September 6, 2017, six options were presented to the Board for their consideration in addressing the financial issues with the District's conservation operations. Staff and the Board also took into consideration the requirements of Proposition 218 and related laws regarding the proper use of fees and other revenues. Consistent with Proposition 218, fees and revenues related to the water service operations of the District must be dedicated to the EGWD and such matters that benefit EGWD and its ratepayers. The fees and revenues generated by water service operations are prohibited from use to support or benefit the District's conservation operations. After several public meetings and discussions, the District's Board of Directors approved a resolution on April 18, 2018 declaring that all future activities performed by the District be limited to water related activities that provide a benefit to the EGWD ratepayers. This resolution was effective July 1, 2018.

This resolution provides a solution to the financial issues of the District's conservation operations, as the District's conservation operations are now restricted to only water related conservation activities that provide a benefit to EGWD ratepayers.

11. EXCESS EXPENDITURES OVER BUDGET

The General Fund's actual expenditures exceeded budget by \$36,975 for fiscal year ending June 30, 2019. The District did not adopt a budget for the General Fund in fiscal year 2019. See Note 10(b) above.

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REQUIRED SUPPLEMENTARY INFORMATION

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Florin Resource Conservation District
Required Supplementary Information
For the years ended June 30, 2019 and 2018

1. BUDGETARY COMPARISON INFORMATION - GENERAL FUND

For the year ended June 30, 2019

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

For the year ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES:				
Use of money and property	\$ 25	\$ 25	\$ -	\$ (25)
Miscellaneous	46,209	46,209	23,542	(22,667)
Total revenues	<u>46,234</u>	<u>46,234</u>	<u>23,542</u>	<u>(22,692)</u>
EXPENDITURES:				
General government	60,383	60,383	48,240	12,143
Total expenditures	<u>60,383</u>	<u>60,383</u>	<u>48,240</u>	<u>12,143</u>
REVENUES OVER (UNDER) EXPENDITURE	<u>(14,149)</u>	<u>(14,149)</u>	<u>(24,698)</u>	<u>(10,549)</u>
Net change in fund balance	<u>\$ (14,149)</u>	<u>\$ (14,149)</u>	<u>(24,698)</u>	<u>\$ (10,549)</u>
FUND BALANCE:				
Beginning of year			42,401	
End of year			<u>\$ 17,703</u>	

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

Florin Resource Conservation District
Required Supplementary Information
For the years ended June 30, 2019 and 2018

2. DEFINED BENEFIT PENSION PLAN

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

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

Notes to Schedule:

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

B. Schedule of Contributions - Last 10 Years*

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

Note to Schedule

Valuation date:	6/30/2017	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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* - Fiscal year 2015 was the 1st year of implementation.

Florin Resource Conservation District
Required Supplementary Information
For the years ended June 30, 2019 and 2018

3. OTHER POSTEMPLOYMENT BENEFIT PLAN

A. Schedule of Changes in the Net OPEB Liability and Related Ratios

<i>Measurement Period</i>	2017	2018
Total OPEB Liability		
Service Cost	\$ 148,138	\$ 132,574
Interest on the total OPEB liability	166,580	159,290
Changes in benefit terms	-	190,124
Differences between expected and actual experience	(216,413)	-
Changes of assumptions	(151,557)	(5,404)
Benefit payments, including refunds of employee contributions	(32,629)	(29,949)
Net change in total OPEB liability	(85,881)	446,635
Total OPEB liability - beginning	2,156,074	2,070,193
Total OPEB liability - ending (a)	\$ 2,070,193	\$ 2,516,828
Plan Fiduciary Net Position		
Contributions - employer	\$ 114,015	\$ 155,329
Net investment income	203,487	172,787
Benefit payments, including refunds of employee contributions	(32,629)	(29,949)
Administrative expense	(991)	(1,180)
Net change in plan fiduciary net position	283,882	296,987
Plan fiduciary net position - beginning	1,927,589	2,211,471
Plan fiduciary net position - ending (b)	\$ 2,211,471	\$ 2,508,458
Net OPEB liability/(asset) - ending (a) - (b)	\$ (141,278)	\$ 8,370
Plan fiduciary net position as a percentage of the total OPEB liability	107%	100%
Covered-employee payroll	2,458,390	2,407,765
Net OPEB liability as a percentage of covered-employee payroll	-5.75%	0.35%

Notes to Schedule:

Changes in assumptions. Average per capita claims cost was updated to reflect actual 2017 premiums, the health care cost trend rate was updated to reflect 2018 industry survey data, and the mortality table was updated to reflect the most recent CalPERS studies.

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

Florin Resource Conservation District
Required Supplementary Information
For the years ended June 30, 2019 and 2018

3. OTHER POSTEMPLOYMENT BENEFIT PLAN, Continued

B. Schedule of Contributions Last Ten Fiscal Years

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

Notes to Schedule:

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal
Amortization Method/Period	Straightline Amortization
Asset Valuation Method	Market value
Inflation	2.26%
Payroll Growth	3.25% annual increases
Investment Rate of Return	7.28%
Healthcare cost-trend rates	7.70% decreasing to 5.00%
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the
Mortality	Pre-retirement mortality probability based on 2014 CalPERS 1997-2011 Experience Study covering CalPERS participants. Post-retirement mortality probability based on

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

STATISTICAL SECTION

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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.

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Sources

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Net Position by Component
Last Ten Years

Fiscal Year ended June 30,	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities										
Invested in capital assets (net of debt)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	69,903	80,760	88,227	80,927	132,261	123,219	88,834	42,401	17,703	-
Total governmental activities net position	69,903	80,760	88,227	80,927	132,261	123,219	88,834	42,401	17,703	-
Business-Type										
Invested in capital assets (net of debt)	(17,738,507)	(18,773,507)	(17,230,289)	(15,360,450)	15,860,844	17,009,265	22,281,403	23,387,996	25,163,739	26,595,706
Restricted for Debt Services	2,383,125	1,953,435	1,965,930	1,834,869	1,863,744	1,871,782	412,862	10	-	-
Restricted for Capital Projects	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	9,122,678	9,538,425	10,042,430	10,676,025	9,786,366	8,220,125	11,982,765	13,894,173	14,139,332	16,082,657
Total business-type net position	(4,663,798)	(6,267,153)	(4,800,624)	(2,483,205)	27,715,129	27,104,947	34,677,030	37,282,179	39,303,071	42,678,363
Primary Government										
Net investment in capital assets	(17,738,507)	(18,773,507)	(17,230,289)	(15,360,450)	15,860,844	17,009,265	22,281,403	23,387,996	25,163,739	26,595,706
Restricted	3,952,031	2,967,929	2,387,235	2,201,220	2,067,919	1,875,557	412,862	10	-	-
Unrestricted	9,192,581	9,619,185	10,130,657	10,756,952	9,918,627	8,343,344	12,071,599	13,936,574	14,157,035	16,082,657
Total Primary government net position	\$ (4,593,895)	\$ (6,186,393)	\$ (4,712,397)	\$ (2,402,278)	\$ 27,847,390	\$ 27,228,166	\$ 34,765,864	\$ 37,324,580	\$ 39,320,774	\$ 42,678,363

Source: Finance Department

Source: Finance Department

Florin Resource Conservation District
Changes in Net Position
Last Ten Years

Fiscal Year ended June 30, Expenses	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental Activities:										
General Government	\$ 18,961	\$ 1,198	\$ 3,894	\$ 21,579	\$ 37,166	\$ 21,847	\$ 34,831	\$ 48,001	\$ 48,240	\$ 18,243
Business-type activities:										
Water	12,442,411	12,765,798	11,946,649	11,607,439	11,855,162	12,447,446	10,754,181	11,706,501	12,689,245	12,307,827
Office Building	1,377,430	1,619,569	1,747,033	1,544,934	1,641,329	1,672,932	320,016	-	-	-
Total business-type activities	13,819,841	14,385,367	13,693,682	13,152,373	13,496,491	14,120,378	11,074,197	11,706,501	12,689,245	12,307,827
Total primary government expenses	13,838,802	14,386,565	13,697,576	13,173,952	13,533,657	14,142,225	11,109,028	11,754,502	12,737,485	12,326,070
Governmental Activities:										
Program Revenues										
Charges for Services	12,000	12,000	11,333	9,533	5,467	-	-	-	-	-
Operating Grants	8,936	-	-	-	-	-	-	-	23,542	19,092
Total governmental activities	20,936	12,000	11,333	9,533	5,467	-	-	-	23,542	19,092
Business-type activities:										
Charges for Services										
Water	13,642,267	13,981,562	14,420,788	14,312,791	13,435,194	13,185,838	13,475,325	14,210,971	15,343,124	15,233,673
Office Building	1,414,572	1,532,453	1,414,572	1,292,417	1,121,400	1,121,400	373,800	-	-	-
Operating Grants	3,834	-	198,000	-	100,000	-	-	-	-	-
Total business-type activities	15,060,673	15,514,015	16,033,360	15,605,208	14,656,594	14,307,238	13,849,125	14,210,971	15,343,124	15,233,673
Total primary government program revenues	15,081,609	15,526,015	16,044,693	15,614,741	14,662,061	14,307,238	13,849,125	14,210,971	15,366,666	15,252,765
Net revenues (expenses)										
Governmental activities	1,975	10,802	7,439	(12,046)	(31,699)	(21,847)	(34,831)	(48,001)	(24,698)	849
Business-Type	1,240,832	1,128,648	2,339,678	2,452,835	1,160,103	186,860	2,774,928	2,504,470	2,653,879	2,925,846
Total net revenues (expenses)	1,242,807	1,139,450	2,347,117	2,440,789	1,128,404	165,013	2,740,097	2,456,469	2,629,181	2,926,695
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Interest and investment earnings	66	55	28	17	50	2,643	93	4	-	-
Other revenues	-	-	-	4,729	82,983	10,162	353	1,564	-	-
Transfers	-	-	-	-	-	-	-	-	-	(18,552)
Total governmental activities	66	55	28	4,746	83,033	12,805	446	1,568	-	(18,552)
Business-type activities:										
Interest and investment earnings	42,170	36,642	21,812	20,886	18,188	19,970	20,002	46,228	38,008	411,525
Other revenues	28,217	91,758	276,738	52,452	22,304	290,069	4,777,152	54,451	23,344	19,369
Transfers	-	-	-	-	-	-	-	-	-	18,552
Total business-type activities	70,387	128,400	298,550	73,338	40,492	310,039	4,797,154	100,679	61,352	449,446
Total primary government	70,453	128,455	298,578	78,084	123,525	322,844	4,797,600	102,247	61,352	430,894
Change in net position:										
Governmental activities	2,041	10,857	7,467	(7,300)	51,334	(9,042)	(34,385)	(46,433)	(24,698)	(17,703)
Business-type activities	1,311,219	1,257,048	2,638,228	2,526,173	1,200,595	496,899	7,572,082	2,605,149	2,715,231	3,375,292
Total primary government	\$ 1,313,260	\$ 1,267,905	\$ 2,645,695	\$ 2,518,873	\$ 1,251,929	\$ 487,857	\$ 7,537,697	\$ 2,558,716	\$ 2,690,533	\$ 3,357,589

Source: Finance Department

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

Fiscal Year ended June 30,	2010	2011*	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	69,903	-	-	-	-	-	-	-	-	-
Unassigned	-	80,760	88,227	80,927	132,261	123,219	88,834	42,401	17,703	-
Total General Fund	\$ 69,903	\$ 80,760	\$ 88,227	\$ 80,927	\$ 132,261	\$ 123,219	\$ 88,834	\$ 42,401	\$ 17,703	\$ -

Note:

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

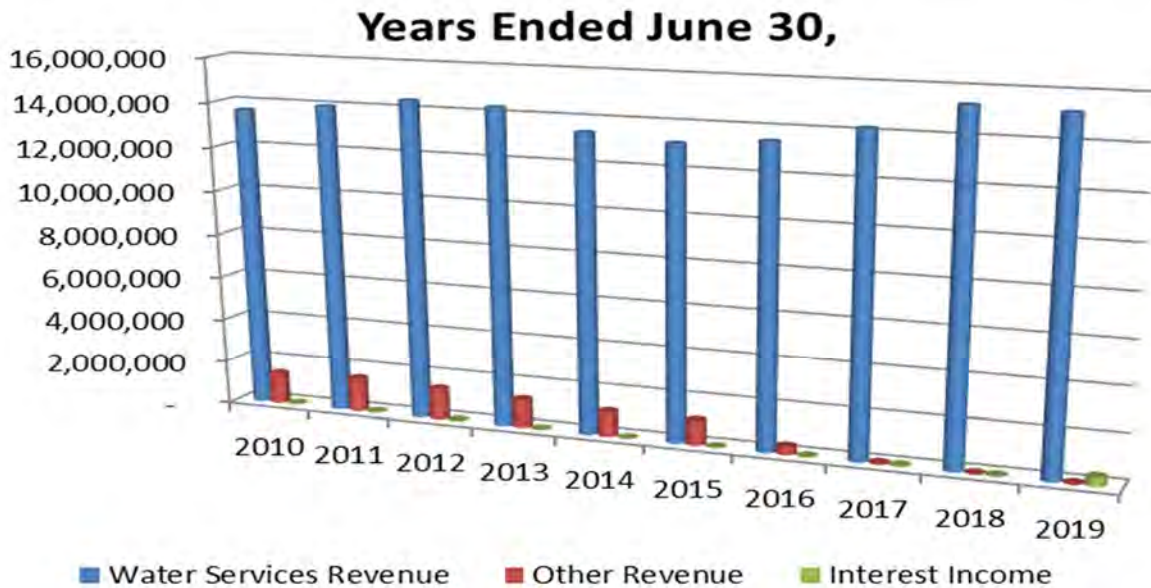
Florin Resource Conservation District
Changes in Fund Balances of Governmental Funds
Last Ten Years

Fiscal Year ended June 30,	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Use of money and property	\$ 12,066	\$ 12,055	\$ 11,361	\$ 9,550	\$ 5,517	\$ 2,643	\$ 93	\$ 4	\$ -	\$ -
Other	8,936	-	-	-	4,729	10,162	353	1,564	23,542	19,092
Total Revenues	21,002	12,055	11,361	9,550	10,246	12,805	446	1,568	23,542	19,092
Expenditures										
General and administrative	18,961	1,198	3,894	21,579	37,166	21,847	34,831	48,001	48,240	18,243
Total expenditures	18,961	1,198	3,894	21,579	37,166	21,847	34,831	48,001	48,240	18,243
Other Financing Sources										
Transfers	-	-	-	-	-	-	-	-	-	(18,552)
Gain (loss) on disposal of capital assets	-	-	-	-	82,983	-	-	-	-	-
Total other financing sources	-	-	-	-	82,983	-	-	-	-	(18,552)
Net change in fund balance	2,041	10,857	7,467	(12,029)	56,063	(9,042)	(34,385)	(46,433)	(24,698)	(17,703)
Fund balance, beginning of the year	67,862	69,903	80,760	88,227	76,198	132,261	123,219	88,834	42,401	17,703
Fund balance, end of the year	\$ 69,903	\$ 80,760	\$ 88,227	\$ 76,198	\$ 132,261	\$ 123,219	\$ 88,834	\$ 42,401	\$ 17,703	\$ -

Source: Finance Department

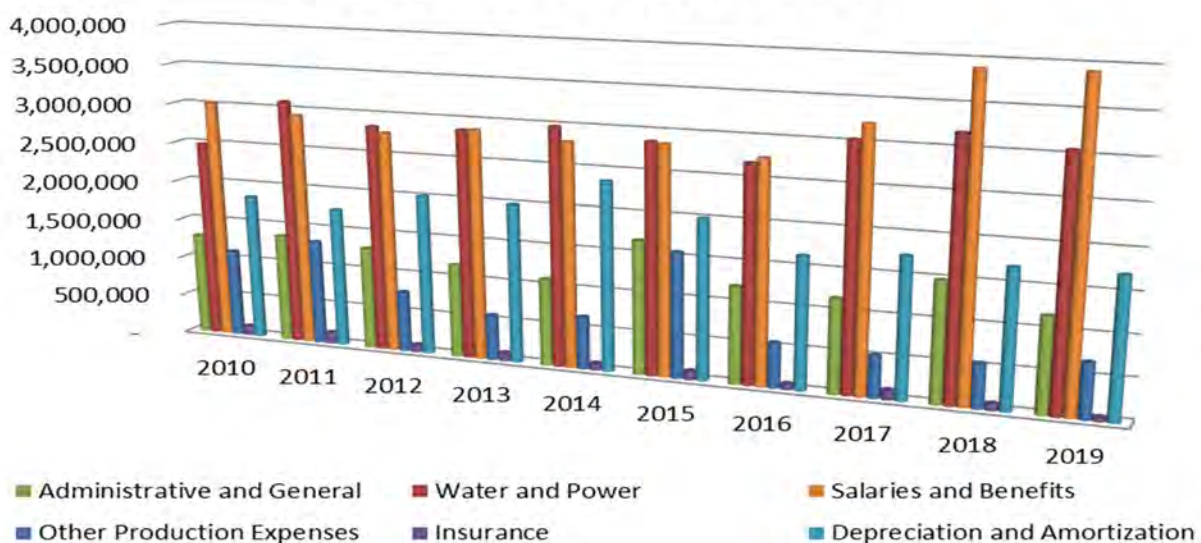
Florin Resource Conservation District Financial Trends

Florin Resources Conservation District Revenues by Source



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

Florin Resources Conservation District Operating Expenses For the Years Ended June 30



This graph contrasts the six largest expense groups of the District.
Source: Finance Department

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

	2010		2011		2012		2013		2014	
	Metered		Metered		Metered		Metered		Metered	
	Rate	Flat Rate	Rate	Flat Rate	Rate	Flat Rate	Rate	Flat Rate	Rate	Flat Rate
Monthly Fixed Rate										
1 inch meter	\$ 56.53	\$ 78.30	\$ 56.53	\$ 78.30	\$ 56.53	\$ 78.30	\$ 56.53	\$ 78.30	\$ 59.23	\$ 70.22
Monthly Consumption Rates										
1st tier: 0-30 ccf	1.46		1.46		1.46		1.46		1.39	
2nd tier: over 30 ccf	1.80		1.80		1.80		1.80		2.76	
Each sq. ft. of premises over 4,000 sf.		0.00244				0.00244		0.00244		0.00244
Non-residential	N/A		N/A		N/A		N/A		1.57	
Irrigation	N/A		N/A		N/A		N/A		1.70	
Fixed Charge										
5/8" meter	56.53		56.53		56.53		56.53		59.23	
3/4" meter	56.53		56.53		56.53		56.53		59.23	
1" meter	56.53		56.53		56.53		56.53		59.23	
1 1/2" meter	73.48		73.48		73.48		73.48		83.37	
2" meter	118.71		118.71		118.71		118.71		112.34	
3" meter	446.56		446.56		446.56		446.56		179.93	
4" meter	565.29		565.29		565.29		565.29		276.49	
6" meter	847.93		847.93		847.93		847.93		517.89	
8" meter	1,170.14		1,170.14		1,170.14		1,170.14		807.57	
10" meter									1,145.53	

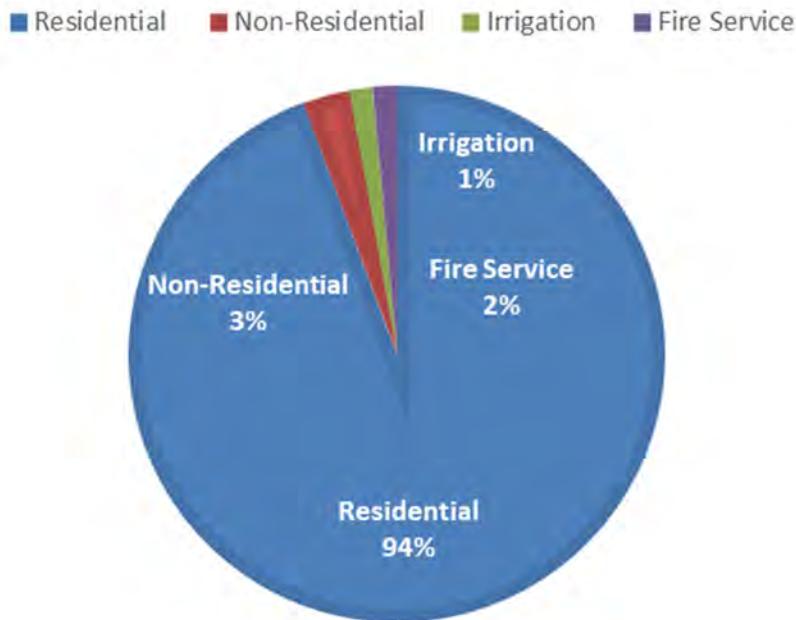
	2015		2016		2017		2018		2019	
	Metered Rate	Flat Rate	Metered Rate	Flat Rate	Metered Rate	Flat Rate	Metered Rate	Flat Rate	Metered Rate	Flat Rate
Monthly Fixed Rate										
1 inch meter	\$ 61.01	\$ 72.00	\$ 62.84	N/A	\$ 64.73	N/A	\$ 66.67	N/A	\$ 61.15	N/A
Monthly Consumption Rates										
1st tier: 0-30 ccf	1.44		1.48		1.52		1.57		1.92	
2nd tier: over 30 ccf	2.85		2.93		3.02		3.11		4.04	
Each sq. ft. of premises over 4,000 sf.		0.00244		N/A		N/A		N/A		N/A
Non-residential Irrigation	1.62		1.67		1.72		1.77		1.79	
	1.75		1.80		1.85		1.91		2.27	
Fixed Charge										
5/8" meter	61.01		62.84		64.73		66.67		61.15	
3/4" meter	61.01		62.84		64.73		66.67		61.15	
1" meter	61.01		62.84		64.73		66.67		61.15	
1 1/2" meter	85.87		88.45		91.10		93.84		86.07	
2" meter	115.71		119.18		122.76		126.44		115.97	
3" meter	185.33		190.89		196.62		202.52		185.76	
4" meter	284.79		293.33		302.13		311.19		285.43	
6" meter	533.43		549.43		565.91		582.89		534.64	
8" meter	831.80		856.75		882.45		908.93		833.69	
10" meter	1,179.90		1,215.29		1,251.75		1,289.30		1,182.57	

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Flat Rate	Flat Rate	Flat Rate	Flat Rate	Flat Rate	Flat Rate	Flat Rate	Flat Rate	Flat Rate	Flat Rate	Flat Rate
3/4" service	62.64	62.64	62.64	62.64	N/A	N/A	N/A	N/A	N/A	N/A
1" service	78.30	78.30	78.3	78.3	70.22	72.00	N/A	N/A	N/A	N/A
1 1/4" service	93.96	93.96	93.96	93.96	N/A	N/A	N/A	N/A	N/A	N/A
1 1/2" service	109.83	109.83	109.83	109.83	94.36	96.86	N/A	N/A	N/A	N/A
2" service	164.44	164.44	164.44	164.44	123.33	126.7	N/A	N/A	N/A	N/A
3" service	618.58	618.58	618.58	618.58	190.92	196.32	N/A	N/A	N/A	N/A
4" service	783.02	783.02	783.02	783.02	N/A	N/A	N/A	N/A	N/A	N/A
6" service	1,174.53	1,174.53	1,174.53	1,174.53	N/A	N/A	N/A	N/A	N/A	N/A
8" service	1,579.35	1,579.35	1,579.35	1,579.35	N/A	N/A	N/A	N/A	N/A	N/A
1x3/4" + 1x2" service	227.07	227.07	227.07	227.07	N/A	N/A	N/A	N/A	N/A	N/A
2x3/4" service	125.29	125.29	125.29	125.29	N/A	N/A	N/A	N/A	N/A	N/A
3x3/4" service	187.93	187.93	187.93	187.93	N/A	N/A	N/A	N/A	N/A	N/A
10x3/4" service	626.42	626.42	626.42	626.42	N/A	N/A	N/A	N/A	N/A	N/A
33x3/4" service	2,067.17	2,067.17	2,067.17	2,067.17	N/A	N/A	N/A	N/A	N/A	N/A
68x3/4" service	4,259.60	4,259.60	4,259.60	4,259.6	N/A	N/A	N/A	N/A	N/A	N/A
2x1" service	156.60	156.60	156.6	156.6	N/A	N/A	N/A	N/A	N/A	N/A
6x1" + 1x2" service	634.25	634.25	634.25	634.25	N/A	N/A	N/A	N/A	N/A	N/A
6x1" service	469.81	469.81	469.81	469.81	N/A	N/A	N/A	N/A	N/A	N/A
16x1" service	132.83	132.83	132.83	132.83	N/A	N/A	N/A	N/A	N/A	N/A
21x1" service	1,644.33	1,644.33	1,644.33	1,644.33	N/A	N/A	N/A	N/A	N/A	N/A
49x1" service	3,836.78	3,836.78	3,836.78	3,836.78	N/A	N/A	N/A	N/A	N/A	N/A
72x1" service	5,637.70	5,637.70	5,637.7	5,637.7	N/A	N/A	N/A	N/A	N/A	N/A
100x1" service	7,830.15	7,830.15	7,830.15	7,830.15	N/A	N/A	N/A	N/A	N/A	N/A
2x2" service	328.87	328.87	328.87	328.87	N/A	N/A	N/A	N/A	N/A	N/A

	2010 Rate	2011 Rate	2012 Rate	2013 Rate	2014 Rate	2015 Rate	2016 Rate	2017 Rate	2018 Rate	2019 Rate
Fire Protection Service										
2" connection	23.74	23.74	23.74	23.74	2.71	2.79	2.87	2.96	3.04	3.02
3" connection	89.32	89.32	89.32	89.32	7.87	8.11	8.35	8.60	8.86	8.78
4" connection	113.05	113.05	113.05	113.05	16.78	17.28	17.80	18.33	18.88	18.71
6" connection	169.58	169.58	169.58	169.58	48.73	50.19	51.70	53.25	54.85	54.34
8" connection	234.02	234.02	234.02	234.02	103.85	106.96	110.17	113.48	116.88	115.80
10" connection					186.75	192.35	198.12	204.06	210.19	208.25
12" connection					301.65	310.70	320.02	329.62	339.51	336.37

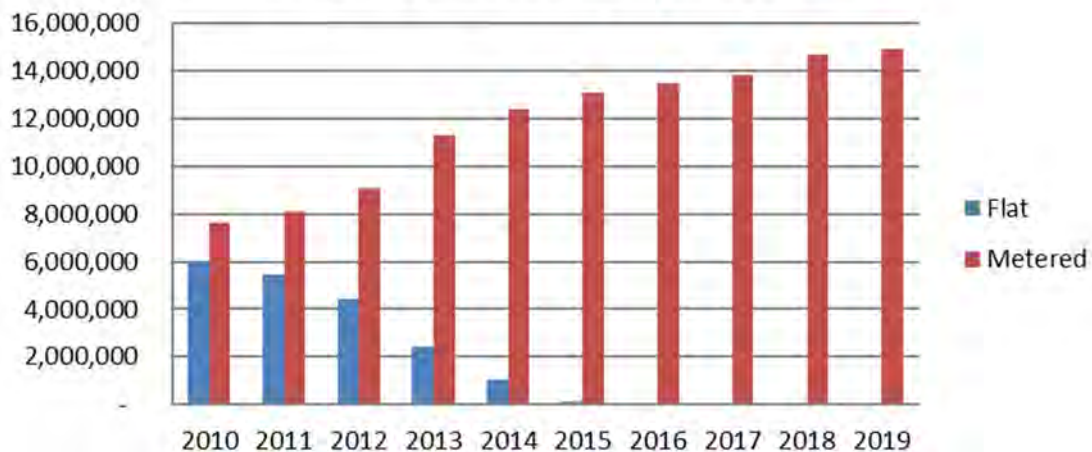
In July 2018 a new 5 year Rate Plan was adopted
Source: Finance Department

FLORIN RESOURCE CONSERVATION DISTRICT WATER SALES BY TYPE



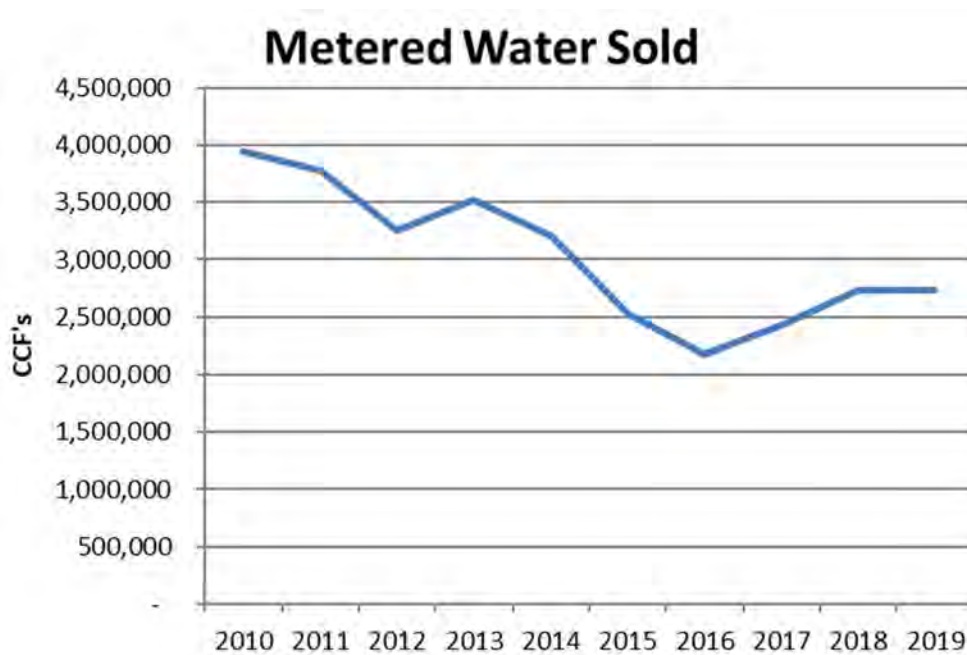
Sales by Type – This graph shows the percentages of the four components of water sales by the Elk Grove Water District.

Sales - Metered vs. Flat Rate



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

Source: Finance Department



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

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

Year End	Flat Rate	Metered	Total	Residential	Commercial
6/30/10	5,207	6,955	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	-	12,291	12,291	11,779	512
6/30/16	-	12,174	12,174	11,662	512
6/30/17	-	12,506	12,506	11,978	528
6/30/18	-	12,555	12,555	11,799	756
6/30/19	-	12,555	12,555	11,842	713

Source: Finance Department

FLORIN RESOURCE CONSERVATION DISTRICT

Ten Largest Commercial Customers

Current Year and Five Years Ago

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

Customer	FY 2014-15		Customer	FY 2018-19	
	Amount Billed	% of Total Billed		Amount Billed	% of Total Billed
Cosumnes CSD	\$ 323,627	2.45%	Cosumnes CSD	\$ 372,018	2.49%
Elk Grove Unified School District	278,553	2.11%	EGUSD	333,615	2.24%
City of Elk Grove-Public Works	53,862	0.41%	City Of Elk Grove-Public Works	109,325	0.73%
Lennar Homes CA, Inc	50,760	0.38%	Emerald Park Company	61,404	0.41%
Emerald Park Company	49,895	0.38%	Emerald Vista Apts	52,638	0.35%
Perguson & Brewer Mgmt	27,979	0.21%	JJD-Hov Elk Grove LLC	40,144	0.27%
The Oaks Mobile Home Park	23,751	0.18%	Lennar Homes	28,949	0.19%
JJD-Hov Elk Grove LLC	22,246	0.17%	The Oaks Mobile Home Park	25,743	0.17%
Elk Grove Village, LLC	19,426	0.15%	Ferguson & Brewer Mgmt	24,279	0.16%
Gage Street Townhouses	19,415	0.15%	Waterman Square Apts.	22,077	0.15%
	<u>\$ 869,514</u>	<u>6.59%</u>		<u>\$ 1,070,191</u>	<u>7.16%</u>

Debt Capacity

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

Fiscal Year Ended	Principal Payments	Interest Payments	Total	Operating Expenses	Ratio of Total Debt Service to Operating Expenses
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%
2016	1,430,000	2,463,404	3,893,404	8,964,414	43.43%
2017	1,065,000	1,749,919	2,814,919	9,837,521	28.61%
2018	1,990,000	1,833,349	3,823,349	10,933,830	34.97%
2019	2,070,000	1,753,909	3,823,909	10,633,119	35.96%

Note: The District has no governmental activities debt.

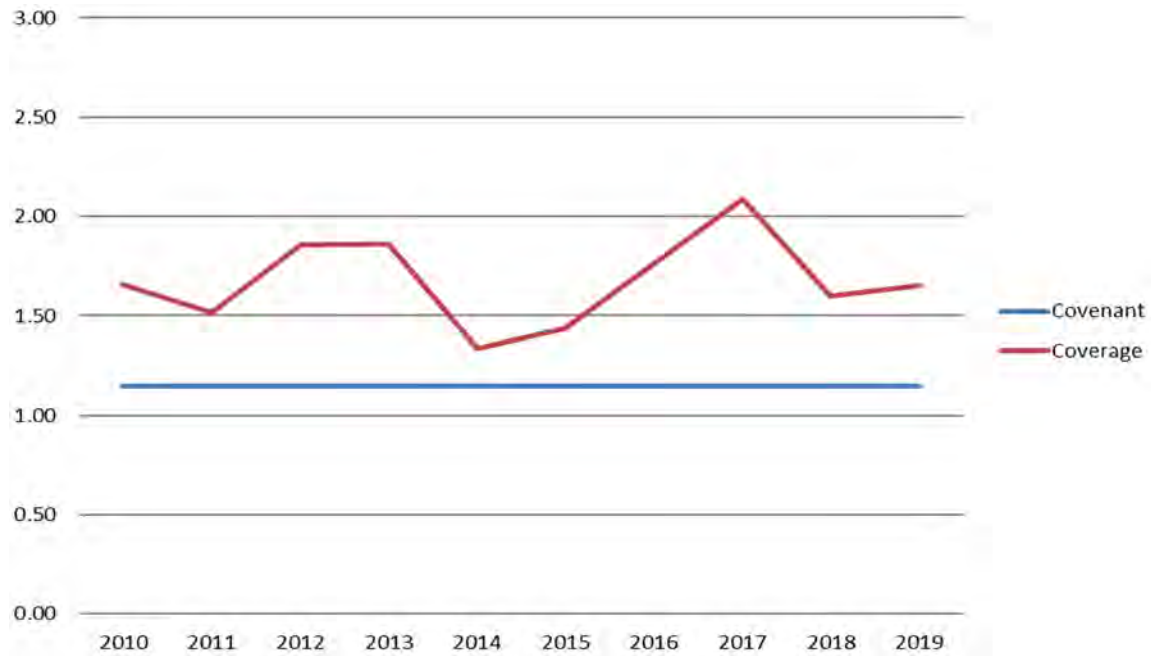
Source: Finance Department

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

Fiscal Year Ended June 30,	COP's - Water Services	COP's - Building	Loans	Unamortized Bond Premiums and Discounts	Total	Percentage of Personal Income	Outstanding Debt per Capita
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	1.325%	370.22
2016	47,575,000	-	-	2,142,263	49,717,263	1.057%	296.00
2017	46,135,000	-	-	2,016,247	48,151,247	0.995%	281.49
2018	44,145,000	-	-	1,890,232	46,035,232	0.881%	267.47
2019	42,075,000	-	-	1,764,217	43,839,217	Not Available	254.71

Source: Finance Department

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

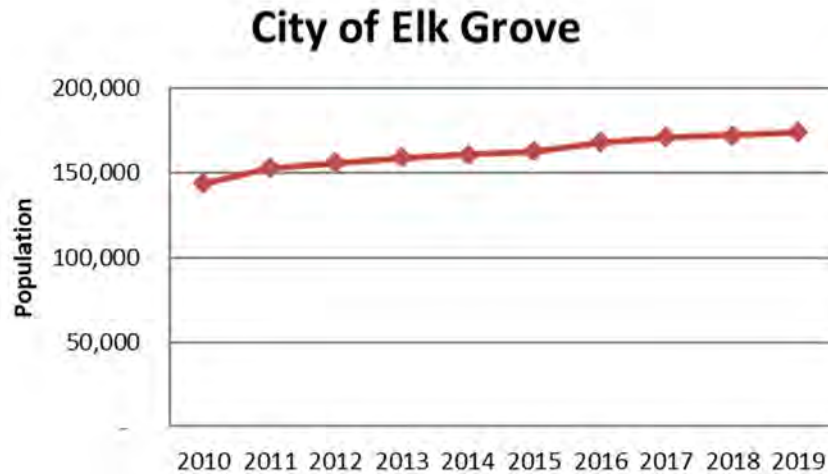


Source: Finance Department

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Operating Revenues:										
Charges for Services	\$ 13,642,267	\$ 13,981,562	\$ 14,420,788	\$ 14,312,791	\$ 13,435,194	\$ 13,185,839	\$ 13,475,325	\$ 14,210,971	\$ 15,343,124	\$ 15,233,673
Operating Expenses:										
Water & Power	\$ 2,487,961	\$ 3,093,211	\$ 2,846,200	\$ 2,872,105	\$ 2,982,746	\$ 2,872,999	\$ 2,694,476	\$ 3,039,628	\$ 3,185,079	\$ 3,064,946
Other Production Expenses	1,047,545	1,160,949	582,000	365,502	411,116	1,437,329	524,769	525,951	552,824	686,121
Payroll & Related Taxes	3,024,955	2,927,357	2,777,271	2,882,423	2,808,085	2,855,533	2,763,806	3,228,235	3,902,805	3,920,469
Insurance	111,455	117,247	74,105	83,098	68,815	76,462	74,280	125,199	86,006	54,500
Administration & General	1,207,200	1,113,405	1,098,238	977,491	865,681	1,218,888	977,466	1,172,524	1,494,913	1,185,292
Operating Expenses, Less Debt Service:	\$ 7,879,116	\$ 8,412,169	\$ 7,377,814	\$ 7,180,619	\$ 7,136,443	\$ 8,461,211	\$ 7,034,797	\$ 8,091,537	\$ 9,221,627	\$ 8,911,328
Net Income From Operations	\$ 5,763,151	\$ 5,569,393	\$ 7,042,974	\$ 7,132,172	\$ 6,298,751	\$ 4,724,628	\$ 6,440,528	\$ 6,119,434	\$ 6,121,497	\$ 6,322,345
Covenant										
Income From Operations	\$ 5,763,151	\$ 5,569,393	\$ 7,042,974	\$ 7,132,172	\$ 6,298,751	\$ 4,724,628	\$ 6,440,528	\$ 6,119,434	\$ 6,121,497	\$ 6,322,345
Interest & Principal Payments	\$ 3,477,026	\$ 3,669,868	\$ 3,795,751	\$ 3,833,665	\$ 4,709,651	\$ 3,290,466	\$ 3,655,240	\$ 2,933,980	\$ 3,823,349	\$ 3,823,909
Coverage Ratio (1.15 Minimum Req.)	1.66	1.52	1.86	1.86	1.34	1.44	1.76	2.09	1.60	1.65

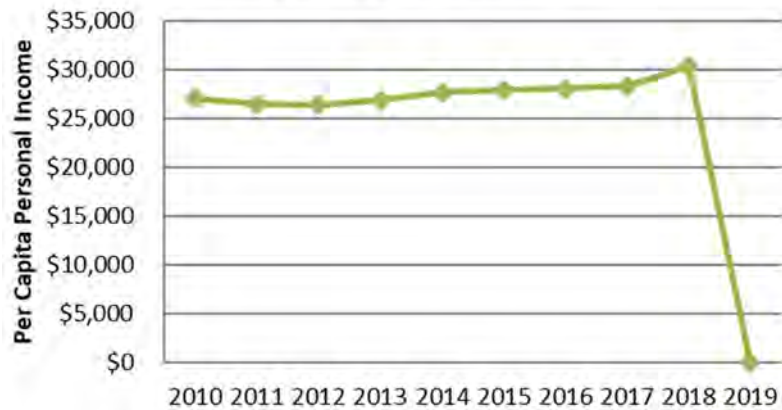
Demographic and Economic Information Florin Resource Conservation District



City of Elk Grove



City of Elk Grove



Data for 2019 unavailable from the City of Elk Grove.

Population Last Ten Fiscal Years

Year	Population ⁽¹⁾	Per Capita Personal Income ⁽²⁾	Unemployment Rate ⁽²⁾
2010	143,885	\$27,043	10.50%
2011	153,015	\$26,479	10.40%
2012	155,937	\$26,407	9.80%
2013	159,074	\$26,887	6.70%
2014	160,688	\$27,680	5.00%
2015	162,899	\$27,932	4.50%
2016	167,965	\$28,014	4.20%
2017	171,059	\$28,288	4.10%
2018	172,116	\$30,354	3.60%
2019	174,025	Not Available	Not Available

Source: (1) California Department of Finance

(2) US Census, City of Elk Grove

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

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

Fiscal Year ended June 30,	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Water sold:										
Purchased water (CCFs)	1,868,738	2,304,632	1,069,886	1,128,430	1,145,719	942,941	806,785	899,099	1,001,381	1,037,318
Treated water (CCFs)	2,079,311	1,471,518	2,189,232	2,397,179	2,055,947	1,585,736	1,365,572	1,527,797	1,725,297	1,663,476
Total	3,948,049	3,776,150	3,259,118	3,525,609	3,201,666	2,528,677	2,172,357	2,426,896	2,726,678	2,700,794
Number of Accounts										
Non-metered	5,328	4,681	3,259	1,193	240	-	-	-	-	-
Metered	6,834	7,409	9,041	10,955	12,109	12,291	12,174	12,506	12,330	12,555
Total	12,162	12,090	12,300	12,148	12,349	12,291	12,174	12,506	12,330	12,555
Average annual CCFs used per account	324.62	312.34	264.97	290.22	259.27	205.73	178.44	194.06	221.14	215.12
Average daily consumption per account	0.8894	0.8557	0.7259	0.7951	0.7103	0.5637	0.4889	0.5317	0.6059	0.5894
Number of Employees:	32	32	30	29	29	29	28	31	29	29

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

Source: Finance Department

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

Fiscal Year ended June 30,	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Capital Asset Statistics										
Water:										
Water main miles	124.0	124.0	124.0	124.0	131.0	131.0	131.0	145.0	145.0	145.0
Maximum daily capacity (thousands of gallons)	14,000	14,000	14,000	14,000	12,800	12,800	12,800	14,000	14,000	11,400
Maximum daily treatment capacity (thousands of gallons)	7,000	7,000	7,000	10,000	10,000	10,000	10,000	11,000	11,000	11,800
Buildings owned	1	1	1	1	2	2	2	2	3	3

Source: Finance Department