

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

S. New Pronouncement, Continued

- GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*- The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. There was no impact on beginning net position as part of implementation of this accounting standard.

- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*- The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. There was no impact on beginning net position as part of implementation of this accounting standard.

- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* - This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. An external investment pool qualifies for that reporting if it meets all of the applicable criteria established in this Statement. The specific criteria address (1) how the external investment pool transacts with participants; (2) requirements for portfolio maturity, quality, diversification, and liquidity; and (3) calculation and requirements of a shadow price. Significant noncompliance prevents the external investment pool from measuring all of its investments at amortized cost for financial reporting purposes. Professional judgment is required to determine if instances of noncompliance with the criteria established by this Statement during the reporting period, individually or in the aggregate, were significant. There was no impact on beginning net position as part of implementation of this accounting standard.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

S. New Pronouncement, Continued

- GASB Statement No. 82, *Pension Issues – An Amendment of GASB Statement No. 67, No. 68, and No. 73* - This Statement addresses certain issues that had been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB 67 and 68*. Specifically, this Statement addresses issued regarding (1) the presentation of payroll-related measures in the required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The City updated covered employee payroll information in the required supplementary information as part of implementation of this accounting standard.

2. CASH AND INVESTMENTS

A. Summary of Cash and Investments

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

	As of June 30, 2016		
	Government-Wide Statement of Net Position		
	Governmental Activities	Business-Type Activities	Total
Deposits and investments	\$ 95,044	\$ 11,295,772	\$ 11,390,816
Restricted cash and investments	-	412,862	412,862
Total cash and investments	\$ 95,044	\$ 11,708,634	\$ 11,803,678

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

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

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:

	2016	2015
Cash on hand	\$ 991	\$ 1,000
Deposits with financial institution	1,051,194	8,823,770
Total cash on hand and deposits	<u>1,052,185</u>	<u>8,824,770</u>
Local Agency Investment funds	337,525	2,834,406
CalTrust	2,000,000	-
Investments held by Custodian	8,001,106	-
Total investments	<u>10,338,631</u>	<u>2,834,406</u>
Total District Treasury	<u>11,390,816</u>	<u>11,659,176</u>
Cash with fiscal agent	<u>412,862</u>	<u>1,813,736</u>
Total cash and investments	<u>\$ 11,803,678</u>	<u>\$ 13,472,912</u>

B. Deposits

The carrying amount of the District's cash deposit was \$1,051,194 and \$8,823,770 at June 30 2016 and 2015 respectively. Balance before reconciling amounts were a positive amount of \$1,489,349 and \$9,476,065 at June 30, 2016 and 2015 respectively. The District has waived collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The remaining amount was collateralized with securities pledged by the pledging financial institution in the District's name.

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

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

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

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

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.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

2. CASH AND INVESTMENTS, Continued

C. Investments, Continued

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

	2016	2015
Interest income	\$ 18,881	\$ 19,014
Unrealized gain in changes in fair value of investments	1,214	1,066
Total investment income	\$ 20,095	\$ 20,080

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, 2016 and 2015, 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, 2016, the District had \$345,873.55 invested in LAIF, which had invested 2.81% of the pool investments funds in Structured Notes and Asset-Backed Securities as compared to 2.08% in the previous year. The LAIF fair value factor of 1.000621222 was used to calculate the fair value of the investments in LAIF.

As of June 30, 2015, the District had \$2,843,259 invested in LAIF, which had invested 2.08% of the pool investments funds in Structured Notes and Asset-Backed Securities as compared to 1.86% in the previous year. The LAIF fair value factor of 1.000375979 was used to calculate the fair value of the investments in LAIF.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

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, 2016 and 2015:

2016

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	\$ 1,000,330	\$ -	\$ -	\$ -	\$ -	\$ 1,000,330
Federal Home Loan Banks	501,330	-	-	501,330	-	-
Federal Home Loan Mortg Corp Notes	4,497,606	-	-	1,000,600	-	3,497,006
Federal National Mortg Assoc Notes	2,001,840	-	-	-	1,000,950	1,000,890
CalTrust	2,000,000	2,000,000	-	-	-	-
Local Agency Investment Fund	337,525	337,525	-	-	-	-
Total	\$ 10,338,631	\$ 2,337,525	\$ -	\$ 1,501,930	\$ 1,000,950	\$ 5,498,226

2015

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

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

2. CASH AND INVESTMENTS, Continued

D. Risk Disclosures, Continued

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. At June 30, 2016 the District's deposits and investments were rated as follows:

	Credit Quality Ratings	
	Moody's	S&P
Federal Farm Credit Bank Bonds	Aaaa	AA+
Federal Home Loan Banks	Aaaa	AA+
Federal Home Loan Mortg Corp Notes	Aaaa	AA+
Federal National Mortg Association Notes	Aaaa	AA+
Local Agency Investment Funds	Unrated	Unrated
CalTrust	Unrated	AAf/S1+

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

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

E. Investment Valuation

Investments (except money market accounts that are included as part of restricted cash and investments) are measured at fair value on a recurring basis. *Recurring* fair value measurements, are those that Governmental Accounting Standards Board (GASB) Statements require or permit in the statement of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments' fair value measurements at June 30, 2016 are described on the following page:

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

2. CASH AND INVESTMENTS, Continued

E. Investment Valuation, Continued

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	\$ 1,000,330	\$ -	\$ 1,000,330	\$ -
Federal Home Loan Banks	501,330	-	501,330	-
Federal Home Loan Mortg Corp Notes	4,497,606	-	4,497,606	-
Federal National Mortg Assoc Notes	2,001,840	-	2,001,840	-
CalTrust	2,000,000	-	2,000,000	-
Local Agency Investment Fund	337,525	-	337,525	-
Total	\$ 10,338,631	\$ -	\$ 10,338,631	\$ -

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.

The District's invests in two CalTrust investment pools (short-term pool and medium term pool). Both investment pools consist of a variety of investments including U.S. agency securities, corporate bonds, asset-backed securities, U.S. treasury obligations, and other. Majority of investments in the CalTrust pools are categorized as Level 2 based on other significant observable inputs (including quoted prices for similar securities and identical securities in inactive markets, interest rates, credit risk, etc.). The District categorized its investment in CalTrust based on the lowest significant input used by CalTrust to determine its average price per share.

The District's fair value for its investment in the State of California Local Agency Investment Fund (LAIF) is based on the fair market value factors provided by LAIF that are calculated based on the total fair market value of the pool. LAIF includes investments categorized as Level 1 such as United States Treasury securities, Federal Agency securities, and supranational debentures that are valued based on prices quoted in active markets and investments categorized as Level 2 such as negotiable certificates of deposit and bank notes that are based on market corroborated pricing utilizing inputs such as yield curves and indices that are derived principally from or corroborated by observable market data by correlation to other means. The District categorized its investments in LAIF based on the lowest significant input used to determine the fair market value of the total pool.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

3. CAPITAL ASSETS

There were no governmental activity capital assets for the years ended June 30, 2016 and 2015.

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

	Balance			Balance			Balance
	June 30, 2014 as Restated	2015		June 30, 2015	2016		
		Additions	Reductions		Additions	Reductions	
Capital assets not being depreciated:							
Land	\$ 1,243,882	\$ -	\$ -	\$ 1,243,882	\$ -	\$ (605,807)	\$ 638,075
Construction in progress	838,339	511,488	-	1,349,827	1,509,476	(1,548,222)	1,311,081
Total capital assets not being depreciated	2,082,221	511,488	-	2,593,709	1,509,476	(2,154,029)	1,949,156
Capital assets being depreciated:							
Buildings	13,105,906	-	-	13,105,906	56,586	(12,023,510)	1,138,982
Wells	8,243,532	105,000	-	8,348,532	82,582	-	8,431,114
Treatment Plants	11,203,786	953,004	-	12,156,790	641,951	-	12,798,741
Water mains	73,229,626	367,839	-	73,597,465	560,071	(28,184)	74,129,352
Equipment	2,142,733	66,714	(16,500)	2,192,947	145,479	(48,876)	2,289,550
Total assets being depreciated	107,925,583	1,492,557	(16,500)	109,401,640	1,486,669	(12,100,570)	98,787,739
Less accumulated depreciation for:							
Buildings	(5,207,806)	(339,332)	-	(5,547,138)	(24,359)	5,240,998	(330,499)
Wells	(3,834,391)	(315,365)	-	(4,149,756)	(311,860)	-	(4,461,616)
Treatment Plants	(4,640,430)	(352,614)	-	(4,993,044)	(347,094)	-	(5,340,138)
Water mains	(15,935,737)	(915,370)	-	(16,851,107)	(919,616)	14,092	(17,756,631)
Equipment	(1,963,523)	(82,289)	16,500	(2,029,312)	(55,480)	48,876	(2,035,916)
Total accumulated depreciation	(31,581,887)	(2,004,970)	16,500	(33,570,357)	(1,658,409)	5,303,966	(29,924,800)
Total capital assets being depreciated, net	76,343,696	(512,413)	-	75,831,283	(171,740)	(6,796,604)	68,862,939
Total capital assets, net	\$ 78,425,917	\$ (925)	\$ -	\$ 78,424,992	\$ 1,337,736	\$ (8,950,633)	\$ 70,812,095

Depreciation expense of \$1,658,409 and \$1,696,67 was allocated to the Water District activities and \$0 and \$308,292 was allocated to the Office Building activities in the government-wide statement of activities during the years ended June 30, 2016 and 2015, respectively.

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

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

4. LONG-TERM DEBT

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

	Balance July 1, 2015	2016		Balance June 30, 2016	Due Within One Year
		Additions	Reductions		
Business-type activities:					
Water District Fund					
Certificates of Participation					
2002 Refunding, Series A	\$ 1,100,000	\$ -	\$ (725,000)	\$ 375,000	\$ 375,000
2002 Capital Improvement, Series B	2,075,000	-	(2,075,000)	-	-
2003 Capital Improvement, Series A	3,915,000	-	(3,915,000)	-	-
2005 Capital Improvement, Series A	11,077,145	-	(11,077,145)	-	-
2014 Refunding, Series A	32,325,000	-	-	32,325,000	715,000
2016 Refunding, Series A	-	14,875,000	-	14,875,000	350,000
Total Water District Fund debt	50,492,145	14,875,000	(17,792,145)	47,575,000	1,440,000
Compensated absences	170,716	36,544	-	207,260	121,463
Total Water District Fund	50,662,861	\$ 14,911,544	\$ (17,792,145)	\$ 47,782,260	\$ 1,561,463
Unamortized bond discounts & premiums	2,021,622	-	(116,917)	2,138,539	
Less: Due within one year	(1,551,463)			(1,561,463)	
Due in more than one year	\$ 51,133,020			\$ 48,359,336	
Office Building Fund					
2003 Subordinate Lien Refunding,					
Series B capital appreciation certificates	\$ 9,816,994	\$ -	\$ (9,816,994)	\$ -	\$ -
Accreted interest on capital appreciation certificates	2,039,690		(2,039,690)	-	-
Total Office Building Fund debt	11,856,684	-	(11,856,684)	-	-
Unamortized bond discounts	(163,052)		163,052		
Less: Due within one year	(11,693,632)			-	
Due in more than one year	\$ -			\$ -	

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

4. LONG-TERM DEBT, Continued

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

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

4. LONG-TERM DEBT, Continued

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

	2016	2015
<u>Water District Fund</u>		
<u>2002 Refunding Certificates of Participation, Elk Grove Water Service, Series A</u>		
On August 16, 2002, the District issued the 2002 Refunding Certificates of Participation, Elk Grove Water Service, Series A in the amount of \$23,675,000. The proceeds were used to refund the 1999 Certificates of Participation, Elk Grove Water Service Acquisition, Series A and B and 1999 Subordinate Lien Capital Appreciation Certificates of Participation, Elk Grove Water Service Acquisition, Series C. The Certificates are secured by a lien on the net water system revenues. Semi-annual principal payments of \$305,000 to \$825,000 are due on September 1 and March 1 through March 1, 2033. Semi-annual interest payments of \$20,625 to \$502,444 are due on September 1 and March 1 through March 1, 2033. Interest rates range from 4.25% to 5.00%.	\$ 375,000	\$ 1,100,000
<u>2002 Capital Improvement Certificates of Participation, Elk Grove Water Service, Series B:</u>		
On August 16, 2002, the District issued the 2002 Capital Improvement Certificates of Participation, Elk Grove Water Service, Series B in the amount of \$10,170,000. The proceeds were used for certain improvements to the water system. The Certificates are secured by a lien on the net water system revenues. Semi-annual principal payments of \$140,000 to \$340,000 are due on September 1 and March 1 through March 1, 2033. Semi-annual interest payments of \$8,500 to \$207,225 are due on September 1 and March 1 through March 1, 2033. Interest rates range from 4.25% to 5.00%	\$ -	\$ 2,075,000
<u>2003 Capital Improvement Certificates of Participation, Elk Grove Water Service, Series A:</u>		
On October 9, 2003, the District issued the 2003 Capital Improvement Certificates of Participation, Elk Grove Water Service, Series A in the amount of \$11,910,000. The proceeds were used for certain improvements to the water system. The net revenues of the water system are pledged under the installment sale agreement. The Certificates are secured by a lien on the net water system revenues. Semi-annual principal payments of \$140,000 to \$470,000 are due on March 1 and September 1 through September 1, 2033. Semi-annual interest payments of \$11,750 to \$268,751 are due March 1 and September 1 through September 1, 2033. Interest rates range from 3.90% to 5.00%.	\$ -	\$ 3,915,000

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

4. LONG TERM DEBT, Continued

	2016	2015
<u>2005 Capital Improvement Certificates of Participation, Elk Grove Water Service, Series A (Current Interest Certificates and Capital Appreciation Certificates):</u>		

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

	\$	-	\$	11,077,145
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Florin Resource Conservation District, Water Revenue Refunding Bonds, 2014 Series A

On December 16, 2014, the District issued the Florin Resource Conservation District, Water Revenue Refunding Bonds, 2014 Series A in the amount of \$32,325,000. The proceeds were used to prepay aggregate principal amount of outstanding certificates of participation previously executed and delivered by the District, purchase a debt service reserve surety bond, and pay for certain costs associated with the issuance of the 2014 Series A Bonds. The Bonds are secured by a lien on the net water system revenues. Annual principal payments of \$715,000 to \$2,450,000 are due on September 1 through September 1, 2032. Semi-annual interest payments of \$37,625 to \$688,909 are due March 1 and September 1, 2016 through September 1, 2032. Interest rates range from 4.30% to 5.00%. 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, 2016 was \$712,404. The aggregate difference between the debt service requirements of the refunding bonds and remaining debt service of the refunded bonds was \$4,893,871.

	\$	32,325,000	-	32,325,000
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Florin Resource Conservation District, Water Revenue Refunding Bonds, 2016 Series A

On June 7, 2016, the District issued the Florin Resource Conservation District, 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 \$124,950 are due March 1, 2016 and September 1 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, 2016 was \$470,443. 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.

	\$14,875,000	-		
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Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

4. LONG TERM DEBT, Continued

	2016	2015	
<p><u>2003 Subordinate Lien Refunding Certificates of Participation, Office Building, Series B (Current Interest Certificates and Capital Appreciation Certificates):</u></p> <p>On March 13, 2003, the Florin Resource Conservation District Economic Development Corporation issued the 2003 Subordinate Lien Refunding Certificates of Participation, Office Building, Series B (Current Interest Certificates and Capital Appreciation Certificates) in the amount of \$10,666,994. Proceeds were used to refund the 1998 Certificates of Participation Senior Lien Current Interest Certificates and the 1998 Certificates originally issued to finance the purchase of an office building. The Certificates are secured by the gross rental revenues of the building financed under a lease agreement with the County of Sacramento Department of Human Assistance. Semi-annual principal payments of \$215,000 to \$523,609 are due on August 1 and February 1, through February 1, 2029. Semi-annual interest payments of \$13,205 to \$249,149 are due August 1 and February 1 through February 1, 2029. Interest rates range from 5.00% to 7.50%</p>	\$	-	\$ 9,816,994
<p>The Capital Appreciation Certificates will be repaid in the amount of \$5,863,007 beginning August 1, 2023. Payments of \$508,511 to \$646,392 will be made on the Certificates each August 1 and February 1 from August 1, 2023 to February 1, 2034 at interest rates of 7.00% to 7.50%. Interest on these Certificates will be accreted over the life of the Certificates in the amount of \$37,307 to \$240,672 per year. The accreted interest is reported as part of long-term liabilities.</p>	\$	-	\$ 2,039,690

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

4. LONG TERM DEBT, Continued

The annual requirements to amortize the outstanding business-type activities debt as of June 30, 2016 are as follows:

Year Ending June 30,	Water District Fund		
	2002 Series A, 2014 Refunding Series A, and 2016 Refundings, Series A Bonds		
	Principal	Interest	Total
2017	\$ 1,440,000	\$ 1,757,888	\$ 3,197,888
2018	1,990,000	1,833,349	3,823,349
2019	2,070,000	1,753,909	3,823,909
2020	2,165,000	1,661,734	3,826,734
2021	2,300,000	1,555,469	3,855,469
2022-2026	13,390,000	6,092,228	19,482,228
2027-2031	16,575,000	3,322,283	19,897,283
2032-2036	7,645,000	319,660	7,964,660
	<u>\$ 47,575,000</u>	<u>\$ 18,296,520</u>	<u>\$ 65,871,520</u>

Pledged Revenues: The District has pledged future water system revenues, net of specified operating expenses, to repay its 2002 Series A and B, 2003 Series A and 2005 Series A Certificates of Participation, Elk Grove Water Service, 2014 Series A Water Revenue Refunding Bonds, and 2016 Series A Water Revenue Refunding Bonds in the original amount of \$23,675,000, \$10,170,000, \$11,910,000 and \$13,267,145, \$32,325,000, and \$14,875,000 respectively. Proceeds of the Certificates were used to refund certain debt issuances as described above and to fund improvements to the water system. The Certificates are payable solely from water system revenues and are payable through September 2033. Annual principal and interest remaining to be paid on the Certificates were \$65,871,520 and \$79,883,874 at June 30, 2016 and 2015. Cash basis principal and interest paid on the Certificates were \$4,080,771 and \$3,290,466 and total water system net revenues calculated in accordance with the covenants were \$5,990,902 and \$4,724,627 at June 30, 2016 and 2015, respectively.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

4. LONG TERM DEBT, Continued

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

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

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

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

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

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

	2016	2015
	<u> </u>	<u> </u>
Covenant 2:		
Net revenues before adjustments (operating income)	\$ 4,341,607	\$ 3,027,949
Add: Depreciation and amortization	1,649,295	1,696,678
Net revenues, not including rate stabilization fund, accrual basis	<u>5,990,902</u>	<u>4,724,627</u>
Interest and principal payments, cash basis (as defined)	<u>4,080,771</u>	<u>3,290,466</u>
Coverage ratio computed	<u>1.47</u>	<u>1.44</u>

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

4. LONG TERM DEBT, Continued

Arbitrage: The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax exempt bonds after August 31, 1986. Arbitrage regulations deal with investments of all tax-exempt bond proceeds at an interest yield greater than the interest paid to the bondholders. Generally, all interest paid to bond holders can be retroactive if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. The District performed calculations of excess investments earnings on various investments and financings and determined there was no arbitrage liability at June 30, 2016 and 2015.

5. NET POSITION RESERVES

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

	Description	2016	2015
Operating fund	120 days of annual operations and maintenance budget	\$ 4,575,414	\$ 4,462,000
Future capital improvement fund	75% of unrestricted funds not allocated to other reserve funds	1,504,000	3,444,750
Capital improvement fund	Annual capital improvement budget	1,044,000	1,643,000
Future capital replacement fund	25% of unrestrictceiid funds not allocated to other reserve funds	120,000	1,148,250
Capital replacement fund	Annual capital replacement budget	3,039,268	682,000
Elections and special studies	Amount specified by Board of Directors	1,013,089	120,000
Total net position commitments		<u>\$ 11,295,771</u>	<u>\$ 11,500,000</u>

6. INSURANCE

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

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

6. INSURANCE, Continued

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

7. RETIREMENT BENEFITS

A. Plan Description

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

B. Benefits Provided

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

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

7. RETIREMENT BENEFITS, Continued

B. Benefits Provided, Continued

The rate plans' provisions and benefits in effect at June 30, 2016 are summarized as follows:

	<u>Miscellaneous - Classic</u>	<u>Miscellaneous - PEPRA</u>
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%	2.00%
Required employee contribution rates	6.00%	6.25%
Required employer contribution rates*	8.003%	6.25%

*Starting in fiscal year 2016, the required employer contribution rate was separated into an Employer Normal Cost Rate and a fixed dollar payment for payment of the unfunded liability. For fiscal year 2016, the required employer payment of the unfunded liability was \$114,134

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 year ended June 30, 2015 were \$291,670.

As of June 30, 2016, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$1,161,343.

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 is measured as of June 30, 2015, and the total pension liability for the Plan used to calculate the net pension liability was determined by actuarial valuations as of June 30, 2014 rolled forward to June 30, 2015 using standard update procedures. The District's proportionate share of the net pension liability was based on the District's plan liability and asset-related information where available, and proportional allocations of plan amounts as of the valuation date where not available.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

7. 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, 2014 and 2015 was as follows:

Proportion - June 30, 2014	0.049250%
Proportion - June 30, 2015	0.042331%
Change - Increase (Decrease)	-0.006919%

For the year ended June 30, 2016, the District recognized pension expense of \$(95,122). At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Pension contributions subsequent to measurement date	\$ 298,557	\$ -
Changes in employer's proportion	262,515	60,489
Differences between the employer's contribution and the employer's proportionate share of contributions	215,837	-
Changes of assumptions	-	181,440
Differences between expected and actual experiences	19,177	-
Net differences between projected and actual earnings on plan investments	-	90,958
Total	<u>\$ 796,086</u>	<u>\$ 332,887</u>

\$298,557 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017.

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

Year	
Ending June 30:	
<u> </u>	
2017	\$ 29,880
2018	25,614
2019	(6,976)
2020	116,124

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

7. RETIREMENT PLANS, Continued

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

Actuarial Assumptions - The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions:

	<u>Miscellaneous Plans</u>
Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
Inflation	2.75%
Projected Salary Increase	Varies by entry age and service
Investment Rate of Return ⁽¹⁾	7.65%
Mortality	Derived by CalPERS membership data for all funds

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

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a January 2010 actuarial experience study for the period 1997 to 2007. Further details of the Experience Study can found on the CalPERS website.

Discount Rate - The discount rate used to measure the total pension liability was 7.65 percent for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.65 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65 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, Continued
For the years ended June 30, 2016 and 2015

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100%		

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

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

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

7. RETIREMENT PLANS, Continued

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

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:

1% Decrease		6.65%
Net Pension Liability	\$	1,842,185
Current Discount Rate		7.65%
Net Pension Liability	\$	1,161,343
1% Increase		8.65%
Net Pension Liability	\$	599,229

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

Payable to the Pension Plan

At June 30, 2016 the District reported a payable of \$0 for outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

8. OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description: The District's other postemployment benefits plan (the plan) is an agent defined benefit healthcare plan administered by the District. CalPERS invests the plan's assets as part of the California Employer's Retiree Benefit Trust (CERBT), resulting in its classification as an agent plan. The plan provides lifetime healthcare insurance coverage for eligible retirees and their dependents through the District's group medical insurance plan, which covers both active and retired participants. EGWD pays a portion of the group medical, dental, and vision insurance premiums for each eligible employee and spouse or registered domestic partner retiring within 120 days of separation from EGWD. Eligibility is based on an employee reaching 55 years of age and having fifteen years continuous service with EGWD. Benefits from the EGWD plan cease for a spouse upon death of the retiree. Employees hired before October 28, 2009 had a one-time option to increase their years for eligibility from five to fifteen and have vision and dental coverage added to their post-retirement benefit.

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

8. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

Since premiums are determined for active employees and retirees on a combined basis, an implied subsidy must be reflected under GASB45. Benefit provisions are established and may be amended through agreements and memorandums of understanding between the District and its employees. The Plan does not issue a financial report.

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

Annual OPEB Cost and Net OPEB Obligation/Assets: The District's annual other postemployment benefits cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The table on the following page shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's Net OPEB obligation for the year ended June 30, 2016 and 2015.

	2016	2015
Annual required contribution (ARC)	\$ 155,455	\$ 77,079
Interest on net OPEB obligation	(39,784)	(43,572)
Adjustment to annual required contribution	37,615	39,662
Annual OPEB cost (expense)	153,286	73,169
Contribution	(155,574)	(77,079)
(Increase) decrease in net asset	(2,288)	(3,910)
Net OPEB obligation (asset) - beginning of year	(576,477)	(572,567)
Net OPEB obligation (asset) - end of year	\$ (578,765)	\$ (576,477)

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2013	\$ 90,351	107%	\$ (567,774)
6/30/2014	68,355	107%	(572,567)
6/30/2015	73,169	105%	(576,477)
6/30/2016	153,286	101%	(578,765)

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

8. OTHER POSTEMPLOYMENT BENEFITS PLAN, Continued

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

	<u>7/1/2015</u>
Actuarial accrued liability (AAL)	\$ 1,893,606
Actuarial value of plan assets	<u>1,834,047</u>
Unfunded actuarial accrued (liability) asset (UAAL)	<u>\$ (59,559)</u>
Funded ratio (actuarial value of plan assets/ AAL)	96.9%
Covered payroll (active plan members)	\$ 1,961,000
UAAL as a percentage of covered payroll	-3.0%

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

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

For the July 1, 2015 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 7.28% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7.0% initially, reduced by decrements to an annual rate of 5.0%, 3.25% annual payroll increases and a 5.00% general inflation assumption. The initial UAAL was amortized as a level percentage of projected payroll over a closed 30-year period. The remaining amortization period at June 30, 2015 was 23 years.

9. COMMITMENTS AND CONTIGENCIES

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

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

10. RESTATEMENT

The District recorded prior period adjustment to recognize deferred outflows of resources, deferred inflows of resources, and net pension liability as of June 30, 2014.

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

11. SALE AND EXTINGUISHMENT OF DEBT

The Subordinate Lien Refunding Certificates of Participation, Office Building, Series 2003 B (Current Interest Certificates and Capital Appreciation Certificates) (the Certificates) were collateralized by an office building at 2450 Florin Road, Sacramento owned by the District and leased by the County of Sacramento Department of Human Assistance (the County). The lease payments received from the County that were the sole source of repayment of the Certificates were not adequate to make the scheduled debt service payment along with administrative, operating and maintenance expenses while maintaining administrative, operations and maintenance expense reserve funds required under the debt agreement. No other District revenues could have legally been used to make up the shortfall of lease revenues. The District also previously used a portion of the administration expense reserve fund to make certain payments on the Certificates and was not able to maintain the required reserve funds. The use of reserve funds to make debt service payments on the certificates and not being able to maintain required reserve funds resulted in the District being in technical default of the debt agreement. The technical default resulted in the requirement to file a Notice of Listed Event with the Trustee under the Trust Agreement. The District initially filed a Notice of Listed Event with the Bank of New York Mellon Trust Company, N.A. on October 26, 2011 and updates that filing on a regular basis. The Notices can be accessed on the continuing disclosures tab of the Electronic Municipal Market Access Website at www.emma.msrb.org by searching for Florin Resource Conservation District and the Certificates above.

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

Florin Resource Conservation District
Notes to Basic Financial Statements, Continued
For the years ended June 30, 2016 and 2015

11. SALE AND EXTINGUISHMENT OF DEBT, Continued

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

On May 29, 2015, the District filed a Complaint for Declaratory Relief in the Sacramento County Superior Court seeking a judicial declaration that its sale of the office building and payment from the sale proceeds of costs of sale, delinquent property taxes, and deferred Capital Improvements, and payment of the net sale proceeds to the Trustee for distribution to the 2003 Certificate holders is reasonable, appropriate and consistent with the District's obligations under the Certificates. Due to the technical default of the debt, all outstanding principal amounts due under the Certificates are reported as a current liability on the statement of net position at June 30, 2015.

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

On February 23, 2016 the Bank of New York Mellon Trust Company, N.A., issued a Notice of Distribution to Holders of Florin Resource Conservation District Certificates of Participation Subordinate Lien Current Interest Series 2003A and Subordinate Lien Capital Appreciation Series 2003B. The Notice provided the calculation and estimated date of final distribution to Bondholders which took place on February 29, 2016.

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REQUIRED SUPPLEMENTARY INFORMATION

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Florin Resource Conservation District
Required Supplementary Information
For the year ended June 30, 2016 and 2015

1. BUDGETARY COMPARISON INFORMATION -GENERAL FUND

For the year ended June 30, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Use of money and property	\$ 100	\$ 100	\$ 93	\$ (7)
Miscellaneous	-	-	353	353
Total revenues	<u>100</u>	<u>100</u>	<u>446</u>	<u>346</u>
EXPENDITURES:				
General government	36,130	36,130	34,831	1,299
Total expenditures	<u>36,130</u>	<u>36,130</u>	<u>34,831</u>	<u>1,299</u>
REVENUES OVER (UNDER) EXPENDITURE	<u>(36,030)</u>	<u>(36,030)</u>	<u>(34,385)</u>	<u>1,645</u>
Net change in fund balance	<u>\$ (36,030)</u>	<u>\$ (36,030)</u>	<u>(34,385)</u>	<u>\$ 1,645</u>
FUND BALANCE:				
Beginning of year			123,219	
End of year			<u>\$ 88,834</u>	

For the year ended June 30, 2015

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

Florin Resource Conservation District
Required Supplementary Information
For the years ended June 30, 2016 and 2015

2. DEFINED BENEFIT PENSION PLAN

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

	<u>6/30/2015</u>	<u>6/30/2014</u>
Proportion of the net pension liability	0.04234%	0.01956%
Proportionate share of the net pension liability	\$ 1,161,703	\$ 1,217,268
Covered payroll	\$ 2,055,396	\$ 2,094,592
Proportionate Share of the net pension liability as percentage of covered payroll	56.52%	62.00%
Plan fiduciary net position as a percentage of the total pension liability	78.40%	79.82%

Notes to Schedule:

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

B. Schedule of Contributions - Last 10 Years*

	<u>2016</u>	<u>2015</u>
Contractually required contribution (actuarially determined)	\$ 298,556	\$ 291,670
Contribution in relation to the actuarially determined contributions	(298,556)	(291,670)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,375,112	\$ 2,055,396
Contributions as a percentage of covered payroll	12.57%	14.19%

Note to Schedule

Valuation date: 6/30/2013 6/30/2012

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

Florin Resource Conservation District
Required Supplementary Information
For the years ended June 30, 2016 and 2015

2. OTHER POSTEMPLOYMENT BENEFIT PLAN SCHEDULE OF FUNDING PROGRESS

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

Funded Status of Plan

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Actuarial Unfunded (Overfunded) Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>Liability as Percentage of Covered Payroll</u>
7/1/2013	1,474,536	1,085,281	(389,255)	135.9%	1,944,000	-20%
7/1/2015	1,893,606	1,834,047	(59,559)	103.2%	2,375,112	-3%

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STATISTICAL SECTION

Table of Contents

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

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

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

Fiscal Year ended June 30,	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Unrestricted	\$ 168,419	\$ 170,385	\$ 67,862	\$ 69,903	\$ 80,760	\$ 88,227	\$ 80,927	\$ 132,261	\$ 123,219	88,834
Total governmental activities net position	168,419	170,385	67,862	69,903	80,760	88,227	80,927	132,261	123,219	88,834
Business-Type										
Invested in capital assets (net of debt)	(15,919,943)	(16,229,391)	(17,480,931)	(17,738,507)	(18,773,507)	(17,230,289)	(15,360,450)	15,860,844	17,009,265	22,281,403
Restricted for Debt Services	2,455,387	2,348,094	2,224,971	2,383,125	1,953,435	1,965,930	1,834,869	1,863,744	1,871,782	412,862
Restricted for Capital Projects	7,989,292	6,336,442	3,771,280	1,568,906	533,691	1,321	1,321	1,321	-	-
Restricted for administrative, operating and maintenance expenses					480,803	419,984	365,030	202,854	3,775	-
Unrestricted	(3,457,192)	337,661	5,509,663	9,122,678	9,538,425	10,042,430	10,676,025	9,786,366	8,220,125	11,982,765
Total business-type net position	(8,932,456)	(7,207,194)	(5,975,017)	(4,663,798)	(6,267,153)	(4,800,624)	(2,483,205)	27,715,129	27,104,947	34,677,030
Primary Government										
Net investment in capital assets	(15,919,943)	(16,229,391)	(17,480,931)	(17,738,507)	(18,773,507)	(17,230,289)	(15,360,450)	15,860,844	17,009,265	22,281,403
Restricted	10,444,679	8,684,536	5,996,251	3,952,031	2,967,929	2,387,235	2,201,220	2,067,919	1,875,557	412,862
Unrestricted	(3,288,773)	508,046	5,577,525	9,192,581	9,619,185	10,130,657	10,756,952	9,918,627	8,343,344	12,071,599
Total Primary government net position	\$ (8,764,037)	\$ (7,036,809)	\$ (5,907,155)	\$ (4,593,895)	\$ (6,186,393)	\$ (4,712,397)	\$ (2,402,278)	\$ 27,847,390	\$ 27,228,166	\$ 34,765,864

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

Fiscal Year ended June 30,	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
General Government	\$ 17,030	\$ 16,253	\$ 116,712	\$ 18,961	\$ 1,198	\$ 3,894	\$ 21,579	\$ 37,166	\$ 21,847	\$ 34,831
Business-type activities:										
Water	9,561,923	10,377,324	11,741,844	12,442,411	12,765,798	11,946,649	11,607,439	11,855,162	12,447,446	10,754,181
Office Building	1,412,270	1,703,967	1,495,043	1,377,430	161,956	1,747,033	1,544,934	1,641,329	1,672,932	320,016
Total business-type activities	10,974,193	12,081,291	13,236,887	13,819,841	14,385,367	13,693,682	13,152,373	13,496,491	14,120,378	11,074,197
Total primary government expenses	10,991,223	12,097,544	13,353,599	13,838,802	14,386,565	13,697,576	13,173,952	13,533,657	14,142,225	11,109,028
Program Revenues										
Governmental Activities:										
Charges for Services	9,833	11,900	12,000	12,000	12,000	11,333	9,533	5,467	-	-
Operating Grants				8,936						
Total governmental activities	9,833	11,900	12,000	20,936	12,000	11,333	9,533	5,467	-	-
Business-type activities:										
Charges for Services										
Water	8,358,765	11,922,374	12,865,774	13,642,267	13,981,562	14,420,788	14,312,791	13,435,194	13,185,838	13,475,325
Office Building	1,421,381	1,346,210	1,414,636	1,414,572	1,532,453	1,414,572	1,292,417	1,121,400	1,121,400	373,800
Operating Grants	69,075	-	10,519	3,834		198,000		100,000	-	-
Total business-type activities	9,849,221	13,268,584	14,290,929	15,060,673	15,514,015	16,033,360	15,605,208	14,656,594	14,307,238	13,849,125
Total primary government program revenues	9,859,054	13,280,484	14,302,929	15,081,609	15,526,015	16,044,693	15,614,741	14,662,061	14,307,238	13,849,125
Net revenues (expenses)										
Governmental activities	(7,197)	(4,353)	(104,712)	1,975	10,802	7,439	(12,046)	(31,699)	(21,847)	(34,831)
Business-Type	(1,124,972)	1,187,293	1,054,042	1,240,832	1,128,648	2,339,678	2,452,835	1,160,103	186,860	2,774,928
Total net revenues (expenses)	(1,132,169)	1,182,940	949,330	1,242,807	1,139,450	2,347,117	2,440,789	1,128,404	165,013	2,740,097
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Interest and investment earnings	501	361	189	66	55	28	17	50	2,643	93
Other revenues	2,558						4,729	82,983	10,162	353
Transfers	7,173									
Total governmental activities	10,232	361	189	66	55	28	4,746	83,033	12,805	446
Business-type activities:										
Interest and investment earnings	709,971	349,606	126,485	42,170	36,642	21,812	20,886	18,188	19,970	20,002
Other revenues		188,363	51,650	28,217	91,758	276,738	52,452	22,304	290,069	4,777,152
Transfers	(7,173)									
Total business-type activities	702,798	537,969	178,135	70,387	128,400	298,550	73,338	40,492	310,039	4,797,154
Total primary government	713,030	538,330	178,324	70,453	128,455	298,578	78,084	123,525	322,844	4,797,600
Change in net position:										
Governmental activities	3,035	(3,992)	(104,523)	2,041	10,857	7,467	(7,300)	51,334	(9,042)	(34,385)
Business-type activities	(422,174)	1,725,262	1,232,177	1,311,219	1,257,048	2,638,228	2,526,173	1,200,595	496,899	7,572,082
Total primary government	\$ (419,139)	\$ 1,721,270	\$ 1,127,654	\$ 1,313,260	\$ 1,267,905	\$ 2,645,695	\$ 2,518,873	\$ 1,251,929	\$ 487,857	\$ 7,537,697

Source: Finance Department

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

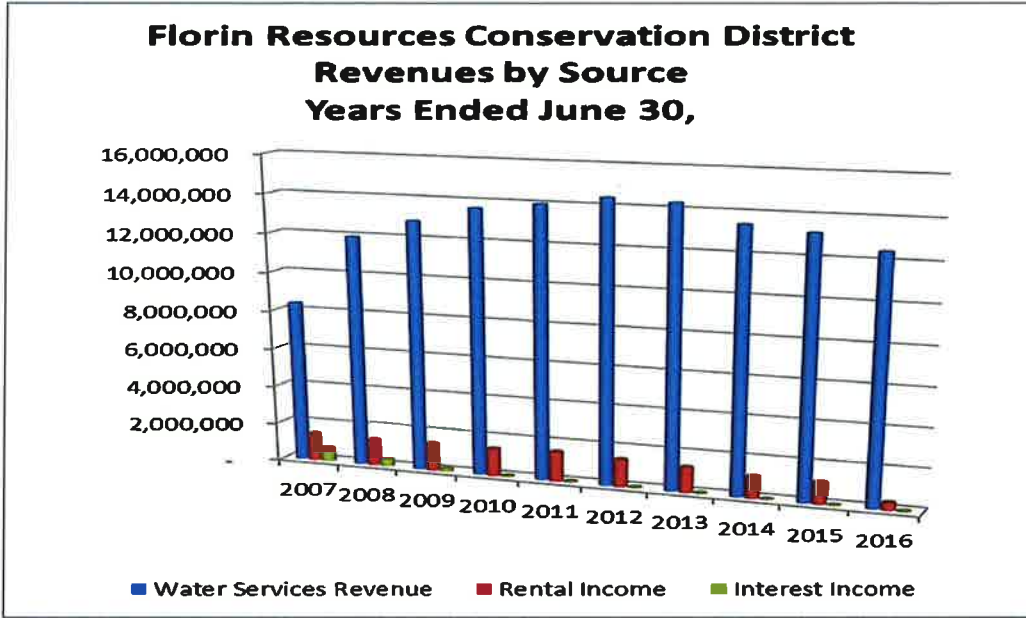
Fiscal Year ended June 30,	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved										
Unreserved	\$ 168,419	\$ 172,385	\$ 67,862	\$ 69,903	\$ 80,760	88,227	76,198	132,261	123,219	88,834
Total General Fund	168,419	172,385	67,862	69,903	80,760	88,227	76,198	132,261	123,219	88,834

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

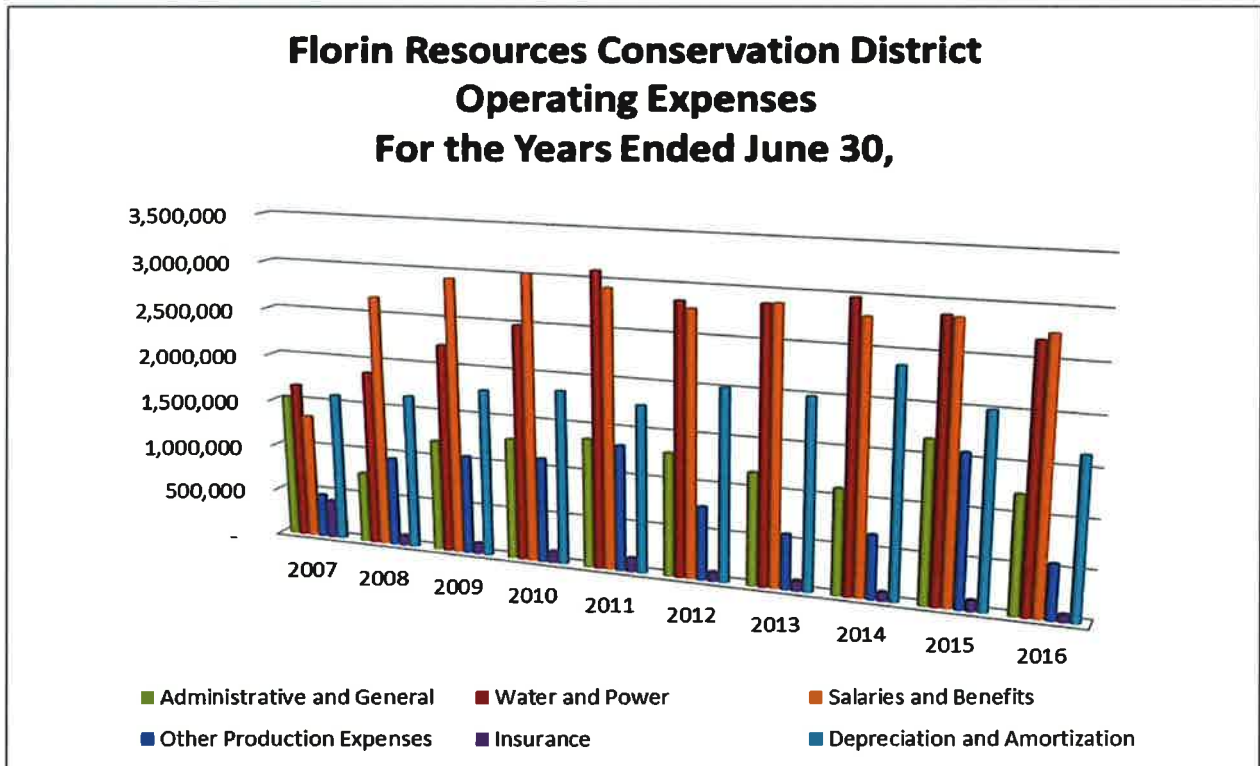
Fiscal Year ended June 30,	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Use of money and property	10,334	10,261	14,189	12,066	12,055	11,361	9,550	5,517	2,643	93
Other	2,558			8,936				4,729	10,162	353
Total Revenues	12,892	10,261	14,189	21,002	12,055	11,361	9,550	10,246	12,805	446
Expenditures										
General and administrative	17,030	8,295	116,712	18,961	1,198	3,894	21,579	37,166	21,847	34,831
Total expenditures	17,030	8,295	116,712	18,961	1,198	3,894	21,579	37,166	21,847	34,831
Other Financing Sources										
Transfers	7,173									
Gain (loss) on disposal of capital assets								82,983		
Total other financing sources	7,173	-	-	-	-	-	-	82,983	-	-
Net change in fund balance	3,035	1,966	(102,523)	2,041	10,857	7,467	(12,029)	56,063	(9,042)	(34,385)
Fund balance, beginning of the year	165,384	168,419	170,385	67,862	69,903	80,760	88,227	76,198	132,261	123,219
Fund balance, end of the year	\$ 168,419	\$ 170,385	\$ 67,862	\$ 69,903	\$ 80,760	\$ 88,227	\$ 76,198	\$ 132,261	\$ 123,219	\$ 88,834

Source: Finance Department

Florin Resource Conservation District Financial Trends



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



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

Source: Finance Department

**Florin Resource Conservation District
Elk Grove Water District Rate Analysis**

Last Ten Years

	2006/07	2007/08	2008/09	2009/10	2010/11
	Metered Rate Area 1	Metered Rate Area 2	Metered Rate	Metered Rate	Metered Rate
	Flat Rate	Flat Rate	Flat Rate	Flat Rate	Flat Rate
Monthly Fixed Rate					
1 inch meter	\$ 30.41	\$ 40.06	\$ 58.26	\$ 69.91	\$ 78.30
Monthly Consumption Rates					
1st tier: 0-30 ccf	0.445	1.09	1.31	1.46	1.46
2nd tier: over 30 ccf	0.445	1.34	1.61	1.80	1.80
Each sq. ft. of premises over 4,000 sf.		0.00122	0.00182	0.00218	0.00244
Average Bill	50.03	66.04	79.25	88.76	88.76
Fixed Charge					
5/8" meter	21.89	31.08	42.06	50.47	56.53
3/4" meter	24.25	34.06	42.06	50.47	56.53
1" meter	30.41	40.06	42.06	50.47	56.53
1 1/2" meter	46.25	55.07	54.68	65.61	73.48
2" meter	63.87	73.47	88.33	105.99	118.71
3" meter	106.44	115.08	332.27	398.73	446.56
4" meter	167.68	175.17	420.60	504.72	565.29
6" meter	320.21	327.25	630.90	847.93	847.93
8" meter	503.27	870.64	1,044.77	1,170.14	1,170.14

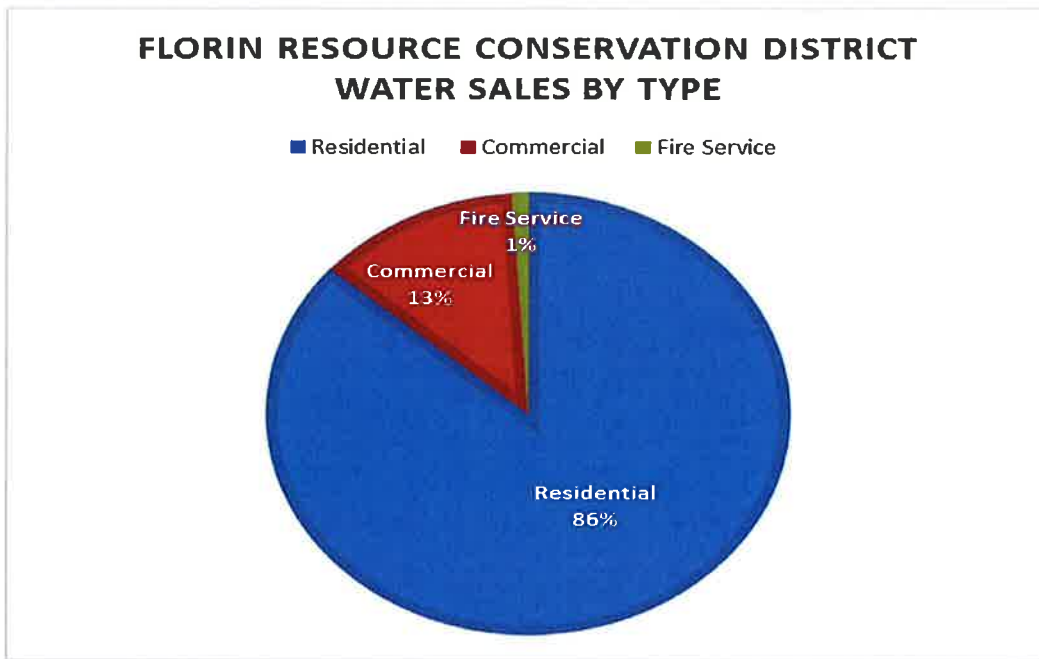
	2011/12		2012/13		2013/14		2014/15		2015/16	
	Metered Rate	Flat Rate	Metered Rate	Flat Rate	Metered Rate	Flat Rate	Metered Rate	Flat Rate	Metered Rate	Flat Rate
Monthly Fixed Rate										
1 inch meter	\$ 56.53	\$ 78.30	\$ 56.53	\$ 78.30	\$ 59.23	\$ 70.22	\$ 60.01	\$ 72.00	\$ 62.84	N/A
Monthly Consumption Rates										
1st tier: 0-30 ccf	1.46		1.46		1.39		1.44		1.48	
2nd tier: over 30 ccf	1.80		1.80		2.76		2.85		2.93	
Each sq. ft. of premises over 4,000 sf.		0.00244		0.00244		0.00244		0.00244		N/A
Average Bill	88.76		88.76		84.25		86.93		89.48	
Fixed Charge										
5/8" meter	56.53		56.53		59.23		60.01		62.84	
3/4" meter	56.53		56.53		59.23		60.01		62.84	
1" meter	73.48		73.48		59.23		60.01		62.84	
1 1/2" meter	118.71		118.71		83.37		85.87		88.45	
2" meter	446.56		446.56		112.34		115.71		119.18	
3" meter	565.29		565.29		179.93		185.33		190.89	
4" meter	847.93		847.93		276.49		284.79		293.33	
6" meter	1,170.14		1,170.14		517.89		533.43		549.43	
8" meter					807.57		831.80		856.75	
10" meter					1,145.53		1,179.90		1,215.29	

	2006/07		2007/08		2008/09		2009/10		2010/11	
	Metered Rate Area 1	Metered Rate Area 2	Flat Rate	Metered Rate	Flat Rate	Metered Rate	Flat Rate	Metered Rate	Flat Rate	Metered Rate
Flat Rate										
3/4" service			28.77	46.61	55.93		62.64		62.64	
1" service			39.10	58.26	69.91		78.30		78.30	
1 1/4" service			50.43	69.91	83.89		93.96		93.96	
1 1/2" service			62.86	81.72	90.89		109.83		109.83	
2" service			92.71	122.35	146.82		164.44		164.44	
3" service			198.28	460.25	552.30		618.58		618.58	
4" service				582.60	699.12		783.02		783.02	
6" service				873.90	1,048.68		1,174.53		1,174.53	
8" service				1,205.98	1,410.13		1,579.35		1,579.35	
1x3/4" + 1x2" service			106.33	168.95	202.74		227.07		227.07	
2x3/4" service			42.40	93.22	111.86		125.29		125.29	
3x3/4" service			56.04	139.82	167.79		187.93		187.93	
10x3/4" service			151.46	466.08	559.30		626.42		626.42	
33x3/4" service			465.04	1,538.06	1,845.68		2,067.17		2,067.17	
68x3/4" service			942.20	3,169.34	3,803.21		4,259.60		4,259.60	
2x1" service			63.06	116.52	139.82		156.60		156.60	
6x1" + 1x2" service			236.53	471.91	566.29		634.25		634.25	
6x1" service			158.97	349.56	419.47		469.81		469.81	
16x1" service			398.69	932.16	118.59		132.83		132.83	
21x1" service			518.55	1,223.46	1,468.15		1,644.33		1,644.33	
49x1" service			1,189.79	2,854.74	3,425.69		3,836.78		3,836.78	
72x1" service			1,741.17	4,194.72	5,033.66		5,637.70		5,637.70	
100x1" service			2,412.39	5,826.00	6,991.20		7,830.15		7,830.15	
2x2" service			170.27	244.69	293.63		328.87		328.87	

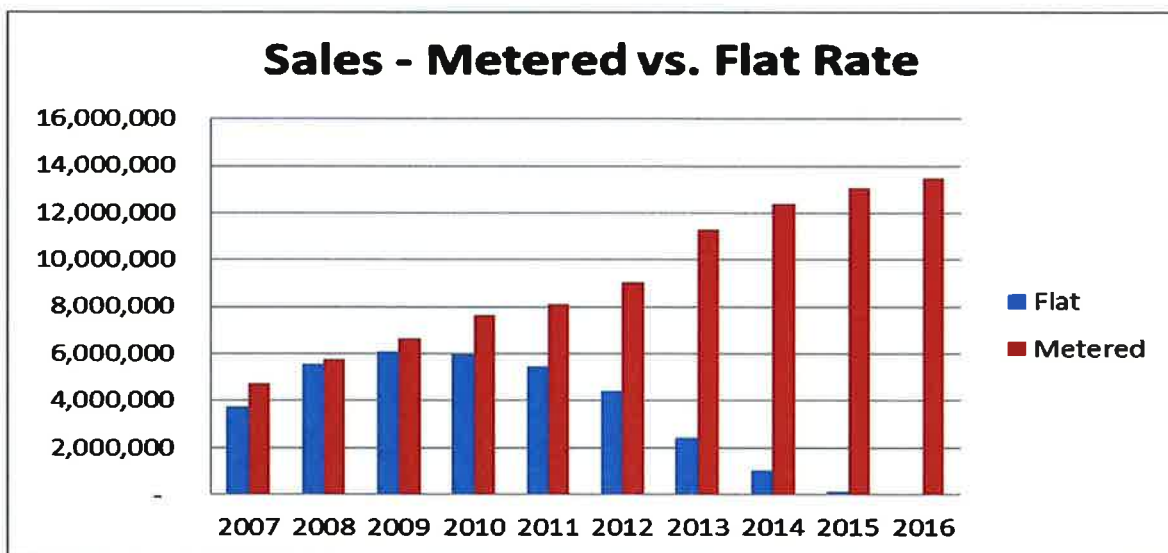
	2011/12		2012/13		2013/14		2014/15		2015/16	
	Metered Rate	Flat Rate	Metered Rate	Flat Rate	Metered Rate	Flat Rate	Metered Rate	Flat Rate	Metered Rate	Flat Rate
Flat Rate										
3/4" service		62.64		62.64						
1" service		78.3		78.3		70.22		72.00		N/A
1 1/4" service		93.96		93.96						
1 1/2" service		109.83		109.83		94.36		96.86		N/A
2" service		164.44		164.44		123.33		126.7		N/A
3" service		618.58		618.58		190.92		196.32		N/A
4" service		783.02		783.02						
6" service		1174.53		1174.53						
8" service		1579.35		1579.35						
1x3/4" + 1x2" service		227.07		227.07						
2x3/4" service		125.29		125.29						
3x3/4" service		187.93		187.93						
10x3/4" service		626.42		626.42						
33x3/4" service		2067.17		2067.17						
68x3/4" service		4259.6		4259.6						
2x1" service		156.6		156.6						
6x1" + 1x2" service		634.25		634.25						
6x1" service		469.81		469.81						
16x1" service		132.83		132.83						
21x1" service		1644.33		1644.33						
49x1" service		3836.78		3836.78						
72x1" service		5637.7		5637.7						
100x1" service		7830.15		7830.15						
2x2" service		328.87		328.87						

	2006/07		2007/08		2008/09		2009/10		2010/11		
	Metered Rate Area 1	Metered Rate Area 2	Flat Rate	Metered Rate	Flat Rate	Metered Rate	Flat Rate	Metered Rate	Flat Rate	Metered Rate	
Each additional single family residential unit			5.09		7.58		9.10		10.20		10.20
Each sq. ft. of premises over 4,000 sq. ft.			0.00122				0.00218		0.00244		0.00244
Fire Protection Service											
2" connection				44.17		21.20		23.74		23.74	
3" connection		23.20		166.14		79.75		89.32		89.32	
4" connection		27.22		210.30		100.94		113.05		113.05	
6" connection		39.24		315.45		151.41		169.58		169.58	
8" connection		50.31		435.32		208.95		234.02		234.02	
Usage											
1st 3,000 ccf		0.83		1.09		1.31		1.46		1.46	
Over 3,000 ccf		1.02		1.34		1.61		1.80		1.80	

	2011/12	2012/13	2013/14	2014/15	2015/16
	Metered Rate	Metered Rate	Metered Rate	Metered Rate	Metered Rate
	Flat Rate	Flat Rate	Flat Rate	Flat Rate	Flat Rate
Each additional single family residential unit		10.20	10.20	10.09	10.19
Each sq. ft. of premises over 4,000 sq. ft.		0.00244	0.00244	0.00244	0.00244
Fire Protection Service					
2" connection	23.74	23.74	2.71	2.79	2.87
3" connection	89.32	89.32	7.87	8.11	8.35
4" connection	113.05	113.05	16.78	17.28	17.80
6" connection	169.58	169.58	48.73	50.19	51.70
8" connection	234.02	234.02	103.85	106.96	110.17
10" connection			186.75	192.35	198.12
12" connection			301.65	310.70	320.02
Usage					
1st 3,000 ccf	1.46	1.46			
Over 3,000 ccf	1.80	1.80			
In April 2013 a new 5 year Rate Plan was adopted					
Source: Finance Department					

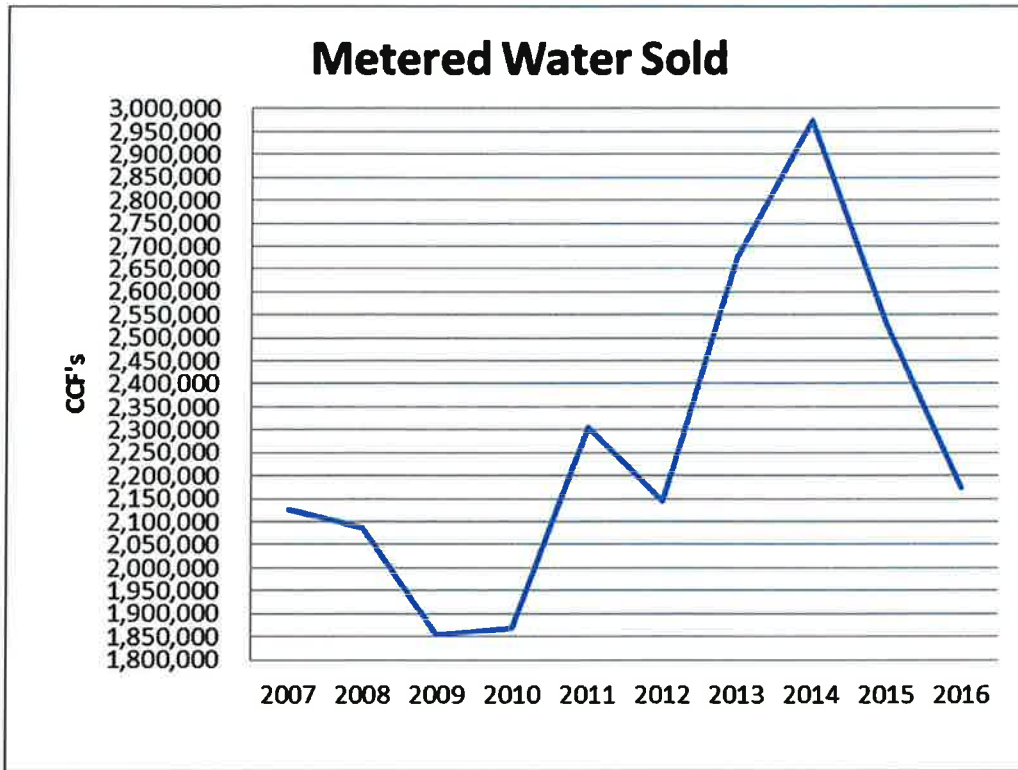


Sales by Type – This graph shows the percentages of the three major components of water sales by the Elk Grove Water District.



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

Source: Finance Department



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

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

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

Year End	Flat Rate	Metered	Total	Residential	Commercial
6/30/07	6,033	5,855	11,888	11,327	561
6/30/08	6,020	5,999	12,019	11,453	566
6/30/09	5,849	6,272	12,121	11,530	618
6/30/10	5,328	6,834	12,162	11,509	653
6/30/11	4,681	7,409	12,090	11,474	616
6/30/12	3,259	9,041	12,300	11,679	621
6/30/13	1,193	10,955	12,148	11,523	625
6/30/14	240	12,109	12,349	11,784	565
6/30/15	0	12,291	12,291	11,779	512
6/30/16	0	12,174	12,174	11,662	512

Source: Finance Department