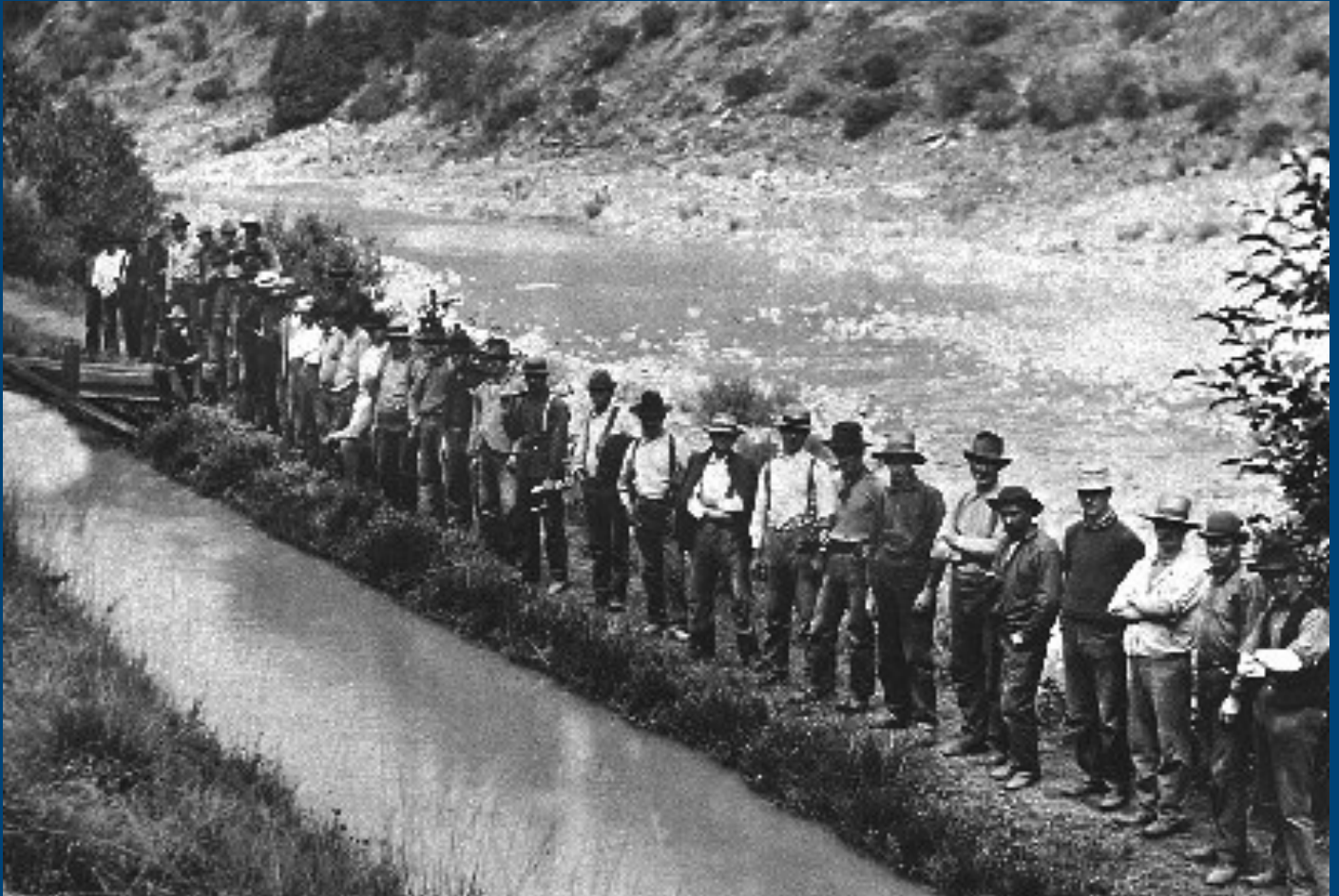


CITRUS HEIGHTS WATER DISTRICT

CITRUS HEIGHTS, CALIFORNIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended December 31, 2020 and 2019



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Years Ended December 31, 2020 and 2019

Citrus Heights Water District

Citrus Heights, California

Prepared by:

Citrus Heights Water District

Administrative Services Department

6230 Sylvan Road

Citrus Heights, CA 95610

www.chwd.org

CITRUS HEIGHTS WATER DISTRICT

Comprehensive Annual Financial Report Years Ended December 31, 2020 and 2019

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CITRUS HEIGHTS WATER DISTRICT

Comprehensive Annual Financial Report Years Ended December 31, 2020 and 2019

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Introductory Section



May 10, 2021

Honorable Members of the Board of Directors:

We are pleased to present the Citrus Heights Water District's ("District" or "CHWD") fourth Comprehensive Annual Financial Report ("AFR") for the fiscal year ending December 31, 2020. 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 AFR 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 Maze and Associates, 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, 2020 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 ("clean") opinion that the District's financial statements for the fiscal year ending December 31, 2020, 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 about 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 2020 by 36 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 2020, the District purchased 96.74% of its water from San Juan Water District (SJWD), and delivered it to approximately 19,900 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 Comprehensive Annual 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 Maze and Associates conducted the audit of CHWD's financial statements. Their unmodified Independent Auditor's Report appears in the Financial Section. This is the fifth year of a six year engagement with Maze and Associates.

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 increased during 2020, which the District attributes to customers being in their homes more frequently during the lockdowns caused by the COVID-19 pandemic; 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 rebuild of the Financial Model was completed and used in the development of the 2020 budget, then updated for the development of the 2021 budget.

The District also continues to monitor the region's water supply. Limited rains and snowfall during 2020 and the early part of 2021 bring the potential to return the State of California (State) to drought conditions, although a drought has not yet been declared by the State, nor restrictions on consumption enacted. 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 2022 as a result of SJWD issuing debt for the upgrade of the Hinkle Reservoir, which serves CHWD and neighboring agencies.

As of January 1, 2020, CHWD charges a uniform commodity rate of \$1.18 per unit and a bi-monthly fixed charge of \$87.29 for a 1-inch meter. One unit of water equals 748 gallons which means that the cost per gallon is 0.16 cents. At \$810.97 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 2020, the District completed 438 service replacements, and replaced 5,213 linear feet of water mains. The District also completed main replacements on Michigan Drive, Cologne Way, Robie Way, and Whyte Avenue. Capital projects scheduled for 2021 total \$7.2 million, and includes design and construction of the District's seventh well.

The outbreak of the novel coronavirus COVID-19 in the United States in the first quarter of 2020 caused a nationwide disruption to all facets of the national economy. Though there

were temporary closings of businesses in 2020, the stay-at-home orders in the largely residential CHWD service area account for an increase in consumption of approximately 9%. However, at this time, the ongoing financial impact on the District cannot be reasonably estimated. See Note 12 of the Notes to the Financial Statements for more information.

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. 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, and used in the development of the 2020 budget. For the 2021 budget, the model was updated in conjunction with IB Consulting. 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 comprehensive annual financial report (AFR) for the fiscal year ended December 31, 2019. 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 AFR. 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 AFR 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 AFR 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



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Citrus Heights Water District
California**

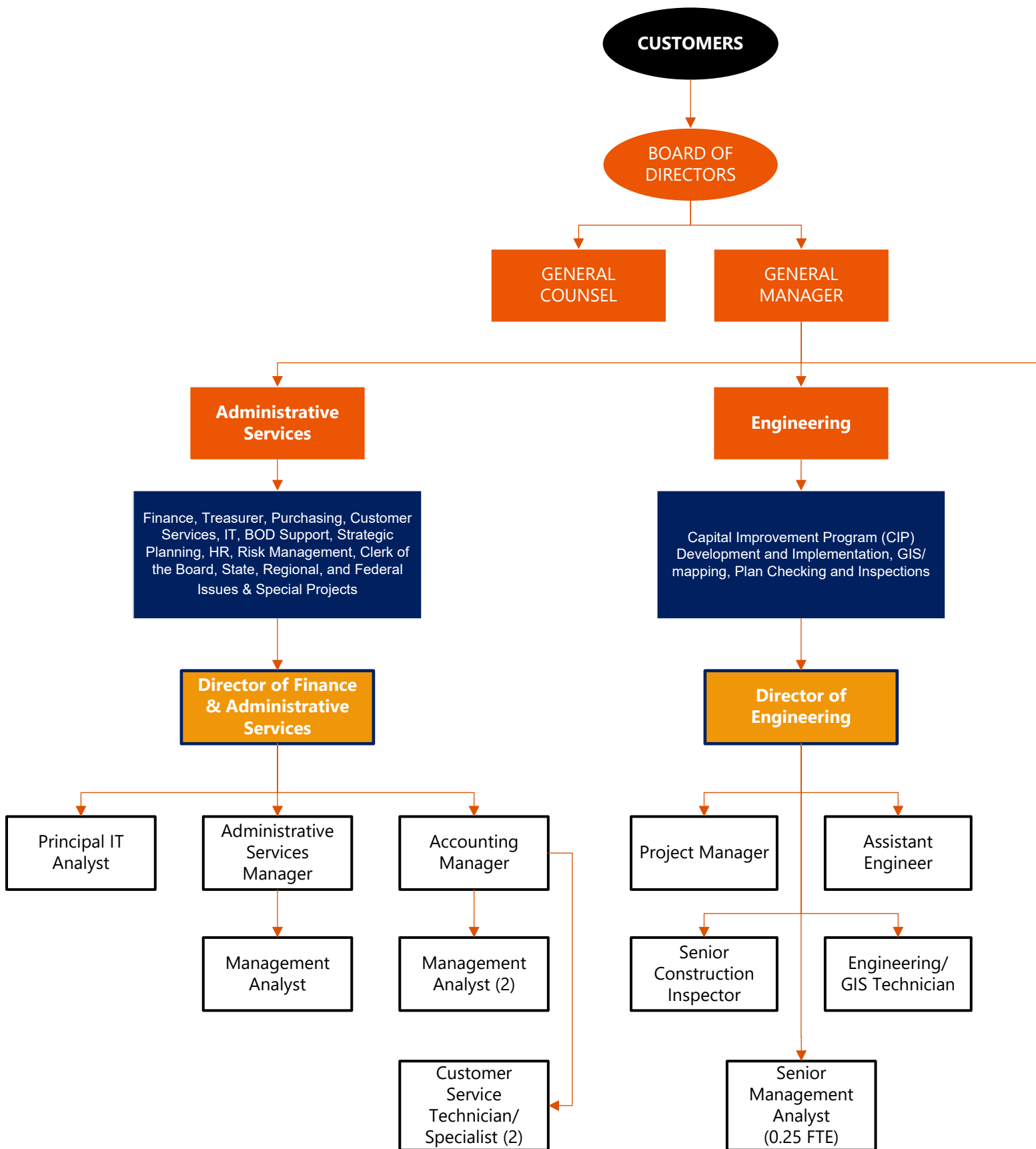
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

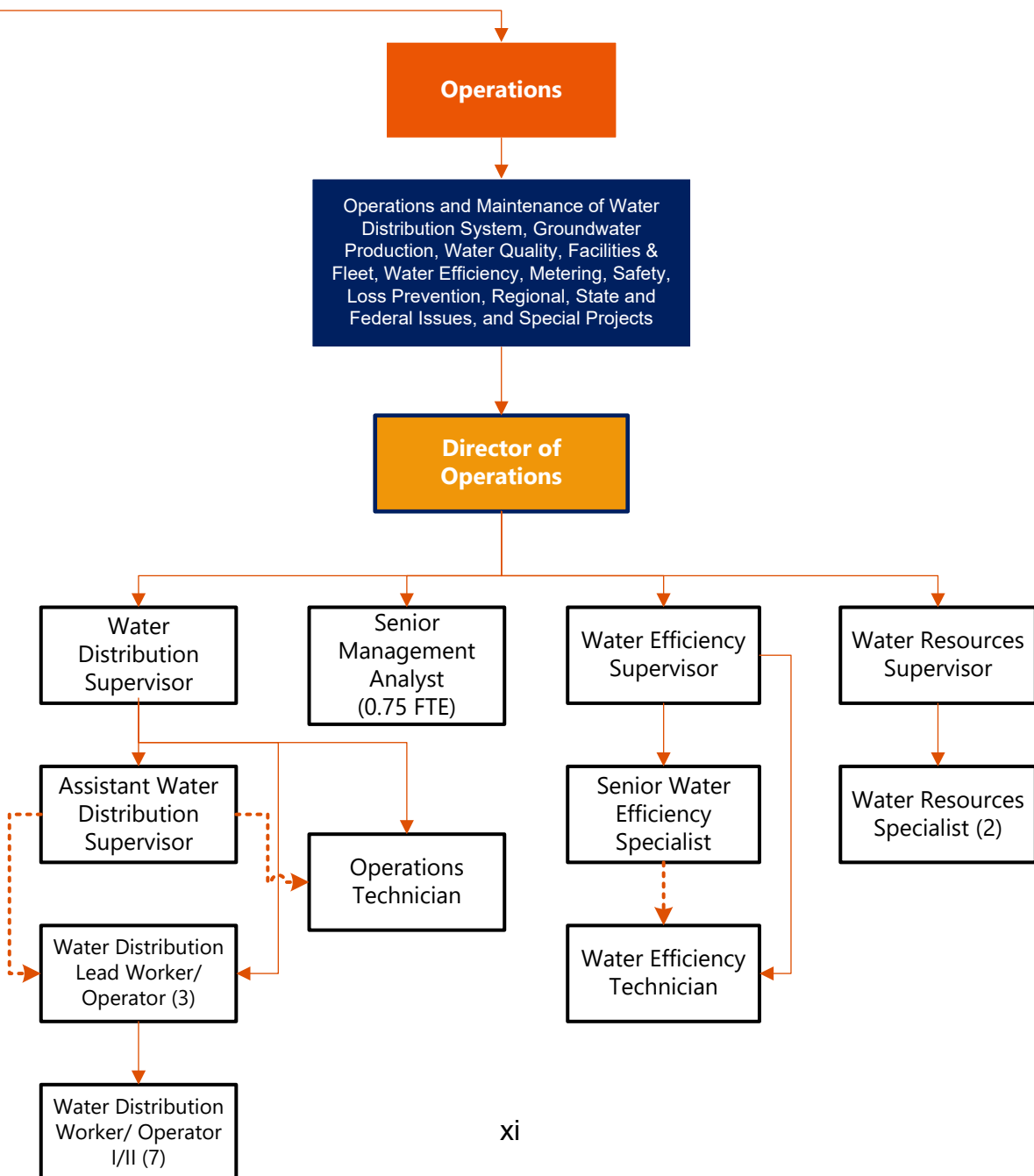
Christopher P. Morill

Executive Director/CEO

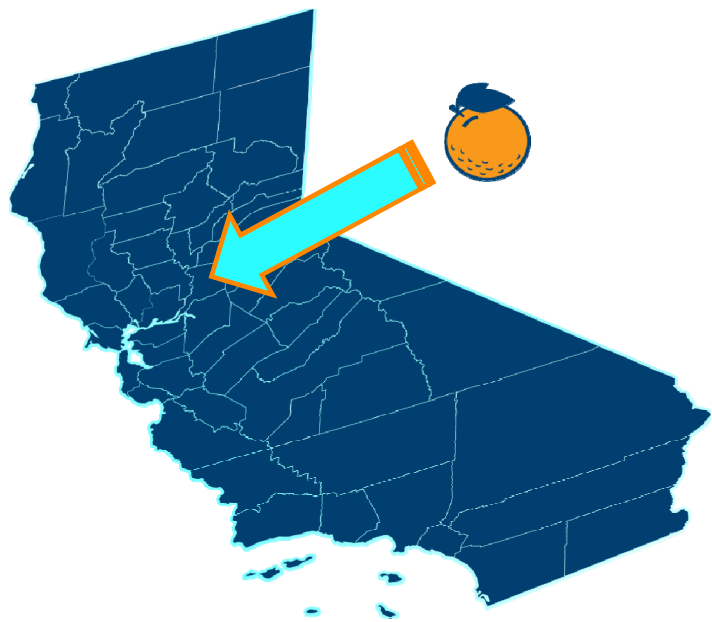
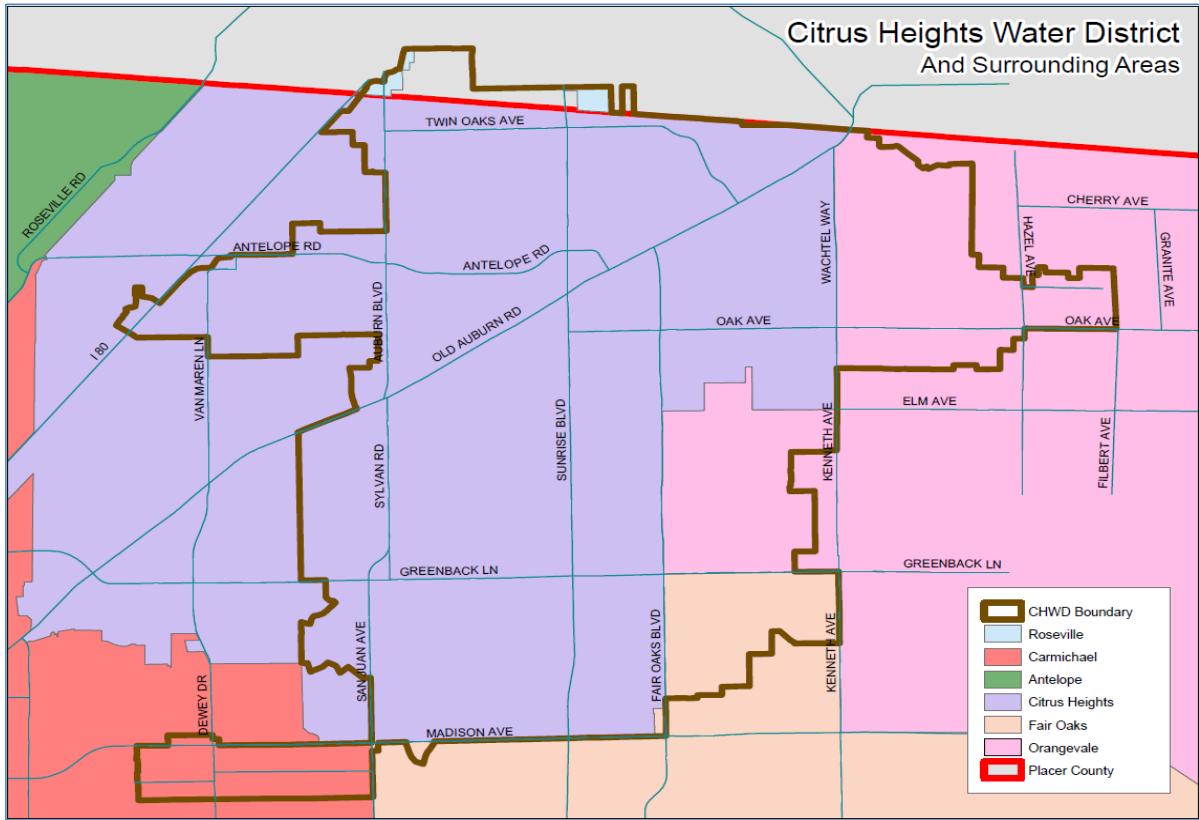
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2020 Organizational Chart



CITRUS HEIGHTS WATER DISTRICT
Service Area Map with Cities Served



CITRUS HEIGHTS WATER DISTRICT

Board of Directors and Principal Officers

Board of Directors

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

Executive Staff

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

Appointed Officers

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



Financial Section



Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the accompanying financial statements of the Citrus Heights Water District (District), California, as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial positions of the District as of December 31, 2020 and 2019, and the respective changes in its financial positions and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which became effective during the year ended December 31, 2020 as discussed in Note 1 to the financial statements. This Statement had no material effect on the financial statements.

The emphasis of this matter does not constitute a modification to our opinions.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Introductory Section, and Statistical Section, as listed in the Table of Contents are presented for purposes of additional analysis and are not required parts 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.

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

Pleasant Hill, California
April 13, 2021



Management's Discussion and Analysis

CITRUS HEIGHTS WATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2020 and 2019

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, 2020 and 2019. 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 2020 and its financial position at the close of the year 2020:

- ❖ The District's assets exceeded its liabilities at the end of year 2020 by \$75,181,009. About 79 percent of the District's net position, \$59,531,355, 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 \$15,649,654, up from \$12,217,198 at the end of year 2019. This increase is due primarily to an 11.9 percent rate increase levied by the Board of Directors at the beginning of 2020, and connection fees received from a large development being built in the District. In fiscal year 2019, unrestricted net position increased to \$12,217,198, up from \$11,717,632 at the end of 2019. This increase is due primarily to a 4.9 percent rate increase levied by the Board of Directors at the beginning of 2019.
- ❖ In year 2020, as compared with 2019, capital improvement spending increased by \$823,011. Capital improvements capitalized in 2020 amounted to \$3.8 million. Capital improvement spending in year 2019 decreased by \$298,288 as compared to year 2018. Capital improvements capitalized in 2019 amounted to \$3.0 million.
- ❖ The District's operating revenues for 2020 were \$19,203,757. About 88 percent of operating revenues, \$16,908,986, came from water sales to customers.
- ❖ The District's total net long-term liabilities at the end of 2020, including the 2012 Revenue Refunding bonds, pension liability, liability for other postemployment benefits (OPEB), and compensated absences is \$8,213,325. GASB Statement No. 68 required the recording of pension liability amounting to \$4,877,315. GASB Statement No. 75 required the recording of OPEB liability in the amount of \$1,423,692. Liabilities from Bond debt service decreased by \$664,457 due to a reduction in principal on debt during 2020 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.

CITRUS HEIGHTS WATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2020 and 2019

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, 2020, 2019, and 2018:

				% Increase (Decrease)	
	2020	2019	2018	FY20 vs FY19	FY19 vs FY18
Current assets	\$22,371,449	\$18,801,764	\$17,150,069	18.9%	9.6%
Capital assets, net	61,322,653	59,640,444	58,109,443	2.8%	2.6%
Total Assets	83,694,102	78,442,208	75,259,512	6.7%	4.2%
Deferred outflows	1,480,824	2,113,759	2,674,857	(29.9)%	(21.0)%
Current liabilities	1,526,560	2,295,848	1,972,121	(33.5)%	16.4%
Non-current liabilities	8,213,325	7,945,889	8,468,101	3.4%	(6.2)%
Total Liabilities	9,739,885	10,241,737	10,440,222	(4.9)%	(1.9)%
Deferred Inflows	254,032	361,220	205,982	(29.7)%	75.4%
Net Position					
Net investment in capital assets	59,531,355	57,193,152	55,029,058	4.1%	3.9%
Restricted for debt service	-	542,660	541,475	(100.0)%	0.2%
Unrestricted	15,649,654	12,217,199	11,717,632	28.1%	4.3%
Total Net Position	\$75,181,009	\$69,953,010	\$67,288,165	7.5%	4.0%

CITRUS HEIGHTS WATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2020 and 2019

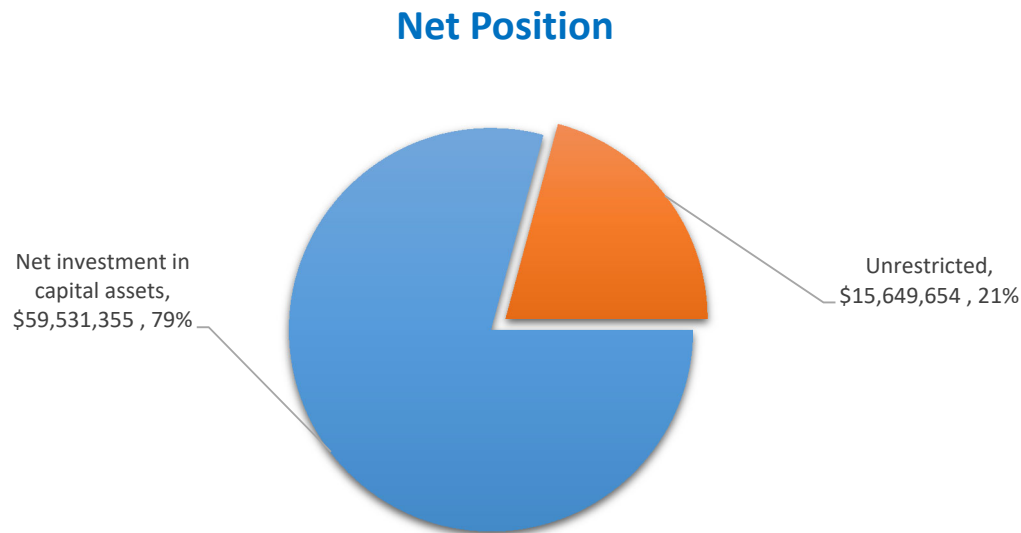
The total net position of the District increased from \$67.3 million in 2018 to \$70.0 million in 2019, and increased to \$75.2 million in 2020. The District's total assets increased by \$5.3 million, or 6.7%, in 2020 compared to 2019, and \$3.2 million, or 4.2%, in 2019 compared to 2018.

Deferred outflows decreased by 29.9% from \$2.1 million in 2019 to \$1.5 million in 2020, due to the amortization of a prior-year balance of pension deferred outflows; a 21.0% decrease in deferred outflows from \$2.7 million in 2018 to \$2.1 million in 2019 was due to a prior-year balance of pension deferred outflows.

In 2020, the total liabilities decreased \$501,852, or 4.9%, compared to 2019, and in 2019, decreased \$198,485, or 1.9%, compared to 2018.

Deferred inflows decreased by \$107,188, or 29.7% to \$254,032 in 2020 from \$361,220 in 2019 as a result of changes in actuarial assumptions affecting the calculation of the pension liability; deferred inflows increased by \$155,238, or 75.4%, to \$361,220 in 2019 from \$205,982 in 2018 primarily as a result of changes in actuarial assumptions that affected the calculation of deferred inflows for pensions.

The increase in net position over the three-year period totals \$7.9 million or 11.7% and is the result of the combination of net income and capital contributions.



CITRUS HEIGHTS WATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2020 and 2019

Changes in Net Position

The following table summarizes the changes in net position for the fiscal years ended December 31, 2020, 2019, and 2018:

				% Increase (Decrease)	
	2020	2019	2018		
Operating revenues	\$19,203,757	\$15,340,476	\$14,375,044	25.2%	6.7%
Operating expenses:					
Customer service, administration and general	4,999,639	4,371,420	3,228,919	14.4%	35.4%
Water purchases	2,917,535	3,131,903	2,878,799	(6.8)%	8.8%
Transmission and distribution	2,490,474	2,425,827	2,142,451	2.7%	13.2%
Pumping & well maintenance	826,804	683,432	717,562	21.0%	(4.8)%
Water efficiency (Conservation)	553,068	617,732	563,708	(10.5)%	9.6%
Depreciation & amortization	2,469,339	2,435,900	2,388,634	1.4%	2.0%
Total operating expenses	14,256,859	13,666,214	11,920,073	4.3%	14.6%
Operating income	4,946,898	1,674,262	2,454,971	195.5%	(31.8)%
Net non-operating revenues (expenses)	(9,081)	92,499	302,184	(109.8)%	(69.4)%
Net income before capital contributions	4,937,817	1,766,761	2,757,155	179.5%	(35.9)%
Capital contributions:					
Contributed (donated) assets	290,182	898,084	213,121	(67.7)%	321.4%
Grant Revenue	-	-	-	0.0%	0.0%
Total capital contributions	290,182	898,084	213,121	(67.7)%	321.4%
Change in net position	5,227,999	2,664,845	2,970,276	96.2%	(10.3)%
Net position, beginning of year, as restated	69,953,010	67,288,165	64,317,889	4.0%	4.6%
Net position, end of year	\$75,181,009	\$69,953,010	\$67,288,165	7.5%	4.0%

Net position increased \$5.2 million, or 7.5 percent from the prior year; in 2019, net position increased \$2.7 million, or 4.0 percent from 2018. Operating revenue that exceeded operating expenses by \$4.9 million and \$1.7 million for 2020 and 2019, 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 \$290,182 in donated assets from private developer additions to the District's water distribution system accounted for about 5.6 percent of the increase in net position.

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Total operating revenues increased in 2020 by \$3.9 million or 25.2 percent from 2019, and in 2019 by \$965,432 or 6.7 percent from 2018. An increase in water rates, increased consumption, and a one-time payment of connection fees from a large development project within District boundaries account for most of this increase. 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. Consumption increased in 2019 by 0.2% over 2018 as a result of a dryer winter than in the previous year.

Total nonoperating revenues decreased by \$101,580 or -109.8% in 2020 to a net expense of \$9,081 from a net revenue of \$92,499 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. Nonoperating revenues decreased by \$209,685 or 69.4%, to \$92,499 in 2019 from \$302,184 in 2018. This was due to a decrease in groundwater sales in 2019.

In 2020, operating expenses increased 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. Operating expenses increased in 2019 by \$1.7 million, or 14.6% from 2018, due to a pension expense of \$0.9 million recorded for GASB 68, and an increase of \$253,104 in the cost of wholesale water caused by an increase in the wholesale water rate.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2020, 2019 and 2018, the District's investment in capital assets, net of related debt, was \$59,531,355, \$57,193,152, and \$55,029,058, 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 \$3.8 million additions to the District's capital assets in 2020, the \$3.0 million additions in 2019, and the \$4.8 million additions in 2018. A number of private development projects resulted in the addition of \$898,084 in donated capital assets in 2019, and \$213,122 in 2018.

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 2010 Refunded Certificates of Participation (COPs) and the 2012 Revenue Refunding bonds. Through scheduled debt service payments, principal on its collective debt was reduced by \$664,457 during 2020, and

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For the Fiscal Year Ended December 31, 2020 and 2019

by \$644,819 during 2019. The District's total debt from its COP and bond issuances now stands at approximately \$1.8 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 \$449,098 at the end of 2020, an increase from the 2019 year-end amount of \$444,651. This increase is due to higher rates of leave due to seniority and low employee turnover. From 2018 to 2019, compensated absences decreased by \$18,438. This decrease was due to a change in leave policies that reduced the amount of management, vacation, and compensated time off leave balances that could be carried forward to the next year.

The net liability for other post-employment benefits (OPEB) decreased by \$35,890 to 1.4 million 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. OPEB liability increased by \$58,314 in 2019 as a result of the annual cost of these benefits exceeding the amounts paid for premiums.

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 2021, with an overall decrease of \$381,731, or 2.8% percent compared with the 2020 Operating Budget. This budget includes:

- ❖ Maintaining the current level of services and programs for District customers;
- ❖ No net change in Salary and Benefits, while still funding accelerated payoffs of the CalPERS pension Unfunded Actuarial Liability (UAL) and the OPEB UAL, a 12% increase in health insurance costs, and 2.75% for merit and cost of living adjustments.
- ❖ \$1.3 million in Professional Services, including many Strategic Planning and Special Project items, including the Water Meter Replacement study, ASR Study, organizational development, District policy review/updates, review of easements, and providing content for the District's WaterSmart classes.

A 2021 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 FY2021 are about \$7.5 million compared with \$5.7 million in FY2020. This amount includes about \$1.5 million in carry-over projects from prior years, and about \$5.8 million in new projects for FY2021. Installation of new fire hydrants, as well as replacements and upgrades for \$160,000, six water main replacement or installation projects, scheduled to start design, will be undertaken in 2021 with construction targeted for 2022, as well as six projects scheduled to start construction at a

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total cost of \$2.2 million. Operations equipment replacements and new equipment purchases totaling \$260,000 are planned for 2021. Design of a new well for \$1.1 million is also included.

A 2021 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 \$95,000 for FY2021.

The District's Board of Directors (Board) levied a water rate increase designed to achieve an overall increase in water rate revenues of 11.9 percent for 2020. 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. However, taking into account the effect of the COVID pandemic on the local economy, no increase was levied for 2021. Instead, 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 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 FY2022 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
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CITRUS HEIGHTS WATER DISTRICT ADOPTED BUDGET

Budget Overview	2020 Adopted Budget	2021 Proposed Budget	Increase / (Decrease)	% Change
Operating & Maintenance Budget				
<i>Operations & Maintenance</i>	5,181,816	4,745,211	(436,605)	-8.43%
<i>Purchased Water</i>	3,122,550	3,177,864	55,314	1.77%
<i>Salary & Benefits</i>	5,332,506	5,332,066	(440)	-0.01%
<i>Total Expense</i>	13,636,872	13,255,141	(381,731)	-2.80%
Contribution to Reserves Budget				
<i>Total Budgeted Contribution to Reserves</i>	1,200,000	-	(1,200,000)	-100.00%
Capital Improvement Program Budget				
<i>Capital Improvement Program Budget (Funded through CIP Reserve)</i>	5,746,141	7,208,814	1,462,673	25.45%
Total	20,583,013	20,463,955	(119,058)	-0.58%

2021 Adopted Budget



CITRUS HEIGHTS WATER DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended December 31, 2020 and 2019

CITRUS HEIGHTS WATER DISTRICT ADOPTED CAPITAL PROJECTS BUDGET

Project Number	Description	2020 Adopted Budget	Project Expenses Prior Years	2020 Projected Expense	2021 Adopted Budget	Proposed Project Budget through 2021	2021 Project Budget Amendment Request
C15-104B	Document Management System	239,278	5,361	90,000	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	24,288	91	-	24,888	24,979	691
C16-134	Auburn Blvd - Rusch Park to Placer County Line	9,391	609	10,000	157,000	167,609	157,609
C17-104	Groundwater Well Property Acquisition (# 7, 8, 9 & 10)	151,834	387,972	65,664	436,364	890,000	-
C19-106	Wells Avenue 8-inch (San Juan to Wells)	22,460	8,341	22,460	188,202	219,003	196,543
C19-108	6230 Sylvan Road - East Wall	45,000	2,432	2,744	244,824	250,000	200,000
C20-003	Annual Fleet and Field Operations Equipment	380,000	-	295,000	85,000	380,000	-
C20-101	Fair Oaks Boulevard	56,439	-	56,439	418,698	475,137	418,698
C20-102	Langley Avenue and Chance Drive	67,019	-	67,019	437,038	504,057	437,038
C20-103	Marsala Court	7,482	-	7,482	46,201	53,683	46,201
C20-104	Skycrest School	13,765	-	13,765	90,257	104,022	90,257
C20-105	Walnut Drive	17,133	-	17,060	88,187	105,247	88,114
C20-106	Wisconsin Drive	33,238	-	32,887	269,103	301,990	268,752
C20-107	Water Supply Project Design and Construction of Well	563,500	-	-	1,105,500	1,105,500	542,000
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 Yard	25,000	-	-	400,000	400,000	375,000
Encumbered Projects Total		1,783,604	404,806	682,196	4,272,002	5,359,004	2,820,903
C21-003	Annual Fleet and Field Operations Equipment	380,000	-	380,000	260,000	260,000	-
C21-004	Annual Technology Hardware and Software	55,000	-	55,000	56,650	56,650	-
C21-005	Annual Facilities Improvements	100,000	-	100,000	60,000	60,000	-
C21-010	Annual Water Main Pipeline Replacements (small)	70,000	-	70,000	72,100	72,100	-
C21-011	Annual Valve Replacements	100,000	-	100,000	103,000	103,000	-
C21-012	Annual Water Service Connections	850,000	-	850,000	875,500	875,500	-
C21-013	Annual Water Meter Replacements	100,000	-	100,000	500,000	500,000	-
C21-014	Annual Fire Hydrants - Repl, Upgrades, Infill, New	160,000	-	160,000	164,800	164,800	-
C21-020	Annual Groundwater Well Improvements	150,000	-	150,000	154,500	154,500	-
C21-040	Other City Partnership Opportunities	150,000	-	150,000	112,551	112,551	-
C21-041	Other Misc Infrastructure Projects	110,000	-	110,000	112,551	112,551	-
2020 New Annual Capital Total ¹		2,225,000	-	2,225,000	2,471,652	2,471,652	-
C21-101	Antelope - Rusch Park	-	-	-	187,741	187,741	-
C21-102	Old Auburn Road	-	-	-	91,459	91,459	-
C21-103	Pratt Avenue	-	-	-	39,043	39,043	-
C21-104	Mesa Verde High School	-	-	-	118,779	118,779	-
C21-105	Madison Avenue & Dewey Drive	-	-	-	28,138	28,138	-
2020 New Projects Total Budget		-	-	-	465,160	465,160	-
Totals		4,008,604		2,907,196	7,208,814	8,295,816	2,820,903

Summary	Total Budget
Prior Years Carry-Over Capital Project Total	1,783,604
Plus:	
Prior Years Projects Amendment Approval/(Savings)	2,820,903
2021 New Annual Capital Project Total	2,471,652
2021 New Capital Project Total	465,160
2020 Capital Project Total Budget Request	5,757,715
Total CIP Budget	\$7,541,319

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



Basic Financial Statements

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CITRUS HEIGHTS WATER DISTRICT
BALANCE SHEETS
DECEMBER 31, 2020 AND 2019

ASSETS	2020	2019
CURRENT ASSETS		
Cash and investments (Note 2)	\$18,480,938	\$14,461,764
Restricted - cash and investments (Note 2)	-	542,660
Accounts receivable, net	3,005,606	2,701,846
Due from other governments	1,453	199,973
Accrued interest receivable	15,193	41,599
Inventory	429,521	341,180
Prepaid expenses and other deposits	438,738	512,742
Total current assets	22,371,449	18,801,764
NON-CURRENT ASSETS		
Non-depreciable capital assets (Note 3)	1,896,854	1,577,867
Depreciable capital assets, net (Note 3)	59,425,799	58,062,577
Total non-current assets	61,322,653	59,640,444
TOTAL ASSETS	83,694,102	78,442,208
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amount from refunding debt	-	9,788
Pension related (Note 7)	1,283,027	1,915,695
OPEB related (Note 8)	197,797	188,276
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,480,824	2,113,759
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$85,174,926	\$80,555,967
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$588,042	\$697,792
Retentions payable	55,218	37,883
Accrued payroll	197,395	116,071
Accrued interest payable	37,079	46,342
Deposits payable	343,295	395,166
Compensated absences (Note 4)	210,531	367,594
Long-term debt (Note 4)	95,000	635,000
Total current liabilities	1,526,560	2,295,848
NON-CURRENT LIABILITIES		
Compensated absences (Note 4)	238,567	77,057
Long-term debt (Note 4)	1,673,751	1,798,208
Net pension liability (Note 7)	4,877,315	4,611,042
Net OPEB liability (Note 8)	1,423,692	1,459,582
Total non-current liabilities	8,213,325	7,945,889
TOTAL LIABILITIES	9,739,885	10,241,737
DEFERRED INFLOWS OF RESOURCES		
Deferred amount from refunding debt	22,547	23,872
Pension related (Note 7)	206,009	337,348
OPEB related (Note 8)	25,476	-
TOTAL DEFERRED INFLOWS OF RESOURCES	254,032	361,220
NET POSITION (Note 6)		
Net investment in capital assets	59,531,355	57,193,152
Restricted for debt service	-	542,660
Unrestricted	15,649,654	12,217,198
TOTAL NET POSITION	75,181,009	69,953,010
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$85,174,926	\$80,555,967

See accompanying notes to financial statements

CITRUS HEIGHTS WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Water sales	\$16,908,986	\$14,823,207
Connection and other fees	<u>2,294,771</u>	<u>517,269</u>
Total operating revenues	<u>19,203,757</u>	<u>15,340,476</u>
OPERATING EXPENSES		
Customer service, administration and general	4,999,639	4,371,420
Water purchases	2,917,535	3,131,903
Transmission and distribution	2,490,474	2,425,827
Pumping and well maintenance	826,804	683,432
Conservation	553,068	617,732
Depreciation and amortization	<u>2,469,339</u>	<u>2,435,900</u>
Total operating expenses	<u>14,256,859</u>	<u>13,666,214</u>
OPERATING INCOME	<u>4,946,898</u>	<u>1,674,262</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	116,981	214,962
Miscellaneous income	42,989	69,322
Groundwater transfers and sales	-	38,316
Interest expense	(95,741)	(124,346)
(Loss) gain on disposal of capital assets	<u>(73,310)</u>	<u>(105,755)</u>
Total nonoperating revenues (expenses)	<u>(9,081)</u>	<u>92,499</u>
Net income (loss) before capital contributions	<u>4,937,817</u>	<u>1,766,761</u>
CAPITAL CONTRIBUTIONS		
Capital contributions	<u>290,182</u>	<u>898,084</u>
Total capital contributions	<u>290,182</u>	<u>898,084</u>
CHANGES IN NET POSITION	5,227,999	2,664,845
NET POSITION, BEGINNING OF YEAR, AS RESTATED	<u>69,953,010</u>	<u>67,288,165</u>
NET POSITION, END OF YEAR	<u><u>\$75,181,009</u></u>	<u><u>\$69,953,010</u></u>

See accompanying notes to financial statements

CITRUS HEIGHTS WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	\$18,917,332	\$15,050,809
Cash paid to suppliers for goods and services	(8,412,811)	(7,881,654)
Cash paid to employees for services	(2,483,840)	(2,129,372)
Receipts from miscellaneous non operating income	42,989	69,322
Receipts from groundwater transfers and sales	-	38,316
	<u>8,063,670</u>	<u>5,147,421</u>
Cash Flows from Operating Activities		
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(3,934,676)	(3,174,572)
Principal payments on long-term debt	(664,457)	(644,819)
Interest payments on long-term debt	(105,004)	(130,348)
	<u>(4,704,137)</u>	<u>(3,949,739)</u>
Cash Flows (used for) Capital and Related Financing Activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest earnings	116,981	214,962
	<u>116,981</u>	<u>214,962</u>
Cash Flows from Investing Activities		
NET CASH FLOWS	3,476,514	1,412,644
Cash, beginning of year	<u>15,004,424</u>	<u>13,591,780</u>
Cash, end of year	<u><u>\$18,480,938</u></u>	<u><u>\$15,004,424</u></u>
 Reconciliation of cash and cash equivalents to statement of net position:		
Cash and cash equivalents	\$18,480,938	\$14,461,764
Restricted - cash and cash equivalents	<u>-</u>	<u>542,660</u>
Total cash and cash equivalents	<u><u>\$18,480,938</u></u>	<u><u>\$15,004,424</u></u>

(Continued)

CITRUS HEIGHTS WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

RECONCILIATION OF NET INCOME FROM OPERATIONS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES:

	<u>2020</u>	<u>2019</u>
Net income from operations	\$4,946,898	\$1,674,262
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,469,339	2,435,900
Miscellaneous income	42,989	69,322
Groundwater transfers and sales	-	38,316
Change in assets and liabilities:		
(Increase) decrease in assets and deferred outflows of resources:		
Accounts receivable	(303,760)	(327,550)
Inventory	(88,341)	(57,153)
Prepaid expenses and other assets	298,930	145,652
Deferred amount from refunding of debt	9,788	13,051
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(109,750)	128,845
Accrued payroll	81,324	23,632
Deposits payable	(51,871)	10,331
Retentions payable	17,335	37,883
Compensated absences	4,447	(18,438)
Deferred amount from refunding of debt	(1,325)	(1,325)
Net pension liability and related deferred inflows and outflows	767,602	982,128
Total OPEB liability and related deferred inflows and outflows	<u>(19,935)</u>	<u>(7,435)</u>
Net cash provided by operating activities	<u>\$8,063,670</u>	<u>\$5,147,421</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH ACTIVITIES		
Receipt of contributed assets	<u>\$290,182</u>	<u>\$898,084</u>

See accompanying notes to financial statements



Notes to the Basic Financial Statements

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

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 about 19,900 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.

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.

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019**

**NOTE 1 – REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES (Continued)**

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.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

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.

Prepays: Prepays 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 \$2,460,876 and \$2,424,174 for the years ended December 31, 2020 and 2019, 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 or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

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 or fund balance 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.

A. New Governmental Accounting Standards Board Statement Pronouncements

GASB 89 – Accounting for Interest Cost Incurred before the End of a Construction Period – This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise. This Statement is effective for the District's fiscal year ending December 31, 2020.

GASB 95 – Postponement of the Effective Dates of Certain Authoritative Guidance – This Statement extended the implementation dates for 15 GASB Statements and Implementation Guides by 1 year or more. The District implemented this statement during the fiscal year ended December 31, 2020.

NOTE 2 – CASH AND INVESTMENTS

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

	2020	2019
Cash and investments	\$18,480,938	\$14,461,764
Restricted cash and investments		542,660
Total cash and investments	<u>\$18,480,938</u>	<u>\$15,004,424</u>

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 2 – CASH AND INVESTMENTS (Continued)

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

	2020	2019
Cash on hand	\$850	\$850
Deposits with financial institutions	11,976,561	8,067,088
Total cash	11,977,411	8,067,938
Investments in Local Agency Investment Fund (LAIF)	6,503,527	6,393,826
Held by fiscal agent:		
Money market mutual fund	-	542,660
Total investments	6,503,527	6,936,486
Total cash and investments	18,480,938	\$15,004,424

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, 2020, the District's permissible investments included the following instruments:

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 Acceptances	180 days	40%	30%
Commercial Paper	270 days	40%	10%
Negotiable Certificates of Deposits	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

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 2 – CASH AND INVESTMENTS (Continued)

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 Acceptances	1 year	None	None
Commercial Paper	None	None	None
Negotiable Certificates of Deposits	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

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.

<p style="text-align: center;">CITRUS HEIGHTS WATER DISTRICT NOTES TO BASIC FINANCIAL STATEMENTS For the Years Ended December 31, 2020 and 2019</p>
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NOTE 2 – CASH AND INVESTMENTS (Continued)
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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
<i>Investments Measured at Amortized Cost:</i>	
Money Market Mutual Fund	\$543,957
<i>Cash in banks and on hand</i>	11,433,454
<i>Total Cash and Investments</i>	11,977,411
<i>Investments not subject to Fair Value Hierarchy</i>	
California Local Agency Investment Fund (LAIF)	6,503,527
Total Cash and Investments	\$18,480,938

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of December 31, 2019:

	Level 1	Total
<i>Investments by Fair Value Level:</i>		
Money Market Mutual Fund	\$542,660	\$542,660
Total Investments	\$542,660	542,660
<i>Investments Measured at Amortized Cost:</i>		
Money Market Mutual Fund		542,971
<i>Cash in banks and on hand</i>		7,524,967
<i>Total Cash and Investments subject to Fair Value Hierarchy</i>		8,610,598
<i>Investments not subject to Fair Value Hierarchy</i>		
California Local Agency Investment Fund (LAIF)		6,393,826
Total Cash and Investments		\$15,004,424

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 2 – CASH AND INVESTMENTS (Continued)

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, 2020.

	Minimum Legal Rating	Not Rated	Total
LAIF	N/A	\$6,503,527	\$6,503,527
		<u>\$6,503,527</u>	<u>\$6,503,527</u>

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, 2019.

	Minimum Legal Rating	Ratings as of Year End AAAm	Not Rated	Total
LAIF	N/A	-	\$6,393,826	\$6,393,826
Held by bond trustee:				
Money market mutual funds	AAAm	\$542,660	-	542,660
		<u>\$542,660</u>	<u>\$6,393,826</u>	<u>\$6,936,486</u>

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.

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019**

NOTE 2 – CASH AND INVESTMENTS (Continued)

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, 2020 and 2019, these investments matured in an average of 165 and 226 days, respectively.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2020 and 2019 are as follows:

	Balance December 31, 2019	Additions	Retirements	Transfers	Balance December 31, 2020
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
Donated pipelines	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)
Donated pipelines	(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

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 3 – CAPITAL ASSETS (Continued)

	Balance December 31, 2018	Additions	Retirements	Transfers	Balance December 31, 2019
Capital assets not being depreciated:					
Land	\$955,683				\$955,683
Right of ways	26,080				26,080
Construction in progress	426,521	\$3,180,405	(\$31,538)	(\$2,979,284)	596,104
Total capital assets not being depreciated	1,408,284	3,180,405	(31,538)	(2,979,284)	1,577,867
Capital assets being depreciated:					
Improvements	1,079,743			165,319	1,245,062
Pipelines and infrastructure	60,794,063		(260,814)	2,435,921	62,969,170
Equipment and machinery	3,642,871	23,380	(65,400)	270,654	3,871,505
Buildings and improvements	3,889,125			43,262	3,932,387
Well improvements	7,814,290			64,128	7,878,418
Donated pipelines	17,649,248	898,084	(38,816)		18,508,516
Total capital assets being depreciated	94,869,340	921,464	(365,030)	2,979,284	98,405,058
Less accumulated depreciation for:					
Improvements	(41,572)	(26,724)			(68,296)
Pipelines and infrastructure	(22,013,708)	(1,526,895)	171,956		(23,368,647)
Equipment and machinery	(2,796,118)	(172,232)	53,547		(2,914,803)
Buildings and improvements	(952,486)	(94,400)			(1,046,886)
Well improvements	(1,800,782)	(195,117)			(1,995,899)
Donated pipelines	(10,563,515)	(408,806)	24,371		(10,947,950)
Total accumulated depreciation	(38,168,181)	(2,424,174)	249,874		(40,342,481)
Total capital assets being depreciated, net	56,701,159	(1,502,710)	(\$115,156)	2,979,284	58,062,577
Capital Assets, net	\$58,109,443	\$1,677,695	(\$146,694)		\$59,640,444

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:

2010 Certificates of Participation: In 2010, the District issued \$5,155,000 of Revenue Certificates of Participation (Certificates) with an interest rate of 4.00%. These 2010 Certificates were issued to retire the 2000 Certificates of Participation, which were issued to finance 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 \$450,000 to \$545,000 are due on September 28 through September 28, 2020 and semi-annual interest payments, ranging from \$10,900 to \$59,600 are due on March 28 and September 28 through September 28, 2020. The Certificates were paid off during the year ended December 31, 2020.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 4 – LONG-TERM LIABILITIES (Continued)

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, 2020 and 2019 was as follows:

	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 Refunding Bonds 3-5.25%, due 2/1/33	1,705,000		(90,000)	\$1,615,000	\$95,000
Less: Unamortized premiums	183,208		(29,457)	153,751	
	2,433,208		(664,457)	1,768,751	95,000
Net pension liability	4,611,042	\$266,273		4,877,315	
Net OPEB liability	1,459,582	10,878	(46,768)	1,423,692	
Compensated absences	444,651	161,451	(157,004)	449,098	210,531
Total Long-Term Liabilities	\$8,948,483	\$438,602	(\$868,229)	\$8,518,856	\$305,531
	Balance December 31, 2018	Additions	Retirements	Balance December 31, 2019	Current Portion
2010 Certificates of Participation 4%, due 9/28/20	\$1,070,000		(\$525,000)	\$545,000	\$545,000
2012 Revenue Refunding Bonds 3-5.25%, due 2/1/33	1,790,000		(85,000)	1,705,000	90,000
Less: Unamortized premiums	218,027		(34,819)	183,208	
	3,078,027		(644,819)	2,433,208	635,000
Net pension liability	4,399,273	\$211,769		4,611,042	
Net OPEB liability	1,401,268	100,841	(42,527)	1,459,582	
Compensated absences	463,089	372,613	(391,051)	444,651	367,594
Total Long-Term Liabilities	\$9,341,657	\$685,223	(\$1,078,397)	\$8,948,483	\$1,002,594

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 4 – LONG-TERM LIABILITIES (Continued)

The annual requirements to amortize the outstanding debt as of December 31, 2020 are as follows:

Fiscal Year Ending December 31,	2012 Revenue Refunding Bonds		
	Principal	Interest	Total
2021	\$95,000	\$79,088	\$174,088
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
2026-2030	635,000	223,913	858,913
2031-2033	460,000	49,088	509,088
Total	<u>\$1,615,000</u>	<u>\$620,638</u>	<u>\$2,235,638</u>

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 \$2,235,638 and \$2,337,038 at December 31, 2020 and 2019, respectively.

The District pledged future water system revenues, net of specified expenses, to repay the 2010 Certificates of Participation in the original amount of \$5,155,000. Proceeds of the Certificates of Participation funded the acquisition and construction of certain facilities, as indicated above. The Certificates of Participation are payable solely from water customer net revenues and are payable through September 2020. Annual principal and interest payments on the Certificates of Participation are expected to require less than 80% of net revenues. The District has paid off the Certificates of Participation as of December 31, 2020.

Total principal and interest paid on all debt payable from net revenues was \$740,388 and \$738,938 and the total water system net revenues were \$6,098,802 and \$3,817,978 for the years ended December 31, 2020 and 2019, respectively. At December 31, 2020 and 2019, the District's net revenues were 824% and 517% 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, 2020.

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019**

NOTE 4 – LONG-TERM LIABILITIES (Continued)

The 2010 Certificates of Participation's bond covenants contain events of default that declare the entire principal amount of the unpaid Series 2010 Installment Payments and the accrued interest 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, 2020.

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, 2020 and 2019.

NOTE 6 – NET POSITION

Restrictions: Restricted net position consist of constraints placed on net position use through external requirements imposed by creditors (such as through debt covenants), grantors, contributors, or laws and regulations of other governments or constraints by law through constitutional provisions or enabling legislation. Restricted net position at December 31, 2020 and 2019 consisted of the debt service reserve on the 2010 Certificates of Participation. The restrictions represent debt service and other reserves required by the related debt covenants.

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.

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019**

NOTE 6 – NET POSITION (Continued)

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 – 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).

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

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, 2020:

	Deferred Outflows of Resources	Net Pension Liability/ Proportionate Share of Net Pension Liability	Deferred Inflows of Resources
Miscellaneous	\$1,283,027	\$4,877,315	(\$206,009)

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, 2020, are summarized as follows:

	Miscellaneous Tier 1 Prior to January 1, 2013	Miscellaneous Tier 2 Prior to January 1, 2013	Miscellaneous PEPRA On or after January 1, 2013
Hire date			
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 \$387,050 in fiscal year 2020.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

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, 2020, the District’s contributions to the Plan were as follows:

	Miscellaneous		
	Tier I	Tier II	PEPRA
Contributions - employer	\$534,995	\$122,556	\$59,253

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

As of December 31, 2020, the District reported \$4,877,315 in net pension liabilities for its proportionate shares of the net pension liability of the Plan.

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, 2020, 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, 2019 rolled forward to June 30, 2020 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, 2019 and 2020 was as follows:

	Miscellaneous
Proportion - June 30, 2019	0.11515%
Proportion - June 30, 2020	0.11563%
Change - Increase (Decrease)	0.00048%

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

For the year ended December 31, 2020, the District recognized pension expense of \$898,942. At December 31, 2020, 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	\$565,468	-
Differences between actual and expected experience	251,343	-
Changes in assumptions	-	(\$34,787)
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	321,328	(171,222)
Net differences between projected and actual earnings on plan investments	144,888	-
Total	<u>\$1,283,027</u>	<u>(\$206,009)</u>

The \$565,468 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, 2021. 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
2021	\$288,011
2022	66,259
2023	87,787
2024	69,493

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 7 – 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	\$7,812,371
Current Discount Rate	7.15%
Net Pension Liability/(Asset)	\$4,877,315
1% Increase	8.15%
Net Pension Liability/(Asset)	\$2,452,170

Actuarial Assumptions – For the measurement period ended June 30, 2020, the total pension liabilities were determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2019 and June 30, 2020 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
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 administrative 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 MP 2016. For more details on this table, please refer to the CalPERS December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) available on CalPERS’ website.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

All other actuarial assumptions used in the June 30, 2018 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 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.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 7 – DEFINED BENEFIT PENSION PLAN (Continued)

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

Asset Class (a)	Current Target Allocation	Real Return Years 1 - 10(b)	Real Return Years 11+(c)
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	100%		

(a) In the System's AFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(b) An expected inflation of 2.00% used for this period.

(c) 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 – 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.

**CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019**

NOTE 8 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

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

	<i>Hired before January 31, 2020</i>		<i>Hired After January 30, 2019</i>
	Retired from District between June 3, 1992 and March 19, 1996	Retired from District after March 19, 1996	
<i>20+ Years of Service</i>	Health insurance provided to employee at District expense	Maximum monthly reimbursement of \$359.00 to retiree, spouse/dependents.	Employees hired after January 30, 2019 are not eligible to receive any benefit under the OPEB plan.
<i>25+ Years of Service</i>	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.	
<i>30+ Years of Service</i>	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, 2020, the District's contributions to the OPEB Plan were \$146,814.

Employees Covered by Benefit Terms – Membership in the OPEB Plan consisted of the following at the measurement date of December 31, 2019:

Active plan members	28
Inactive employees or beneficiaries currently receiving benefit payments	11
Inactive employees entitled to but not yet receiving benefit payments	1
Total	40

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 8 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

B. Net OPEB Liability

Actuarial Methods and Assumptions – The District’s net OPEB liability was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated December 31, 2019 to determine the total OPEB liability as of December 31, 2019, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	December 31, 2018
Measurement Date	December 31, 2019
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Actuarial Assumptions:	
Discount Rate	6.25%
Inflation	2.75%
Payroll Growth	3.0%
Healthcare Trend Rate	7.5% for 2020, decreasing to an ultimate rate of 4.0% in 2
Mortality Rate	CalPERS 1997-2015 Experience Study

The underlying mortality assumptions were based on the CalPERS 1997-2015 Experience Study, and all other actuarial assumptions used in the December 31, 2019 valuation were based on the results of a December 31, 2019 actuarial experience study for the period January 1, 2019 to December 31, 2019.

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
Global Equity	40.0%	4.82%
Fixed Income	43.0%	1.47%
TIPS	5.0%	1.29%
Commodities	4.0%	0.84%
REITs	8.0%	3.76%
Total	<u>100.0%</u>	

Discount Rate – The discount rate used to measure the total OPEB liability was 6.25%. 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.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 8 – 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, 2019 (12/31/18 Measurement Date)	\$1,537,918	\$78,336	\$1,459,582
Changes Recognized for the Measurement Period:			
Service Cost	37,106	-	37,106
Interest on the total OPEB liability	96,977	-	96,977
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(17,427)	-	(17,427)
Changes of assumptions	-	-	-
Contributions from the employer*	-	128,540	(128,540)
Net investment income	-	24,089	(24,089)
Administrative expenses	-	(83)	83
Benefit payments and refunds	(46,768)	(46,768)	-
Net Changes	69,888	105,778	(35,890)
Balance at December 31, 2020 (12/31/19 Measurement Date)	\$1,607,806	\$184,114	\$1,423,692

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 (5.25%) or 1-percentage-point higher (7.25%) than the current discount rate:

Plan's Net OPEB Liability		
Discount Rate -1%	Current Discount	Discount Rate +1%
(5.25 %)	Rate (6.25%)	(7.25%)
\$1,698,999	\$1,423,692	\$1,203,471

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	Health Care Cost	Health Care Cost
Trend Rates -1%	Trend Rates	Trend Rates +1%
\$1,413,207	\$1,423,692	\$1,433,614

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 8 – POST-EMPLOYMENT HEALTH CARE BENEFITS (Continued)

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

For the year ended December 31, 2020, the District recognized OPEB expense of \$126,889. At December 31, 2020, 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	\$32,636	(\$15,593)
Changes in assumptions	18,347	-
Net difference between projected and actual earnings on plan investments	-	(9,883)
Employer contributions made subsequent to the measurement date	146,814	-
Total	<u>\$197,797</u>	<u>(\$25,476)</u>

\$146,814 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, 2021. 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
2021	\$2,616
2022	2,616
2023	2,614
2024	2,123
2025	4,963
Thereafter	10,575

F. Payable to the OPEB Plan

At December 31, 2020, the District reported a payable of \$0 for the outstanding amount of contributions to the OPEB plan required for the year ended December 31, 2020.

NOTE 9 – 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, 2020 and 2019 totaling \$742,551 and \$596,105, respectively, related to construction work.

CITRUS HEIGHTS WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Years Ended December 31, 2020 and 2019

NOTE 10 – ECONOMIC DEPENDENCY

During 2020 and 2019, the District purchased 91.74% and 96.74%, respectively, of its water supply from the San Juan Water District (SJWD). Total purchases for the year ended December 31, 2020 and 2019 was \$2,917,535 and \$3,131,903, respectively. In addition, the District owns water transmission capacity entitlements through the cooperative transmission pipeline project owned and operated by SJWD.

NOTE 11 – 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/ JPIA	Deductible
General and Auto Liability (Includes Public Officials Liability)	\$5,000,000	None
Property Damage *	100,000	\$2,500 - 50,000
Crime	100,000	1,000
Workers Compensation 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

NOTE 12 – 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
REQUIRED SUPPLEMENTAL INFORMATION
For the Years Ended December 31, 2020 and 2019**

Citrus Heights Water District, a Cost-Sharing Defined Pension Plan
As of fiscal year ending December 31, 2020
**Schedule of the Plan's Proportionate Share of the Net Pension Liability and
Related Ratios as of the Measurement Date**
Last 10 Years***

	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>	<u>6/30/2018</u>	<u>6/30/2019</u>	<u>6/30/2020</u>
Plan's Proportion of the Net Pension Liability/Asset	0.05398%	0.12216%	0.11962%	0.11866%	0.11673%	0.11515%	0.11563%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$3,358,940	\$3,351,422	\$4,155,588	\$4,677,711	\$4,399,273	\$4,611,042	\$4,877,315
Plan's Covered Payroll	\$2,279,406	\$2,289,027	\$2,270,540	\$2,606,536	\$2,941,557	\$3,442,952	\$3,399,842
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	147.36%	146.41%	183.02%	179.46%	149.56%	133.93%	143.46%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	77.44%	79.89%	75.87%	75.39%	77.69%	77.73%	77.89%

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

** Calpers provides the information based on a June 30 fiscal year end.

<p align="center">CITRUS HEIGHTS WATER DISTRICT REQUIRED SUPPLEMENTAL INFORMATION For the Years Ended December 31, 2020 and 2019</p>

Citrus Heights Water District, a Cost-Sharing Defined Pension Plan
As of fiscal year ending December 31, 2020
SCHEDULE OF CONTRIBUTIONS
Last 10 Years *

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially determined contribution	\$ 468,974	\$ 347,181	\$ 572,724	\$ 700,242	\$ 663,989	\$ 716,803
Contributions in relation to the actuarially determined contributions	(468,974)	(347,181)	(572,724)	(700,242)	(663,989)	(716,803)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 2,129,887	\$ 2,362,614	\$ 2,667,190	\$ 3,046,586	\$ 3,537,549	\$ 3,466,168
Contributions as a percentage of covered-employee payroll	22.02%	14.69%	21.47%	22.98%	18.77%	20.68%

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

<p align="center">CITRUS HEIGHTS WATER DISTRICT REQUIRED SUPPLEMENTAL INFORMATION For the Years Ended December 31, 2020 and 2019</p>

SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
Agent Multiple Employer Plan
Last 10 years*

Measurement Date	12/31/17	12/31/18	12/31/19
Total OPEB Liability			
Service Cost	\$ 25,905	\$ 26,682	\$ 37,106
Interest	83,640	87,918	96,977
Differences between expected and actual experience	-	41,338	(17,427)
Changes in assumptions	-	23,239	-
Changes in benefits	(41,228)	(42,527)	(46,768)
Net change in total OPEB liability	68,317	136,650	69,888
Total OPEB liability - beginning	1,332,951	1,401,268	1,537,918
Total OPEB liability - ending (a)	\$ 1,401,268	\$ 1,537,918	\$ 1,607,806
Total Plan Fiduciary Net Position			
Contributions - employer	\$ 41,228	\$ 122,527	\$ 128,540
Contributions - employee	-	-	-
Net investment income	-	(1,658)	24,089
Benefit payments	(41,228)	(42,527)	(46,768)
Administrative expenses	-	(6)	(83)
Other changes	-	-	-
Net change in plan Fiduciary Net Position	-	78,336	105,778
Plan Fiduciary Net Position - beginning	-	-	78,336
Plan Fiduciary Net Position - ending (b)	\$ -	\$ 78,336	\$ 184,114
Plan net OPEB liability (a)-(b)	\$ 1,401,268	\$ 1,459,582	\$ 1,423,692
Covered-employee payroll	\$ 3,278,242	\$ 3,658,217	\$ 3,677,546
Net OPEB liability as a percentage of covered-employee payrc	42.74%	39.90%	38.71%

Notes to schedule:

* - Fiscal year 2018 was the first year of implementation.

<p align="center">CITRUS HEIGHTS WATER DISTRICT REQUIRED SUPPLEMENTAL INFORMATION For the Years Ended December 31, 2020 and 2019</p>

SCHEDULE OF CONTRIBUTIONS

Agent Multiple Employer Plan
Last Ten Fiscal Years*

Fiscal Year Ended December 31,	2018	2019	2020
Actuarially determined contribution	\$ 122,000	\$ 130,652	\$ 170,121
Contributions in relation to the actuarially determined contributions	122,527	128,530	146,824
Contribution deficiency (excess)	\$ (527)	\$ 2,122	\$ 23,297
Covered-employee payroll	\$ 3,278,242	\$ 3,658,217	\$ 3,677,546
Contributions as a percentage of covered-employee payroll	3.74%	3.51%	3.99%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

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

* - Fiscal year 2018 was the first year of implementation.



Statistical Section

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 information says about the government's overall financial health.

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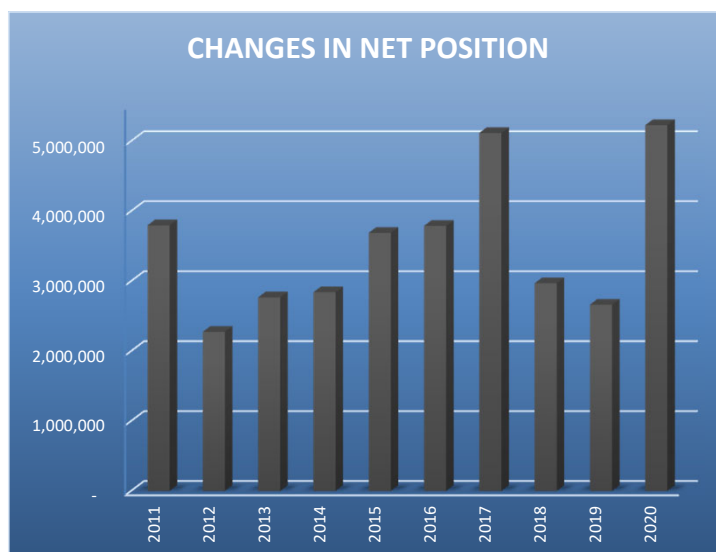
Financial Trends

CITRUS HEIGHTS WATER DISTRICT

Changes in Net Position and Net Position by Component

Last Ten Fiscal Years
Schedule 1

	2011	2012	2013	2014	2015
Changes in net position:					
Operating revenues (see Schedule 2)	\$ 10,227,212	10,693,408	11,358,086	11,331,301	10,884,550
Operating expenses (see Schedule 3)	(5,776,273)	(6,504,014)	(6,598,323)	(6,358,613)	(6,023,057)
Depreciation and amortization	(1,801,434)	(1,778,195)	(1,898,303)	(2,003,488)	(2,098,944)
Operating income(loss)	2,649,505	2,411,199	2,861,460	2,969,200	2,762,549
Non-operating revenues(expenses)					
Investment income	28,618	24,067	24,586	15,547	19,093
Miscellaneous income	1,155,861	16,127	13,616	12,716	28,606
Groundwater transfers and sales	-	-	-	-	-
Interest expense	(257,183)	(243,737)	(206,480)	(195,210)	(173,462)
(Loss) gain on disposal of capital assets	(30,516)	(31,125)	1,595	(30,669)	4,834
Total non-operating revenues(expenses), net	896,780	(234,668)	(166,683)	(197,616)	(120,929)
Net income before capital contributions	3,546,285	2,176,531	2,694,777	2,771,584	2,641,620
Capital Contributions					
Grant Revenues	22,699	3,126	3,178	10,310	610,431
Capital contributions	228,952	96,445	70,657	59,248	438,567
Changes in net position	\$ 3,797,936	2,276,102	2,768,612	2,841,142	3,690,618
Net position by component:					
Prior Year adjustment	\$ -	-	\$ -	\$ -	(3,728,767)
Net investment in capital assets	38,151,330	40,384,388	42,108,244	45,931,665	50,895,005
Restricted	731,706	536,967	536,973	536,963	533,350
Unrestricted	9,131,936	9,765,994	10,414,469	9,432,200	4,434,324
Total net position	\$ 48,014,972	50,687,349	53,059,686	55,900,828	52,133,912

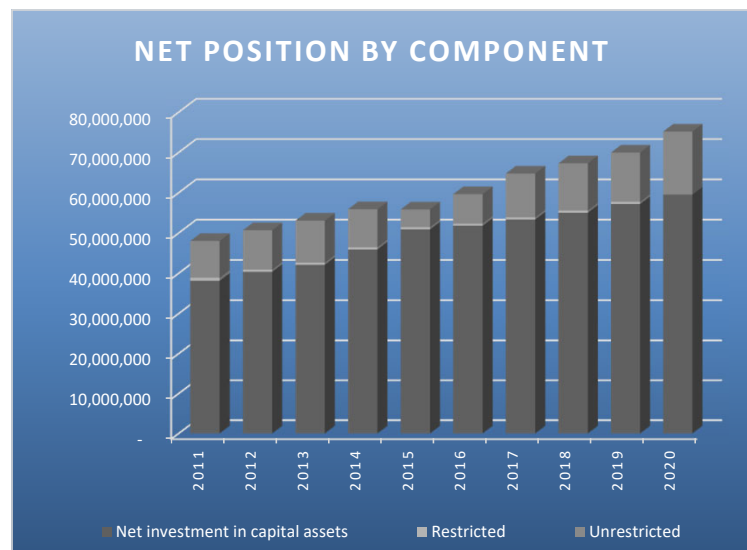


Source: District Administrative Services Department

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

Last Ten Fiscal Years
Schedule 1 (Continued)

2016	2017	2018	2019	2020	
					Changes in net position:
\$ 12,325,057	14,043,049	14,375,044	15,340,476	19,203,757	Operating revenues (see Schedule 2)
(7,043,963)	(7,534,381)	(9,531,439)	(11,230,314)	(11,787,520)	Operating expenses (see Schedule 3)
(2,203,170)	(2,345,281)	(2,388,634)	(2,435,900)	(2,469,339)	Depreciation and amortization
3,077,924	4,163,387	2,454,971	1,674,262	4,946,898	Operating income(loss)
					Non-operating revenues(expenses)
38,313	63,531	159,437	214,962	116,981	Investment income
68,203	77,074	107,546	69,322	42,989	Miscellaneous income
-	1,058,793	347,583	38,316	-	Groundwater transfers and sales
(155,214)	(145,911)	(147,540)	(124,346)	(95,741)	Interest expense
(137,567)	(155,343)	(164,842)	(105,755)	(73,310)	(Loss) gain on disposal of capital assets
(186,265)	898,144	302,184	92,499	(9,081)	Total non-operating revenues(expenses), net
2,891,659	5,061,531	2,757,155	1,766,761	4,937,817	Net income before capital contributions
					Capital Contributions
715	-	-	-	-	Grant Revenues
896,688	55,813	213,121	898,084	290,182	Capital contributions
\$ 3,789,062	5,117,344	2,970,276	2,664,845	5,227,999	Changes in net position
					Net position by component:
-	-	-	-	-	Prior Year adjustment
51,801,433	53,350,420	55,029,058	57,193,152	59,531,355	Net investment in capital assets
533,796	535,733	541,475	542,660	-	Restricted
7,316,512	10,882,932	11,717,632	12,217,198	15,649,654	Unrestricted
\$ 59,651,741	64,769,085	67,288,165	69,953,010	75,181,009	Total net position



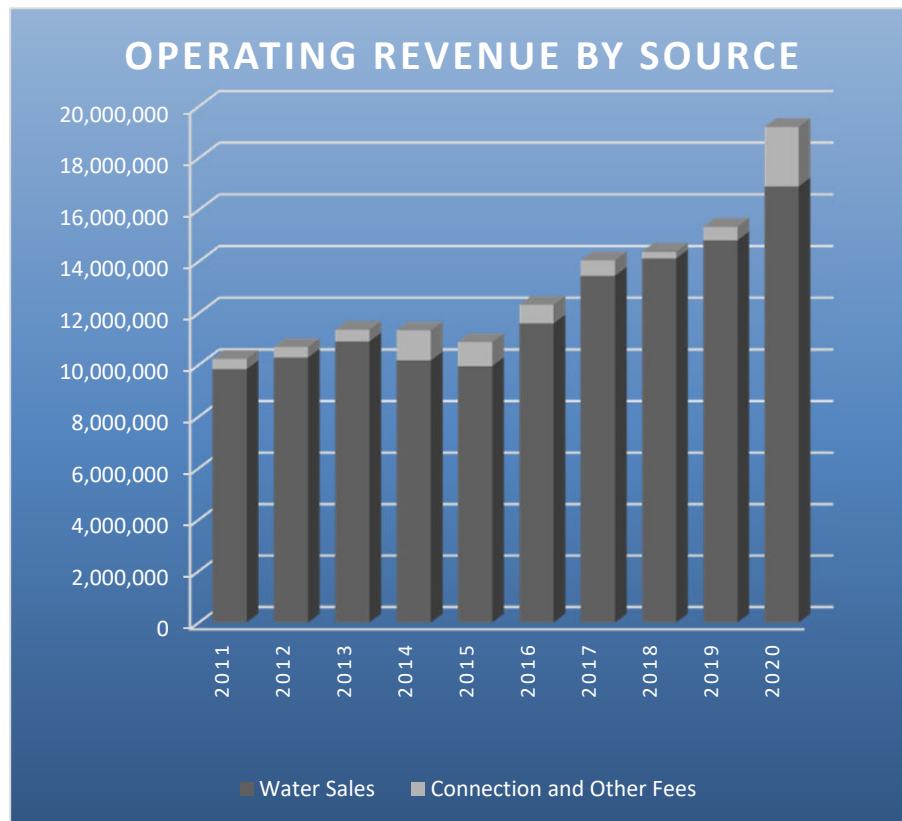
CITRUS HEIGHTS WATER DISTRICT

Operating Revenue By Source

Last Ten Fiscal Years

Schedule 2

Fiscal Year	Water Sales		Connection and Other Fees	Total Operating Revenue
2011	\$	9,833,125	\$ 394,087	\$ 10,227,212
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



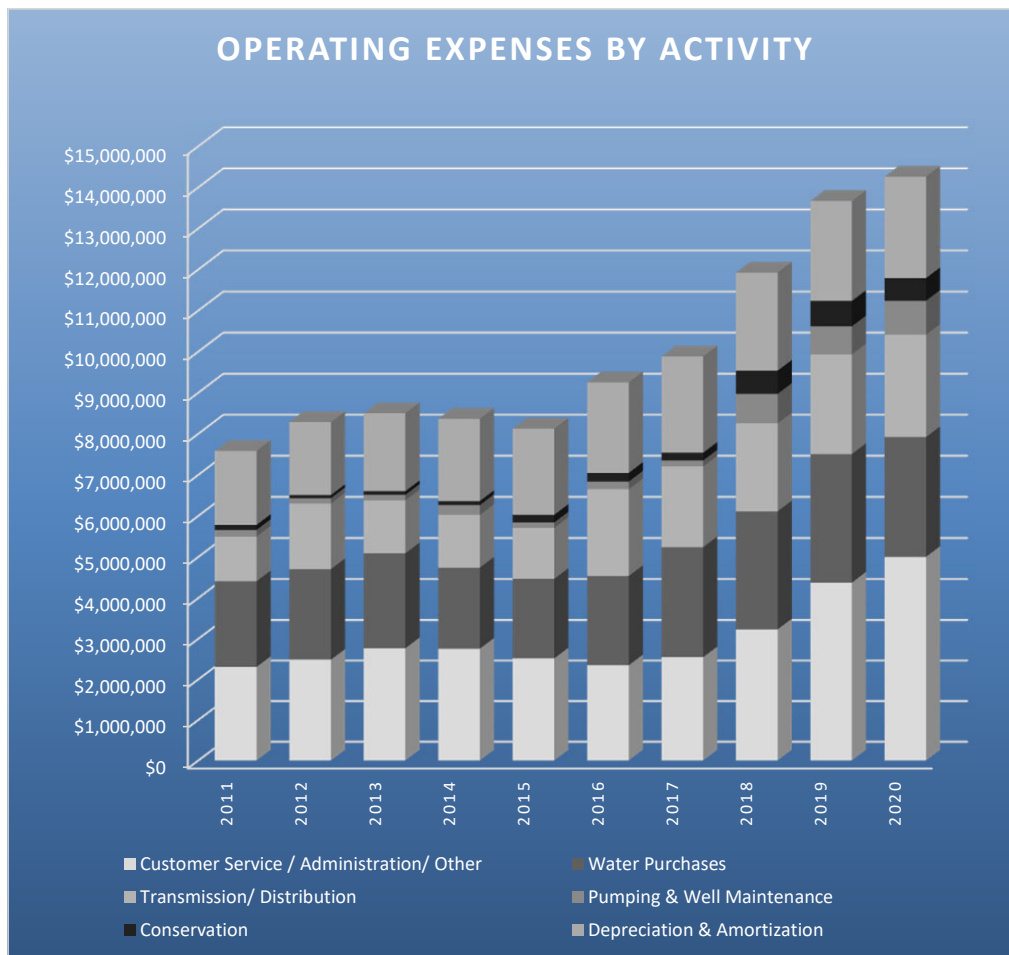
Source: District Administrative Services Department

CITRUS HEIGHTS WATER DISTRICT

Operating Expenses by Activity

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
2011	\$ 2,302,582	\$ 2,102,734	\$ 1,086,422	\$ 162,835	\$ 121,700	\$ 1,801,434	\$ 7,577,707
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



Source: District Administrative Services Department

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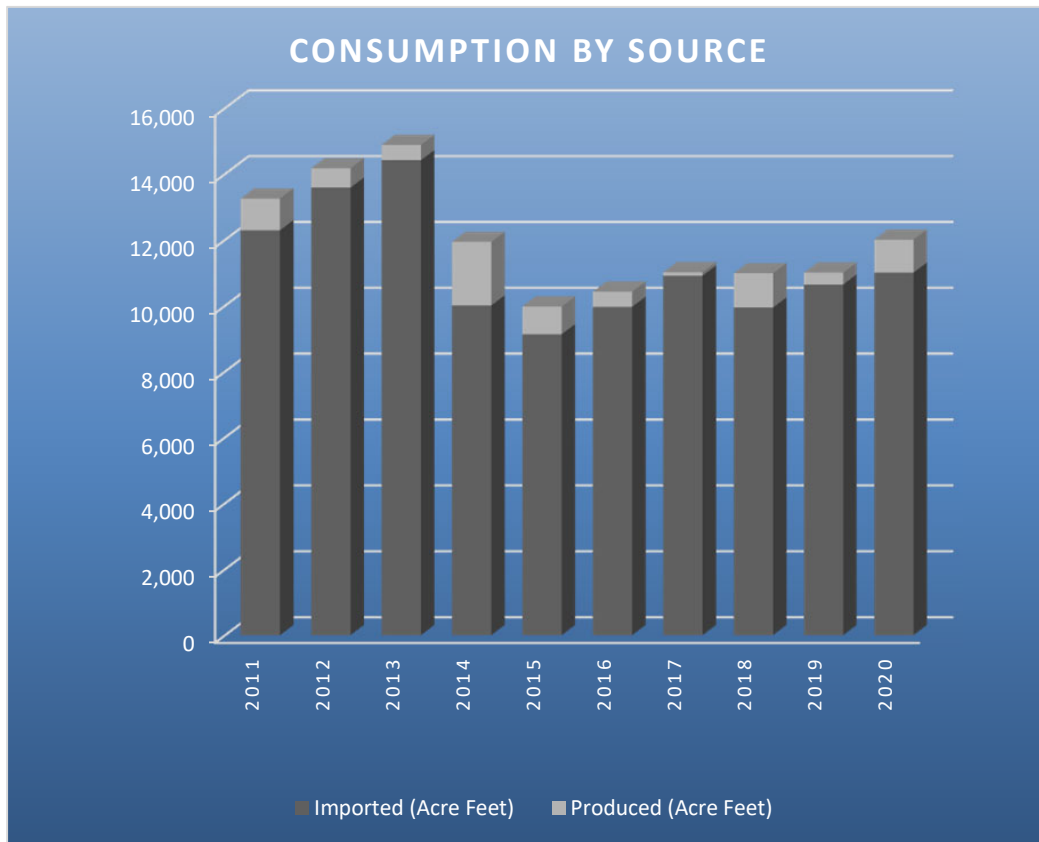
Revenue Capacity

CITRUS HEIGHTS WATER DISTRICT

Revenue Base

Last Ten Fiscal Years Schedule 4

Fiscal Year	Consumption (Acre Feet)	Water Supply		% Water Imported
		Imported (Acre Feet)	Produced (Acre Feet)	
2011	13,252.18	12,289.80	962.38	92.74%
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%



Source: District Operations Department

CITRUS HEIGHTS WATER DISTRICT

Water Rates

Last Ten Fiscal Years
Schedule 5

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Flat Rate Accounts (Bimonthly) ⁽¹⁾										
Single Dwelling	\$ 89.51	\$ 89.51	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Duplex Dwelling (per duplex side)	75.78	75.78	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Condominium Dwelling	75.78	75.78	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Apartments/Mobile Homes	75.78	75.78	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Irrigation Rate	117.88	117.88	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	\$ 0.6751	\$ 0.6954	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tier 2	0.7944	0.7944	0.8182	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tier 3	0.8700	0.8700	0.8961	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Per Unit CCF (No tiers)	n/a	n/a	n/a	0.7440	0.7663	\$ 0.8735	\$ 0.9871	\$ 1.0167	\$ 1.0674	\$ 1.1800
Service Charge (bimonthly)										
Commercial/Domestic 3/4"	\$ 34.88	\$ 34.88	\$ 35.93	\$ 35.82	\$ 36.89	\$ 42.05	\$ 47.52	\$ 48.94	\$ 51.38	\$ 57.54
Commercial/Domestic 1"	50.04	50.04	51.54	54.50	56.13	63.98	72.30	74.46	78.18	87.29
Commercial/Domestic 1-1/2"	87.29	87.29	89.91	66.95	68.95	78.60	88.82	91.48	96.05	136.86
Commercial/Domestic 2"	132.51	132.51	136.49	129.20	133.07	151.69	171.41	176.55	185.37	196.35
Commercial/Domestic 3"	236.80	236.80	243.90	203.91	210.02	239.42	270.54	278.65	292.58	384.74
Commercial/Domestic 4"	385.88	385.88	397.46	403.13	415.22	473.35	534.89	550.93	578.47	662.36
Irrigation 3/4"	17.44	17.44	17.96	35.82	36.89	42.05	47.52	48.94	51.38	57.54
Irrigation 1"	25.02	25.02	25.77	54.50	56.13	63.98	72.30	74.46	78.18	87.29
Irrigation 1-1/2"	43.64	43.64	44.95	66.95	68.95	78.60	88.82	91.48	96.05	136.86
Irrigation 2"	66.25	66.25	68.24	129.20	133.07	151.69	171.41	176.55	185.37	196.35
Irrigation 3"	118.40	118.40	121.95	203.91	210.02	239.42	270.54	278.65	292.58	384.74
Irrigation 4"	192.94	192.94	198.73	403.13	415.22	473.35	534.89	550.93	578.47	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

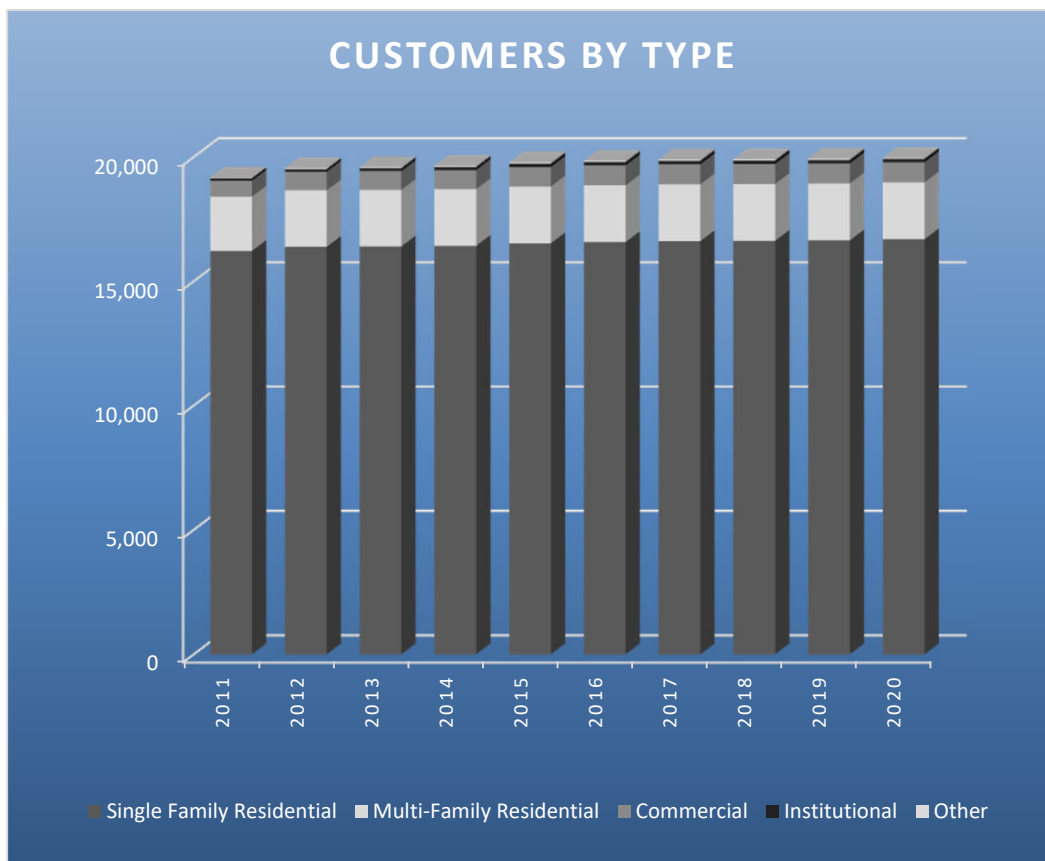
CITRUS HEIGHTS WATER DISTRICT

Customers by Type

Last Ten Fiscal Years

Schedule 6

Fiscal Year	Single Family Residential	Multi-Family Residential	Commercial	Institutional	Other	Total
2011	16,223	2,176	647	95	32	19,173
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



Source: District Administrative Services Department
District Water Efficiency Department

CITRUS HEIGHTS WATER DISTRICT

Principal Customers

Current Fiscal Year and Ten Years Ago

Schedule 7

Customer	2020	
	Billed Units (ccf's)	Percentage of Total
San Juan Unified School District	108,671	2.08%
JMK Investments	82,186	1.57%
Sunrise Recreation Park District	68,858	1.32%
JRK Investors	62,150	1.19%
Mount Vernon Memorial Park	41,004	0.78%
City of Citrus Heights	40,298	0.77%
Conference Claimants Endowment	28,834	0.55%
Pacific Capital Investments	27,727	0.53%
Wedgewood Commons Apts LLC	25,127	0.54%
Salishan Apartments	24,319	0.51%
Total Billed Units: Principal customers	509,174	9.85%
Total Billed Units	5,229,093	100.00%

Customer	2011	
	Billed Units (ccf's)	Percentage of Total
San Juan Unified School District	88,836	1.68%
Sunrise Recreation Park District	77,991	1.47%
JMK Investments	73,233	1.38%
JRK Investors	57,402	1.08%
Conference Claimants Endowment	38,318	0.72%
Salishan Apartments	31,923	0.60%
Big Oak Investments	26,275	0.50%
Wedgewood Commons Apts LLC	25,951	0.49%
Mount Vernon Memorial Park	24,679	0.47%
City of Citrus Heights	24,567	0.46%
Total Billed Units: Principal customers	469,175	8.85%
Total Billed Units	5,301,733	100.00%

Source:

District Administrative Services Department

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Debt Capacity

CITRUS HEIGHTS WATER DISTRICT

Ratios of Outstanding Debt by Type

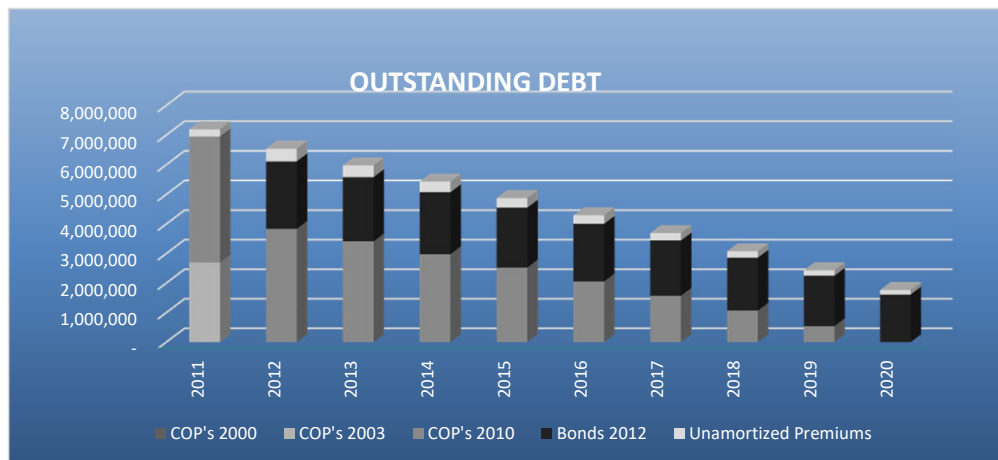
Last Ten Fiscal Years

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 Per Capita (Rounded) ⁽⁵⁾
						Total Debt	No. of Connections ⁽⁵⁾	
2011	\$ -	\$ 2,695,000	\$ 4,260,000	\$ -	\$ 238,041	\$7,193,041	19,173	\$375
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

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

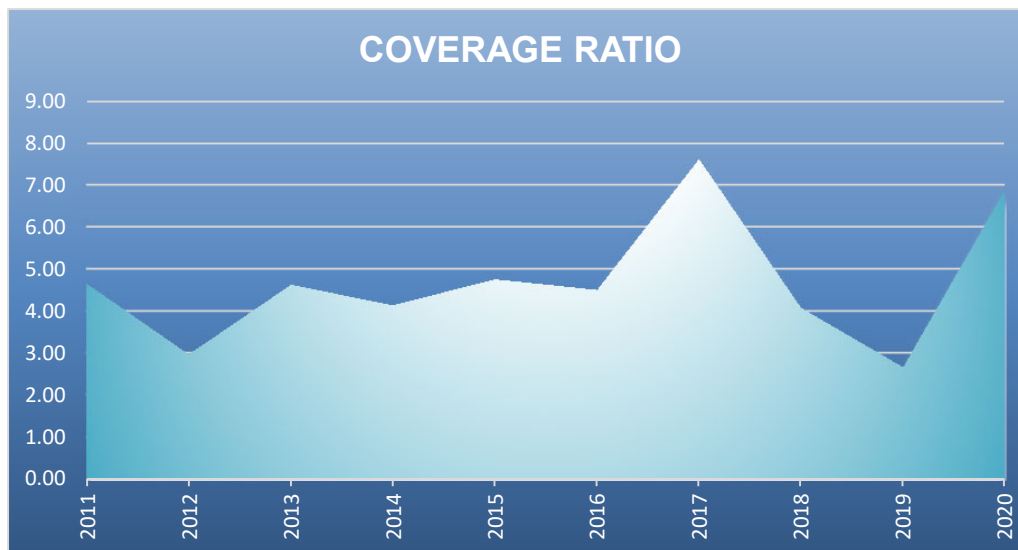
CITRUS HEIGHTS WATER DISTRICT

Debt Coverage

Last Ten Fiscal Years

Schedule 9

Fiscal Year	Net Revenues	Operating Expenses	Net Available Revenues	Debt Service			Coverage Ratio
				Principal	Interest	Total	
2011	\$ 11,381,175	\$ (7,577,707)	\$ 3,803,468	\$ 560,000	\$ 257,183	\$ 817,183	4.65
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	11,366,395	(8,362,101)	3,004,294	530,000	195,210	725,210	4.14
2015	11,375,650	(8,122,001)	3,253,649	510,000	173,462	683,462	4.76
2016	12,294,721	(9,247,133)	3,047,588	520,000	155,214	675,214	4.51
2017	15,142,917	(9,879,662)	5,263,255	545,000	145,911	690,911	7.62
2018	14,824,768	(11,920,073)	2,904,695	565,000	147,540	712,540	4.08
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



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

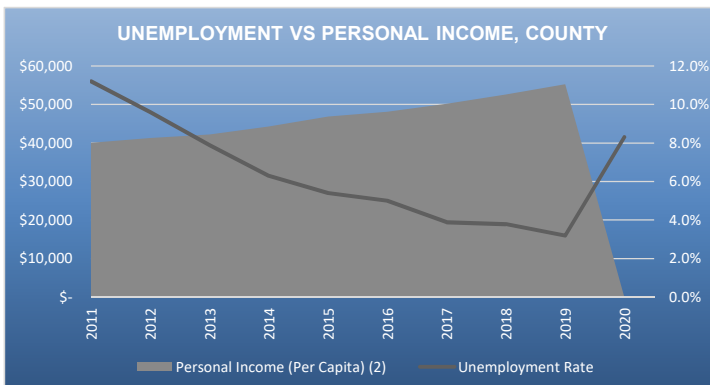
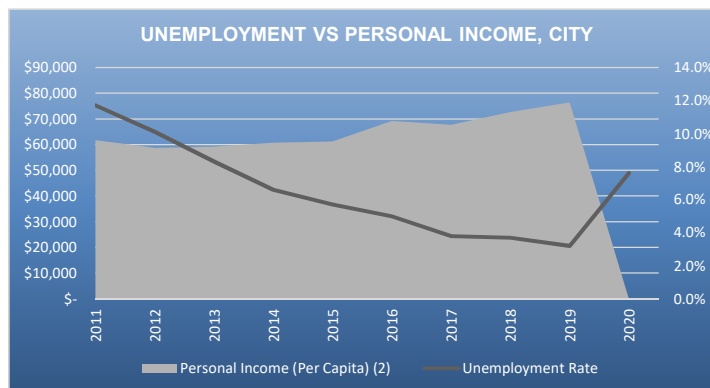
Schedule 10

Fiscal Year	Total Number of Connections	City of Citrus Heights ⁽¹⁾				County of Sacramento ⁽¹⁾			
		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⁾
2011	19,173	83,903	11.7%	\$5,178,325	\$61,718	1,435,002	11.2%	\$57,498,308	\$40,068
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	n/a	7.6%	n/a	n/a	n/a	8.3%	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 separately 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 2020.

(3) Population data is not yet available for Fiscal Year 2020.



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

CITRUS HEIGHTS WATER DISTRICT

Principal Employers ⁽¹⁾

Current Fiscal Year and Ten Years Ago
Schedule 12

2020			
Employer	Employees	Rank	Percentage of Employment
State of California	77,172	1	10.89%
Kaiser Permanente	15,585	2	1.74%
UC Davis Health	14,510	3	2.20%
County of Sacramento	12,360	4	2.05%
Sutter Health	10,764	5	1.52%
United States Government	10,559	6	1.49%
Dignity Health	7,871	7	1.11%
Intel Corporation	6,200	8	0.87%
Elk Grove Unified School District	6,164	9	0.75%
San Juan Unified School District	5,350	10	0.87%
<u>Total</u>	<u>166,535</u>		<u>23.50%</u>
Total County Employment	708,894		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%
<u>Total</u>	<u>130,032</u>		<u>19.29%</u>
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 unincorporated 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

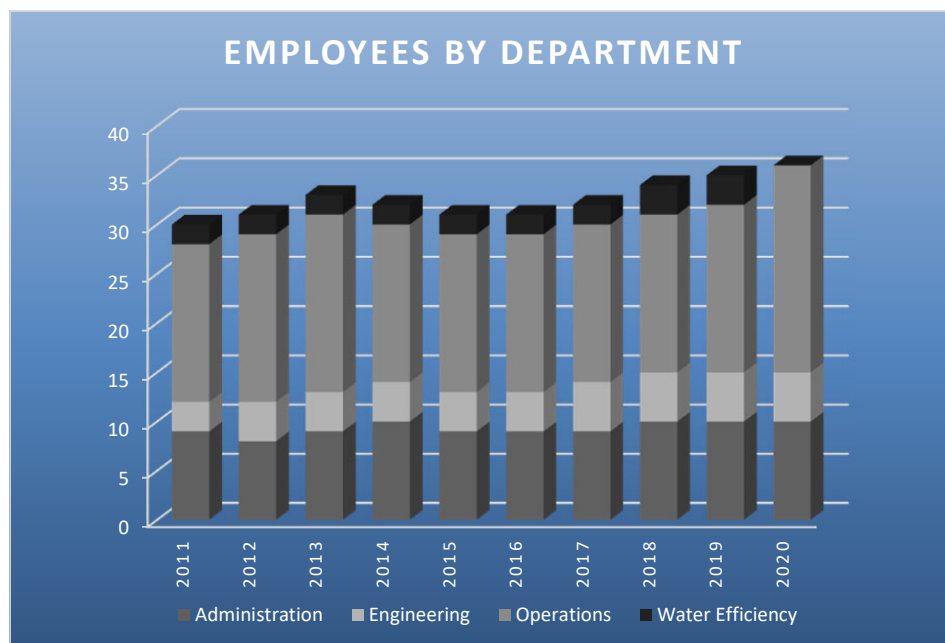
Last Ten Fiscal Years

Schedule 11

Department	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Administration	9	8	9	10	9	9	9	10	10	10
Engineering	3	4	4	4	4	4	5	5	5	5
Operations Water	16	17	18	16	16	16	16	16	17	21
Efficiency (1)	2	2	2	2	2	2	2	3	3	-
Total	30	31	33	32	31	31	32	34	35	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
2011	19,173	13,252.18	239.72	4	19,419	1,980
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

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

Citrus Heights Water District
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