Citrus Heights Water District | Citrus Heights, CA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Years Ended December 31, 2021 and 2020

CITRUS HEIGHTS WATER DISTRICT

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ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Years Ended December 31, 2021 and 2020

Citrus Heights Water District
Citrus Heights, CA

Prepared by :
Citrus Heights Water District
Administrative Services Department

6230 Sylvan Road
Citrus Heights, CA 95610
www.chwd.org

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CITRUS HEIGHTS WATER DISTRICT

Comprehensive Annual Financial Report
Years Ended December 31, 2021 and 2020

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INTRODUCTORY SECTION

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CITRUS HEIGHTS WATER DISTRICT

May 09, 2022

Honorable Members of the Board of Directors:

We are pleased to present the Citrus Heights Water District's ("District") fifth Annual Comprehensive Financial Report ("ACFR") for the fiscal year ending December 31, 2021. This report was prepared by District staff in conformity with generally accepted accounting principles ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of certified public accountants.

The ACFR provides an assessment of the District's financial condition, informs readers about District services, includes information about capital improvement projects, and discusses current initiatives within the District's Basic Financial Statements. Financial and demographic trend information is provided within the statistical section located at the end of the report. Management at the District is responsible for both the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures. As management, we assert that, to the best of our knowledge and belief, the information and data, as presented, is accurate in all material respects, and it is presented in a manner that provides a fair representation of the financial position and operations of the District. Furthermore, all disclosures that are necessary to enhance the Board's understanding of the financial condition of the District have been included.

The District's financial statements have been audited by Lance, Soll & Lunghard, LLP (LSL), a firm of independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ending December 31, 2021 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ending December 31, 2021, were fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this report.

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) Section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately after the Independent Auditors' Report.

Profile of Citrus Heights Water District

Citrus Heights Water District was established in 1920, as the Citrus Heights Irrigation District, encompassing slightly more than 4.7 square miles, and serving approximately 225 farms. The District currently serves water to a population of approximately 67,000 people within an approximate 12 square mile service area.

Citrus Heights Water District carries out its mission with a highly-motivated and competent staff that is empowered to conduct the District's business by placing the customers' needs and welfare first. Each day, the District's employees strive to carry out their work, mindful of the District's mission, "to furnish a dependable supply of safe, quality water delivered to its customers in an efficient, responsive, and affordable manner."

Governance and Organizational Structure

CHWD is a special district established by the State of California. The District is governed by a three-member Board of Directors that is elected to a four-year term by voters who reside in the District's service area. Beginning with the 2020 election, CHWD Board elections were changed to "By-District," whereby only those customers who reside in the same CHWD District that a Board Member lives in will vote for that Board position. The District was staffed in 2021 by 37 full-time equivalent employees assigned to three departments: Administrative Services, Engineering, and Operations. The General Manager and District General Counsel are appointed by, and report directly to, the Board of Directors. All other staff members report to the General Manager or General Manager's designee.

Water Supply

In 2021, the District purchased 67.35% of its water from San Juan Water District (SJWD), and delivered it to over 20,000 residential and commercial service connections. Additionally, the District maintains six groundwater wells and approximately 252 miles of pipeline. CHWD has been treating and delivering groundwater to customers since 1943.

Accounting and Budget Structure

CHWD operates as an enterprise fund with a fiscal year that begins January 1 and ends on December 31. Generally accepted accounting principles (GAAP) require local governments to use a proprietary-type fund, such as an enterprise fund, to account for business-type activities similar to those found in the private sector. An enterprise fund is one in which the expenditures are supported by fees collected primarily through charging users in exchange for services. CHWD operations are supported entirely by fees collected from customers in exchange for providing water service and managing the groundwater basin.

CHWD's management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft or misuse. The internal control structure ensures that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). CHWD's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management.

CHWD's Board annually adopts a budget prior to the new fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations, accountability for CHWD's enterprise operations, and capital projects. The budget is presented on the accrual basis of accounting, and is consistent with the presentation of CHWD's Annual Comprehensive Financial Report. As part of the budget process, a Financial Model is updated annually to analyze revenue and expenses along with capital improvements. Also, CHWD's Board adopted an accelerated payoff schedule to reduce the District's unfunded actuarial liability to the following: 20 years (other post-employment benefits) and 15 years (pension) amortizations beginning in FY2018. This accelerated payoff will result in savings to the District's customers versus the previous, longer amortization.

Financial Policies

The CHWD financial policies include many of the District's financial management practices that are used for operational and strategic decision making. These policies also allow the Board of Directors and community stakeholders to monitor how effectively the District is managing its financial responsibilities, as well as providing a means for holding the District fiscally accountable. These policies are reviewed annually to incorporate minor changes to existing policy, or major shifts in financial priorities at the discretion of the Board of Directors.

- Investment Policy – The Board has adopted an investment policy that conforms to state law, CHWD's ordinances and resolutions, prudent money management, and the "prudent person" standards. The objectives of the Investment Policy are safety, liquidity, and then yield. Currently, funds are invested in various securities as authorized by CHWD's Investment Policy, with most of the District's funds invested in California's Local Agency Investment Fund (LAIF).

- Reserve Policies – The District has ten Reserve accounts with supported policies to balance ongoing operations to capital improvement programs. These funds are allocated to the maintenance, repair, replacement, or improvement of water system infrastructure. Adequate reserves, along with sound financial policies, provide financial flexibility to counter unanticipated expenditures or revenue fluctuations.

Audit and Financial Reporting

State Law and bond covenants require CHWD to obtain an annual audit of its financial statements by an independent Certified Public Accountant. The accounting firm of LSL conducted the audit of CHWD's financial statements. Their unmodified Independent Auditor's Report appears in the Financial Section. This is the first year of a potential five-year engagement with LSL.

Risk Management

CHWD participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) for the purchase of workers' compensation, liability, property, automobile, and fidelity insurance. The typical liability limits are $5 million per incident/occurrence.

Economic Condition, Outlook and Major Initiatives

CHWD is primarily a residential community, with some commercial enterprises within its boundaries. The District's service area is almost built out; therefore, the District does not anticipate a significant growth in revenue based solely upon new development. The District is forecasting a slow but steady revenue increase based on 0.5% growth per year from the demand in small in-fill of housing or commercial development within District boundaries.

CHWD operates as an enterprise fund, meaning the costs of providing water service and protecting groundwater resources are financed by rates and fees charged to District customers. Since the District receives no revenue from taxes, operating revenues consist primarily of water sales and bi-monthly service charges. Water use decreased during 2021, which the District attributes to customers being in their homes less as lockdown restrictions caused by the COVID-19 pandemic were lifted; however, since 2013, District customers have decreased their water use significantly in response to state-wide drought mandates. The District expects consumption to continue decreasing in the next few years. This drop in demand created a gap between the amount of water customers were projected to use, and the amount they actually used, and contributed to the need for a new rate study and Financial Model rebuild.

The District also continues to monitor the region's water supply. Limited rains and snowfall during 2021 and the early part of 2022 bring the potential to return the State of California (State) to drought conditions as the State has declared a Stage 2 conservation program early 2022. The imposition of new drought restrictions would accelerate the decrease in consumption by the District's customers.

CHWD and its wholesale water supplier, San Juan Water District (SJWD), continue to encounter changes in operations due to new regulations. The impact of current and future regulations, and the resulting cost impact on water supply operations, are an ongoing challenge for the District. The District anticipates a cost increase from its wholesale water supplier in 2023 as a result of SJWD issuing debt for the upgrade of the Hinkle Reservoir, which serves CHWD and neighboring agencies.

As of January 1, 2022, CHWD charges a uniform commodity rate of $1.19 per unit and a bi-monthly fixed charge of $91.33 for a 1-inch meter. One unit of water equals 748 gallons which means that the cost per gallon is 0.16 cents. At $833.58 per year, the cost of water service for a typical single family home using 179,520 gallons of water annually remains a good value for CHWD's customers.

The District continues to repair and replace aging infrastructure throughout its system. During 2021, the District completed 433 service replacements, and replaced 2,940 linear feet of water mains. The District also completed main replacements on Fair Oaks Boulevard, Langley Avenue, Marsala Court, and Wisconsin Drive. Capital projects scheduled for 2022 total $7.2 million, and include design and construction of the District's seventh well. Working with federal and regional partners, the District has secured up to $1.6 million in grant funding for a new high-capacity groundwater well capable of pumping 1,000 gallons of drinking water per minute. On March 15, 2022, President Biden signed the federal Fiscal Year 2022 omnibus funding package which contained a $585,000 Community Project Funding for CHWD's Ella Well Project.

Through this crisis, the District has remained steadfast in its commitment to the safety and well-being of its customers. Therefore, the District temporarily suspended its assessment of penalties for delinquent accounts, and temporarily suspended shut-offs for nonpayment, which were subsequently suspended permanently. Additionally, the District remains operational to continue serving its customers, and has increased its customer outreach program to provide vital information and assure our customers that their water supply is safe, clean, and dependable.

Long-Term Financial Planning

Citrus Heights Water District utilizes a number of planning strategies when considering long-term financial forecasts.

- **Strategic Plan** – Strategic planning involves establishing a vision for the future and a clear mission statement to provide direction and define what the organization stands for and what it has pledged to accomplish. Since 2016, CHWD has held a strategic planning workshop for the Board of Directors, management, and at-large customers. The purpose of the workshop has been to review the District's mission statement and values, and to implement the District's mission and values through an Annual Work Program. The Work Program includes three-year goals and one-year objectives, which emphasize the District's commitment to promoting the efficient use of water, managing CHWD's water supply, implementing capital improvements, and optimizing organizational efficiency. The Strategic Plan and its accompanying Annual Work Program form the basis for the District's priority-based budgeting efforts.

- **Project 2030 Water Main Replacement Plan** – This plan was identified during the strategic planning process as a key strategy for engaging customers in long-range water main replacement planning and funding efforts. The purpose of this plan is to inform customers about challenges and opportunities, and the current actions being undertaken to ensure water supply reliability, and prepare for the replacement of aging infrastructure.

- **Capital Improvement Plan** – The Strategic Plan lays the groundwork for the Capital Improvement Plan, which includes project schedules and projected costs for production and water supply facilities identified in a 1999 Facilities Master Plan. The Capital Improvement Plan is a ten year forecast and a capital reinvestment plan.

- **10-Year Financial Planning Model** – The previous Financial Planning Model was prepared by NBS in consultation with District staff in June 2013, and includes short and long-range projections of the District's revenues, operating and maintenance expenses, capital expenditures, and reserves over the next ten years. Raftelis Financial Consultants were retained to work with District staff to prepare a new Financial Planning Model, which was completed and presented to the Board in 2019, updated and used in the development of the 2021 budget. The model is updated as changes in customer water use impact long-range financial projections and capital improvement and water supply plans evolve.

- **Annual Budget** – A key component of financial planning is the District's budget, which is prepared, reviewed and adopted annually. Every summer, District Finance staff prepares a draft budget, based upon an analysis of the Financial Planning Model and on revenue/expenditure submissions from CHWD's departments. The budget is presented to the Board of Directors for approval prior to the beginning of the next fiscal year. The annual budget includes forecasts for revenues, operating expenditures and capital expenditures, and is formulated using a priority-based budgeting approach.

- **Water Meter Replacement Program**– As CHWD's first generation of meters age-out, the District has taken the lead to form an 11-agency consortium to partner in the replacement and testing of meters on an on-going basis. The goal of the newly-created Meter Replacement Program consortium is to take advantage of an economies of scale of over 300,000 meters to be able to reduce meter asset management costs for CHWD and its consortium partners. The consortium's initial project is the completion of a Meter Replacement Program Study to identify opportunities for partnership and strategies for each agency in the short and long-term to optimally manage meter replacements.

Awards and Acknowledgements

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Citrus Heights Water District for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2020. This was the third consecutive year that the District achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental agency must publish an easily readable and efficiently organized ACFR. The 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. CHWD believes that this ACFR continues to meet the Certificate of Achievement Program's requirements, and is submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report was accomplished through the combined efforts of CHWD's staff, most notably Accounting Manager Alberto Preciado, along with support from the various departmental directors, managers, and supervisors. CHWD staff's dedicated efforts, professionalism, and contributions to CHWD's ACFR is greatly appreciated. We would also like to thank the members of the Board of Directors for their continued support in planning and implementing the District's fiscal policies.

Respectfully submitted,

Hilary M. Straus
General Manager/Secretary

Susan K. Talwar
Director of Finance and Administrative Services/ Treasurer

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

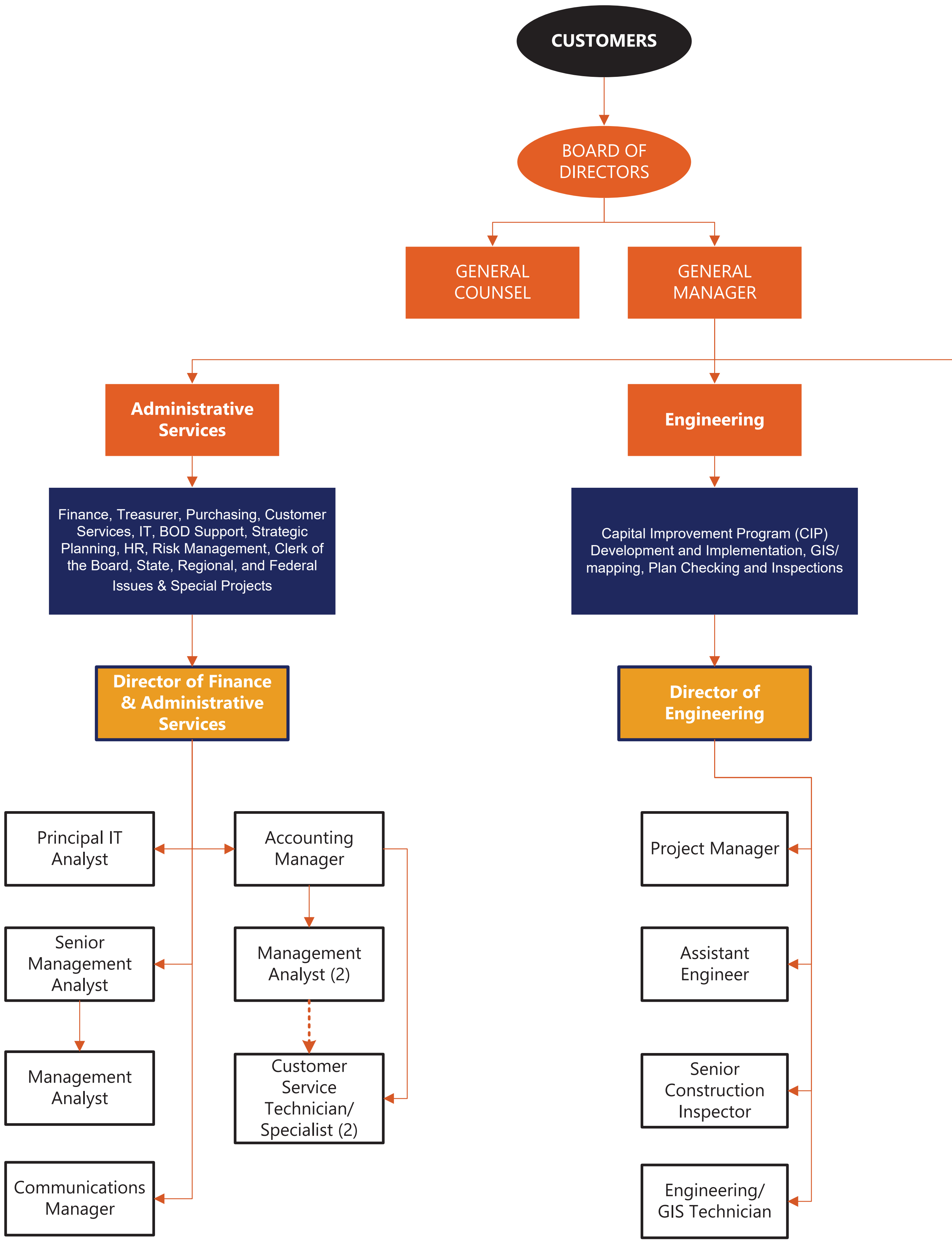
Citrus Heights Water District
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

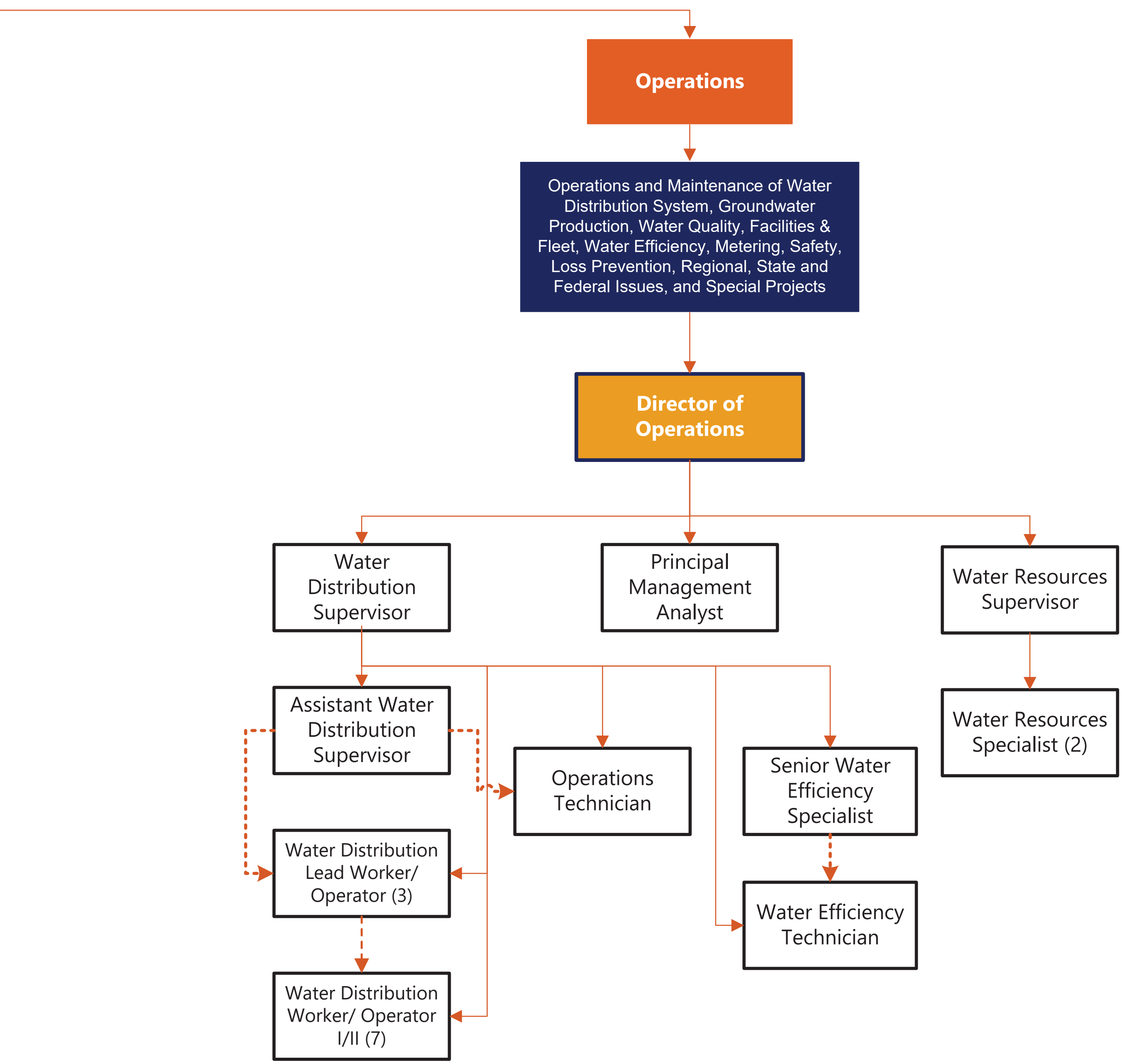
December 31, 2020

Christopher P. Morrill

Executive Director/CEO


CUSTOMERS
BOARD OF DIRECTORS
GENERAL COUNSEL
GENERAL MANAGER
Administrative Services
Finance, Treasurer, Purchasing, Customer Services, IT, BOD Support, Strategic Planning, HR, Risk Management, Clerk of the Board, State, Regional, and Federal Issues & Special Projects
Director of Finance & Administrative Services
Principal IT Analyst
Accounting Manager
Senior Management Analyst
Management Analyst (2)
Management Analyst
Customer Service Technician/ Specialist (2)
Communications Manager
Engineering
Capital Improvement Program (CIP) Development and Implementation, GIS/ mapping, Plan Checking and Inspections
Director of Engineering
Project Manager
Assistant Engineer
Senior Construction Inspector
Engineering/ GIS Technician

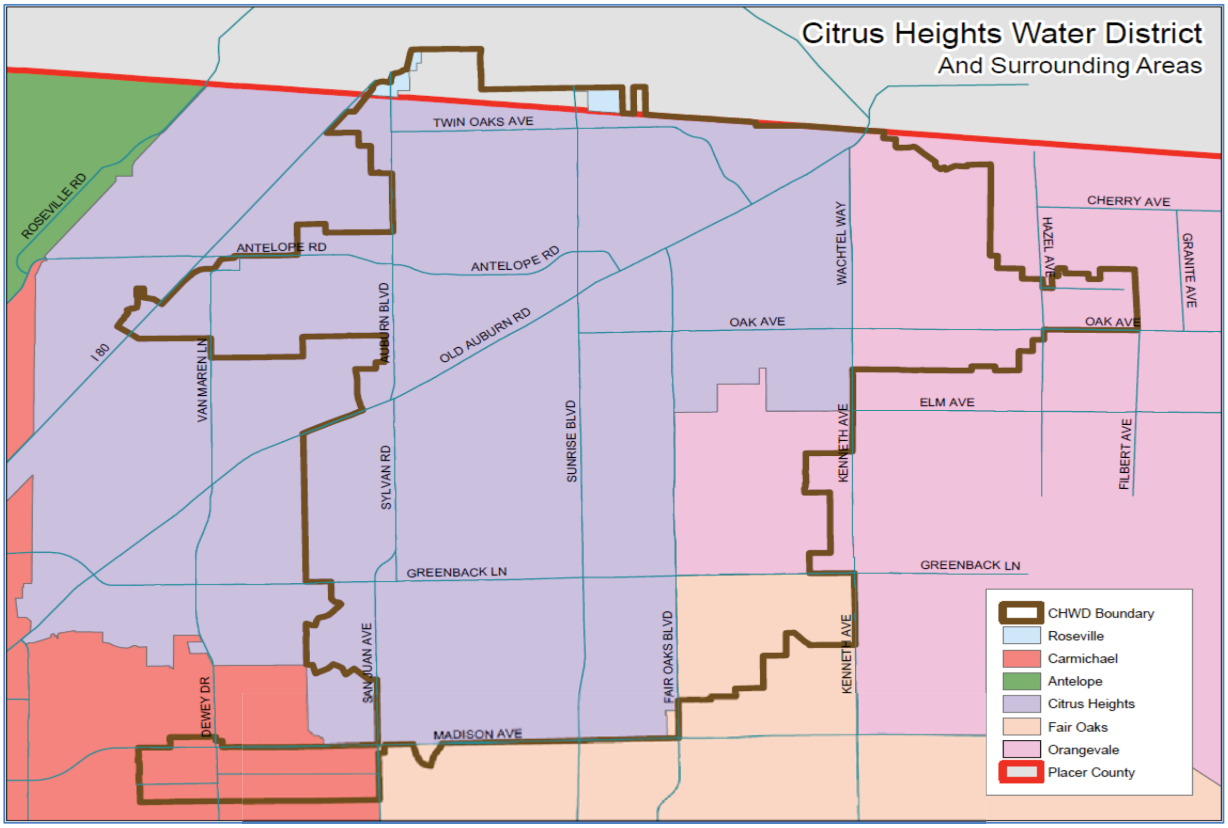
2021

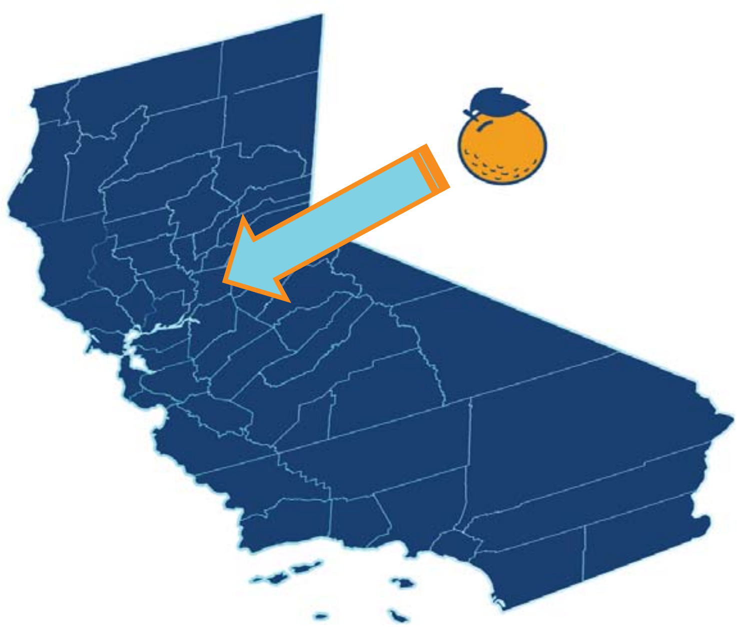


Operations
Operations and Maintenance of Water Distribution System, Groundwater Production, Water Quality, Facilities & Fleet, Water Efficiency, Metering, Safety, Loss Prevention, Regional, State and Federal Issues, and Special Projects
Director of Operations
Water Distribution Supervisor
Principal Management Analyst
Water Resources Supervisor
Assistant Water Distribution Supervisor
Operations Technician
Senior Water Efficiency Specialist
Water Resources Specialist (2)
Water Distribution Lead Worker/ Operator (3)
Water Efficiency Technician
Water Distribution Worker/ Operator I/II (7)

CITRUS HEIGHTS WATER DISTRICT

Service Area Map with Cities Served





CITRUS HEIGHTS WATER DISTRICT

Board of Directors and Principal Officers

Board of Directors

President	Caryl F. Sheehan	Division One
Vice President	Raymond A. Riehle	Division Two
Director	David C. Wheaton	Division Three

Executive Staff

General Manager	Hilary M. Straus
Director of Engineering	Melissa Pieri
Director of Finance and Administrative Services	Susan K. Talwar
Director of Operations, Acting	Rebecca Scott

Appointed Officers

Secretary	Hilary M. Straus
Treasurer	Susan K. Talwar
Assessor Collector	Alberto Preciado

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FINANCIAL SECTION

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Independent Auditor's Report

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INDEPENDENT AUDITORS' REPORT

To the Honorable Members of the Board of Directors
Citrus Heights Water District
City of Citrus Heights, California

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the Citrus Heights Water District (the District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Citrus Heights Water District (the District), as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the date of the financial statements.

To the Honorable Members of the Board of Directors
Citrus Heights Water District
City of Citrus Heights, California

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Other Reporting Responsibilities

Required Supplementary Information

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

To the Honorable Members of the Board of Directors
Citrus Heights Water District
City of Citrus Heights, California

Prior Year Audited Financial Statements

The financial statements for the year ended December 31, 2020, were audited by other auditors whose report dated April 13, 2021 expressed an unmodified opinion on those financial statements. We were not engaged to audit, review, or apply any procedures to the 2020 financial statements and accordingly, we do not express an opinion or any other form of assurance on the 2020 financial statements as a whole.

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 and statistical sections 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Lance, Soll & Lunghard, LLP

Sacramento, California
May 9, 2022

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Management's Discussion and Analysis

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The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Citrus Heights Water District (District) provides an introduction to the financial statements of the District for the fiscal years ended December 30, 2021 and 2020. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

The following items are, in the opinion of District management, among the most significant in assessing the District's overall financial activities during 2021 and its financial position at the close of the year 2021:

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of year 2021 by $81,545,536. About 77 percent of the District's net position, $62,822,494, is composed of the capital assets of the District – the water transmission and distribution system, water production facilities, land, buildings, and equipment belonging to the District. Unrestricted net position totaled $18,723,042, up from $15,649,654 at the end of year 2020. This increase is due primarily to an 11.9 percent rate increase levied by the Board of Directors at the beginning of 2021, and connection fees received from a large development being built in the District. In fiscal year 2020, unrestricted net assets increased to $15,649,654, up from $12,217,198 at the end of 2019. This increase is due primarily to an 11.9 percent rate increase levied by the Board of Directors at the beginning of 2020.

- Capital improvement spending in year 2021 decreased by $666,074 as compared with 2020. Capital improvements capitalized in 2021 amounted to $3.6 million. Capital improvement spending in year 2020 increased by $823,011 as compared to year 2019. Capital improvements capitalized in 2020 amounted to $3.8 million.

- The District's operating revenues for 2021 were $17,517,961. About 95 percent of operating revenues, $16,579,945, came from water sales to customers.

- The District's total net long-term liabilities at the end of 2021, including the 2012 Revenue Refunding bonds, pension liability, liability for other postemployment benefits (OPEB), and compensated absences is $5,814,856. GASB Statement No. 68 required the recording of pension liability amounting to $2,335,284. GASB Statement No. 75 required the recording of OPEB liability in the amount of $1,727,677. Liabilities from Bond debt service decreased by $108,370 due to a reduction in principal on debt during 2021 resulting from debt service payments made during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: (1) management's discussion and analysis; and (2) the financial statements, including the notes to financial statements and required supplementary information.

The financial statements provide both long-term and short-term information about the District's overall financial status. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The required supplementary information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) to provide more context regarding the financial statements from an appropriate operational, economic, or historical perspective.

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units on an accrual basis. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses, and Changes in Net Position. All assets and liabilities associated with the operation of the District are included in the Balance Sheet.

The Balance Sheet presents the financial position of the District on a full accrual historical cost basis and provides information about the nature and amount of resources and obligations at year-end.

Balance Sheet

The following table summarizes assets, deferred outflows, liabilities, deferred inflows, and net position at December 31, 2021, 2020, and 2019:

				% Increase (Decrease)	
	2021	2020	2019	FY21 vs FY20	FY20 vs FY19
Current assets	$25,303,085	$22,371,449	$18,801,764	13.1%	18.9%
Capital assets, net	64,504,097	61,322,653	59,640,444	5.2%	2.8%
Total Assets	**89,807,182**	**83,694,102**	**78,442,208**	**7.3%**	**6.7%**
Deferred outflows	**1,464,785**	**1,480,824**	**2,113,759**	**(1.1)%**	**(29.9)%**
Current liabilities	1,660,601	1,526,560	2,295,848	8.8%	(33.5)%
Non-current liabilities	5,814,856	8,213,325	7,945,889	(29.2)%	3.4%
Total Liabilities	**7,475,457**	**9,739,885**	**10,241,737**	**(23.3)%**	**(4.9)%**
Deferred Inflows	**2,250,974**	**254,032**	**361,220**	**786.1%**	**(29.7)%**
Net Position					
Net investment in capital assets	62,822,494	59,531,355	57,193,152	5.5%	4.1%
Restricted for debt service	-	-	542,660	0.0%	(100.0)%
Unrestricted	18,723,042	15,649,654	12,217,199	19.6%	28.1%
Total Net Position	**$81,545,536**	**$75,181,009**	**$69,953,010**	**8.5%**	**7.5%**

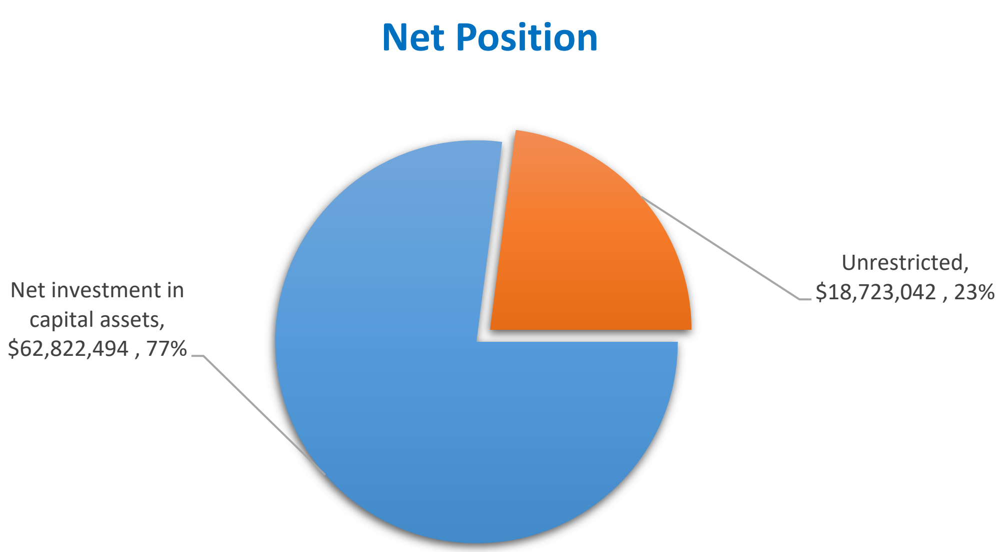
The total net position of the District increased from $70.0 million in 2019 to $75.2 million in 2020, and increased to $81.5 million in 2021. The District's total assets increased by $6.1 million, or 7.3%, in 2021 compared to 2020, and $5.3 million, or 6.7%, in 2020 compared to 2019.

Deferred outflows decreased by 0.9% from $1.5 million in 2020 to $1.5 million in 2021, due to the amortization of a prior-year balance of pension deferred outflows; a 29.9% decrease in deferred outflows from $2.1 million in 2019 to $1.5 million in 2020 was due to the amortization of a prior-year balance of pension deferred outflows.

In 2021, the total liabilities decreased $2.26 million, or 23.3%, compared to 2020 as a result of CalPERS investment returns reducing the net pension liability; in 2020, total liabilities decreased $501,852, or 4.9%, compared to 2019 due to paying off the District's 2010 Certificates of Participation.

Deferred inflows increased by $2.0 million, or 786.1% to $2.3 million in 2021 from $254,032 in 2020 as a result of changes in actuarial assumptions affecting the calculation of the pension liability; deferred inflows decreased by $107,188, or 29.7%, to $254,032 in 2020 from $361,220 in 2019 primarily as a result of changes in actuarial assumptions affecting the calculation of the pension liability.

The increase in net position over the three-year period totals $11.6 million or 16.6% and is the result of the combination of net income and capital contributions.



Changes in Net Position

The following table summarizes the changes in net position for the fiscal years ended December 31, 2021, 2020, and 2019:

	2021	2020	2019	% Increase (Decrease)	
Operating revenues	$17,517,961	$19,203,757	$15,340,476	(8.8)%	25.2%
Operating expenses:					
Customer service, administration and general	4,044,256	4,999,639	4,371,420	(19.1)%	14.4%
Water purchases	2,798,201	2,917,535	3,131,903	(4.1)%	(6.8)%
Transmission and distribution	2,351,139	2,490,474	2,425,827	(5.6)%	2.7%
Pumping & well maintenance	1,047,987	826,804	683,432	26.8%	21.0%
Water efficiency (Conservation)	753,058	553,068	617,732	36.2%	(10.5)%
Depreciation & amortization	2,485,902	2,469,339	2,435,900	0.7%	1.4%
Total operating expenses	13,480,543	14,256,859	13,666,214	(5.4)%	4.3%
Operating income	4,037,418	4,946,898	1,674,262	(18.4)%	195.5%
Nonoperating revenues	42,416	159,970	322,600	(73.5)%	(50.4)%
Nonoperating expenses	189,766	169,051	230,101	12.3%	(26.5)%
Net income before capital contributions	3,890,068	4,937,817	1,766,761	(21.2)%	179.5%
Capital contributions:					
Contributed (donated) assets	2,474,459	290,182	898,084	752.7%	(67.7)%
Grant Revenue	-	-	-	0.0%	0.0%
Total capital contributions	2,474,459	290,182	898,084	752.7%	(67.7)%
Change in net position	6,364,527	5,227,999	2,664,845	21.7%	96.2%
Net position, beginning of year, as restated	75,181,009	69,953,010	67,288,165	7.5%	4.0%
Net position, end of year	$81,545,536	$75,181,009	$69,953,010	8.5%	7.5%

Net position increased $6.4 million, or 8.5 percent from the prior year; in 2020, net position increased $5.2 million, or 7.5 percent from 2019. Operating revenue that exceeded operating expenses by $4.0 million and $4.9 million for 2021 and 2020, respectively, accounts for the majority of the increase in net position, and most of these funds were expended for the construction of capital improvements or set aside for that purpose. The receipt of $2.5 million in donated assets from private developer additions to the District's water distribution system accounted for about 38.9 percent of the increase in net position.

Total operating revenues decreased in 2021 by $1.7 million or 8.8 percent from 2020, and in 2020 by $3.9 million or 25.2 percent from 2019. An decrease in water consumption, and the stabilization of development projects within District boundaries account for most of this increase. Water consumption by District customers decreased in 2021 compared to 2020 by 4.2% due to customer returning to work and otherwise spending less time at home during 2021 pandemic restrictions were lifted. Water consumption by the District customers increased in 2020 compared with consumption in 2019 by 9.1%; this is as a result of residential customers being home more often during 2020 due to the COVID pandemic.

Total nonoperating revenues decreased by $117,554 or 73.5% in 2021 to $42,416 from $159,970 in 2020. This was primarily a result of decreased investment income, caused by a reduction in interest rates due to financial concerns related to the COVID pandemic. Nonoperating revenues decreased by $162,630 or 50.4%, to $159,970 in 2020 from $322,600 in 2019. This was primarily a result of decreased investment income, caused by a reduction in interest rates due to financial concerns related to the COVID pandemic, and a decrease in groundwater sales in 2020.

Total nonoperating expenses increased by $20,715 or 12.3% in 2021 to $189,766 from $169,051 in 2020 as a result of disposing of assets that caused a higher loss on disposal of capital assets. In 2020, total nonoperating expenses decreased by $61,050 or 26.5% to $169,051 from $230,101 in 2019; this was the result of lower interest expense due to paying off one of the District's debt issuances, as well as a result of disposing of fewer capital assets.

In 2021, operating expenses decreased by $776,316, or 5.4% from 2020, primarily due to decreased water purchases and decreased pension expense due to CalPERS investment gains. Operating expenses increased in 2020 by 590,645, or 4.3% from 2019, primarily due to the accelerated payoff of pension and OPEB unfunded liabilities, and scheduled maintenance to the Sylvan and Skycrest wells.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2021, 2020 and 2019, the District's investment in capital assets, net of related debt, was $62,822,494, $59,531,355, and $57,193,152, respectively, including: the water transmission and distribution system (underground pipelines, water services, water meters, fire hydrants, and other components), water production facilities (groundwater wells), land, buildings and both mobile and fixed equipment.

Replacement of aging pipelines and water service connections throughout the District's system continued to represent the majority of the $3.2 million additions to the District's capital assets in 2021, the $3.8 million additions in 2020, and the $3.0 million additions in 2019. A number of private development projects resulted in the addition of $2.5 million in donated capital assets in 2021, $290,182 in 2020, and $898,084 in 2019.

Additional information on the District's capital assets can be found in Note 3, Capital Assets, of the notes to the basic financial statements.

Debt Administration

The District continues to meet its debt obligations under its 2012 Revenue Refunding bonds. Through scheduled debt service payments, principal on its collective debt was reduced by $108,370 during 2021, and by $664,457 during 2020. The District's total debt from its bond issuances now stands at approximately $1.7 million.

Total compensated absences (long-term liability and current portion combined), are composed of leave hours earned by employees that are payable upon termination or retirement and are valued at $459,887 at the end of 2021, an increase from the 2020 year-end amount of $449,098. This increase is due to higher rates of leave due to seniority and low employee turnover. From 2019 to 2020, compensated absences increased by $4,447. This decrease was due to to higher rates of leave due to seniority and low employee turnover.

The net liability for other post-employment benefits (OPEB) increased by $303,985 to 1.7 million in 2021, as a result of the annual cost of these benefits exceeding by the amounts paid for premiums, and changes in actuarial assumptions. OPEB liability decreased by $35,890 in 2020 as a result of the annual cost of these benefits being exceeded by the amounts paid for premiums, as well as investment gains received by the District's OPEB prefunding trust fund.

Additional information on the District's debt activity can be found in Note 4, Long-Term Liabilities, of the notes to the basic financial statements.

ECONOMIC FACTORS AND FUTURE BUDGET CONSIDERATIONS

The District continued to exercise fiscal restraint in budgeting for District operations in 2022, with an overall decrease of $391,332, or 3.0% percent compared with the 2021 Operating Budget. This budget includes:

- Maintaining the current level of services and programs for District customers;
- Funding the implementation of strategic planning items and special projects identified by the Board as priorities for 2022
- $1.4 million transfer to reserves for prefunding the Project 2030 Water Mains Replacement Project., and $4.5 million for operations and maintenance, including many Strategic Planning and Special Project items, such as organizational development, District policy review/updates, completion of the easement project, and providing content for the District's WaterSmart classes.

A 2022 Operating Budget Summary is included at the conclusion of this Management's Discussion and Analysis to provide an overview of the District's operating budget.

Total capital improvement expenditures budgeted for FY2022 are about $8.7 million compared with $7.5 million in FY2021. This amount includes about $4.2 million in carry-over projects from prior years, and about $5.6 million in new projects for FY2022. Installation of new fire hydrants, as well as replacements and upgrades for $125,000, four water main replacement or installation projects, scheduled to start design, will be undertaken in 2022 with construction targeted for 2023, as well as five projects scheduled to start construction in 2022 at a total cost of $2.3 million. Operations equipment replacements and new equipment purchases totaling $100,000 are planned for 2022. Design and construction of a new well for $3.2 million is also included.

A 2022 Capital Improvement Budget Summary is included at the conclusion of this Management's Discussion and Analysis to provide an overview of the District's capital improvement budget.

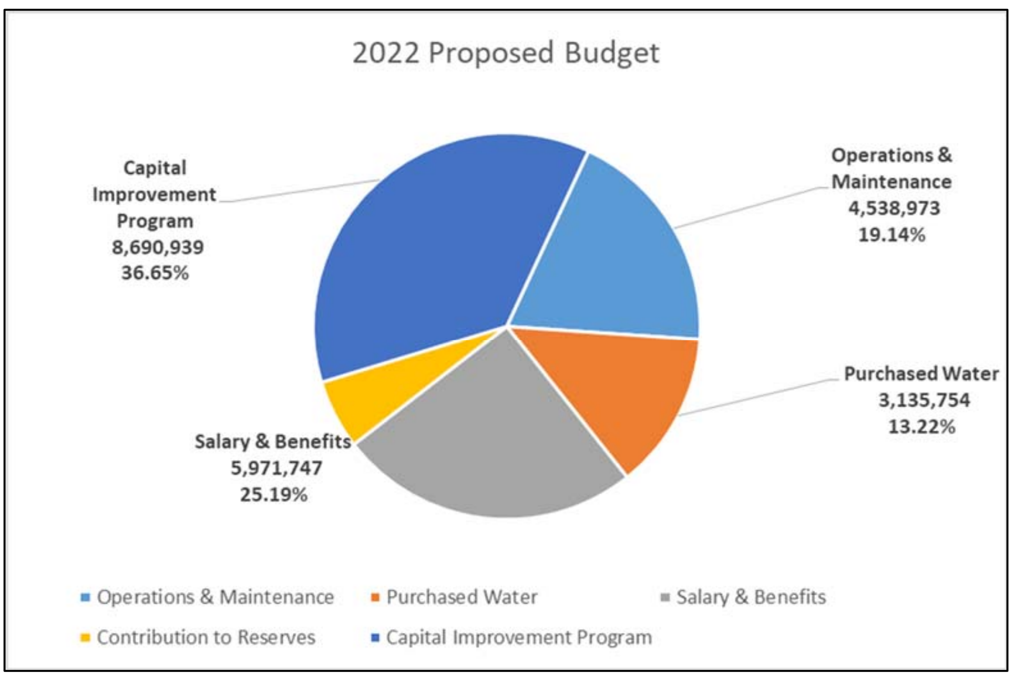
A significant but declining portion of the District's budget continues to be the repayment of long-term debt financing in the form of Certificates of Participation originally issued in 2000 (refunded in 2010) and Certificates of Participation originally issued in 2003 (refunded as Revenue Refunding Bonds in 2012). The District completed its repayment of the 2010 Certificates of Participation in 2020. The annual debt service for the 2012 Revenue Refunding Bonds is budgeted at $100,000 for FY2022.

The District's Board of Directors (Board) took into account the effect of the COVID pandemic on the local economy, and no increase was levied for 2021. The District implemented a detailed cost-of-service and financial plan study to determine the increase, taking into consideration the statewide water mandates, capital improvement program, and water meter reserves. Although the District took measures to reduce expenses in order to offset increasing costs in areas such as maintenance of the District's aging water transmission and distribution infrastructure, the Board levied a water rate increase designed to achieve an overall increase in water rate revenues of 13.3% for 2022. Additionally, a fixed surcharge was levied to begin prefunding for the District's anticipated increase in capital costs beginning in 2030.

The District anticipates the need to consider future annual water rate increases to fund replacement of portions of the District's 250 miles of underground water mains, and to pay the continually-rising operating costs of the District, while maintaining financial reserves to comply with debt covenants and to provide funds for emergencies or catastrophic losses. However, water rates for years beyond FY2023 have not been adopted by the Board of Directors. In 2020, District Staff worked with IB Consulting to amend the financial plan created and implemented in conjunction with Raftelis Financial Consultants, which was completed and presented to the Board in 2019.

CITRUS HEIGHTS WATER DISTRICT ADOPTED BUDGET

	2020 Actual	2021 Adopted	2021 Projected	2022 Proposed
Revenues				
Water Sales	$ 16,908,986	$ 14,821,050	$ 16,807,101	$ 16,874,305
Connection and Other Fees	2,294,771	433,300	831,963	982,901
Project 2030 Designated Charge	-	-	-	1,374,099
Investment and Other Income	216,845	195,235	89,081	193,000
Total Revenues	**19,420,602**	**15,449,585**	**17,728,144**	**19,424,305**
Expenses				
Salaries and Benefits	4,850,319	5,332,066	5,233,360	5,971,747
Water Purchases	3,444,647	3,177,864	3,241,422	3,135,754
Contracted Services	2,199,992	2,429,407	1,447,674	1,982,770
Other Operating Costs	1,968,341	2,220,804	1,922,675	2,456,203
Debt Service	610,000	95,000	95,000	100,000
Transfers to Reserves	1,200,000	-	-	1,374,099
Total Expenses	**14,273,299**	**13,255,141**	**11,940,131**	**15,020,573**
Operating Income before Capital Outlay	5,147,303	2,194,444	5,788,014	4,403,732
Capital Outlay	$ 3,203,785	$ 7,208,814	$ 3,100,000	$ 8,690,939



CITRUS HEIGHTS WATER DISTRICT ADOPTED CAPITAL PROJECTS BUDGET

Project Number	Description	2021 Adopted Budget	Project Expenses Prior Years	2021 Projected Expense	2022 Proposed Budget	Proposed Project Budget through 2022	2022 Project Budget Amendment Request
C15-104B	Document Management System	250,000	95,361	-	154,639	250,000	-
C15-109	Blossom Hill Way 6" x 10" Interconnection w/ RV	27,777	-	-	27,777	27,777	-
C15-110	Crestmont Avenue 6" Interconnection w/ RV	24,979	91	-	24,888	24,979	-
C16-134	Auburn Blvd - Rusch Park to Placer County Line	167,609	609	6,000	299,143	305,752	138,143
C17-104	Groundwater Well Property Acquisition (# 7, 8, 9 & 10)	890,000	454,138	354,675	81,187	890,000	-
C19-108	6230 Sylvan Road - East Wall	250,000	7,653	9,095	233,252	250,000	-
C20-101	Fair Oaks Boulevard	475,137	10,210	39,790	425,137	475,137	-
C20-107	Water Supply Project Design and Construction of Well	1,105,500	-	-	3,225,500	3,225,500	2,120,000
C20-108	Pre-Architectural Study Corporation Yard/Master Plan	100,000	1,676	-	98,324	100,000	-
C20-109	Plans, Specifications, & Estimate for Preferred Alt - Corp	400,000	-	-	400,000	400,000	-
C21-040	Other City Partnership Opportunities	112,551	-	39,500	73,051	112,551	-
C21-041	Other Misc Infrastructure Projects	112,551	-	-	112,551	112,551	-
C21-102	Old Auburn Road	91,459	-	5,000	86,459	91,459	-
C21-104	Mesa Verde High School	118,779	-	75,000	672,209	747,209	628,430
C21-105	Madison Aveue & Dewey Drive	28,138	-	5,000	79,654	84,654	56,516
Encumbered Projects Total		4,154,480	569,738	534,060	5,993,771	7,097,569	2,943,089
C22-003	Annual Fleet and Field Operations Equipment	260,000	-	-	100,000	100,000	-
C22-004	Annual Technology Hardware and Software	56,650	-	-	55,000	55,000	-
C22-005	Annual Facilities Improvements	60,000	-	-	100,000	100,000	-
C22-010	Annual Water Main Pipeline Replacements (small)	72,100	-	-	50,000	50,000	-
C22-011	Annual Valve Replacements	103,000	-	-	75,000	75,000	-
C22-012	Annual Water Service Connections	875,500	-	-	825,000	825,000	-
C22-013	Annual Water Meter Replacements	500,000	-	-	100,000	100,000	-
C22-014	Annual Fire Hydrants - Repl, Upgrades, Infill, New	164,800	-	-	125,000	125,000	-
C22-020	Annual Groundwater Well Improvements	154,500	-	-	150,000	150,000	-
C22-040	Other City Partnership Opportunities	112,551	-	-	100,000	100,000	-
C22-041	Other Misc Infrastructure Projects	112,551	-	-	100,000	100,000	-
2022 New Annual Capital Total [1]		2,471,652	-	-	1,780,000	1,780,000	-
C21-103	Pratt Avenue	-	-	-	490,064	490,064	-
C22-101	Carriage Dr	-	-	-	427,104	427,104	-
2022 New Projects Total Budget		-		-	917,168	917,168	-
	Totals	**6,626,132**	**569,738**	**534,060**	**8,690,939**	**9,794,737**	**2,943,089**

Project

Summary	Total Budget
Prior Years Carry-Over Capital Project Total	**4,154,480**
Plus:	
Prior Years Projects Amendment Approval/(Savings)	2,943,089
2021 New Annual Capital Project Total	1,780,000
2021 New Capital Project Total	917,168
2022 Capital Project Total Budget Request	**5,640,257**
Total CIP Budget	**$ 9,794,737**

[1] Prior Year Annual Projects are inlcuded for comparison purposes only as Annual Projects are completed on an annual basis

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Basic Financial Statements

CITRUS HEIGHTS WATER DISTRICT

STATEMENTS OF NET POSITION
DECEMBER 31, 2021 AND 2020

	2021	2020
Assets:		
Current:		
Cash and investments (Note 2)	$ 21,676,526	$ 18,480,938
Accounts receivable, net	2,627,271	3,005,606
Due from other governments	946	1,453
Accrued interest receivable	4,934	15,193
Inventories	439,389	429,521
Prepaid expenses and other deposits	554,019	438,738
Total Current Assets	**25,303,085**	**22,371,449**
Noncurrent:		
Non-depreciable capital assets (Note 3)	2,439,395	1,896,854
Depreciable capital assets, net (Note 3)	62,064,702	59,425,799
Total Noncurrent Assets	**64,504,097**	**61,322,653**
Total Assets	**89,807,182**	**83,694,102**
Deferred Outflows of Resources:		
Pension related (Noted 8)	910,520	1,283,027
OPEB related (Note 9)	554,265	197,797
Total Deferred Outflows of Resources	**1,464,785**	**1,480,824**
Liabilities:		
Current:		
Accounts payable	697,665	588,042
Retentions payable	17,995	55,218
Accrued payroll	168,988	197,395
Accrued interest payable	34,178	37,079
Deposits payable	373,402	343,295
Compensated absences (Note 7)	268,373	210,531
Long-term debt (Note 4)	100,000	95,000
Total Current Liabilities	**1,660,601**	**1,526,560**
Noncurrent:		
Compensated absences (Note 7)	191,514	238,567
Long-term debt (Note 4)	1,560,381	1,673,751
Net pension liability (Note 8)	2,335,284	4,877,315
Net OPEB liability (Note 9)	1,727,677	1,423,692
Total Noncurrent Liabilities	**5,814,856**	**8,213,325**
Total Liabilities	**7,475,457**	**9,739,885**
Deferred Inflows of Resources:		
Deferred amount from refunding debt	21,222	22,547
Pension related (Note 8)	2,189,017	206,009
OPEB related (Note 9)	40,735	25,476
Total Deferred Inflows of Resources	**2,250,974**	**254,032**
Net Position:		
Net investment in capital assets	62,822,494	59,531,355
Unrestricted	18,723,042	15,649,654
Total Net Position	**$ 81,545,536**	**$ 75,181,009**

See Notes to Financial Statements.

CITRUS HEIGHTS WATER DISTRICT

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Operating Revenues:		
Water sales	$ 16,579,945	$ 16,908,986
Connection and other fees	938,016	2,294,771
Total Operating Revenues	**17,517,961**	**19,203,757**
Operating Expenses:		
Customer service, administration and general	4,044,426	4,999,639
Water purchases	2,798,201	2,917,535
Transmission and distribution	2,350,969	2,490,474
Pumping and well maintenance	1,047,987	826,804
Conservation	753,058	553,068
Depreciation and amortization	2,485,902	2,469,339
Total Operating Expenses	**13,480,543**	**14,256,859**
Operating Income (Loss)	4,037,418	4,946,898
Nonoperating Revenues (Expenses):		
Investment income	(343)	116,981
Miscellaneous income	42,759	42,989
Interest expense	(74,734)	(95,741)
Gain (loss) on disposal of capital assets	(115,032)	(73,310)
Total Nonoperating Revenues (Expenses)	**(147,350)**	**(9,081)**
Income (Loss) Before Capital Contributions	3,890,068	4,937,817
Contributions	2,474,459	290,182
Changes in Net Position	6,364,527	5,227,999
Net Position:		
Beginning of Fiscal Year	75,181,009	69,953,010
End of Fiscal Year	**$ 81,545,536**	**$ 75,181,009**

See Notes to Financial Statements.

CITRUS HEIGHTS WATER DISTRICT

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash Flows from Operating Activities:		
Cash receipts from customers	$ 17,889,180	$ 18,917,332
Cash paid to suppliers for goods and services	(10,256,602)	(8,412,811)
Cash paid to employees for services	(994,418)	(2,483,840)
Receipts from miscellaneous non operating income	57,489	42,989
Net Cash Provided (Used) by Operating Activities	**6,695,649**	**8,063,670**
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(3,337,342)	(3,934,676)
Principal payments on long-term debt	(95,000)	(664,457)
Interest payments on long-term debt	(77,635)	(105,004)
Net Cash Provided (Used) by Non-Capital Financing Activities	**(3,509,977)**	**(4,704,137)**
Cash Flows from Investing Activities:		
Interest earnings	9,916	116,981
Net Cash Provided (Used) by Investing Activities	**9,916**	**116,981**
Net Cash Flows	**3,195,588**	**3,476,514**
Cash, beginning of year	18,480,938	15,004,424
Cash, end of year	**$ 21,676,526**	**$ 18,480,938**

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	$ 4,037,418	$ 4,946,898
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,485,902	2,469,339
Miscellaneous income	57,489	42,989
Change in assets and liabilities:		
(Increase) decrease in assets and deferred outflows of resources:		
Accounts Receivable	378,842	(303,760)
Inventory	(9,868)	(88,341)
Prepaid expenses and other assets	(115,281)	298,930
Deferred amount from refunding of debt	-	9,788
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	109,623	(109,750)
Accrued payroll	(28,407)	81,324
Deposits payble	30,107	(51,871)
Retentions payable	(37,223)	17,335
Compensated absences	10,789	4,447
Deferred amount from refunding of debt	-	(1,325)
Net pension liability and related deferred inflows and outflows	(186,516)	767,602
Net OPEB liability and related deferred inflows and outflows	(37,226)	(19,935)
Net Cash Provided (Used) by Operating Activities	**$ 6,695,649**	**$ 8,063,670**
Supplemental Disclosure of Non-Cash Activities		
Receipt of contributed assets	$ 2,474,459	$ 290,182
Amortization of bond premiums	13,370	-
Amortization of deferred charges on refundings	1,325	-

See Notes to Financial Statements.

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Note to the Basic Financial Statements

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Note 1: Reporting Entity and Summary of Significant Accounting Policies

Reporting Entity: The District was established on October 25, 1920 as an irrigation district under Division 11 of the Act of Legislature of the State of California. The District constructs and maintains waterworks and supplies domestic water in an area of approximately 12 square miles to over 20,000 connections in Sacramento and Placer counties with an estimated population of 66,000. The District is governed by a Board of Directors consisting of three directors elected by residents of the District. The accompanying basic financial statements present the District and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational and financial relationship with the District.

The District has created the Citrus Heights Water District Financing Corporation (the Corporation) to provide assistance to the District in the issuance of debt. Although legally separate from the District, the Corporation is reported as if it were part of the primary government because it shares a common Board of Directors with the District and its sole purpose is to provide financing to the District under the debt issuance documents of the District. Debt issued by the Corporation is reflected as debt of the District in these financial statements. The Corporation has no other transactions and does not issue separate financial statements.

Basis of Presentation – Fund Accounting: The basic financial statements of the Citrus Heights Water District (District) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District is accounted for as an enterprise fund and applies all applicable GASB pronouncements in its accounting and reporting. The more significant of the District's accounting policies are described below.

The District's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities, and deferred inflows associated with the operation of this fund are included on the balance sheet. Net position is segregated into net investment in capital assets, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

The District uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. When such funds are received they are recorded as unearned revenue until earned. Earned but unbilled water services are accrued as revenue.

Note 1: Reporting Entity and Summary of Significant Accounting Policies (Continued)

Water lines are constructed by private developers and then dedicated to the District, which is then responsible for their future maintenance. These lines are recorded as capital contributions when they pass inspection by the District, and the estimated costs are capitalized as donated pipelines.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements: Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents held include bank deposits and restricted and unrestricted investments in money market mutual funds and LAIF.

Restricted Assets: Certain proceeds of the District's long-term debt are classified as restricted investments on the balance sheet because their use is limited by applicable debt covenants.

Investments: Investments are stated at their fair value, which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

Note 1: Reporting Entity and Summary of Significant Accounting Policies (Continued)

Inventory: Inventory consists primarily of materials used in the construction and maintenance of the water distribution facilities and is valued on a first-in, first-out basis.

Prepaids: Prepaids consist primarily of insurance, maintenance agreements and other prepaid assets.

Capital Assets: Capital assets are recorded at historical cost. Donated capital assets, works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Self-constructed assets are recorded based on the amount of direct labor, material, and certain overhead charged to the asset construction. Depreciation is calculated using the straight-line method over the following estimated useful lives:

Description	Useful Life
Pipeline and infrastructure	20-40 years
Equipment and machinery	5-10 years
Buildings	15-40 years
Well improvements	40 years
Donated pipelines	40 years
Improvements	40 years

Depreciation expense aggregated to $2,487,227 and $2,460,876 for the years ended December 31, 2021 and 2020, respectively, and is included with depreciation and amortization expense.

Maintenance and repairs are charged to operations when incurred. It is the District's policy to capitalize all capital assets with a cost of more than $5,000 for tangible personal property and $15,000 for infrastructure, building or improvements. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

Bond Premiums and Bond Issuance Costs: Bond premiums are deferred and amortized over the lives of the bonds. Long-term liabilities are reported net of the applicable bond premiums. Bond issuance costs are recognized as an expense in the period incurred.

Deferred Amount from Refunding Debt: The difference between the reacquisition price of refunded debt and the net carrying amount of the previously outstanding debt is deferred and reported as either a deferred outflow or deferred inflow on the balance sheet. These amounts are amortized over the shorter of the term of the old debt or the new debt.

Deferred Outflows: In addition to assets, the balance sheet reports 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 so will *not* be recognized as an outflow of resources (expense) until then.

Note 1: Reporting Entity and Summary of Significant Accounting Policies (Continued)

Deferred Inflows: In addition to liabilities, the balance sheet reports 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 so will *not* be recognized as an inflow of resources (revenue) until that time.

Compensated Absences: The District's policy allows employees to accumulate earned but unused annual leave, management leave and compensatory time-off which will be paid to employees upon separation from service to the District. The cost of annual leave, management leave and compensatory time-off is recognized in the period earned.

Upon death while employed by the District or retirement from the District, employees are paid one-third of their accumulated sick leave time. This amount is also recognized in the period earned.

Note 2: Cash and Investments

Cash and investments as of December 31 are classified in the accompanying financial statements as follows:

	2021	2020
Cash and investments	$21,676,526	$18,480,938
Total cash and investments	$21,676,526	$18,480,938

Cash and investments as of December 31 consisted of the following:

	2021	2020
Cash on Hand	$ 850	$ 850
Deposits with financial institutions	6,646,281	11,976,561
Total cash	6,647,131	11,977,411
Investments in Local Agency Investment Fund (LAIF)	14,485,373	6,503,527
Money Market Mutual Funds	544,022	-
Total investments	15,029,395	6,503,527
Total cash and investments	$ 21,676,526	$ 18,480,938

Investment Policy: California statutes authorize districts to invest idle, surplus, or reserve funds in a variety of credit instruments as provided for in the California Government Code, Section 53600. 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 restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This 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. During the year ended December 31, 2021, the District's permissible investments included the following instruments:

Note 2: Cash Investments (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Local Agency Investment Program	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
U.S. Agency Securities	5 Years	None	None
State of California Obligations	5 Years	None	None
Bankers' Acceptance	180 Days	40%	30%
Commercial Paper	270 Days	40%	10%
Negotiable Certificates of Deposit	5 Years	30%	None
Medium Term Corporate Notes	5 Years	30%	None
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-through Securities	5 Years	20%	No Limit
LAIF	N/A	None	No Limit
Passbook Deposits	45 Days	None	None
Supranationals	5 Years	30%	None

* Excluding amounts held by the bond trustee that are not subject to California Government Code restrictions

The District complied with the provisions of the California Government Code (or the District's investment policy, where more restrictive) 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 Authorized by Debt Agreements: Investment of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The Certificates of Participation debt agreements contain certain provisions that address interest rate risk and credit risk, but not concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Program	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Bankers' Acceptance	1 Year	None	None
Commercial Paper	None	None	None
Negotiable Certificates of Deposit	None	None	None
Investment Agreements	None	None	None
Repurchase Agreements	None	None	None
Money Market Mutual Funds	N/A	None	None
LAIF	N/A	None	None

Note 2: Cash Investments (Continued)

Fair Value Hierarchy: The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of December 31, 2021:

	Total
Investments Measured at Amorized Cost:	
Money Market Mutual Fund	$ 544,022
Cash in banks and on hand	**6,647,131**
Total Cash and Investments	**7,191,153**
Investments not subject to Fair Value Hierarchy	
California Local Agency Invesment Fund (LAIF)	14,485,373
Total Cash and Investments	$ 21,676,526

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of December 31, 2020:

	Total
Investments Measured at Amorized Cost:	
Money Market Mutual Fund	$ 543,957
Cash in banks and on hand	**11,433,454**
Total Cash and Investments	**11,977,411**
Investments not subject to Fair Value Hierarchy	
California Local Agency Invesment Fund (LAIF)	6,503,527
Total Cash and Investments	$ 18,480,938

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. 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. All of the District's investments mature in 12 months or less.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type for the year ended December 31, 2021.

Note 2: Cash Investments (Continued)

	Minimum Legal Rating	Not Rated	Total
LAIF	N/A	$ 14,485,373	$ 14,485,373
		$ 14,485,373	$ 14,485,373

The following is a summary of the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year- end for each investment type for the year ended December 31, 2020.

	Minimum Legal Rating	Not Rated	Total
LAIF	N/A	$ 6,503,527	$ 6,503,527
		$ 6,503,527	$ 6,503,527

Concentration of Credit Risk: The investment policy of the District limits the amount that can be invested in any one issuer to the lesser of the amount stipulated by the California Government Code or 5% of total investments, with the exception of U.S. Treasury obligations, U.S. Agency Securities, and LAIF. There are no investments in any one issuer (other than 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, the District 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. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its Agent having a fair value of 105% to 150% of the District's cash on deposit. All of the District's deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions in the District's name.

Investment in LAIF: 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 reports its investment in LAIF at the fair value amount provided by LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At December 31, 2021 and 2020, these investments matured in an average of 340 and 165 days, respectively.

Note 3: Capital Assets

Capital asset activity for the years ended December 31, 2021 and 2020 are as follows:

	Balance December 31, 2020	Additions	Deletions	Transfers	Balance December 31, 2021
Business-Type Activities:					
Capital assets not being depreciated:					
Land	$ 1,128,223	$ -	$ -	$ 809,149	$ 1,937,372
Right of ways	26,080	-	-	-	26,080
Construction in Progress	742,551	3,337,342	-	(3,603,950)	475,943
Total capital assets not being depreciated	1,896,854	3,337,342	-	(2,794,801)	2,439,395
Capital assets being depreciated:					
Improvements	1,275,136	-	-	-	1,275,136
Pipelines and infrastructure	65,477,900	-	(644,298)	2,268,913	67,102,515
Equipment and machinery	4,527,488	-	(76,368)	262,833	4,713,953
Buildings and improvements	4,087,644	-	-	193,727	4,281,371
Well improvements	7,878,418	-	-	69,328	7,947,746
Donated pipelines	18,789,254	2,474,459	(67,346)	-	21,196,367
Total capital assets, being depreciated	102,035,840	2,474,459	(788,012)	2,794,801	106,517,088
Less accumulated depreciation for:					
Improvements	(98,872)	(31,265)	-	-	(130,137)
Pipelines and infrastructure	(24,786,780)	(1,535,715)	523,505	-	(25,798,990)
Equipment and machinery	(3,069,124)	(258,864)	74,206	-	(3,253,782)
Buildings and improvements	(1,142,601)	(99,368)	-	-	(1,241,969)
Well improvements	(2,192,486)	(196,732)	-	-	(2,389,218)
Donated pipelines	(11,320,178)	(365,283)	47,171	-	(11,638,290)
Total accumulated depreciation	(42,610,041)	(2,487,227)	644,882	-	(44,452,386)
Total capital assets being depreciated, net	59,425,799	(12,768)	(143,130)	2,794,801	62,064,702
Capital assets, net	$ 61,322,653	$ 3,324,574	$ (143,130)	$ -	$ 64,504,097

	Balance December 31, 2019	Additions	Deletions	Transfers	Balance December 31, 2020
Business-Type Activities:					
Capital assets not being depreciated:					
Land	$ 955,683	$ -	$ -	$ 172,540	$ 1,128,223
Right of ways	26,080	-	-	-	26,080
Construction in Progress	596,104	4,003,416	(55,258)	(3,801,711)	742,551
Total capital assets not being depreciated	1,577,867	4,003,416	(55,258)	(3,629,171)	1,896,854
Capital assets being depreciated:					
Improvements	1,245,062	-	-	30,074	1,275,136
Pipelines and infrastructure	62,969,170	-	(232,455)	2,741,185	65,477,900
Equipment and machinery	3,871,505	-	(46,672)	702,655	4,527,488
Buildings and improvements	3,932,387	-	-	155,257	4,087,644
Well improvements	7,878,418	-	-	-	7,878,418
Machinery and equipment	18,508,516	290,181	(9,443)	-	18,789,254
Total capital assets, being depreciated	98,405,058	290,181	(288,570)	3,629,171	102,035,840
Less accumulated depreciation for:					
Improvements	(68,296)	(30,576)	-	-	(98,872)
Pipelines and infrastructure	(23,368,647)	(1,569,943)	151,810	-	(24,786,780)
Equipment and machinery	(2,914,803)	(191,894)	37,573	-	(3,069,124)
Buildings and improvements	(1,046,886)	(95,715)	-	-	(1,142,601)
Well improvements	(1,995,899)	(196,587)	-	-	(2,192,486)
Machinery and equipment	(10,947,950)	(376,161)	3,933	-	(11,320,178)
Total accumulated depreciation	(40,342,481)	(2,460,876)	193,316	-	(42,610,041)
Total capital assets being depreciated, net	58,062,577	(2,170,695)	(95,254)	3,629,171	59,425,799
Capital assets, net	$ 59,640,444	$ 1,832,721	$ (150,512)	$ -	$ 61,322,653

Note 3: Capital Assets (Continued)

Capacity Entitlements: From 1993 through 1998, the District participated with four other water agencies in a cooperative transmission pipeline project for the construction of additional transmission pipeline facilities. The District's share of these pipeline costs totaled $5,636,711. The Capacity Entitlements asset represents the capacity rights the District has purchased in the cooperative transmission pipeline project owned by San Juan Water District. The asset is being amortized over the pipeline's estimated useful life of forty years.

Note 4: Long-Term Liabilities

Long-term liabilities consist of the following:

2012 Revenue Refunding Bonds: In April 2012, the District issued $2,275,000 of Revenue Refunding Bonds with interest rates ranging from 3.00% to 5.25%. These 2012 Revenue Refunding Bonds were issued to retire the 2003 Certificates of Participation, which were issued to finance the cost of certain capital improvements to the District's water system. The District is required to collect rates and charges from its water system that will be sufficient to yield net revenues equal to 110% of debt service payments on any future debt issued, and to deposit the net revenues in a revenue fund pledged for such future debt service payments. Annual principal payments, ranging from $70,000 to $160,000 are due on February 1 through February 1, 2033, and semi-annual interest payments, ranging from $4,200 to $48,600 are due on February 1 and August 1, through February 1, 2033.

The activity of the District's long-term liabilities during the years ended December 31, 2021 and 2020 was as follows:

	Balance December 31, 2020	Additions	Retirements	Balance December 31, 2021	Current Portion
2012 Revenue Refuding Bonds					
3-5.25%, due 2-1-33	$ 1,615,000	$ -	$ 95,000	$ 1,520,000	$ 100,000
Less: Unamortized premium	153,751	-	13,370	140,381	-
Total Long-Term Liabilities	$ 1,768,751	$ -	$ 108,370	$ 1,660,381	$ 100,000

	Balance December 31, 2019	Additions	Retirements	Balance December 31, 2020	Current Portion
2010 Certificates of Participation					
4%, due 9/28/20	$ 545,000	$ -	$ 545,000	$ -	$ -
2012 Revenue Refuding Bonds					
3-5.25%, due 2-1-33	1,705,000	-	90,000	1,615,000	95,000
Less: Unamortized premium	183,208	-	29,457	153,751	-
Total Long-Term Liabilities	$ 2,433,208	$ -	$ 664,457	$ 1,768,751	$ 95,000

Note 4: Long-Term Liabilities (Continued)

The annual requirements to amortize the outstanding debt as of December 31, 2021 are as follows:

Fiscal Year Ending	2012 Revenue Refunding Bonds		
December 31,	Principal	Interest	Total
2022	$ 100,000	$ 74,338	$ 174,338
2023	105,000	69,338	174,338
2024	110,000	64,088	174,088
2025	110,000	60,788	170,788
2026	115,000	57,488	172,488
2027-2031	665,000	190,575	855,575
2032-2033	315,000	24,935	339,935
Total	$ 1,520,000	$ 541,550	$ 2,061,550

Pledged Revenue: The District pledged future water system revenues, net of specified expenses, to repay the 2012 Revenue Refunding Bonds in an original amount of $2,275,000. Proceeds of the Revenue Refunding Bonds were used to refund the 2003 Certificates of Participation to finance capital improvements to the District's water system. The Revenue Refunding Bonds are payable solely from water customer net revenues, and are payable through February, 2033. Annual principal and interest payments on the Bonds are expected to require less than 80% of net revenues. Total principal and interest remaining to be paid on the Revenue Refunding Bonds was $2,061,550 and $2,235,638 at December 31, 2021 and 2020, respectively.

Total principal and interest paid on all debt payable from net revenues was $165,296 and $730,741 and the total water system net revenues were $5,479,567 and $5,165,116 for the years ended December 31, 2021 and 2020, respectively. At December 31, 2021 and 2020, the District's net revenues were 3,315% and 706.83% of debt service payments, respectively.

Events of Default: The 2012 Revenue Refunding Bonds from direct borrowings related to business-type activities, contain events of default that declare the principal of all of the 2012 bonds then outstanding and the interest accrued thereon to be due and payable immediately as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the District to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the District; or if any court or competent jurisdiction shall assume custody or control of the District. There were no such events occurred during the fiscal year ending December 31, 2021.

Note 5: Arbitrage Rebate Liability

Section 148(f) of the Internal Revenue Code requires issuers of tax-exempt state and local bonds to remit to the federal government amounts equal to (a) the excess of the actual amounts earned on all "Nonpurpose Investments" allocable to "Gross Proceeds" of an issue of municipal obligations less the amount that would have been earned if the investments bore a rate equal to the amount that would have been earned if the investments bore a rate equal to the yield on the issue, plus (b) all income attributable to the excess. Issuers must make rebate payments at least once every five years and upon final retirement or redemption of the bonds. There was no arbitrage liability at December 31, 2021 and 2020.

Note 6: Net Position

Designations: Designations of unrestricted net position may be imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Board action.

The designations are for the following:

Designated for rate stabilization represents the amount to be used to ensure financial and customer rate stability in responding to certain conditions.

Designated for operating reserve is maintained for operating funds collected in advance for the following year, accrued leave reserve, self-insurance reserve, unanticipated operating expenses, unanticipated economic shortfall, and unallocated funds.

Designated for debt services reserve represents amounts set aside for use in maintaining debt coverage ratios in accordance with bond covenants or other agreements or requirements associated with the issuance of debt by the District.

Designated for capital improvement reserve represents amounts set aside for use in evaluating and constructing new capital facilities to benefit existing District customers. This reserve had a negative balance in past years due to large capital expenditures, including the meter retrofit program and well construction.

Designated for fleet equipment reserve represents amounts set aside to replace fleet equipment at the end of its useful life.

Designated for employment-related benefits reserve represents amounts set aside to pay the costs of employment-related benefits for existing and retired District employees.

Designated for water meter replacement reserve represents amounts set aside for use in evaluating, designing, and replacing or rehabilitating capital facilities pertaining to water meters to benefit existing District customers.

Designated for water supply reserve represents amounts set aside for evaluating, acquiring, and constructing capital facilities related to water supply, such as groundwater production wells, aquifer storage and recovery wells, surface water projects, recycled/reclaimed water projects, and land and right-of-way acquisition.

Designated for water main replacement reserve represents amounts set aside for evaluating, planning, designing, constructing, replacing or rehabilitating capital facilities to benefit District customers.

Designated for water efficiency reserve represents amounts set aside for use in a water supply shortage, water supply interruption, Federal/State/Regional/Local mandates, or other programmatic needs.

Note 7: Compensated Absences

The following is a summary of changes in the District's compensated absences for the year ended December 31, 2021 and 2020:

	December 31, 2020	Additions	Reductions	December 31, 2021	Current Portion
District	$ 449,098	$ 223,137	$ 212,348	$ 459,887	$ 268,373
Total	$ 449,098	$ 223,137	$ 212,348	$ 459,887	$ 268,373

	December 31, 2019	Additions	Reductions	December 31, 2020	Current Portion
District	$ 444,651	$ 161,451	$ 157,004	$ 449,098	$ 210,531
Total	$ 444,651	$ 161,451	$ 157,004	$ 449,098	$ 210,531

Note 8: Defined Benefit Pension Plan

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 position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

a. General Information about the Pension Plans

Plan Description and Summary of Balances by Plan – All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous (all other) Employee Pension Rate Plan. The District's Miscellaneous Rate Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees' Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The District sponsors one rate plan (miscellaneous).

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.

Below is a summary of the deferred outflows of resources, net pension liabilities, and deferred inflows of resources by Plan for the year ended December 31, 2021:

	Deferred Outflows of Resources	Liability/ Propotionate Share of Net Pension	Deferred Inflows of Resources
Miscellaneous	$ 910,520	$ 2,335,284	$ (2,189,017)

Note 8: Defined Benefit Pension Plan (Continued)

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. 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 Employees' Retirement Law. The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012.

The Plans' provisions and benefits in effect at December 31, 2021, are summarized as follows:

	Miscellaneous Tier 1	Miscellaneous Tier 2	Miscellaneous PEPRA
Hire date	Prior to January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.43% to 2.42%	1.43% to 2.42%	1.0% to 2.5%
Required employee contribution rates	6.9%	6.9%	6.8%
Required employer contribution rates	10.0%	9.7%	7.0%

Beginning in fiscal year 2017, CalPERS collects employer contributions for the cost-sharing plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The District's required contribution for the unfunded liability was $421,064 in fiscal year 2021.

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 shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended December 31, 2021, the District's contributions to the Plan were as follows:

	Miscellaneous		
	Tier 1	Tier 2	PEPRA
Contributions - employer	$ 557,895	$ 130,465	$ 66,205

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

As of December 31, 2021, the District reported $2,335,284 in net pension liabilities for its proportionate shares of the net pension liability of the Plan.

Note 8: Defined Benefit Pension Plan (Continued)

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2021, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2021 was as follows:

	Miscellaneous
Proportion - June 30, 2020	0.04483%
Proportion - June 30, 2021	0.04318%
Change - Increase (Decrease)	-0.00165%

For the year ended December 31, 2021, the District recognized pension expense of $(186,516). At December 31, 2021, 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
Pension contributions subsequent to measurement date	$ 591,672	$ -
Differences between actual and expected experience	261,877	-
Changes in assumptions	-	-
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	56,971	(150,438)
Net differences between projected and actual earnings on plan investments	-	(2,038,579)
Total	$ 910,520	$ (2,189,017)

The $591,672 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 ended December 31, 2022. 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 Ended December 31,	Annual Amortization
2022	$ (436,783)
2023	(416,953)
2024	(453,075)
2025	(563,358)

Note 8: Defined Benefit Pension Plan (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:

		Miscellaneous
1% Decrease		6.15%
Net Pension Liability	$	5,363,983
Current Discount Rate		7.15%
Net Pension Liability/(Asset)	$	2,335,284
1% Increase		8.15%
Net Pension Liability/(Asset)	$	(168,498)

Actuarial Assumptions – For the measurement period ended June 30, 2021, the total pension liabilities were determined by rolling forward the June 30, 2020 total pension liability based on the following actuarial methods and assumptions:

	Miscellaneous
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Amortization	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15% (1)
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies
Mortality	Derived using CalPers Membership Data for all Funds (2)

[1] Net of pension plan investment and adminstrative expenses, including inflation
[2] The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MO 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate – The discount rate used to measure the total pension liability for the Plan was 7.15%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially

Note 8: Defined Benefit Pension Plan (Continued)

determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long- term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) 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 rounded 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 equal to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the expected real rate of return by asset class.

Asset Class [1]	New Strategic Allocation	Real Return Years 1 - 10(a)[2]	Real Return Years 11+(b)[3]
Global Equity	50.00%	4.80%	5.98%
Global Fixed Income	28.00%	1.00%	2.62%
Inflation Sensitive	-	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Estate	13.00%	3.75%	4.93%
Liquidity	1.00%	-	-0.92%
Total	100.00%		

[1] In the System's ACFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.
[2] An Expected Inflation of 2.00% Used for thie Period.
[3] An Expected Inflation of 2.92% Used for this Period.

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

Note 8: Defined Benefit Pension Plan (Continued)

Subsequent Events – On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

Note 9: Post – Employment Health Care Benefits

a. General Information about the District's Other Post Employment Benefit (OPEB) Plan

Plan Description – The District provides post-employment healthcare benefits for certain groups of employees that retire from the District, under the Retiree Healthcare Plan (OPEB Plan), an agent multiple-employer plan administered by the District. The OPEB Plan provides benefits for all permanent, full-time employees of the District. The OPEB Plan's assets are held in trust with the California Employers' Retiree Benefit Trust Fund (CERBT), an agent multiple-employer Section 115 trust fund plan administered by California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. Benefit provisions are established through District policy and may be amended through action of the District's Board of Directors. In order to qualify for participation in the OPEB Plan, employees must meet three conditions: (1) completion of 20 years of service with the District; (2) retirement from the District; and (3) employed with the District by January 30, 2019.

Note 9: Post – Employment Health Care Benefits (Continued)

Benefits Provided – The following is a summary of Plan benefits by employee group as of December 31, 2020:

	Hired before January 31, 2020		
	Retired from District between June 3, 1992 and March 19, 1996	Retired from District after March 19, 1996	Hired After January 30, 2019
20+ Years of Service	Health insurance provided to employee at District expense	Maximum monthly reimbursement of $359.00 to retiree, spouse/dependents.	
25+ Years of Service	Health insurance provided to retiree, and spouse/dependents at the time of retirement. If no spouse/dependents, or if retiree does not wish to cover spouse/dependents, retiree may select benefit of 30+ years of service.	Maximum monthly reimbursement of $403.00 to retiree, spouse/dependents.	Employees hired after January 30, 2019 are not eligible to receive any benefit under the OPEB plan.
30+ Years of Service	Health, dental, vision insurance provided at District expense for retiree. Health and dental insurance provided at District expense for spouse/dependents at time of retirement.	Maximum monthly reimbursement of $450.00 to retiree, spouse/dependents.	

For the year ended December 31, 2021, the District's contributions to the OPEB Plan were $189,734.

Employees Covered by Benefit Terms – Membership in the OPEB Plan consisted of the following at the census date of December 31, 2020:

Inactive Employees or Beneficiaries Currently Receiving Benefits	20
Inactive Employees Entitled to but not yet Receiving Benefits	0
Active Employees	26
Total	46

b. Net OPEB Liability

Actuarial Methods and Assumptions – The District's net OPEB liability was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated December 31, 2020 to determine the total OPEB liability as of December 31, 2020, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	December 31, 2020
Measurement Date	December 31, 2020
Actuarial Cost Method	Entry - Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	5.43%
Inflation	2.50%
Payroll Growth	2.75%
Healthcare Trend	7.5% for 2020, decreasing to an ultimate rate of 4.04% in 2076
Mortality Rate	CalPers 1997-2015 Experience Study

Note 9: Post – Employment Health Care Benefits (Continued)

The underlying mortality assumptions were based on the CalPERS 1997-2015 Experience Study, and all other actuarial assumptions used in the December 31, 2020 valuation were based on the results of a December 31, 2020 actuarial experience study for the period January 1, 2020 to December 31, 2020.

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 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return Year
Global Equity	40.00%	8.14%
Fixed Income	43.00%	3.40%
TIPS	5.00%	2.40%
Commodities	4.00%	5.71%
REITs	8.00%	6.90%
Total	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability was 5.43%. 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.

Note 9: Post – Employment Health Care Benefits (Continued)

c. Changes in Net OPEB Liability

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at December 31, 2020 (measurement date December 31, 2019)	$ 1,607,806	$ 184,114	$ 1,423,692
Changes Recognized for the Measurement Period:			
Service Cost	47,435	-	47,435
Interest on the total OPEB liability	102,103	-	102,103
Changes in benefit terms	(572)	-	(572)
Difference between expected and actual experience	(1,841)	-	(1,841)
Changes in assumptions	364,838	-	364,838
Contributions from the employer*	-	145,837	(145,837)
Net investment income	-	39,073	(39,073)
Administrative Expenses	-	(127)	127
Benefit payments and refunds	(43,184)	(43,184)	-
Other changes	-	23,195	(23,195)
Net changes	468,779	164,794	303,985
Balance at December 31, 2021 (measurement date December 31, 2020)	$ 2,076,585	$ 348,908	$ 1,727,677

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates – The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.43%) or 1- percentage-point higher (6.43%) than the current discount rate:

Plan's Net OPEB Liability		
Discount Rate -1% (4.43%)	Current Discount Rate (5.43%)	Discount Rate 1% (6.43%)
$ 2,105,792	$ 1,727,677	$ 1,426,057

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.0% to 4.0%) or 1-percentage-point higher (8.0% to 6.0%) than the current healthcare cost trend rates:

Plan's Net OPEB Liability		
Health Care Cost Trend Rate -1%	Health Care Cost Trend Rates	Health Care Cost Trend Rate +1%
$ 1,395,813	$ 1,727,677	$ 2,153,043

Note 9: Post – Employment Health Care Benefits (Continued)

d. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended December 31, 2021, the District recognized OPEB expense of $151,533. At December 31, 2021, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 28,285	$ (15,375)
Chanes of assumptions	336,246	-
Net difference between projected and actual earnings on OPEB plan investments	-	(25,360)
Employer contributions made subsequent to the measurement date	189,734	-
Total	$ 554,265	$ (40,735)

$189,734 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as pension expense as follows:

Year Ended December 31:	Annual Amortization
2022	$ 42,428
2023	42,426
2024	41,935
2025	44,775
2026	49,231
Thereafter	103,001

e. Payable to the OPEB Plan

At December 31, 2021, the District reported a payable of $0 for the outstanding amount of contributions to the OPEB plan required for the year ended December 31, 2021.

Note 10: Commitments and Contingencies

Various claims have been filed against the District. In the opinion of the District's management and legal counsel, the claims will not have a material impact on the basic financial statements.

The District has capital project commitments as of December 31, 2021 and 2020 totaling $475,943 and $742,551, respectively, related to construction work.

Note 11: Economic Dependency

During 2021 and 2020, the District purchased 67.35% and 91.74%, respectively, of its water supply from the San Juan Water District (SJWD). Total purchases for the year ended December 31, 2021 and 2020 was $2,796,248 and $2,917,535, respectively. In addition, the District owns water transmission capacity entitlements through the cooperative transmission pipeline project owned and operated by SJWD.

Note 12: Insurance

The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) a public entity risk pool of California water agencies, for general and auto liability, public officials liability, property damage, fidelity insurance and workers compensation liability. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained.

The District pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA. The District's deductibles and maximum coverage are as follows:

Type of Coverage (Deductible)	ACWA/JIPA	Deductible
General and Auto Liability		
(Includes Public Officials Liability)	$5,000,000	None
Property Damage*	100,000	$2,500-5,000
Crime	100,000	1,000
Workers Comensation Liability	2,000,000	None
Employers Liability	2,000,000	None

* The District has additional $500,000,000 in property damage coverage via ACWA/JPIA through the commercial insurance policy

Note 13: Subsequent Event

The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. However, the related financial impact on District and the duration cannot be reasonably estimated at this time.

Required Supplementary Information

CITRUS HEIGHTS WATER DISTRICT

COST SHARING MULTIPLE-EMPLOYER PLAN
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AS OF DECEMEBER 31, FOR THE LAST TEN YEARS (1)

Measurement Date	**6/30/2014**	**6/30/2015**	**6/30/2016**	**6/30/2017**
Plan Proportion of the Net Pension Liability	0.05398%	0.12216%	0.11962%	0.11866%
Plan Proportionate Share of the Net Pension Liability	$ 3,358,940	$ 3,351,422	$ 4,155,588	$ 4,677,711
Plan Covered Payroll	$ 2,279,406	$ 2,289,027	$ 2,270,540	$ 2,606,536
Plan Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	147.36%	146.41%	183.02%	179.46%
The Pension Plan's (PERF-C) Fiduciary Net Position as a Percentage of the Total Pension Liability	80.43%	78.40%	74.06%	73.31%

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms. However, the figures above do not include any liability impact that may have resulted from plan changes which occurred after the measurement dates. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: In 2021, 2020 and 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate in 2018. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense.) In 2014, amount reported were based on the 7.5 percent discount rate.

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only seven years are shown.
(2) CalPERS information is provided based on a June 30 fiscal year-end.

6/30/2018	6/30/2019	6/30/2020	6/30/2021
0.11673%	0.04500%	0.04483%	0.04318%
$ 4,399,273	$ 4,611,042	$ 4,877,315	$ 2,335,284
$ 2,941,557	$ 3,442,952	$ 3,399,842	$ 3,513,707
149.56%	133.93%	143.46%	66.46%
75.26%	75.26%	75.10%	88.29%

COST SHARING MULTIPLE-EMPLOYER PLAN
SCHEDULE OF PLAN CONTRIBUTIONS
AS OF DECEMEBER 31, FOR THE LAST TEN YEARS (1)

	2015	2016	2017	2018
Actuarially Determined Contribution	$ 468,974	$ 347,181	$ 572,724	$ 700,242
Contribution in Relation to the Actuarially Determined Contribution	(468,974)	(347,181)	(572,724)	(700,242)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ 2,129,887	$ 2,362,614	$ 2,667,190	$ 3,046,586
Contributions as a Percentage of Covered Payroll	22.02%	14.69%	21.47%	22.98%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only seven years are shown.

Note to Schedule:

Valuation Date: June 30, 2018

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Entry Age Normal Cost Method

Amortization method: Level percentage of pay, a summary of the current policy is provided in the table below:

	Source				
	(Gain)/Loss		Assumption/ Method		
Driver	Investment	Non-investment	Change	Benefit Change	Golden Handshake
Amortization Period	30 years	30 Years	20 Years	20 Years	5 Years
Escalation Rate					
- Active Plans	2.750%	2.750%	2.750%	2.750%	2.750%
- Inactive Plans	0%	0%	0%	0%	0%
Ramp Up	5	5	5	0	0
Ramp Down	5	5	5	0	0

Asset valuation method	Direct rate smoothing
Inflation	2.50%
Payroll Growth	2.75%
Projected Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.00% (net of pension plan investment and administrative expenses, includes inflation)
Retirement Age	All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.
Mortality	The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90 percent of Society of Actuaries' Scale 2016. For more details on this table, please refer to the 2017 experience study report.

2019		2020		2021	
$	663,989	$	716,803	$	754,362
	(663,989)		(716,803)		(754,362)
$	-	$	-	$	-
$	3,537,549	$	3,466,168	$	3,362,270
	18.77%		20.68%		22.44%

See Notes to Required Supplementary Information.

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS
AS OF DECEMBER 31, FOR THE LAST TEN YEARS (1)

Measurement Date	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Total OPEB Liability				
Service cost	$ 25,905	$ 26,682	$ 37,106	$ 47,435
Interest on the total OPEB liability	83,640	87,918	96,977	102,103
Change in benefit terms	-	-	-	(572)
Differences between expected and actual experiences	-	41,338	(17,427)	(1,841)
Changes in assumptions	-	23,239	-	364,838
Benefit payments	(41,228)	(42,527)	(46,768)	(43,184)
Net change in total OPEB liability	**68,317**	**136,650**	**69,888**	**468,779**
Total OPEB liability - beginning	**1,332,951**	**1,401,268**	**1,537,918**	**1,607,806**
Total OPEB liability - ending (a)	**1,401,268**	**1,537,918**	**1,607,806**	**2,076,585**
Plan Fiduciary Net Position				
Contribution - employer	41,228	122,527	128,540	145,837
Net investment income	-	(1,658)	24,089	39,073
Benefit payments	(41,228)	(42,527)	(46,768)	(43,184)
Other miscellaneous income/(expense)	-	-	-	23,195
Administrative expense	-	(6)	(83)	(127)
Net change in plan fiduciary net position	**-**	**78,336**	**105,778**	**164,794**
Plan fiduciary net position - beginning	**-**	**-**	**78,336**	**184,114**
Plan fiduciary net position - ending (b)	**-**	**78,336**	**184,114**	**348,908**
Net OPEB Liability - ending (a) - (b)	**$ 1,401,268**	**$ 1,459,582**	**$ 1,423,692**	**$ 1,727,677**
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	5.09%	11.45%	16.80%
Covered-employee payroll	$ 2,915,351	$ 3,278,242	$ 3,658,217	$ 3,677,546
Net OPEB liability as a percentage of covered-employee payroll	48.07%	44.52%	38.92%	46.98%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

SCHEDULE OF OPEB CONTRIBUTIONS
AS OF DECEMBER 31, FOR THE LAST TEN YEARS (1)

	2018	2019	2020	2021
Actuarially Determined Contribution	$ 122,000	$ 130,652	$ 170,121	$ 158,425
Contribution in Relation to the Actuarially Determined Contributions	(122,527)	(128,530)	(146,814)	(189,734)
Contribution Deficiency (Excess)	$ (527)	$ 2,122	$ 23,307	$ (31,309)
Covered-employee payroll	$ 3,278,242	$ 3,658,217	$ 3,677,546	$ 3,689,171
Contributions as a percentage of covered-employee payroll	3.74%	3.51%	3.99%	5.14%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation Date	December 31. 2016	December 31. 2018	December 31. 2020
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll	Entry Age Normal, Level Percentage of Payroll	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level percent of pay	Level percent of pay	Level percent of pay
Amortization Period	19-year fixed period for 2019	18-year fixed period for 2020	22 years
Asset Valuation Method	n/a	n/a	n/a
Discount Rate	6.25%	6.25%	5.43%
General Inflation	2.75% annually	2.75% annually	2.50% annually
Medical Trend	7.0% for 2018, decreasing to an ultimate rate of 5.0% in 2022	7.5% for 2018, decreasing to an ultimate rate of 4.0% in 2076	7.0% for 2021, decreasing to an ultimate rate of 4.04% in 2077
Mortality	CalPERS 1997-2011 experience study	CalPERS 1997-2015 experience study	CalPERS 1997-2015 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-16	Mortality projected fully generational with Scale MP-18	Mortality projected fully generational with Scale 18

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CITRUS HEIGHTS WATER DISTRICT

STATISTICAL SECTION

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CITRUS HEIGHTS WATER DISTRICT

Statistical Section

Table of Contents

This section of the Citrus Heights Water District's (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 infirmation says about the government's overall financial health.

Financial Trends	Page
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	

Revenue Capacity	Page
These schedules contain information to help the reader assess the District's ability to generate water revenues, the most significant source of revenue to the District.	

Debt Capacity	Page
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt, and the District's ability to manage debt in the future.	

Demographic and Economic Information	Page
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	

Operating Information	Page
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	

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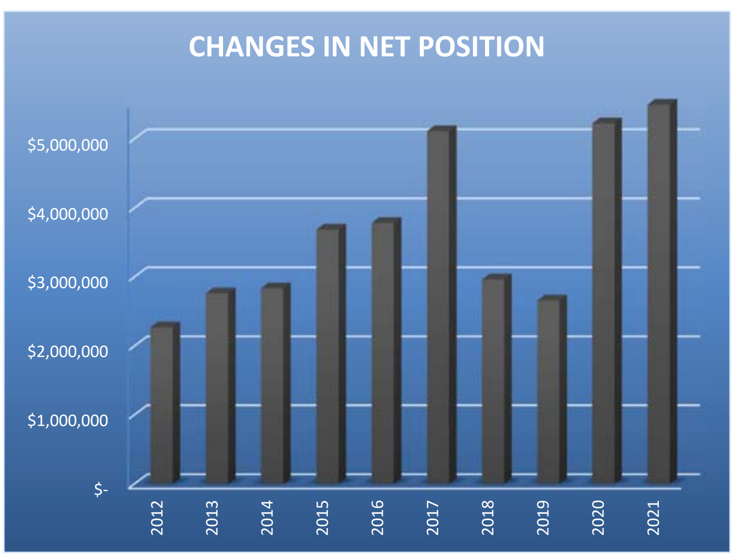
Financial Trends

CITRUS HEIGHTS WATER DISTRICT
Changes in Net Position and Net Position by Component

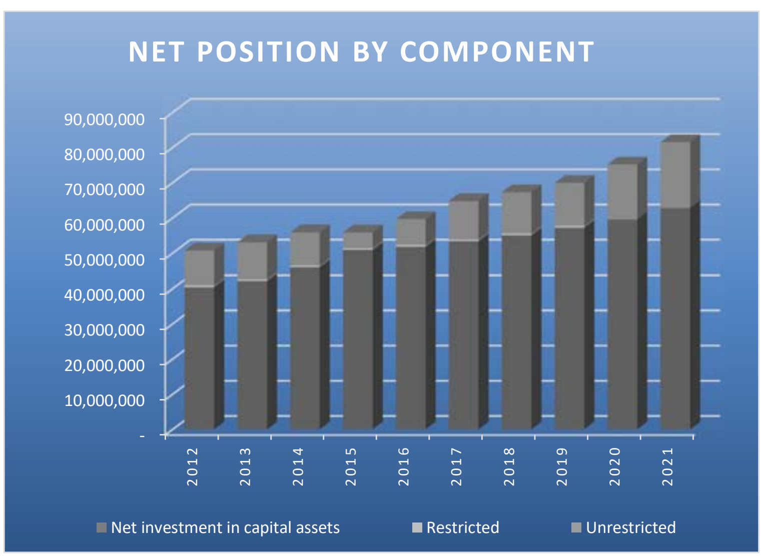
Last Ten Fiscal Years
Schedule 1

	2012	2013	2014	2015	2016
Changes in net position:					
Operating revenues (see Schedule 2)	$ 10,693,408	$ 11,358,086	$ 11,331,301	$ 10,884,550	$ 12,325,057
Operating expenses (see Schedule 3)	(6,504,014)	(6,598,323)	(6,358,613)	(6,023,057)	(7,043,963)
Depreciation and amortization	(1,778,195)	(1,898,303)	(2,003,488)	(2,098,944)	(2,203,170)
Operating income(loss)	2,411,199	2,861,460	2,969,200	2,762,549	3,077,924
Non-operating revenues(expenses)					
Investment income	24,067	24,586	15,547	19,093	38,313
Miscellaneous income	16,127	13,616	12,716	28,606	68,203
Groundwater transfers and sales	-	-	-	-	-
Interest expense	(243,737)	(206,480)	(195,210)	(173,462)	(155,214)
(Loss) gain on disposal of capital assets	(31,125)	1,595	(30,669)	4,834	(137,567)
Total non-operating revenues(expenses), net	(234,668)	(166,683)	(197,616)	(120,929)	(186,265)
Net income before capital contributions	2,176,531	2,694,777	2,771,584	2,641,620	2,891,659
Capital Contributions					
Grant Revenues	3,126	3,178	10,310	610,431	715
Capital contributions	96,445	70,657	59,248	438,567	896,688
Changes in net position	$ 2,276,102	$ 2,768,612	$ 2,841,142	$ 3,690,618	$ 3,789,062
Net position by component:					
Prior Year adjustment	$ -	$ -	$ -	$ (3,728,767)	$ -
Net investment in capital assets	40,384,388	42,108,244	45,931,665	50,895,005	51,801,433
Restricted	536,967	536,973	536,963	533,350	533,796
Unrestricted	9,765,994	10,414,469	9,432,200	4,434,324	7,316,512
Total net position	$ 50,687,349	$ 53,059,686	$ 55,900,828	$ 52,133,912	$ 59,651,741



Source: District Administrative Services Department

2017	2018	2019	2020	2021	
					Changes in net position:
$ 14,043,049	$ 14,375,044	$ 15,340,476	$ 19,203,757	$ 17,517,961	Operating revenues (see Schedule 2)
(7,534,381)	(9,531,439)	(11,230,314)	(11,787,520)	(10,994,641)	Operating expenses (see Schedule 3)
(2,345,281)	(2,388,634)	(2,435,900)	(2,469,339)	(2,485,902)	Depreciation and amortization
4,163,387	2,454,971	1,674,262	4,946,898	4,037,418	**Operating income(loss)**
					Non-operating revenues(expenses)
63,531	159,437	214,962	116,981	(343)	Investment income
77,074	107,546	69,322	42,989	42,759	Miscellaneous income
1,058,793	347,583	38,316	-	-	Groundwater transfers and sales
(145,911)	(147,540)	(124,346)	(95,741)	(74,734)	Interest expense
(155,343)	(164,842)	(105,755)	(73,310)	(115,032)	(Loss) gain on disposal of capital assets
898,144	302,184	92,499	(9,081)	(147,350)	**Total non-operating revenues(expenses), net**
5,061,531	2,757,155	1,766,761	4,937,817	3,890,068	**Net income before capital contributions**
					Capital Contributions
-	-	-	-	-	Grant Revenues
55,813	213,121	898,084	290,182	2,474,459	Capital contributions
$ 5,117,344	$ 2,970,276	$ 2,664,845	$ 5,227,999	$ 6,364,527	**Changes in net position**
					Net position by component:
$ -	$ -	$ -	$ -	$ -	Prior Year adjustment
53,350,420	55,029,058	57,193,152	59,531,355	62,822,494	Net investment in capital assets
535,733	541,475	542,660	-	-	Restricted
10,882,932	11,717,632	12,217,198	15,649,654	18,723,042	Unrestricted
$ 64,769,085	$ 67,288,165	$ 69,953,010	$ 75,181,009	$ 81,545,536	**Total net position**

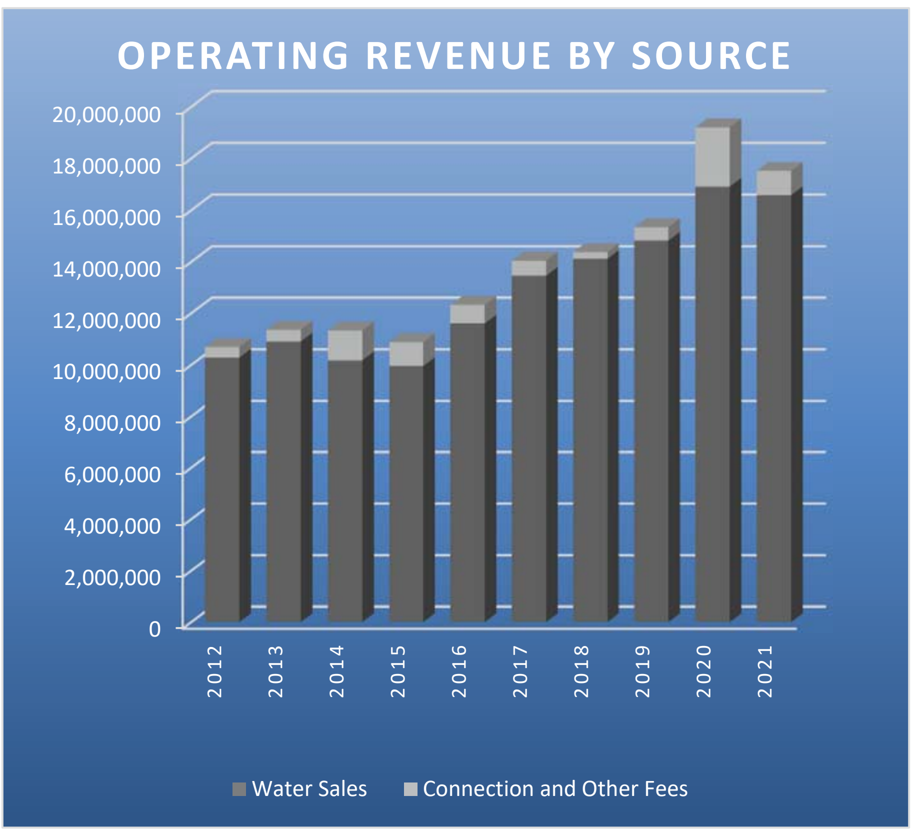


CITRUS HEIGHTS WATER DISTRICT

Operating Revenue By Source

Last Ten Fiscal Years
Schedule 2

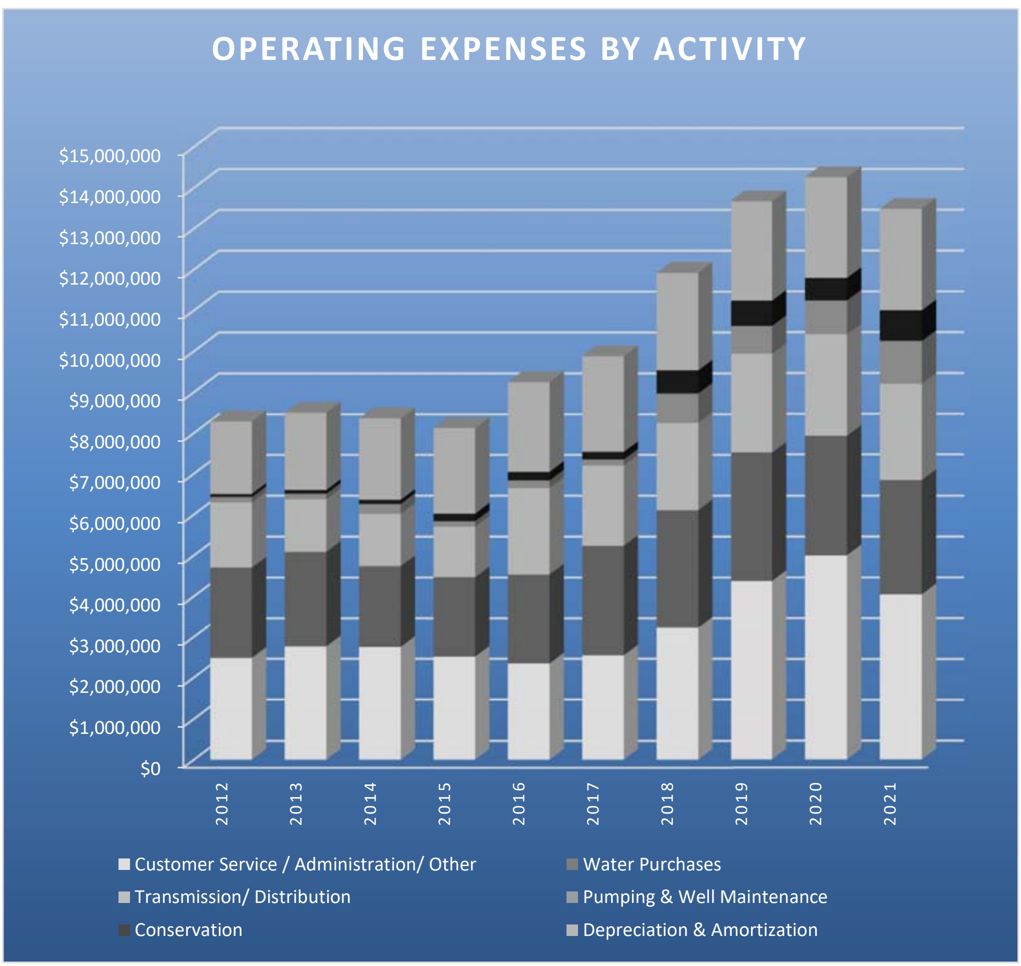
Fiscal Year	Water Sales	Connection and Other Fees	Total Operating Revenue
2012	$ 10,285,029	$ 408,379	$ 10,693,408
2013	10,905,197	452,889	11,358,086
2014	10,171,473	1,159,828	11,331,301
2015	9,953,864	930,686	10,884,550
2016	11,602,622	722,435	12,325,057
2017	13,448,691	594,358	14,043,049
2018	14,119,865	255,179	14,375,044
2019	14,823,207	517,269	15,340,476
2020	16,908,986	2,294,771	19,203,757
2021	16,579,945	938,016	17,517,961



Source: District Administrative Services Department

Last Ten Fiscal Years
Schedule 3

Fiscal Year	Customer Service / Administration / Other	Water Purchases	Transmission/ Distribution	Pumping & Well Maintenance	Conservation	Depreciation & Amortization	Total Operating Expenses
2012	$ 2,481,956	$ 2,219,550	$ 1,597,456	$ 130,129	$ 74,923	$ 1,778,195	$ 8,282,209
2013	2,763,786	2,322,002	1,289,768	133,950	88,817	1,898,303	8,496,626
2014	2,752,172	1,984,921	1,282,941	239,344	99,235	2,003,488	8,362,101
2015	2,514,087	1,950,627	1,239,387	132,842	186,114	2,098,944	8,122,001
2016	2,342,957	2,190,061	2,114,019	184,776	212,150	2,203,170	9,247,133
2017	2,543,736	2,692,482	1,963,750	145,077	189,336	2,345,281	9,879,662
2018	3,228,919	2,878,799	2,142,451	717,562	563,708	2,388,634	11,920,073
2019	4,371,420	3,131,903	2,425,827	683,432	617,732	2,435,900	13,666,214
2020	4,999,639	2,917,535	2,490,474	826,804	553,068	2,469,339	14,256,859
2021	4,044,426	2,798,201	2,350,969	1,047,987	753,058	2,485,902	13,480,543



Source: District Administrative Services Department

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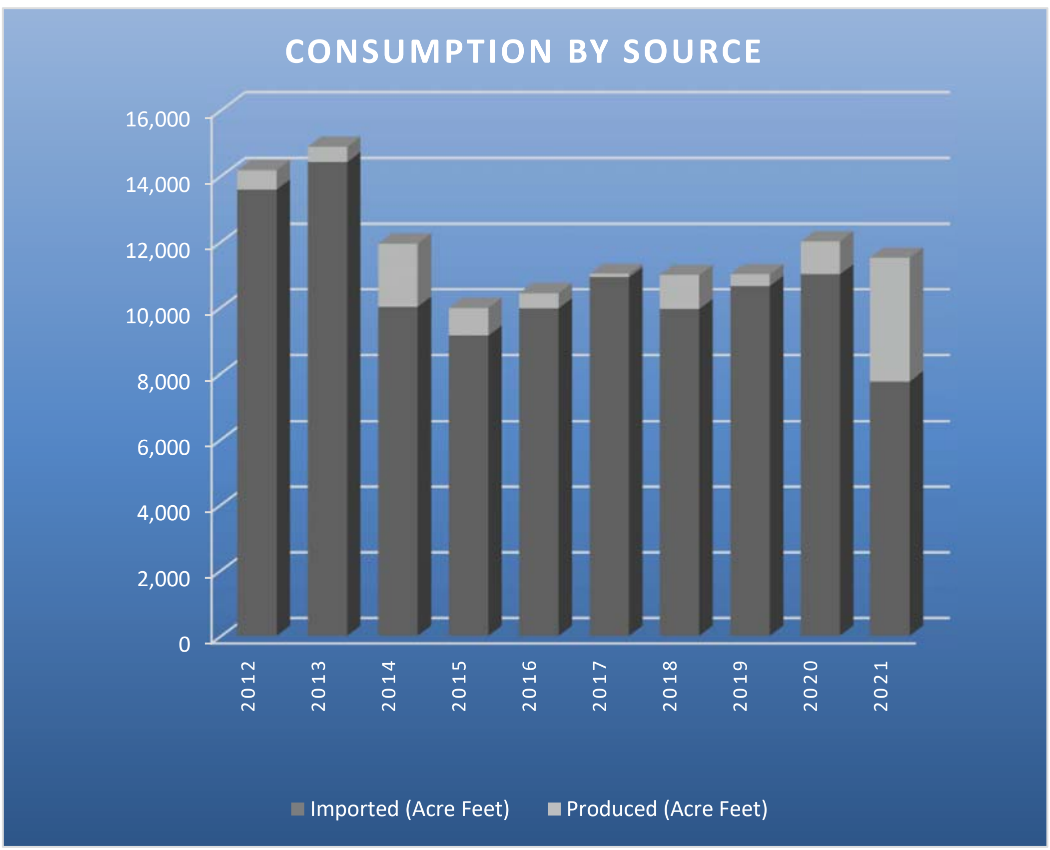
Revenue Capacity

CITRUS HEIGHTS WATER DISTRICT
Revenue Base

Last Ten Fiscal Years
Schedule 4

Fiscal Year	Consumption (Acre Feet)	Water Supply Imported (Acre Feet)	Water Supply Produced (Acre Feet)	% Water Imported
2012	14,169.76	13,583.02	586.74	95.86%
2013	14,881.54	14,416.21	465.33	96.87%
2014	11,937.24	10,007.61	1,929.63	83.84%
2015	9,973.47	9,132.60	840.87	91.57%
2016	10,422.44	9,964.89	457.55	95.61%
2017	11,014.52	10,909.88	104.64	99.05%
2018	10,981.66	9,940.53	1,041.13	90.52%
2019	11,001.23	10,642.14	359.09	96.74%
2020	12,003.53	11,001.81	1,001.72	91.65%
2021	11,505.25	7,749.12	3,756.13	67.35%



Source: District Operations Department

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Flat Rate Accounts (Bimonthly) [(1)]										
Single Dwelling	$ 89.51	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Duplex Dwelling (per duplex side)	75.78	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Condominium Dwelling	75.78	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Apartments/Mobile Homes	75.78	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Irrigation Rate	117.88	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Metered Accounts [(2)]										
Consumption (per unit ccf)										
Tier 1	$ 0.6751	$ 0.6954	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tier 2	0.7944	0.8182	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tier 3	0.8700	0.8961	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Per Unit CCF (No tiers)	n/a	n/a	$ 0.7440	$ 0.7663	$ 0.8735	$ 0.9871	$ 1.0167	$ 1.0674	$ 1.1800	$ 1.1800
Service Charge (bimonthly)										
Commercial/Domestic 3/4"	34.88	35.93	35.82	36.89	42.05	47.52	48.94	51.38	57.54	57.54
Commercial/Domestic 1"	50.04	51.54	54.50	56.13	63.98	72.30	74.46	78.18	87.29	87.29
Commercial/Domestic 1-1/2"	87.29	89.91	66.95	68.95	78.60	88.82	91.48	96.05	136.86	136.86
Commercial/Domestic 2"	132.51	136.49	129.20	133.07	151.69	171.41	176.55	185.37	196.35	196.35
Commercial/Domestic 3"	236.80	243.90	203.91	210.02	239.42	270.54	278.65	292.58	384.74	384.74
Commercial/Domestic 4"	385.88	397.46	403.13	415.22	473.35	534.89	550.93	578.47	662.36	662.36
Irrigation 3/4"	17.44	17.96	35.82	36.89	42.05	47.52	48.94	51.38	57.54	57.54
Irrigation 1"	25.02	25.77	54.50	56.13	63.98	72.30	74.46	78.18	87.29	87.29
Irrigation 1-1/2"	43.64	44.95	66.95	68.95	78.60	88.82	91.48	96.05	136.86	136.86
Irrigation 2"	66.25	68.24	129.20	133.07	151.69	171.41	176.55	185.37	196.35	196.35
Irrigation 3"	118.40	121.95	203.91	210.02	239.42	270.54	278.65	292.58	384.74	384.74
Irrigation 4"	192.94	198.73	403.13	415.22	473.35	534.89	550.93	578.47	662.36	662.36

Notes:

(1) The District completed the migration of Flat-Rate customers to meters in Fiscal Year 2012, and the Flat-Rate was eliminated for Fiscal Year 2013.

(2) The District abolished its tiered consumption charge beginning in 2014.

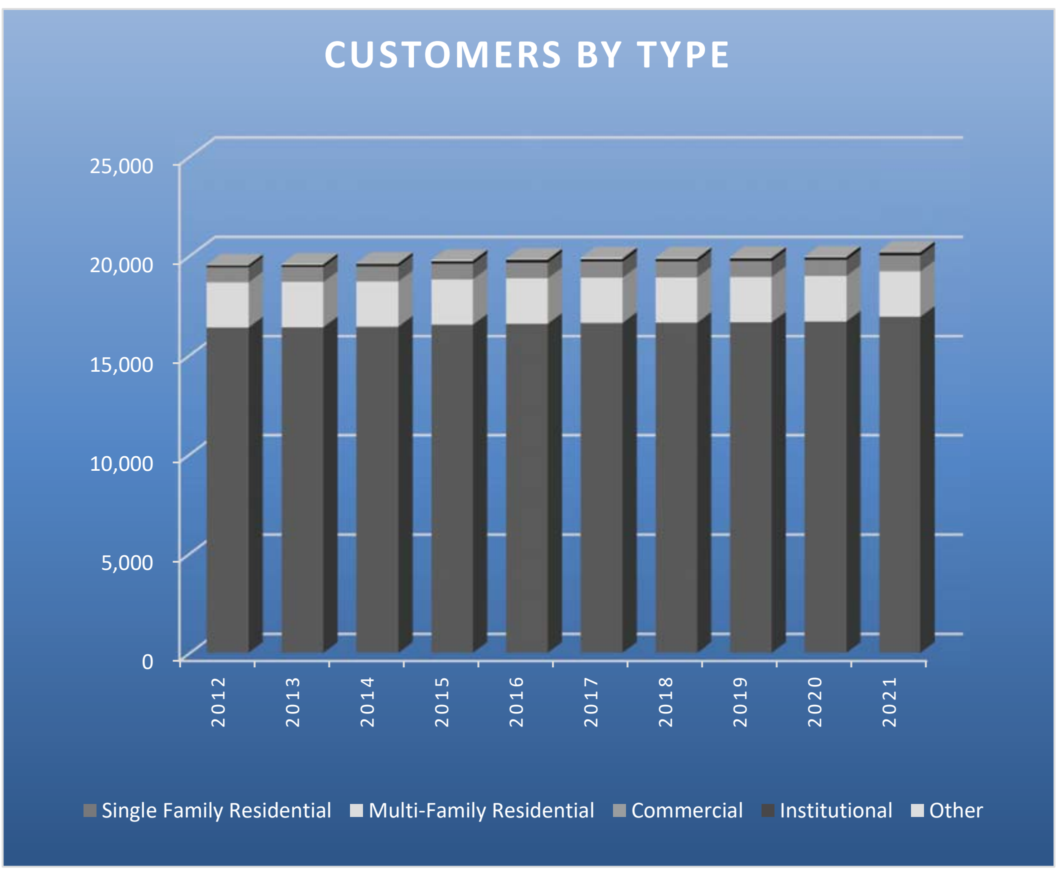
Source:

District Administrative Services Department

CITRUS HEIGHTS WATER DISTRICT
Customers by Type

Last Ten Fiscal Years
Schedule 6

Fiscal Year	Single Family Residential	Multi-Family Residential	Commercial	Institutional	Other	Total
2012	16,385	2,272	751	101	43	19,552
2013	16,402	2,275	758	111	45	19,591
2014	16,425	2,280	771	118	51	19,645
2015	16,527	2,285	785	130	58	19,785
2016	16,576	2,283	802	131	59	19,851
2017	16,615	2,284	807	132	64	19,902
2018	16,627	2,284	807	132	61	19,911
2019	16,645	2,286	810	132	64	19,937
2020	16,691	2,288	809	132	38	19,958
2021	16,922	2,289	812	133	45	20,201



Source: District Administrative Services Department
District Water Efficiency Department

Customer	2021 Billed Units (ccf's)	2021 Percentage of Total
San Juan Unified School District	115,683	2.31%
JMK Investments	81,870	1.63%
Sunrise Recreation Park District	79,701	1.59%
JRK Investors	48,308	0.96%
Mount Vernon Memorial Park	45,400	0.91%
Conference Claimants Endowment	32,375	0.51%
Salishan Apartments	25,717	0.65%
City of Citrus Heights	25,457	0.51%
Wedgewood Commons Apts LLC	22,493	0.54%
Knaggs Meadows LLC	22,223	0.51%
Total Billed Units: Principal customers	499,227	10.13%
Total Billed Units	5,012,030	100.00%

Customer	2012 Billed Units (ccf's)	2012 Percentage of Total
San Juan Unified School District	92,007	1.57%
Sunrise Recreation Park District	89,404	1.53%
JMK Investments	75,853	1.30%
JRK Investors	58,256	1.00%
Conference Claimants Endowment	37,443	0.64%
Mount Vernon Memorial Park	33,219	0.57%
Salishan Apartments	32,367	0.55%
Vertus Properties Inc	30,842	0.53%
City of Citrus Heights	30,038	0.51%
Big Oak Investments	29,072	0.50%
Total Billed Units: Principal customers	508,501	8.70%
Total Billed Units	5,843,635	100.00%

Source:
District Administrative Services Department

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Debt Capacity

CITRUS HEIGHTS WATER DISTRICT

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years
Schedule 8

Fiscal Year	Certificates of Participation 2000 (1)	Certificates of Participation 2003 (2)	Certificates of Participation 2010 (3)	Refunding Revenue Bonds 2012 (4)	Unamortized Premiums	Total Debt	Total No. of Connections (5)	Total Debt Per Capita (Rounded) (5)
2012	$ -	$ -	$ 3,840,000	$ 2,275,000	$ 426,944	$ 6,541,944	19,552	$335
2013	-	-	3,415,000	2,170,000	392,125	5,977,125	19,591	$305
2014	-	-	2,980,000	2,095,000	357,305	5,432,305	19,645	$277
2015	-	-	2,530,000	2,025,000	322,486	4,877,486	19,785	$247
2016	-	-	2,060,000	1,950,000	287,666	4,297,666	19,851	$216
2017	-	-	1,575,000	1,870,000	252,847	3,697,847	19,902	$186
2018	-	-	1,070,000	1,790,000	218,027	3,078,027	19,911	$155
2019	-	-	545,000	1,705,000	183,208	2,433,208	19,937	$122
2020	-	-	-	1,615,000	153,751	1,768,751	19,958	$89
2021	-	-	-	1,520,000	140,381	1,660,381	20,201	$82

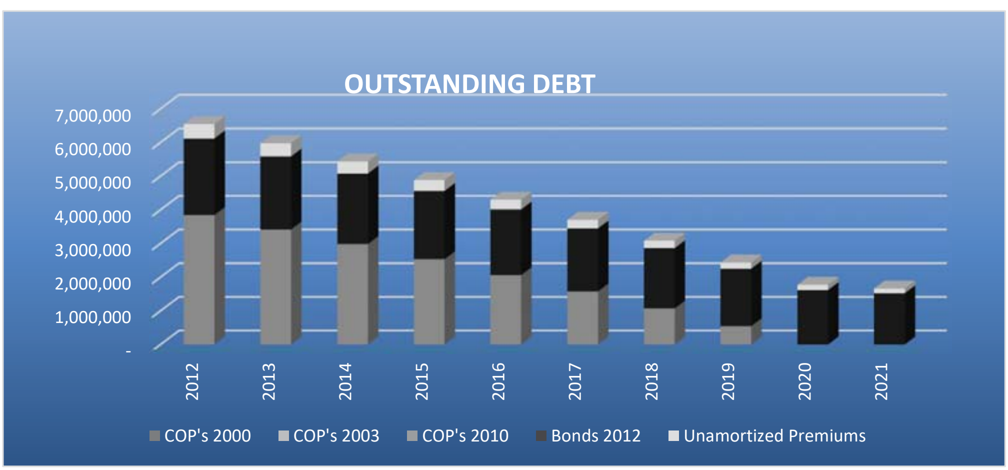
Notes:

(1) In October 2000, the District issued $7,900,000 of Certificates of Participation, Series 2000 to finance the cost of capital improvement projects.

(2) In December 2003, the District issued $2,915,000 of Certificates of Participation, Series 2003 to finance the cost of capital improvement projects.

(3) In September 2010, the District issued $5,155,000 of Revenue Certificates of Participation, Series 2010 to retire the outstanding 2000 Certificates of Participation.

(4) In April 2012, the District issued $2,275,000 of Revenue Refunding Bonds, Series 2012 to retire the outstanding 2003 Certificates of Participation.

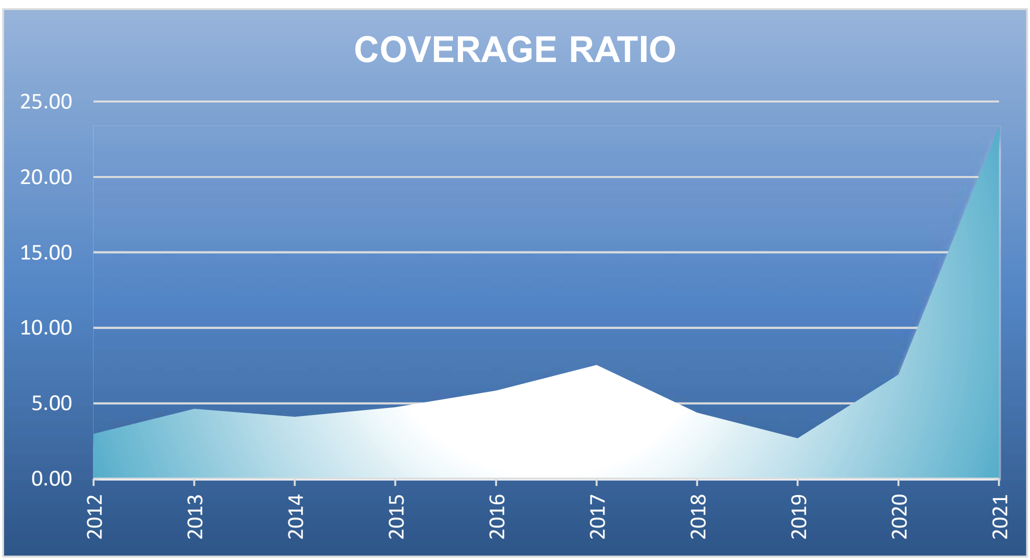


Source: District Administrative Services Department

CITRUS HEIGHTS WATER DISTRICT
Debt Coverage

Last Ten Fiscal Years
Schedule 9

Fiscal Year	Net Revenues	Operating Expenses	Net Available Revenues	Debt Service			Coverage Ratio
				Principal	Interest	Total	
2012	$ 10,702,477	$ (8,282,209)	$ 2,420,268	$ 570,000	$ 243,737	$ 813,737	2.97
2013	11,397,883	(8,496,626)	2,901,257	420,000	206,480	626,480	4.63
2014	11,328,895	(8,362,101)	2,966,794	530,000	195,210	725,210	4.09
2015	11,357,402	(8,122,001)	3,235,401	510,000	173,462	683,462	4.73
2016	13,190,694	(9,247,133)	3,943,561	520,000	155,214	675,214	5.84
2017	15,087,104	(9,879,662)	5,207,442	545,000	145,911	690,911	7.54
2018	15,037,889	(11,920,073)	3,117,816	565,000	147,540	712,540	4.38
2019	15,557,321	(13,666,214)	1,891,107	585,000	124,346	709,346	2.67
2020	19,290,417	(14,256,859)	5,033,558	635,000	95,741	730,741	6.89
2021	17,445,345	(13,480,543)	3,964,802	95,000	74,734	169,734	23.36



Source: District Administrative Services Department

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Demographic and Economic Information

CITRUS HEIGHTS WATER DISTRICT

Demographics and Economic Statistics

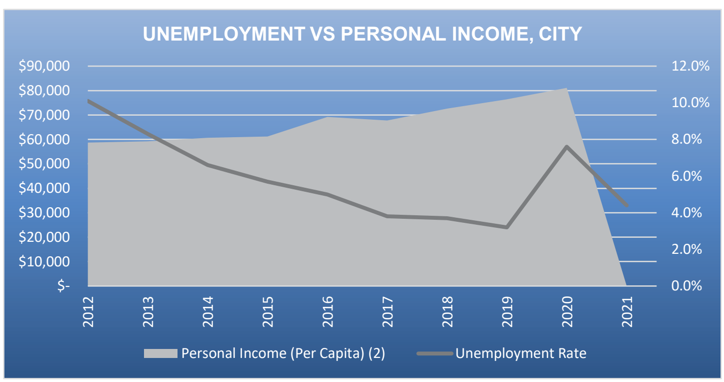
Last Ten Calendar Years
Schedule 10

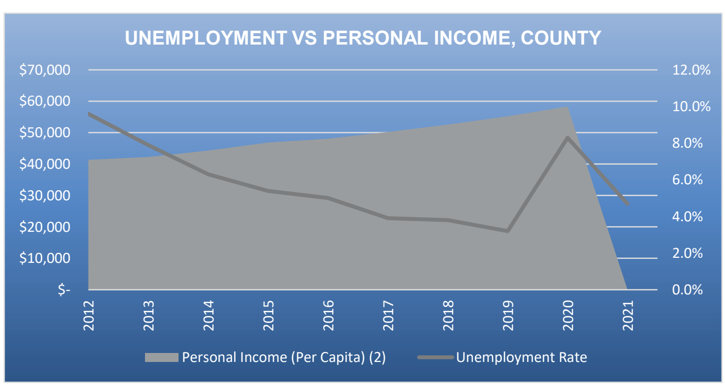
		City of Citrus Heights [1]				County of Sacramento[1]			
Fiscal Year	Total Number of Connections	Population [3]	Unemployment Rate	Personal Income (thousands of dollars) [2]	Personal Income (Per Capita) [2]	Population [3]	Unemployment Rate	Personal Income (thousands of dollars) [2]	Personal Income (Per Capita) [2]
2012	19,552	84,489	10.1%	$ 4,961,701	$ 58,726	1,447,236	9.6%	$ 59,775,785	$ 41,303
2013	19,591	85,123	8.3%	5,044,729	59,264	1,460,023	7.9%	61,654,690	42,229
2014	19,645	85,891	6.6%	5,212,811	60,691	1,478,137	6.3%	65,486,553	44,303
2015	19,785	86,759	5.7%	5,308,263	61,184	1,496,644	5.4%	70,110,138	46,845
2016	19,851	87,380	5.0%	6,043,288	69,161	1,514,460	5.0%	72,878,458	48,122
2017	19,902	87,931	3.8%	5,952,753	67,698	1,530,615	3.9%	76,832,120	50,197
2018	19,911	87,910	3.7%	6,388,859	72,675	1,540,975	3.8%	80,969,087	52,544
2019	19,937	87,796	3.2%	6,710,775	76,436	1,552,058	3.2%	85,775,621	55,266
2020	19,958	87,583	7.6%	7,102,719	81,097	1,559,146	8.3%	90,908,707	58,307
2021	20,201	n/a	4.4%	n/a	n/a	n/a	4.7%	n/a	n/a

Notes: (1) Demographic and economic statistics are provided for the City of Citrus Heights (City) and the County of Sacramento (County) because these statistics are not separatemly available for the District's service area. As the District is primarily comprised of some areas of the City, and unincorporated areas of the County, the District believes that data from the City and the County is representative of the conditions and experience of the District.

(2) Personal income and per capita personal income is not yet available for Fiscal Year 2021.

(3) Population data is not yet available for Fiscal Year 2021.





Sources: U.S. Bureau of Economic Analysis
U.S. Bureau of Labor Statistics
U.S. Census Bureau

2021			
Employer	Employees	Rank	Percentage of Employment
State of California	82,076	1	11.48%
UC Davis Health	14,618	2	1.76%
County of Sacramento	12,585	3	1.69%
Kaiser Permanente	12,078	4	2.04%
United States Government	11,752	5	1.42%
Dignity Health	10,888	6	1.64%
Sutter Health	10,187	7	1.52%
Intel Corporation	5,992	8	0.74%
California State University Sacramento	5,283	9	0.69%
San Juan Unified School District	4,962	10	0.84%
Total	170,421		23.84%
Total County Employment	715,102		100.00%

2013 [2]			
Employer	Employees	Rank	Percentage of Employment
State of California	69,469	1	10.31%
County of Sacramento	10,634	2	1.58%
Kaiser Permanente	5,696	8	0.85%
UC Davis Health	9,985	3	1.48%
United States Government	5,750	7	0.85%
Sutter Health	6,507	4	0.97%
Dignity Health	5,756	6	0.85%
Intel Corporation	6,000	5	0.89%
Elk Grove Unified School District	5,535	9	0.82%
San Juan Unified School District	4,700	10	0.70%
Total	130,032		19.29%
Total County Employment	673,727		100.00%

Notes:

(1) Data is not separately available for the District's service area. As the District serves an area comprising, in large part, the City of Citrus Heights, and unincoporated areas of the County of Sacramento, information for the County of Sacramento has been presented.

(2) Data is not available for the years prior to 2013.

Source:

Sacramento Business Journal
U.S. Bureau of Labor Statistics

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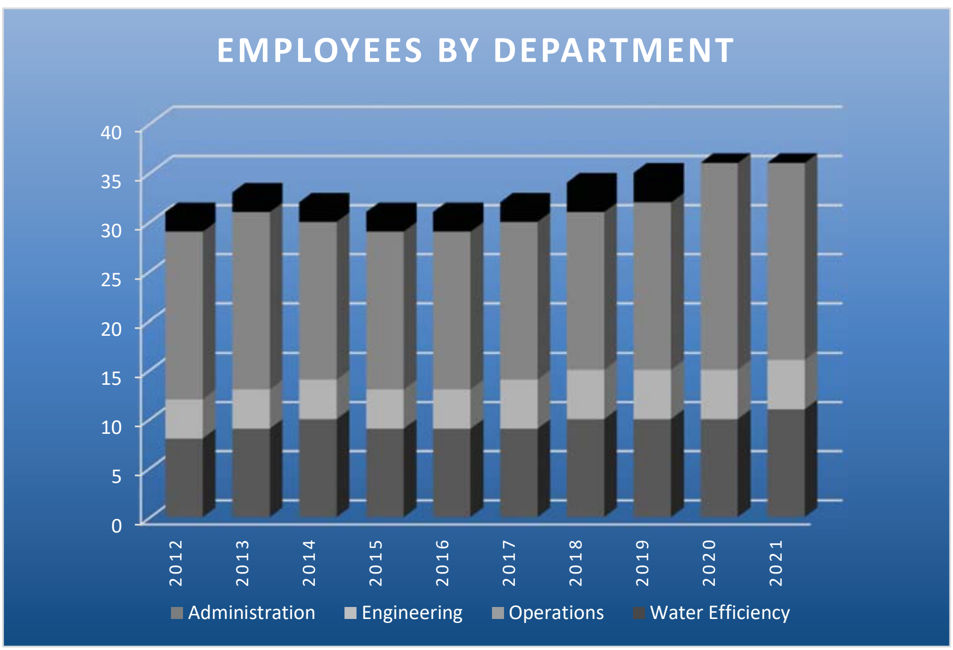
Operating Information

CITRUS HEIGHTS WATER DISTRICT
District Employees by Department

Last Ten Fiscal Years
Schedule 11

Department	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Administration	8	9	10	9	9	9	10	10	10	11
Engineering	4	4	4	4	4	5	5	5	5	5
Operations	17	18	16	16	16	16	16	17	21	20
Water Efficiency	2	2	2	2	2	2	3	3	-	-
Total	31	33	32	31	31	32	34	35	36	36

Notes:
(1) The Water Efficiency department was reorganized as part of the Operations department in 2020.



Source: District Administrative Services Department

CITRUS HEIGHTS WATER DISTRICT
Other Operating and Capacity Indicators

Last Ten Fiscal Years
Schedule 13

Fiscal Year	Total Connections	Total Annual Demand (Acre Feet)	Pipeline (mi)	Wells	Meters	Hydrants
2012	19,552	14,169.76	240.87	4	19,457	1,996
2013	19,591	14,881.54	242.51	4	19,488	2,037
2014	19,645	11,937.24	243.80	4	19,538	2,062
2015	19,785	9,973.47	245.56	4	19,594	2,087
2016	19,851	10,422.44	248.19	5	19,789	2,133
2017	19,902	11,014.52	249.31	6	19,912	2,160
2018	19,911	10,981.66	249.97	6	20,007	2,181
2019	19,937	11,001.23	250.26	6	20,043	2,368
2020	19,958	12,003.53	251.97	6	20,060	2,373
2021	20,201	11,505.25	252.57	6	20,282	2,367

Source: District Administrative Services Department
District Engineering Department
District Water Efficiency Department

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