Agenda

Sacramento Suburban Water District
Finance and Audit Committee

3701 Marconi Avenue, Suite 100 | Wednesday, May 5, 2021
Sacramento, CA 95821 | 4:00 p.m.

In accordance with the California Department of Public Health's and the Governor's Executive Orders N-29-20 and N-33-20, the District's Boardroom is closed and this meeting will take place solely by videoconference and teleconference. The public is invited to listen, observe, and provide comments during the meeting by either method provided for below. The Chairperson will call for public comment on each agenda item at the appropriate time and all votes will be taken by roll call.

For members of the public interested in viewing and having the ability to comment at the public meeting via Zoom, an internet enabled computer equipped with a microphone and speaker or a mobile device with a data plan is required. Use of a webcam is optional. You also may call in to the meeting using teleconference without video. Please use the following login information for videoconferencing or teleconferencing:

Join the meeting from a computer, tablet or smartphone:
https://us02web.zoom.us/j/82022326370?pwd=Ly83UG5BZFhCaGJCcmk2bG8rVUF2QT09

Meeting ID: 820 2232 6370
Password: 481876

You can also dial in using your phone: 1-669-900-6833

New to Zoom? Get the app now and be ready when your first meeting starts: https://zoom.us/
Please mute your line.

Where appropriate or deemed necessary, the Committee may take action on any item listed on the agenda, including items listed as information items. Public documents relating to any open session item listed on this agenda that are distributed to all or a majority of the members of the Board of Directors less than 72 hours before the meeting are available for public inspection in the customer service area of the District's Administrative Office at the address listed above.

The public may address the Committee concerning an agenda item either before or during the Committee's consideration of that agenda item. Persons who wish to comment on either agenda or non-agenda items should fill out a Comment Card and give it to the General Manager. The President will call for comments at the appropriate time. Comments will be subject to reasonable time limits (3 minutes).

In compliance with the Americans with Disabilities Act, if you have a disability, and you need a disability-related modification or accommodation to participate in this meeting, then please contact Sacramento Suburban Water District Human Resources at 916.679.3972. Requests must be made as early as possible, and at least one full business day before the start of the meeting.

Call to Order

Roll Call

Announcements

Public Comment
This is an opportunity for the public to comment on non-agenda items within the subject matter jurisdiction of the Committee. Comments are limited to 3 minutes.

Consent Items
The committee will be asked to approve all Consent Items at one time without discussion. Consent Items are expected to be routine and non-controversial. If any member of the Committee, staff or interested person requests that an item be removed from the Consent Items, it will be considered with the action items.

1. **Minutes of the January 20, 2021, Finance and Audit Committee Meeting**
   Recommendation: Approve subject minutes.

Items for Discussion and/or Action

2. **2020 Comprehensive Annual Financial Report and Annual Audit Results**
   Recommendation: Review the 2020 Comprehensive Annual Financial Report and annual audit results with the District's independent auditor, Maze & Associates. Consider recommending acceptance of audit results and approval of the 2020 Annual Report to the full Board of Directors at the May 17, 2021 Board meeting.

Adjournment

* *

Upcoming Meetings:
Monday, May 17, 2021, at 6:00 p.m., Regular Board Meeting

* *

I certify that the foregoing agenda for the May 5, 2021 meeting of the Sacramento Suburban Water District Finance and Audit Committee was posted by April 30, 2021 in a publicly-accessible location at the Sacramento Suburban Water District office, 3701 Marconi Avenue, Suite 100, Sacramento, California, and was made available to the public during normal business hours.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

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SACRAMENTO SUBURBAN WATER DISTRICT

Finance and Audit Committee

Agenda Item: 1

Date: May 5, 2021

Subject: Minutes of the January 20, 2021, Finance and Audit Committee Meeting

Staff Contact: Dan York, General Manager

Recommended Board Action:
Review and approve the draft minutes of the January 20, 2021, Finance and Audit Committee Meeting.

Attachment:
1 – Draft Minutes

Minutes

Sacramento Suburban Water District
Finance and Audit Committee
Wednesday, January 20, 2021

Location:
Video and Audio Conference Only at 1-669-900-6833, or Zoom at Meeting Id #865 9417 1559

Call to Order – Videoconference/Audioconference Meeting
Chair Thomas called the meeting to order at 4:30 p.m.

Roll Call

Directors Present:	Kevin Thomas and Robert Wichert.
Directors Absent:	None.
Staff Present:	General Manager Dan York, Director of Finance and Administration Jeff Ott, Lynn Pham, and Heather Hernandez-Fort.
Public Present:	William Eubanks, David Alvey, and Kathleen McPherson.

Announcements
None.

Public Comment
None.

Consent Items

1. **Minutes of the August 10, 2020 Finance and Audit Committee Meeting**
Director Wichert moved to approve the minutes of the August 10, 2020, Finance and Audit Committee meeting, Chair Thomas seconded. The motion passed by unanimous vote.

AYES:	Thomas and Wichert.	ABSTAINED:	
NOES:		RECUSED:	
ABSENT:			

Items for Discussion and/or Action

2. **Pre-Field Work Discussion with Independent Auditor**
Jeff Ott (Mr. Ott) introduced David Alvey (Mr. Alvey), with Maze and Associates, who discussed the scope and timing of the 2020 Audit and answered clarifying questions.

Chair Thomas inquired if could be any additional auditing of the cyber security.

Mr. Alvey expressed that they have a checklist they usually go through, but that he would check into it and get back to him.

Adjournment
Chair Thomas adjourned the meeting at 4:57 p.m.

Dan York
General Manager/Secretary
Sacramento Suburban Water District

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SACRAMENTO SUBURBAN WATER DISTRICT

Finance and Audit Committee

Agenda Item: 2

Date: May 5, 2021

Subject: 2020 Comprehensive Annual Financial Report and Annual Audit Results

Staff Contact: Jeffery S. Ott, Director of Finance and Administration

Recommended Committee Action:
Review the 2020 Comprehensive Annual Financial Report (Annual Report) and annual audit results with the District's independent auditor, Maze & Associates. Consider recommending acceptance of audit results and approval of the 2020 Annual Report to the full Board of Directors at the May 17, 2021 Board meeting.

Summary:
This year was the first year with the new audit firm, Maze & Associates. With the COVID-19 restrictions in place, the audit was conducted remotely. Staff provided all requested documents and information to the auditor electronically. This did create some challenges with communication and discussion of the various transactions under review. However, the audit was still performed efficiently and on schedule. The audit field work was conducted in two phases: 1) an interim that was conducted from February 1, through February, 5 and 2) final that was conducted from March 15, through March 26. In normal times, this work would be performed at the District's office. This year the work was remotely performed. There were no substantive findings of any issues with internal controls or financial data. The audit resulted in the District receiving an unmodified opinion. This represents the highest level of opinion indicating that there were no material misstatements in the information subject to audit.

Discussion:
Staff have prepared the District's Annual Report for the year-ended December 31, 2020. The Auditors have performed their audit and rendered their opinion, which is found on pages 1 and 2 in the Financial Section of the Annual Report (Exhibit 2). In addition to the Auditor's Opinion, the Annual Report includes the Auditor's Report on Internal Controls as required under Government Auditing Standards (pages 79 and 80). Also, the auditors have provided a letter to the Board (Exhibit 1) wherein they discuss the results of their audit. The auditors will present their results of the audit, including communications required by Generally Accepted Auditing Standards. Their presentation is included herein as Attachment 1.

1. Memorandum on Internal Controls and Required Communications (Exhibit 1) – This letter is a required communication as designated under generally accepted auditing standards. The letter reports to the Board significant audit findings, if any, noted during

the audit, estimates used by the District in preparing the Annual Report, difficulties encountered during the audit and disagreements, if any, with management amongst other matters. The Auditors state that 1) "during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses," 2) "all significant transactions have been recognized in the financial statements in the proper period," 3) "the financial statement disclosures are neutral, consistent and clear," and 4) "we encountered no significant difficulties in dealing with management in performing and completing our audit."

2. The Annual Report (Exhibit 2) is presented in three sections:

    a) Introductory – Provides readers with background and the organization structural of the District.

    b) Financial – Begins with the Auditors Opinion, followed by Management's Discussion and Analysis of the financial results for 2020 and 2019, followed by the Financial Statements, Footnotes and Required Supplementary Information.

    c) Statistical Information – Presents other financial information about the District and the community in which it operates and shows historical data for comparative purposes.

Fiscal Impact:

$40,230 – per Audit Engagement Letter with Maze & Associates - $34,800 for the audit, and $5,430 for the Board requested additional procedures.

Strategic Plan Alignment:

Goal C: Ensure Fiscal Responsibility and Affordable Rates

Produce annual financial statements and supporting documentation to allow outside auditors to provide the District with unmodified audit opinions. The annual financial report is a benefit to District customers as it demonstrates the District's commitment to financial integrity and transparency.

Attachments:

1 – Maze & Associates - Audit Presentation

SACRAMENTO SUBURBAN WATER DISTRICT

MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS

FOR THE YEAR ENDED
DECEMBER 31, 2020

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SACRAMENTO SUBURBAN WATER DISTRICT
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS

For the Year Ended December 31, 2020

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MEMORANDUM ON INTERNAL CONTROL

Board of Directors of the
Sacramento Suburban Water District
Sacramento, California

In planning and performing our audit of the financial statements of the Sacramento Suburban Water District (District) as of and for the year ended December 31, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This communication is intended solely for the information and use of management, Board of Directors, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards*, and is not intended to be and should not be used by anyone other than these specified parties.

Maze + Associates

Pleasant Hill, California
April 13, 2021

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

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REQUIRED COMMUNICATIONS

Board of Directors of the
Sacramento Suburban Water District
Sacramento, California

We have audited the basic financial statements of the Sacramento Suburban Water District (District) for the year ended December 31, 2020. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards and *Government Auditing Standards.*

Significant Audit Findings

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except as follows:

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 fund.

This pronouncement became effective, but did not have a material effect on the financial statements.

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. Of course, many of the Statements could be early-implemented, as applicable.

This pronouncement became effective, but did not have a material effect on the financial statements.

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Unusual Transactions, Controversial or Emerging Areas

We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

> *Estimated Net Pension Liabilities and Pension-Related Deferred Outflows and Inflows of Resources:* Management's estimate of the net pension liabilities and deferred outflows/inflows of resources are disclosed in Note 12 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the District. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.
>
> *Estimated Net Other Post-Employment Benefit Plan (OPEB) Liability and OPEB-Related Deferred Outflows and Inflows of Resources:* Management's estimate of the net OPEB liability and deferred outflows/inflows of resources are disclosed in Note 13 to the financial statements and are based on actuarial studies determined by a consultant, which is based on the experience of the District. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.
>
> *Estimated Fair Value of Investments:* As of December 31, 2020, the District held approximately $49.6 million of cash and investments as measured by fair value as disclosed in Note 2 to the financial statements. Fair value is essentially market pricing in effect as of December 31, 2020. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to December 31, 2020.
>
> *Estimate of Depreciation:* Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 2 section E6 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.
>
> *Variable Interest Rate Swap Agreement:* The District's interest rate swaps are discussed in Note 7. We evaluated the key factors used to develop the calculation and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not propose any audit adjustments that, in our judgement, could have a significant effect, either individually or in the aggregate, on the District's financial reporting process.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Board of Directors.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated April 13, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information Accompanying the Financial Statements

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

We were engaged to report on the supplementary information, which accompany the financial statements but are not required supplementary information. With respect to this supplemental information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplemental information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Additional Procedures

The District requested us to increase the sample size of transactions reviewed as part of our internal control testing. Under generally accepted auditing standards, the auditor selects sample sizes based on their judgment to obtain reasonable assurance the financial statements are free of material misstatement. The requested procedures by the District resulted in the selection of additional transactions to be tested over the amounts required, in our judgment, for the audit. Our sample sizes, including the additional testing, included:

> Cash Disbursements – We selected 25 transactions randomly from all disbursements made during the year. We traced these samples to original approved purchase orders, invoices and agreements. Furthermore, we tested these transactions to ensure compliance with the purchasing policy. In addition, we reviewed the petty cash reconciliations forms for 4 selected month and reviewed those transactions.
>
> Wire and Bank Transfers – We selected 8 wire and bank transfers during the year and tested the bank reconciliation for two months.
>
> Credit Card Transactions – We reviewed all transactions charged to the District's credit cards during one month for a selected employee. We traced those charges to backup and verified they follow the District's policy and were properly approved.
>
> Board and Employee Reimbursements – We scanned the listings of all Board and employee reimbursements made during the year. We selected one employee and test one months' worth of transaction for proper authorization and approval.
>
> Payroll Disbursements – We randomly selected 10 employees for payroll disbursement testing. Our sample included 2 senior management, finance staff and staff involved in the processing of payroll.

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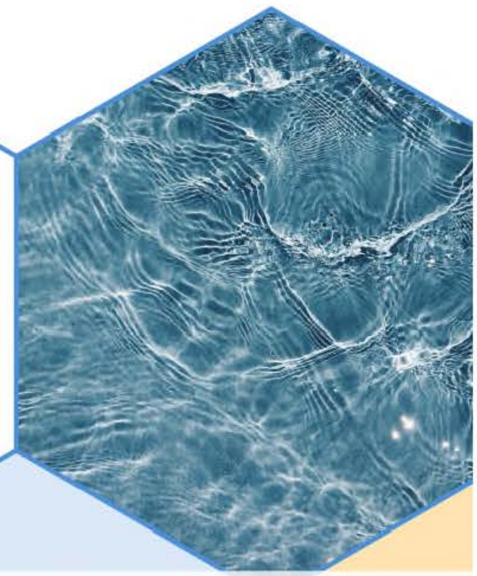
This information is intended solely for the use of the Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Maze + Associates

Pleasant Hill, California
April 13, 2021

Sacramento Suburban
Water District
Sacramento, CA





Comprehensive Annual Financial Report

For the Fiscal Years Ended December 31, 2020 and 2019

SACRAMENTO SUBURBAN WATER DISTRICT

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Comprehensive Annual Financial Report

For The Fiscal Years Ended December 31, 2020 and 2019

SACRAMENTO SUBURBAN WATER DISTRICT

CLEARLY REFRESHING SERVICE!

Sacramento Suburban Water District

Sacramento, California

Prepared by:

The Finance Department

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Introductory Section

May 17, 2021

Board of Directors
Sacramento Suburban Water District
Sacramento, California

We are pleased to present this Comprehensive Annual Financial Report (Annual Report) of the Sacramento Suburban Water District (District) for the years ended December 31, 2020 and 2019. The District is required under State law to publish, within six months of the close of each fiscal year, a complete set of basic financial statements presented in conformity with generally accepted accounting principles (GAAP). These basic financial statements are required to be audited in accordance with generally accepted auditing standards, accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the State Controller's *Minimum Audit Requirements for California Special Districts*.

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

The District's basic financial statements have been audited by Maze & Associates, an independent firm of licensed certified public accountants. In their role as independent auditors, Maze & Associates worked directly for the Board of Directors and the Board's standing Finance and Audit Committee. The goal of the independent audit is to provide reasonable assurance that the District's basic financial statements for the years ended December 31, 2020 and 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's basic financial statements for the years ended December 31, 2020 and 2019, are fairly presented in conformity with GAAP. The Independent Auditor's Report is presented as the first component in the Financial Section of this Annual Report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is

3701 Marconi Avenue, Suite 100 ◆ Sacramento, CA 95821-5346 ◆ Phone 916.972.7171 ◆ Fax 916.972.7639 ◆ **sswd.org**

designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the Independent Auditor's Report in the Financial Section of this Annual Report.

District Profile

The District's mission is "to deliver a high quality, reliable supply of water and superior customer service at the lowest responsible water rate." District goals in support of this mission include: assuring a safe and reliable supply of high quality water in an environmentally responsible and sustainable manner for District customers; planning, constructing, operating and maintaining the District water system facilities embracing sustainable practices to provide reliable delivery of high quality water; assuring superior customer service; ensuring effective and efficient management and public reporting of all District financial processes; and providing leadership on regional, statewide and national water management issues that affect the District.

The District was formed on February 1, 2002 under the State of California's County Water District Law by the consolidation of the Northridge Water District and the Arcade Water District. The consolidation was approved and ordered by the Sacramento County Local Agency Formation Commission. The District is located in Sacramento County, north of the American River and serves a large suburban area including portions of Citrus Heights, Carmichael, North Highlands, City of Sacramento (City), and Antelope, as well as McClellan Business Park (formerly McClellan Air Force Base). The District serves water to a population of approximately 184,385 through 46,573 connections.

The District is governed by a 5-member Board of Directors, each of which is elected to four-year terms from geographical divisions by the registered voters residing in each division of the District. The terms of the Directors are staggered, with the Directors from Divisions 1 and 2 elected at the same statewide general election and the Directors from Divisions 3, 4 and 5 elected at the general election two years later.

The District's service area covers approximately 36 square miles (23,032 acres of land). The District's territory is substantially built out. Based on the State's Department of Water Resources Population Tool projections, the District's population is expected to be 190,700 in 2031, when the District is expected to be fully built out having 50,250 connections. Other than residential and commercial in-fill projects, and industrial and commercial development at the McClellan Business Park, the District does not expect significant additional development within its territory.

The service area experiences cool and humid winters and hot and dry summers. The combination of hot and dry weather results in higher water demands during the summer than in winter. Fluctuation in water production from year-to-year typically results from weather conditions in the spring and fall. Demand during the summer and winter generally does not vary significantly from one year to the next with the notable exception of recent drought conservation efforts.

The distribution system, including storage, pump stations and interconnections, has roughly 687 miles of pipeline that range in size from 48-inch transmission mains down to 4-inch distribution mains. There are 49 emergency interties with neighboring agencies along the District's boundary. The District has 6 storage tanks with a collective capacity to hold approximately 15.8 million gallons of water. There are a total of 7 booster pumping stations in the District, three of which are co-located with major storage tanks.

Water Supplies and Management

The water supply of the District is a combination of both surface water and groundwater. Historically, the District had used groundwater as its water supply source; however, in 1997, the District initiated a conjunctive use program, supplementing its groundwater supply with surface water to address the declining groundwater table using in-lieu recharge. The District has made significant investments to put surface water supply and conjunctive use facilities in place, and as a result of these investments, groundwater levels have stabilized or improved.

The District pumps its groundwater from approximately 70 operational wells, which are capable of producing 100% of the annual District water demand. All of the wells pump directly into the distribution system and range between 270 and 1,036 feet deep. The wells of the District are located in the North American Sub-basin which is part of the Sacramento Valley Groundwater Basin. While groundwater levels fluctuate based on hydrological conditions, groundwater levels historically declined within the District over the 50 years prior to the millennium at an average rate of approximately 1.5 to 2.0 feet per year. Since 2000, however, groundwater levels in the portion of the North American Sub-basin from which the District pumps water have stabilized, in large part because of increasing surface water acquisitions by the District in addition to customer conservation practices. Peak season average daily demand from the District's wells is approximately 136 acre feet and is sufficient to supply 100% of water demand within the District. The District is part of the Sacramento Groundwater Authority (SGA), a regional entity formed to manage, stabilize and sustain the Groundwater Basin. Under the provisions of SGA, the District's annual average pumping allotment for groundwater is 35,035 acre-feet. Amounts pumped in excess of this target are subtracted from the District's "Exchangeable Water Balance" (banked groundwater). Amounts of groundwater pumped below this target that are replaced with purchased surface water are added to the District's "Exchangeable Water Balance" with the District credited for in the in-lieu groundwater banked. As of December 31, 2020, the District has banked 233,314 acre-feet of groundwater that it may use at its discretion subject to limitations placed on the District such as Gubernatorial Drought Emergency Executive Orders, and subject to future potential regulations imposed under the 2014 Sustainable Groundwater Management Act.

In addition to groundwater, the District currently imports surface water from two supply sources when available, Folsom Reservoir and the Lower American River. The District purchases surface water from Placer County Water Agency (PCWA), supplied from the Middle Fork American River and delivered to Folsom Reservoir, Section 215 Central Valley Water Project water from the United States Bureau of Reclamation (USBR), when available, and starting in 2020 the District entered into an agreement with San Juan Water District (SJWD) to purchase excess surface water, when available. The PCWA, USBR and SJWD water are treated by San Juan Water District at the Peterson Water Treatment Plant pursuant to contract and then conveyed through District-owned transmission pipelines, or contracted pipeline capacity, into the District's water distribution system in the North Service Area. Commencing in 2007, the District also began receiving American River water purchased pursuant to a contract with the City of Sacramento (City). The City water is diverted and treated by the City at its E.A. Fairbairn Water Treatment Plant and conveyed through District-owned pipeline capacity for distribution to customers in the District's South Service Area. All of these sources of surface water ultimately depend upon unimpaired inflow to Folsom Reservoir, or releases from Folsom Reservoir to the Lower American River, and are not available in all years or at all times. The District generally plans to increase surface water deliveries and reduce groundwater deliveries during wet hydrological years and to rely on groundwater deliveries and reduce surface water deliveries during dry hydrological years in a conjunctively managed fashion. This supply flexibility positions the District very favorably with California's Sustainable Groundwater Management Act.

Revenue Sources

The District's annual revenues come primarily from water sales. Operating revenues segregate water sales into two components used by the District in setting its water rate structure: consumption charges and fixed charges. In addition, the District receives operating revenues from treated water passed through its conveyance system to neighboring water districts as well as from fees charged for certain District services, including penalty charges. Periodically, the District also receives operating revenue from water transfer sales.

The District continues to be in a period of transition as water meters are installed on unmetered residential connections and customers are gradually converted from flat rate accounts to metered rate accounts. Presently, 97 percent of the District is metered, with all connections expected to be fully metered before the year 2025. Current flat rate accounts include a "variable" charge based on parcel size, which is intended to reflect an estimate of water consumption for irrigation purposes. The fixed portion of the charge, based on connection size, reflects the estimated fixed costs of service and a charge to cover pay-as-you-go capital improvements and debt service charges. The District offers a water meter and metered billing to any flat-rate customer upon request.

January 1, 2020 was the start of the first year of a planned 5-year annual rate increase based on the results of the 2019 Rate Study that was approved by the Board of Directors in November 2019 after a public hearing. Rates will increase on average 5%, 4%, 3%, 3%, and 3% from 2020 – 2024 unless the Board of Directors approve lower increases. The first year increase of 5% was placed into effect on January 1, 2020.

As of January 1, 2020, current single-family residential metered rates include a fixed charge (service charge) based on meter size plus a two-tier water consumption rate. The tier structure includes 15 cubic feet (CCF) per month at a lower initial rate with water consumption in excess of 15 CCF at a higher rate. Multi-family and non-residential customers are subject to a fixed charge based on meter size and a single tier rate based on consumption. All non-residential customers are on metered accounts.

The District's sources of non-operating revenue come primarily from state and federal capital grants, developer contributions, rental income and investment income.

COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) pandemic. The COVID-19 outbreak is still disrupting supply chains and is affecting production and sales across a range of industries. In that same month, the District took several steps in an effort to prepare for the effects of the pandemic. A COVID-19 task force was created and empowered to develop operational procedures for the District's response to the pandemic. This task force has developed many procedures to address and implement the many Executive Orders that have been issued by the Governor of California. As an "Essential Business" the District remained in operation to provide vital services to our customers and the public. However, operational steps have been taken to minimize the risk of the spread of COVID-19 including but not limited to social distancing, requiring masks and enhanced cleaning procedures. The District's customer service counter has been closed to the public since March 2020 and staff have been allowed to telework when feasible. The District was able to respond to the various governmental mandates while still being able to operate the District. There were slight delays in currently active capital improvement projects during March and April 2020 but have since resumed activity that is more normal. Financially, the District took steps to guard cash flows by placing on hold portions of the 2020 Capital budget, increasing cash reserves and cutting expenses. The District's variable rate debt saw a two to three week increase in market rates during March 2020 that have since fallen below 2019 rates for variable rate municipal debt. Rates have continued to decline through 2020.

On April 2, 2020, the Governor of California issued Executive Order N-42-20 that imposed a moratorium on water service terminations of residential and small businesses in the critical infrastructure sectors for the duration of the COVID-19 emergency. The District responded with a Resolution temporarily suspending the imposition of late fees and suspending collection activities for all customers until such time that the Executive Order is rescinded. This Executive Order and Resolution are still in effect. Without the repercussion of service termination, customers are free from the consequences of not paying their water bill. The District immediately implemented procedures to track and monitor the effects of this Executive Order and Board Resolution on the District's revenues and receivables. At this time, the District has not received any guidance from the State on the ability to or method of recovering the delinquent outstanding receivables resulting from the Executive Order. During 2020 residential billed usage increased 14.32% and non-residential billed usage increased 4.74%. The District continues to monitor and respond to the effects of the COVID-19 pandemic while maintaining operational and capital improvement activities. The financial effects of the pandemic will be addressed in the MD&A section of this report.

Local Economy[1]

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates. Sacramento County (County) is the eighth most populous county in California with a population of roughly 1.56 million and is home to the state's capital. The County sits in the middle of the agriculturally rich 400-mile long Central Valley of California. Sacramento's four-county metropolitan statistical area (metro-area) is the largest metro-area in the Central Valley and is the fifth largest metro-area in the state. From 2012-2019, the population of Sacramento County grew at an annual average rate of 0.98%. Employment in the County consists of a labor force of 714,700 with an unemployment rate of 8.5% in 2020 up from 3.2% in 2019. Employment and population are projected to grow by an average 1.7% and 1.1% per annum, respectively, over the next five years in the County.

The County's economy is broadly based. Government and health and education are the largest sectors of employment, while professional services, leisure, retail and construction activities follow. Because it contains the state capital, the County's economy is highly influenced by the public sector. Government jobs account for roughly 25% of total employment. Healthcare providers such as Kaiser Permanente, UC Davis Health Systems, Sutter Health, and Dignity Health, along with technology based Intel and Apple are large private employers in the county. Job creation over the next five years is expected to come predominantly from education and healthcare, followed by Government and professional services.

Long-Term Financial Planning

The District currently has several major construction projects underway. These projects involve rehabilitation or replacement of existing facilities to ensure system reliability, to enhance operational efficiency, to protect the environment and public health, and to comply with water quality regulations. With an aging infrastructure, the District has dedicated significant resources to develop a comprehensive infrastructure assessment and has established specific asset management plans for the ultimate needs of its facilities (typically to the end of each asset's useful service life). These asset plans are intended to allow the District to better plan and budget for future capital facility needs, consisting primarily of capital replacements, which is one of the most significant challenges facing the District. As the future capital needs of the District are primarily repair and replacement projects, the District intends to fund such projects through pay-as-you-go financing rather than the issuance of additional debt.

[1] Source: State of California, Department of Transportation, Socio Economic Files, Sacramento County Economic Forecast.

Relevant Financial Policies and Controls

Key District Financial Policies include the Water Service Rates, Fees and Charges Setting Policy, Reserve Policy, Debt Management Policy, Investment Policy and the Budget Policy. Such policies, when coupled with the District's Internal Control Structure, guide and protect the financial position of the District.

Water Service Rates, Fees and Charges Setting Policy

This policy serves to provide guidance and consistency in District financial planning and the rate setting decision-making process for the Board of Directors and staff. The policy also provides a foundation for the long-term financial sustainability of the District, while providing the outside financial community with a better understanding of the District's commitment to managing itself in a financially prudent and sustainable manner.

Reserve Policy

The purpose of this policy is to establish a reserve fund level that is specific to the needs and risks of the District; to identify when and how reserve funds are utilized and replenished; and to recognize the long-term nature of such funds and their relationship to current and projected customer rates. The District's financial reserve fund comprises various funds established for specific purposes and to mitigate certain risks. Collectively, these funds enable the District to operate in a safe and prudent manner, with the Policy providing for appropriate oversight.

Debt Management Policy

The District recognizes the issuance of long-term debt is a valuable funding source. Used appropriately and prudently, long-term debt can minimize the District's water system rates, fees and charges over time. To minimize dependency on debt financing, the District strives to fund annual renewal and replacement capital projects from rates. The District intends to manage itself to exceed the minimum target Debt Service Coverage (DSC) requirements imposed by bond covenants. The District will not issue long-term debt to support operating costs.

Investment Policy

This policy provides guidance to the Board of Directors and Staff for the proper and legal investing of District assets. The District's reserves and excess operating cash are invested in accordance with the Policy that is reviewed at least biennially for compliance with California Law. The Director of Finance and Administration / District Treasurer is responsible for the regular reporting of the transactions and balances of the District's investment portfolio and for compliance with the Policy to the Board of Directors. The Policy allows for delegation of investment authority to a professional investment advisor of which the District does employ. Assets exempt from this policy include debt proceeds, pension, and other post-employment benefits held in trust.

Budget Policy

The District's budget serves as the foundation for financial planning and control. The budget is a one-year financial plan for operating and maintenance expenses, capital projects, debt service and revenues, and is adopted by the Board of Directors prior to each new calendar year. The budget is based on certain policies set by the Board of Directors and is reviewed monthly as part of the District's regular financial reporting process. The Board of Directors must approve all supplemental amendments to the budgets and transfers between budgets. The General Manager directs the Director of Finance and Administration in transfers between category levels within individual adopted budgets throughout the fiscal year with subsequent reporting to the Board of Directors.

Internal Controls

District management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft, or misuse. The internal control composition is designed to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles and other reporting, including regulatory reporting, in accordance with the requirements of such reporting. The internal control structure is also designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Major Initiatives

Major initiatives the District is pursuing include regional efforts regarding water supply and quality, including water conservation and metering. Selected from the recently developed asset management plans, the 2021 budget calls for certain capital improvement projects totaling $17.1 million. Major projects include: well replacements and rehabilitation of $6.5 million, new meter installations of $2.0 million and distribution main replacements and improvements of $5.1 million; which includes additional water meter installations.

Awards and Acknowledgments

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the District for its Annual Report for the year ended December 31, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Preparation of this Annual Report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that our staff members bring to the District. We would also like to thank the Board of Directors for their continued support in the planning, implementation and oversight of the financial and internal control policies of the District.

Respectfully submitted,

Daniel R. York	Jeffery S. Ott
General Manager	Director of Finance and Administration

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Sacramento Suburban Water District
California

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

December 31, 2019

Christopher P. Morrill

Executive Director/CEO

Principal District Officials

Board of Directors - Elected Officials

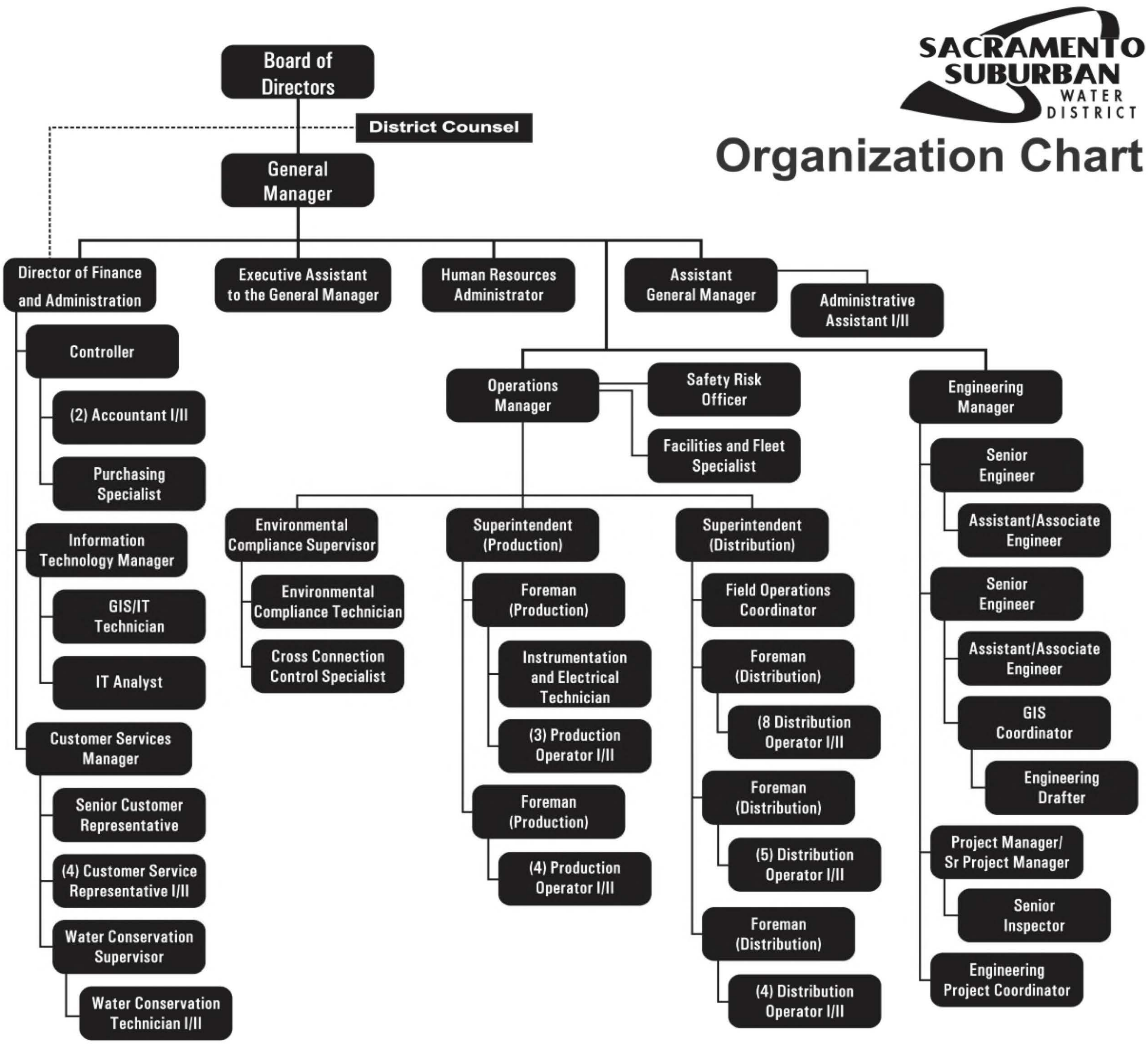
Title	Name	Division	Current Term
President	Robert P. Wichert	Division 3	12/2018-12/2022
Vice President	Craig M. Locke	Division 5	12/2018-12/2022
Director	David A. Jones	Division 1	12/2016-12/2020
Director	Kathleen McPherson	Division 2	12/2018-12/2020
Director	Kevin M. Thomas	Division 4	12/2018-12/2022

Staff - Appointed Officials

Title	Name
General Manager and Secretary	Daniel R. York
Director of Finance and Administration and Treasurer	Jeffery S. Ott
District Counsel	Bartkiewicz, Kronick & Shanahan, Joshua M. Horowitz

Additional Key Management Staff

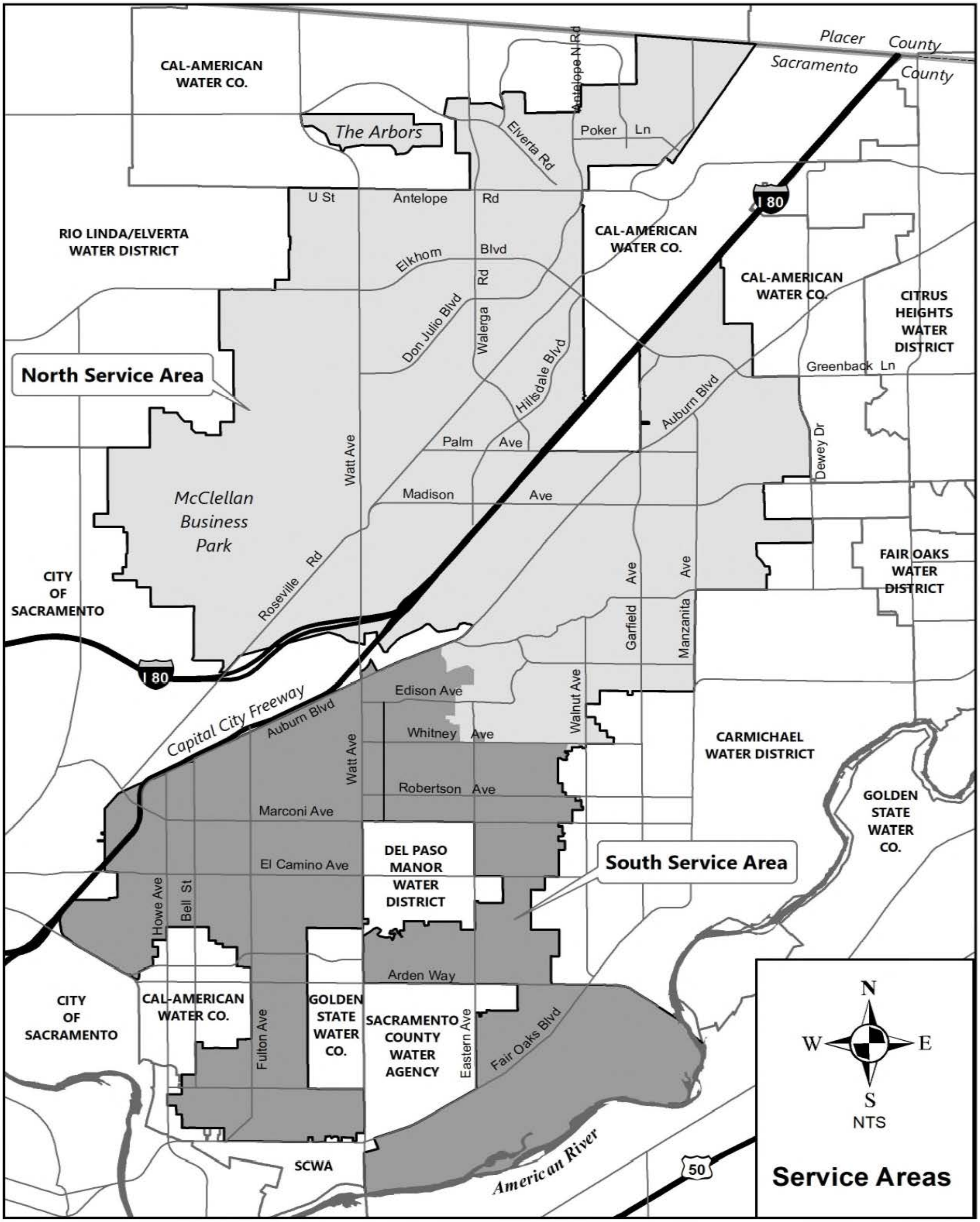
Title	Name
Assistant General Manager	Michael J. Huot
Operations Manager	Matthew T. Underwood
Engineering Manager	Dana S. Dean
Customer Services Manager	Julie H. Nemitz



SSWD Administrative Office

3701 Marconi Avenue, Suite 100 | Sacramento, CA 95821-5346
Phone: 916.972.7171 | Fax: 916.972.7639
Office Hours: 8:00 a.m. to 4:30 p.m. Monday-Friday
Web site: sswd.org

12/14/2020


Placer County
Sacramento County
CAL-AMERICAN WATER CO.
The Arbors
RIO LINDA/ELVERTA WATER DISTRICT
CAL-AMERICAN WATER CO.
CAL-AMERICAN WATER CO.
CITRUS HEIGHTS WATER DISTRICT
North Service Area
McClellan Business Park
CITY OF SACRAMENTO
FAIR OAKS WATER DISTRICT
CARMICHAEL WATER DISTRICT
GOLDEN STATE WATER CO.
South Service Area
DEL PASO MANOR WATER DISTRICT
CITY OF SACRAMENTO
CAL-AMERICAN WATER CO.
GOLDEN STATE WATER CO.
SACRAMENTO COUNTY WATER AGENCY
SCWA
American River
Capital City Freeway
I 80
50
N
W
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NTS
Service Areas

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Financial Section

INDEPENDENT AUDITOR'S REPORT

Board of Directors of the
Sacramento Suburban Water District
Sacramento, California

Report on Financial Statements

We have audited the accompanying financial statements of business-type activities of the Sacramento Suburban Water District (District), as of and for the year ended December 31, 2020, 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 audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audits 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, net position of the business type activities of the District as of December 31, 2020, and the respective changes in the financial positions and cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America as well as the accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Accountancy Corporation
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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 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 as a whole. The Introductory Section, Supplemental Information 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 Supplemental Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards in the United States of America. In our opinion, the Supplemental Information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Comparative Information

The comparative information was derived from financial statements as of and for the year end December 31, 2019, which was audited by other auditors whose report dated April 8, 2020, expressed an unmodified opinion on those statements.

Maze + Associates

Pleasant Hill, California
April 13, 2021

The following Management's Discussion and Analysis (MD&A) provides a general overview and analysis of the financial activities and performance of the District for the years ended December 31, 2020 and 2019. Readers are encouraged to consider the information presented here in conjunction with the Transmittal Letter and the Independent Auditor's Report which precedes this analysis, and the Basic Financial Statements and related Notes to the Basic Financial Statements (Notes), which follow.

Operational Activities and Financial Highlights

Operating activity of the District varies, sometimes significantly, from year to year with the resulting changes affecting District revenues, expenses, capital project expenditures and overall cash flows. Those activities that tend to drive District costs most notably for the periods ending December 2020, 2019, and 2018, are highlighted below.

Water Activities and Highlights

- For the period ended December 31, 2020 the District produced 33,087 acre-feet of water for 46,573 retail connections, compared to 30,610 acre-feet of water for 46,575 connections in 2019, and 30,874 acre-feet of water for 46,268 connections in 2018.

- In 2019, the District executed a Successor Agreement with McClellan Business Park that entailed, in part, the District paying $2.6 million to McClellan Business Park (recorded as an operating expense) to settle a 1999 Agreement between the County of Sacramento and the former Northridge Water District for the Conveyance of the McClellan Water Distribution System.

- The District has sufficient capacity to meet customer demand now and for the foreseeable future. The water delivered to District customers meets the regulatory maximum contaminant level (MCL) requirements established by the USEPA and State Water Resources Control Board's Division of Drinking Water. The District also adheres to federal and state regulations that govern the operation of the water system. If the concentration of a constituent exceeds its regulatory MCL, that source is immediately removed from active service. The District regularly tests for over 120 different constituents in its raw and treated water. The results of any detected constituents are published in the "Consumer Confidence Report" or, "Annual Water Quality Report" that is distributed to customers each year in early summer.

- In 2020, the District joined with other local water purveyors to transfer surface water to Dudley Ridge Water District, Kings County Water District, Tulare Lake Basin Water Storage District, Alameda County Water Agency, and Kern County Water Agency. The District's portion of the transfer resulted in net proceeds of $217,216 (gross proceeds of $979,431 less costs of $762,215). Costs comprise the pumping of 6,667 acre-feet of ground water delivered to the City of Sacramento and administrative expenses (legal and consulting). The 6,667 acre-feet of ground water provided to the City of Sacramento will be returned to the District from 2021 to 2022 at no cost to the District.

Capital Project Activities and Highlights

- The District is continuously working on various major construction projects, most of which are related to the replacement of distribution system mainlines that are near the end of their useful service life and the installation of water meters to meet state law requirements as discussed more fully below. In 2020, approximately 5.2 miles of pipeline and appurtenance replacements were installed at a cost of $10.1 million, compared to 5.6 miles in 2019 and 5.0 miles in 2018 at costs of $10.5 million and $11.8 million, respectively. Total expenditures for all capital projects in 2020, 2019, and 2018 were $15.6 million, $17.2 million and $17.8 million, respectively.

- In accordance with state law, the District is continuing its progress to have all its connections on water meters by the year 2025. During 2020, 1,140 new meters were installed, compared to 2,170 in 2019 and 2,232 in 2018. As of December 31, 2020, approximately 97 percent of the District's connections are on water meters compared to 95 percent at the end of 2019 and 91 percent at the end of 2018. Accordingly, the District is on track to meet this mandate.

Description of the Basic Financial Statements

The Basic Financial Statements are designed to provide readers with a broad overview of the District's finances. Since the District's primary function is to deliver a high quality, reliable supply of water to its consumers and recover the associated costs through customer rates, fees and charges, the Basic Financial Statements report activities in a manner similar to a private-sector business. The Basic Financial Statements are as follows:

The Statements of Net Position present information on all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position, some of which is restricted in accordance with debt covenants. Over time, increases or decreases in net position may serve as a useful indicator of whether the District's financial position is improving or deteriorating.

The Statements of Revenues, Expenses and Changes in Net Position present information showing how the District's net position changed during the years ended December 31, 2020 and 2019. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of the related cash flows. In other words, the District reports expenses and revenues on an accrual basis rather than a cash basis.

The Statements of Cash Flows present information on the sources and uses of cash within the District throughout the year that serves to explain the change in the amount of the District's cash and cash equivalents that are on hand at the end of each year. Cash generation and/or usage from four different activity-types of the District are provided: operations, non-capital financing, capital and related financing, and investing.

The Notes to the Basic Financial Statements (Notes) provide additional information that is essential to a full understanding of the data provided in the Basic Financial Statements.

The Required Supplementary Information Section of this Comprehensive Annual Financial Report includes information describing the District's contributions to, and funding progress of, the pension plan and postemployment benefits other than pensions for District employees.

The Statistical Section of this Annual Report provides selected financial and operational data over the last ten years where available, which includes the Schedule of Net Revenues showing the District's debt service coverage ratio.

Condensed Statements of Net Position

(Dollars in Thousands)

Assets	**2020**	**2019**	**Change**	**2018**	**Change**
Current assets	$ 14,796	$ 13,382	$ 1,414	$ 13,017	$ 365
Non-current assets	41,212	39,097	2,115	37,934	1,163
Capital assets, net	304,848	303,326	1,522	297,120	6,206
Total assets	360,856	355,805	5,051	348,071	7,734
Deferred outflows	8,066	7,761	305	8,272	(511)
Liabilities					
Current liabilities	12,578	15,719	(3,141)	11,212	4,507
Non-current liabilities	82,646	87,552	(4,906)	91,524	(3,972)
Total liabilities	95,224	103,271	(8,047)	102,736	535
Deferred inflows	1,594	839	755	2,333	(1,494)
Net position					
Net investment in capital assets	238,712	232,469	6,243	221,715	10,754
Restricted for debt service fund	-	2	(2)	10	(8)
Unrestricted	33,393	26,985	6,408	29,549	(2,564)
Total net position	$ 272,105	$ 259,456	$ 12,649	$ 251,274	$ 8,182

Referring to the table above, total assets increased by $5.1 million compared to December 31, 2019, to a total of $360.9 million as of December 31, 2020. The principal reason for the increase continues to be investments in capital assets as the District replaces its aging infrastructure. However, 2020 also saw increases in current assets and non-current assets relate to increases in cash, receivables and investments from 2019. The source of funds for capital projects is primarily a portion of customer fixed rate charges collected monthly, as well as state and federal grants when available.

Current assets increased by $1.4 million in 2020 compared to a $0.4 million increase in 2019. The 2020 increase was primarily attributable to increases in cash and cash equivalents of 0.4 million and an increase in receivables that was attributable to the billing of $1.1 million from the City of Sacramento on the 2020 water transfer referred to above, while the 2019 increase was primarily the result of an increase in cash and cash equivalents with a net decrease in receivables.

Non-current assets increased by $2.1 million in 2020 after having increased by $1.2 million in 2019. The 2020 increase is due to investment earnings ($1.1 million), unrealized investment gains ($0.5 million) and the movement of commercial paper into other non-cash investments ($0.5 million). The 2019 increase is primarily due to investment earnings ($1.1 million), unrealized investment gains ($0.7 million), the movement of commercial paper into other non-cash investments ($0.8 million) and the decrease in the fair value of the interest rate swap ($1.5 million). The District continues to invest most of its available cash in the capital markets and maintains a minimal investment in the state's investment pool. The investment portfolio had an unrealized fair value gain of $522,390 as of December 31, 2020 compared to an unrealized gain of $687,527 as of December 31, 2019.

Capital assets, net, increased $1.5 million and $6.2 million in 2020 and 2019, respectively, due primarily to the construction and replacement of a portion of the District's transmission and distribution system ($11.3 and $10.0 million, respectively), the addition and/or improvements to well facilities ($0.4 and $4.2 million, respectively), and the addition of $1.9 and $3.0 million, respectively, of new water meter equipment. Several other capital asset construction projects are in various stages of completion with costs incurred as of December 31, 2020 amounting to $3.8 million (see Note 5). In 2020, the District wrote-off approximately $1.3 million in net book value of well facilities and meter equipment that had not yet reached the end of their depreciable life.

As of December 31, 2020 and 2019, deferred outflows of resources primarily include deferred gains and losses on advance debt refundings, the recognition of pension expense in accordance with the provisions of GASB Statements No. 68 and 71 as well as the recognition of Other Post-employment Benefits (OPEB) expense in accordance with the provisions of GASB Statement No. 75.

Total liabilities decreased by $8.0 million and increased by $0.5 million as of December 31, 2020 and 2019, respectively. The 2020 decrease was primarily due to a $3.1 million decrease in current liabilities, which resulted from an accounts payable decrease of $5.1 million including the $2.6 million payment of the settlement with McClellan Business Park, and a $1.8 million increase in unearned revenue and customer deposits. In addition, long-term liabilities decreased by $4.9 million resulting primarily from a decrease in long-term debt of $5.5 million, which includes the payment of $4.8 million in scheduled principal payments, a $1.5 million decrease in net other post-employment benefits payable, an increase of $1.0 million of net pension obligation and an increase of 1.2 million in the fair value of the District's interest rate swap. The 2019 increase was primarily due to a $4.5 million increase in current liabilities, which resulted from an accounts payable increase of $3.7 million and $2.6 million arising from a settlement with McClellan Business Park. Offsetting, in part, this increase was a $4.0 million decrease in long-term liabilities due to the payment of scheduled principal payments.

Non-current liabilities - As part of its debt management strategy, the $65.3 million debt principal outstanding as of December 31, 2020 includes both fixed-rate debt - $23.3 million, and variable-rate debt - $42.0 million (as of December 31, 2020 and 2019, the District had debt outstanding of $70.8 million and $76.2 million, respectively). The variable-rate debt is supported by an irrevocable direct-pay Letter of Credit provided with an international bank that expires in June 2023, and is partially hedged by a pay-fixed, receive-variable interest rate swap with a notional amount of $33.3 million as of December 31, 2020, 2019 and 2018. As of December 31, 2020, the negative fair value of the swap increased from negative $6.7 million as of December 31, 2019 to negative $7.9 million (see Note 7) due to falling long-term interest rates.

The District realized an overall increase in net position of $12.6 million for the year ended December 31, 2020, compared to $8.2 million and $5.8 million for the years ended December 31, 2019 and 2018, respectively. The components of net position as of December 31, 2020 are:

- The largest component of District net position is the District's net investment in capital assets which increased by $6.2 million to $238.7 million as of December 31, 2020, and is comprised of total capital assets (net of accumulated depreciation) plus deferred outflows on long-term debt refundings less related long-term debt used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to customers within the District's service area; consequently, these assets are not available for future spending.

- Restricted net position consists solely of debt reserves held in escrow for the District's debt obligations. During 2020, the funds were used to pay interest on the related obligations.

- At the end of 2020, 2019 and 2018, the District showed a positive balance in its unrestricted net position of $33.4 million, $27.0 million, and $29.5 million, respectively. The 2020 increase of 6.4 million primarily reflects the increase in current assets and investments ($3.6 million), a decrease in current liabilities, net of debt, ($3.3 million) and an increase in non-current liabilities, net of debt, ($0.6 million). The decrease of $2.5 million in the unrestricted net position for 2019 primarily reflects the $2.6 million settlement agreement with McClellan Business Park in 2019 as discussed above.

Condensed Statements of Revenues, Expenses and Changes in Net Position

(Dollars in Thousands)

	2020	2019	Change	2018	Change
Revenues					
Operating revenues	$ 49,228	$ 45,722	$3,506	$ 47,417	$(1,695)
Rental revenue	291	379	(87)	244	135
Interest and investment revenue	1,600	1,763	(164)	746	1,017
Grant revenue pass-through to sub recipients	-	-	-	20	(20)
Other non-operating revenues	83	685	(602)	205	480
Total revenues	51,202	48,549	2,653	48,632	(83)
Expenses					
Operating expenses	22,479	26,365	(3,886)	22,460	3,905
Depreciation and amortization	13,715	12,993	722	12,460	533
Interest expense	2,552	2,632	(80)	3,112	(480)
Sub recipient grant expense	-	-	-	20	(20)
Other non-operating expenses	1,354	25	1,329	7	18
Total expenses	40,099	42,015	(1,915)	38,060	3,955
Net revenue before capital contributions	11,103	6,534	4,569	10,572	(4,038)
Capital contributions	1,546	1,648	(102)	894	753
Change in net position	12,649	8,182	4,467	11,466	(3,284)
Net position, beginning of year	259,456	251,274	8,182	239,808	11,466
Net position, end of year	$ 272,105	$ 259,456	$ 12,649	$ 251,274	$ 8,182

From the table above it can be seen that the District's net position increased by $12.6 million for the period ended December 31, 2020 compared to $8.2 million for 2019. The increases result from a variety of factors as described more fully below.

The District's operating revenues come primarily from its customers. The District charges a metered rate to its commercial customers and a metered or flat rate to residential customers depending on whether the service connections of such customers have a water meter. All District customers, regardless of the type of service, are charged a fixed service charge based on the size of their respective meter or connection. Beginning January 1, 2020, the District is utilizing a new rate structure that has only two components (usage charge and fixed (service) charge) compared with three in the previous period (usage charge, fixed (service) charge and capital facilities charge). The capital facilities charge has been combined with the fixed (service) charge.

In addition, as shown in the table above, and as more fully illustrated in the table below, operating revenues increased by $3.5 million (7.7%) compared to the year ended December 31, 2019, primarily due to the following: 1) a 5% average rate increase went into effect January 1, 2020, 2) water production increased 8.1% from 2019 and 3) the District participated in a water transfer that yielded $1.0 million in revenue. The decrease in wheeling water revenue related to the unavailability of surface water for the last 3 quarters of 2020. Other charges for service decreased as a result of the Governor of California's Executive Order N-42-20 as describe above. 2019 operating revenues were lower compared to 2018 by $1.7 million as a water transfer provided gross revenues of $1.8 million in 2018 with no such transfers and related revenue in 2019 coupled with a small (0.9%) decrease in billed usage. In 2018, operating revenues increased by $3.3 million (7.4%) compared to the year ended December 31, 2017, primarily due to a 2018 water transfer providing gross revenues of $1.8 million and to a 4.0% general water rate increase effective for all of 2018, despite having reduced water deliveries of 380 acre-feet or 1.2%.

Operating Revenues

(Dollars in Thousands)

	2020	2019	Change	2018	Change
Operating Revenues					
Water consumption sales	$ 15,948	$ 13,251	$ 2,697	$ 13,272	$ (21)
Water consumption sales – transfers	979	43	936	1,761	(1,718)
Water service charge	31,694	6,197	25,497	6,371	(174)
Capital facilities charge	-	24,454	(24,454)	24,449	5
Wheeling water charge	83	644	(561)	510	134
Other charges for services	524	1,133	(609)	1,054	79
Total operating revenues	$ 49,228	$ 45,722	$ 3,506	$ 47,417	$(1,695)

Non-operating revenues consist primarily of rental revenue, interest and investment income, and grant revenue to be passed through to subrecipients when the District serves as the lead agency in securing various grants.

Interest and Investment Income – Most of the District's cash is invested in fixed-income marketable securities. The yield to maturity on the market portfolio as of December 31, 2020, 2019, and 2018 was 1.58%, 2.26%, and 2.28%, respectively.

Capital Income – The District receives various types of income from capital contributions, such as facility development charges, developer contributions and grant income. Regarding grant income, in the years ended December 31, 2020, 2019 and 2018, the District received $30 thousand, $352 thousand and $25 thousand, respectively, in federal and state grant funds for the purposes of installing a new pumping facility, a new well site and the installation of water meters to accelerate the District's Water Meter Replacement Plan that has been established to meet state law.

Capital Contributions – The District receives revenue in the form of water system assets donated by developers that have been inspected by District staff and meet District standards. The District utilizes such assets to meet the needs of certain customers. After a one-year warranty period, the developer is no longer liable to the District. All such assets are recorded at estimated acquisition value on the date received. In 2020, the value of such donated assets was $1.0 million, compared to $1.0 million in 2019 and $0.7 million in 2018.

Operating Expenses

(Dollars in Thousands)

	2020	2019	Change	2018	Change
Operating Expenses					
Source of supply	$ 1,861	$ 3,525	$ (1,664)	$ 3,789	$ (264)
Pumping	5,399	5,331	68	4,946	385
Transmission and distribution	4,761	7,034	(2,273)	4,193	2,841
Water conservation	534	490	44	441	49
Customer accounts	1,279	1,373	(94)	1,301	72
Administrative and general	8,644	8,612	32	7,791	821
Total operating expenses	$ 22,479	$ 26,365	$ (3,886)	$ 22,461	$ 3,904

Operating expenses are primarily comprised of purchased treated surface water, electrical and chemical treatment costs of producing potable well water, ongoing system repairs and maintenance, and employee salaries and benefits. The volatility of such expenses from one year to another is primarily driven by the amount of surface water purchased in that year compared to the previous year. As shown in the table above, operating expenses decreased in 2020 by $3.9 million from 2019 (the same amount as the increase from 2018 to 2019) primarily due to the $2.6 million settlement with McClellan Business Park (MBP) as discussed above and a decrease in surface water purchases ($1.7 million). In 2019 operating expenses increased by $3.9 million primarily due to the $2.6 million MBP settlement and $1.2 million in non-water cost related expenses.

Non-operating expenses consist primarily of interest expense on the District's debt and the pass-through of grant revenues to subrecipients on grants where the District was the lead agency in securing the grant. Interest expense decreased in 2020 by $80 thousand however, the District recognized a $1.3 million loss related to the disposal of assets prior to the end of their depreciable life. Interest expense decreased by $0.5 million in 2019 primarily the result of refunding the Series 2009B COP with a lower cost revenue bond in 2018.

Capital Asset Administration

(Dollars in Thousands)

Changes in capital asset amounts for 2020 were as follows:

	Balance 2019	Additions/ Transfers	Deletions/ Transfers	Balance 2020
Capital assets:				
Non-depreciable assets	$ 9,779	$15,390	$ (14,432)	$ 10,737
Depreciable & amortizable assets	483,874	1,224	8,130	493,229
Accumulated depreciation & amortization	(190,637)	(13,715)	4,925	(199,117)
Total capital assets, net	$ 303,326	$ 2,899	$ (1,376)	$ 304,849

Changes in capital asset amounts for 2019 were as follows:

	Balance 2018	Additions/ Transfers	Deletions/ Transfers	Balance 2019
Capital assets:				
Non-depreciable assets	$ 10,941	$ 17,502	$ (18,664)	$ 9,779
Depreciable & amortizable assets	466,401	1,754	15,719	483,874
Accumulated depreciation & amortization	(180,222)	(12,993)	2,888	(190,637)
Total capital assets, net	$ 297,120	$ 6,263	$ (57)	$ 303,326

As a water utility, most of the District's assets and annual expenditures relate to the construction, repair and maintenance of its infrastructure. Repair and replacement of aging infrastructure is one of the most significant challenges facing the District. The District assesses and manages its infrastructure and other capital asset needs through prudent and cost-focused planning taking into consideration both current and future water resource availability, consumer peak-demand needs, maximizing the use of existing facilities, consideration for climatic changes, and other such assessments that can be used to sustain service to both current and future consumers. Infrastructure assessment also includes assessing each asset's risk of failure and the attendant consequences to District operations. For each infrastructure asset group, a long-term asset management plan has been developed. Infrastructure plans for all District assets are now in place. Despite such plans having a long-term focus, typically to the end of each asset's useful service life, each plan is reviewed and reassessed every 5 years. See Note 5 for more detailed information on capital asset activity.

Funding for capital projects comes primarily from District customers via a monthly fixed charge levied by the District for the payment of basic service, capital projects and debt service costs. In addition to customer charges, the District also utilizes state and federal grant funds when available for funding capital projects. In 2020, the District received $30 thousand in grant funds, compared to $1.0 million in 2019. As of December 31, 2020, the District has $6.5 million in financial obligations to contractors on its open construction contracts. See Note 15 for more information.

Long-Term Debt Administration

(Dollars in Thousands)

Changes in long-term debt amounts for 2020 were as follows:

	Balance 2019	Additions	Retirements	Balance 2020
Long-term debt:				
2009A Certificates of participation	$ 42,000	$ -	$ -	$ 42,000
2012A Revenue bond	13,225	-	(2,235)	10,990
2018A Revenue bond	14,830	-	(2,555)	12,275
Other (1)	6,165	-	(591)	-
Total long-term debt	$ 76,220	$ -	$ (5,381)	$ 70,840

Changes in long-term debt amounts for 2019 were as follows:

	Balance 2018	Additions	Retirements	Balance 2019
Long-term debt:				
2009A Certificates of participation	$ 42,000	$ -	$ -	$ 42,000
2012A Revenue bond	15,385	-	(2,160)	13,225
2018A Revenue bond	17,295	-	(2,465)	14,830
Other (1)	6,749	-	(584)	6,165
Total long-term debt	$ 81,429	$ -	$ (5,209)-	$ 76,220

(1) Consists of unamortized long-term debt premiums and an imputed borrowing of an off-market interest rate swap (See Note 7.)

The issuance of long-term debt is a valuable funding resource for the District. Used appropriately and prudently, long-term debt can minimize the District's water system charges and rates over time. The District manages its debt portfolio so as to mitigate risks inherent in debt issuances within an acceptable tolerance level. By managing debt and its repayment, the District is able to reduce various debt-related risk exposures such as market risk, credit risk, renewal risk, basis risk and tax risk, yet still provide the District with financing options to be utilized in future periods if needed. The District considers managing such risks more beneficial than eliminating such risks. As part of its debt management strategy, the District issues both fixed-rate debt and variable-rate debt. The District does not presently intend to issue additional debt. During 2020 and 2019, there were no debt issuances or refundings.

The District's debt covenants require that "Net Revenues" exceed 115% of annual debt service costs. For compliance history, please see the "Schedule of Net Revenues" in the Statistical Section of this Annual Report. For both 2020 and 2019, the District's credit rating was AA+ and Aa2 as rated by Standard and Poor's Ratings Services, Inc. (S&P) and Moody's Investor Services, Inc. (Moody's), respectively. See Note 7 for more information.

2021 Budget

Annually, the District adopts non-appropriated budgets for planning and control purposes. The budgets are adopted on an accrual basis with adjustments for certain cash and non-cash items. Budgetary controls are set at the department level. The General Manager has the discretion of reallocating budgeted funds between accounts or projects within each budget with subsequent reporting to the Board of Directors.

The District utilizes four primary budgets to manage its activities: Revenue Budget, Capital Budget, Operations and Maintenance Budget and Debt Service Budget. The Capital Budget is divided into two parts - Intermediate-Term Capital and Long-Term Capital. The long-term capital budget is intended to cover all District infrastructure projects that incorporate significant costs or long lead times and planning to complete. The intermediate-term capital budget is intended to incorporate expenditures for operational capital items, such as vehicles, field equipment, backhoes, and computer equipment. The Operations and Maintenance budget covers all recurring operational costs, such as the purchase and treatment of water, repairs and maintenance, employee salaries and benefits and other operating and non-operating expenditures. The Revenue Budget covers all of the District's operating and non-operating revenue sources. The Debt Service Budget covers all District principal and interest payments on its outstanding debt.

On October 19, 2020, the Board approved a $51.0 million Revenue Budget, a $19.0 million Capital Budget ($17.0 million for Long-Term Capital and $2.0 million for Intermediate-Term Capital), a $23.1 million Operations and Maintenance budget, and a $7.5 million Debt Service Budget for calendar year 2021. Upon adoption of the Capital Budget, the Board also approved certain capital projects as outlined in the District's asset-management plans developed for specific asset groups.

Conditions Affecting Current Financial Position

California continues to face the threat of severe droughts. Although it is not possible to forecast the impact of the drought on District surface water supplies or the effect, if any, on its financial position, the District has adequate groundwater supplies to meet water demands in its service area through 2021 and beyond.

The COVID-19 Pandemic had an effect on District finances and operations during 2020 and continuing into 2021. As of December 31, 2020, the amount in the Districts over 90 day receivables was $701 thousand compared to $142 thousand as of December 31, 2019, which is an increase of $559 thousand. This is primarily attributable to the Executive Order halting the disconnection of water service for non-payment discussed above. As a result, the District has increased its allowance for doubtful accounts from $184,140 as of December 31, 2019 to $702,109 as of December 31, 2019, an increase of $517,969. In response to Executive Order N-42-20 and Board Resolution 20-07, the District suspended the imposition and collection of late penalty and shut-off fees. Collection and penalty charge revenues decreased $728,256 from December 31, 2019 to December 31, 2020. These revenues were $892,609 and $164,352, respectively. As of December 31, 2020, the District incurred an estimated $64 thousand in unbudgeted COVID-19 related expenses and did not incur approximately $234 thousand in budgeted expenditures mostly related to conferences, travel, training and printing and processing costs related to collection notices. Operationally the District saw a temporary slowdown in design and construction activity that affected the timing of the starting and completion of some capital improvement projects and delayed others already in progress. This resulted in underspending our 2020 capital improvement budget by approximately $4.0 million. These funds are available to be spent in 2021 and have been allocated to projects. Social distancing and other safety protocols affected the efficiency of the District's preventive maintenance (PM) crews resulting in underperforming PM goals for 2020.

Requests for Information

This report is designed to provide a general overview of the District's finances. Questions concerning information provided in this report or requests for additional financial information should be addressed to:

Director of Finance and Administration
Sacramento Suburban Water District
3701 Marconi Avenue, Suite 100
Sacramento, CA 95821-5346

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Basic Financial Statements

Sacramento Suburban Water District
Statements of Net Position
December 31, 2020 and 2019

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents (note 2)	$ 8,442,658	$ 8,011,079
Restricted cash and cash equivalents (notes 2 and 3)	40	1,688
Receivables, net (note 4)	4,759,491	3,566,015
Inventory	763,600	553,990
Prepaids and other current assets	829,834	1,249,070
Total current assets	14,795,623	13,831,842
Noncurrent assets:		
Investments (note 2)	41,212,045	39,040,578
Fair value of interest rate swap (notes 1 and 7)	-	56,545
Capital assets not being depreciated (note 5)	10,737,283	9,779,255
Capital assets being depreciated and amortized, net (note 5)	294,111,338	293,546,751
Total noncurrent assets	346,060,666	342,423,129
Total assets	360,856,289	355,804,971
Deferred outflows of resources		
Deferred amount on long-term debt refundings (note 1)	4,702,735	5,363,480
Deferred outflow on effective swap (note 1 and 7)	1,162,609	-
Pensions (note 12)	1,960,128	2,054,016
Other post-employment benefits (OPEB) (note 13)	240,049	343,227
Total deferred outflows of resources	8,065,521	7,760,723
Liabilities		
Current liabilities:		
Accounts payable and accrued expenses	2,864,333	7,964,283
Accrued interest payable	210,327	297,075
Unearned revenue and customer deposits	3,658,254	1,867,587
Compensated absences, current portion (note 6)	880,000	800,000
Current portion of long-term debt (note 7)	4,965,000	4,790,000
Total current liabilities	12,577,914	15,718,945
Noncurrent liabilities:		
Compensated absences (note 6)	366,140	321,671
Fair value of interest rate swap (notes 1 and 7)	1,162,609	-
Net pension liability (note 12)	10,600,173	9,698,403
Net OPEB liability (note 13)	4,642,228	6,101,412
Long-term debt, net of current portion (note 7)	65,874,532	71,430,427
Total noncurrent liabilities	82,645,682	87,551,913
Total liabilities	95,223,596	103,270,858
Deferred inflows of resources		
Deferred inflow of effective swap (notes 1 and 7)	-	56,545
Pensions (note 12)	481,215	769,919
OPEB (note 13)	1,112,355	12,390
Total deferred inflows of resources	1,593,570	838,854
Net position		
Net investment in capital assets (note 8)	238,711,824	232,469,058
Restricted for debt service reserve fund (note 9)	40	1,688
Unrestricted (note 10)	33,392,780	26,985,236
Total net position	$ 272,104,644	$ 259,455,982

See accompanying notes to the basic financial statements

Sacramento Suburban Water District
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2020 and 2019

	2020	2019
Operating Revenues:		
Water consumption sales	$ 15,948,172	$ 13,250,822
Water consumption sales – transfers	979,431	42,578
Water service charge	31,694,042	6,197,481
Capital facilities charge	-	24,453,627
Wheeling water charge	82,748	643,670
Other charges for services	523,531	1,133,375
Total operating revenues	49,227,924	45,721,553
Operating Expenses:		
Source of supply	1,099,268	3,525,538
Source of supply – transfers	762,215	-
Pumping	5,399,274	5,330,573
Transmission and distribution	4,760,776	7,034,411
Water conservation	533,853	489,585
Customer accounts	1,279,436	1,372,995
Administrative and general	8,643,757	8,611,630
Total operating expenses	22,478,579	26,364,732
Operating income before depreciation and amortization	26,749,345	19,356,821
Depreciation and amortization (note 5)	(13,715,125)	(12,993,403)
Operating income	13,034,220	6,363,418
Nonoperating revenues (expenses):		
Rental revenue	291,356	378,707
Interest and investment revenue	1,599,865	1,763,651
Interest expense	(2,552,074)	(2,632,398)
Other non-operating revenues	83,077	685,049
Other non-operating expenses	(5,293)	(245)
Gain (loss) on disposal of capital assets, net	(1,348,331)	(24,076)
Total nonoperating revenues (expenses), net	(1,931,400)	170,688
Income before capital contributions	11,102,820	6,534,106
Capital contributions:		
Facility development charges	469,993	287,209
Developer capital contributions	1,045,489	1,008,687
Federal, state and local capital grants	30,360	351,969
Total capital contributions	1,545,842	1,647,865
Increase in net position	12,648,662	8,181,971
Net position, beginning of year	259,455,982	251,274,011
Net position, end of year	$ 272,104,644	$ 259,455,982

See accompanying notes to the basic financial statements

Sacramento Suburban Water District
Statements of Cash Flows
For The Years End December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Cash receipts from customers	$ 47,778,079	$ 47,076,706
Cash paid to suppliers for goods and services	(20,254,305)	(16,914,468)
Cash paid to employees for services	(6,539,215)	(4,955,124)
Other nonoperating receipts	369,140	1,063,512
Net cash provided by operating activities	21,353,699	26,270,626
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(15,568,502)	(18,247,284)
Proceeds from disposal of capital assets	27,920	32,750
Principal payments on long-term debt	(4,790,000)	(4,625,000)
Interest payments on long-term debt	(2,217,751	(2,183,934)
Principal payments on interest rate swap borrowing payable	(351,223)	(344,033)
Facility development charges received	2,091,225	421,794
Capital grants received	375,032	-
Net cash used by capital and related financing activities	(20,433,298)	(29,945,707)
Cash flows from investing activities:		
Purchase of investment securities	(16,793,871)	(17,462,058)
Proceeds from sales and maturities of investment securities	15,394,629	15,580,714
Interest received on investment securities	908,772	974,306
Net cash (used) provided by investing activities	(490,470)	(907,038)
Net increase in cash and cash equivalents	429,931	417,880
Cash and cash equivalents at beginning of year	8,012,766	7,594,886
Cash and cash equivalents at end of year	$ 8,442,698	$ 8,012,767
Reconciliation of cash and cash equivalents to the statements of net position:		
Cash and cash equivalents	$ 8,442,658	$ 8,011,079
Restricted cash and cash equivalents	40	1,688
Total cash and cash equivalents	$ 8,442,698	$ 8,012,767

Continued on next page

See accompanying notes to the basic financial statements

Sacramento Suburban Water District
Statements of Cash Flows, Continued
For the Years Ended December 31, 2020 and 2019

	2020	2019
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	$ 13,034,220	$ 6,363,418
Adjustments to reconcile operating revenue to net cash provided by operating activities:		
Depreciation and amortization	13,715,125	12,993,403
Bad debt expense	517,969	30,645
Other nonoperating receipts	369,140	1,063,511
Change in pension deferred (outflows)	93,888	169,426
Change in pension inflows	(288,704)	28,324
Change in OPEB deferred (outflows)	103,178	(318,777)
Change in OPEB inflows	1,099,965	(14,086)
Changes in operating assets and liabilities		
(Increase) decrease in operating assets:		
Accounts receivable	(925,129)	(90,915)
Other receivables	(1,212,122)	848,252
Inventory	(209,609)	(58,849)
Prepaids and other current assets	419,236	(324,986)
Increase (decrease) in operating liabilities:		
Accounts payable	(1,848,374)	357,923
Unearned revenue	169,436	567,172
Accrued compensated absences	124,469	170,720
Net pension liability	901,770	886,030
Net OPEB liability	(1,459,184)	245,072
Accrued expenses	(3,251,575)	3,354,343
Total adjustments	8,319,480	19,907,208
Net cash provided by operating activities	$ 21,353,699	$ 26,270,626
Noncash investing, capital and financing transactions:		
Receipt of donated capital assets	$ 1,045,490	$ 1,008,687
Change in fair value of investments	543,409	674,854
Amortization of premium on long-term debt	(239,672)	(239,672)
Amortization of defeasance costs on long-term debt	660,744	660,744
Change in fair value of interest rate swap	(1,219,154)	(1,508,178)

See accompanying notes to the basic financial statements

(1) Reporting Entity and Summary of Significant Accounting Policies

The basic financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting principles are described below.

A. Reporting Entity

The Sacramento Suburban Water District (District) provides water to residential, commercial and industrial customers with a total population of approximately 184,385 through 46,573 connections within its boundaries. The water supply of the District is a combination of both surface water and groundwater. The District was formed on February 1, 2002 under the County Water District Law (California Water Code Sections 30000-33901) by the consolidation of the Northridge Water District and the Arcade Water District. The consolidation was approved and ordered by the Sacramento County Local District Formation Commission under the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (California Government Code Sections 56000-57550). The District is located in Sacramento County, north of the American River and serves a large suburban area including portions of Citrus Heights, Carmichael, North Highlands, City of Sacramento, and Antelope, as well as McClellan Business Park (formerly McClellan Air Force Base). The District is currently governed by a five-member Board of Directors elected by the voters within the District for staggered four year terms, every two years.

B. Component Unit

The Sacramento Suburban Water District Financing Corporation (Corporation), formerly known as the Arcade Water District Financing Corporation, was created to provide assistance in the issuance of debt. The Corporation is a nonprofit public benefit Corporation organized under the laws of the State of California. The Corporation is governed by a five-member Board of Directors, each of whom must be a member of the District's Board of Director's. Although legally separate from the District, the Corporation is reported as a "blended" component unit of the District, because it shares a common Board of Directors with the District, and its sole purpose is to provide financing to the District. Debt issued by the Corporation is reflected as debt of the District in the basic financial statements. The Corporation has no financial transactions and does not issue financial statements, therefore combining information is not presented.

C. Jointly Governed Organization

The District is a signatory to the Regional Water Authority's (RWA) Joint Powers Agreement. The RWA was formed to address regional water issues with a mission to serve and represent the regional water supply interests of its 21 members in protecting and enhancing the reliability, availability, affordability and quality of water resources. RWA does not possess nor exercise governing or regulatory authority over its members. The District does not have an ongoing financial responsibility to RWA. The financial transactions between the District and RWA during the years ending December 31, 2020 and 2019, primarily involved the payment of annual membership dues and grant administration expenses, which were not material to the District's financial statements. Copies of RWA's annual financial reports and other pertinent information may be obtained from their office at 5620 Birdcage Street, Suite 180, Citrus Heights, CA 95610, from their website at www.rwah2o.org, or by calling (916) 967-7692.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Basis of Accounting and Principles of Presentation

The District is accounted for as an enterprise fund type of the proprietary fund group and therefore accounts for its operations in a manner similar to a private enterprise since it is the intent of the District to recover its cost of providing goods and services to the public on a continuing basis primarily through user charges.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The basic financial statements reflect the flow of economic resources measurement focus and the full accrual basis of accounting. Under the full accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred regardless of the timing of related cash flows.

The principal operating revenues of the District are charges to customers for water sales and services. Operating expenses include the cost to purchase, pump, treat and deliver water, administrative expenses and depreciation on capital assets. The District distinguishes operating revenues and expenses from non-operating revenues and expenses based on the relationship of the revenue or expense to the production and delivery of water.

Preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the basic financial statements and reported changes in net position during the reporting period. Actual results may differ from those estimates.

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows and Net Position

1. Unrestricted and Restricted Cash and Cash Equivalents

For the purpose of the Statements of Cash Flows, the District considers commercial paper and all short-term debt securities (including those for restricted assets) purchased with an original maturity of three months or less at the date of purchase to be cash and cash equivalents. The District also invests funds with the Local Agency Investment Fund (LAIF). Due to the high liquidity of this investment, these funds are classified as a cash equivalent.

2. Receivables and Allowance for Uncollectible Accounts

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District goes through various steps to collect on the account. If uncollectible, the District adjusts its uncollectible accounts using the allowance method.

3. Inventory

Inventory consists primarily of water meters, pipe, valves and pipe-fittings for construction and repair of the District’s water transmission and distribution system. Inventory is valued at cost using a first-in, first-out method. Inventory items are charged to expense at the time individual items are withdrawn from inventory or consumed.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

4. Prepaid Expenses

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid current assets in the basic financial statements.

5. Investments and Investment Policy

Investments are reported in the accompanying Statements of Net Position at fair value. Changes in fair value that occur during the year are recognized as Interest and Investment revenue reported for that year. Interest and Investment revenue includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity or sale of investments.

6. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Donated capital assets and easements are valued at estimated acquisition value on the date received. 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. Costs of capital assets sold or retired (and the related amounts of accumulated depreciation or amortization) are eliminated from the Statements of Net Position in the year of sale or retirement, and the resulting gain or loss is recognized in non-operating revenues (expenses). Depreciation/amortization is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

• Pipelines	80 years
• Reservoirs and Wells	25 to 40 years
• Water Meters	10 to 20 years
• Building and Building Improvements	10 to 40 years
• Vehicles and Equipment	5 to 10 years
• Furniture and Computers	4 to 7 years
• Construction-In-Progress	None until placed in service

Intangible assets consist primarily of donated permanent property easements and purchased pipeline capacity in a transmission pipeline owned and operated by San Juan Water District, Granite Bay, California.

7. Long-Term Debt Refundings

Unamortized gains and losses resulting from advance debt refundings are classified as deferred outflows of resources.

8. Compensated Absences

Compensated absences are accrued and reported as a liability in the period earned. Amounts payable are included in the Statements of Net Position. The District's policy provides vacation leave to employees at a rate of 12 days up to 25 days per year based on the number of years of employment and is considered earned on a pro-rata basis as of each payroll period throughout the year. Earned vacation leave is paid to employees upon separation from the District. Employees under age 55 are paid once a year for all earned vacation leave exceeding 400 hours at their current hourly rate of pay. Based upon meeting certain criteria, employees may be paid for earned vacation leave at any time. Sick leave accrues at the rate of 96 hours per year and is considered earned on a pro-rata basis as of each payroll period throughout the year. Earned sick leave is paid to employees

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

who are age 55 and older upon retirement at their current hourly rate of pay or may be contributed to the District's deferred compensation plan (See Note 11) or the California Public Employee Retirement System (CalPERS) defined benefit pension plan provided by the District for additional service credit (See Note 12). Employees under age 55 are paid once a year for all earned sick leave exceeding 240 hours at one-half of their current hourly rate of pay **(**See Note 6).

9. Long-Term Debt Discounts and Premiums

Long-term debt discounts and premiums are deferred and amortized over the life of the related debt using the straight-line method. Long-term debt is reported net of the applicable discounts or premiums.

10. Pensions

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

11. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

12. Effective Interest Rate Swap

The District entered into an interest rate swap agreement (swap) to manage interest rate risk and reduce debt service costs on variable-rate debt originally issued simultaneous with the swap. The swap is reported in the accompanying Statements of Net Position at fair value as of December 31, 2020 and 2019, as either a differed inflow or deferred outflow of resources determined by using the zero-coupon measurement method, which calculates the future net settlement payments based on current forward rates implied by the yield curve. Using the synthetic instrument method, the swap has been determined to serve as an effective cash flow hedge of the District's variable-rate COP obligations. This swap is categorized as Level 2 based on observable market data derived from LIBOR.

13. Net Position

GASB 63 requires that net position be reported as the difference between assets, plus deferred outflows of resources, less liabilities and less deferred inflows of resources. Net position is to be further classified into three components: net investment in capital assets, restricted, and unrestricted. In addition, the impact of deferred outflows or inflows of resources on net position must be explained.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

- **Net Investment in Capital Assets** – This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of long-term debt and deferred amounts related to debt refunding used to acquire such assets and the effect of deferring the recognition of losses from long-term debt refundings, The deferred outflows from losses on long-term debt refundings at December 31, 2020 and 2019, were $4,702,735 and $5,363,480, respectively, and are amortized and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. These investments are considered non-expendable.

- **Restricted for Debt Service Reserve Fund** – This component consists of external legal constraints placed on District assets by long-term debt holders.

- **Unrestricted –** This component of net position consists of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that do not meet the definition of "net investment in capital assets" or "restricted for debt service reserve fund." Amounts included as unrestricted are available for designation for specific purposes as established by the District's Board of Directors. When an expense is incurred for which both restricted and unrestricted net position are available for use, it is the District's policy to use restricted resources first then unrestricted resources as they are needed.

- **Effect on Unrestricted Net Position from Deferred Inflow and Outflow of Resources** – The unrestricted net position amount of $33,392,780 and $26,985,236 at December 31, 2020 and 2019, respectively, includes the negative increase in fair value of the District's swap and the net pension liability.

  The deferred outflow of resources and inflow of resources related to the fair value of the swap of $1,162,609 and $56,545 at December 31, 2020 and 2019, respectively, would be recognized as an investment loss or gain upon early termination of the swap. The District will only terminate its swap in advance of the contractual termination dates if market conditions permit. The deferred outflow or inflow would be recognized as an investment loss or gain if the swap was determined to no longer be an effective hedge. Further, if the debt associated with the swap is refunded, the deferred outflow or inflow would be reduced and the deferred loss on refunding decreased by the same amount. The deferred loss on refunding would be amortized as interest expense over the life of the old debt or the life of the new debt, whichever is shorter.

  The deferred outflows of resources related to net pension liability of $1,960,128 and $2,054,016 at December 31, 2020 and 2019, will be amortized and recognized as pension expense over periods of five years or less. The deferred outflows of resources related to net OPEB liability of $240,049 and $343,227 at December 31, 2020 and 2019, will be amortized and recognized as OPEB expense over periods of five years or less.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

The deferred inflows of resources related to pensions of $481,215 and $769,919 at December 31, 2020 and 2019 will be amortized and recognized as pension expense over periods of five years or less. The deferred inflows of resources related to OPEB of $1,112,355 and $12,390 at December 31, 2020 and 2019 will be amortized and recognized as OPEB expense over periods of five years or less.

F. Revenues

1. Water Consumption Sales and Fixed Service Charges (Water Sales)

The District's principal source of income is from water sales. Water rates are established by the Board of Directors and are supported by cost of service studies. Water rates are not subject to regulation by the California Public Utilities Commission or by any other local, state or federal agency. Water sales to District customers are billed on a monthly basis. Invoices for customers on a flat rate basis are billed in advance, while customers who pay based on a consumption basis are billed in arrears. Consumption amounts are determined on a weekly basis each comprising a monthly period. Estimated unbilled water sales revenue for consumption are accrued and recorded in the period the water was used. Fixed charges, levied for service, capital asset projects and debt service payments, are applied to all District customers based on their respective meter or service size connection. Wheeling charges are revenues received from neighboring water purveyors who utilize the District's transmission and distribution system. Other charges for services consist of customer related revenues for various services provided by the District including penalty charges. All other revenues are considered non-operating revenues, which comprise primarily investment and grant revenues.

2. Capital Contributions

Capital contributions represent cash, easements, and capital assets contributed to the District by property owners or real estate developers desiring services that require capital expenditures or capacity commitment, and federal and state grant proceeds for certain capital projects and water conservation awareness programs.

G. Budgetary Policies

The District does not operate under any legal budgeting requirement. However, the District adopts an annual non-appropriated operations and maintenance expense budget, capital budget, debt service budget and revenue budget for planning, control, and evaluation purposes. The budgets are prepared on an accrual basis. Budgetary control is maintained at various levels within the District and evaluation is effectuated by comparisons of actual operating expenses, capital costs, debt service costs and revenue with budgeted operating expenses, capital costs, debt service costs and revenue during the year. As required by certain debt covenants, the annual operating budget is also evaluated, along with budgeted revenues, such that net revenues, as defined by the various debt covenants, are equal to or exceed a minimum of 115% of the budgeted debt service costs for the budget year.

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

H. Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) statements, which became effective during the year ended December 31, 2020

GASB 89 – Accounting for Interest Cost Incurred before the End of Construction Period – This statement establishes accounting requirements for the 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 costs 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 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.

I. Future Accounting Pronouncements

GASB has issued the following statements which may impact the District's financial reporting requirements in the future. The District is currently analyzing the impact of implementing these new statements.

In June 2017, the GASB issued Statement No. 87, Leases. This Statement increases the usefulness of government's financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a leasee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement. The requirements of this Statement were originally effective for reporting periods beginning after December 15, 2019. GASB has since updated the effective date for fiscal periods beginning after June 15, 2021.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. This Statement establishes accounting and reporting requirements for interbank offered rate (IBOR) financial instruments. Some governments, including the District, have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback

1) Reporting Entity and Summary of Significant Accounting Policies, continued

I. Future Accounting Pronouncements, continued

provisions related to the reference rate. The objective of this Statement is to address these and other accounting and financial reporting implications that result from the replacement of an IBOR. The District has LIBOR based investment and derivative financial instruments in its portfolio. The requirements of this Statement are effective for reporting periods beginning after June 15, 2020.

(2) Cash, Cash Equivalents and Investments

As a public agency, the District's investment practices are prescribed by various provisions of the California Government Code, as well as by Board policy. The District's investment policy is reviewed at least biennially by the Board of Directors and describes the Director of Finance & Administration/District Treasurer's investment authority, practices, and limitations. The basic investment policy objectives of the District, in order of importance are - safety of principal, liquidity, interest rate risk hedging, and return on investments.

Cash and investments as of December 31, 2020 and 2019 are classified in the Statements of Net Position as follows:

	2020	2019
Cash and cash equivalents	$ 8,442,658	$ 8,011,079
Restricted cash and cash equivalents	40	1,688
Investments	41,212,045	39,040,578
Total	$ 49,654,743	$ 47,053,345

Restricted cash and cash equivalents and investments are amounts established by Trust Agreements per certain long-term debt covenants. See Note 3 for further details.

Cash, cash equivalents and investments as of December 31, 2020 and 2019 by investment type are as follows:

	2020	2019
Cash on hand	$ 3,750	$ 3,750
Deposits with financial institutions	4,213,574	2,787,834
Cash held by bond trustee	40	1,688
Total cash	4,217,364	2,793,272
California Local Agency Investment Fund (LAIF)	3,369,016	3,818,496
Money market mutual funds	856,318	227,098
Commercial paper	-	1,173,901
Total cash equivalents	4,225,334	5,219,495
Negotiable certificates of deposit	3,370,470	5,791,916
U.S. treasury notes/bonds	16,306,321	15,965,840
Federal agency securities	8,208,213	1,514,810
Municipal obligations	1,614,120	99,828
Corporate notes	6,985,085	9,193,263
Mortgage backed and asset backed securities	3,140,124	3,882,214
Supranationals	1,587,712	2,592,707
Total investments	41,212,045	39,040,578
Total	$ 49,654,743	$ 47,053,345

(2) Cash, Cash Equivalents and Investments, continued

Fair Value Measurement

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 asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of December 31, 2020:

		Fair Value Measurements Using		
Investments by fair value level	**Total**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Negotiable certificates of deposit	$ 3,370,470	$ -	$ 3,370,470	$ -
U.S. treasury notes/bonds	16,306,321	16,306,321	-	-
Federal agency securities	8,208,213	-	8,208,213	-
Municipal obligations	1,614,120	-	1,614,120	-
Corporate notes	6,985,085	-	6,985,085	-
Mortgage backed and asset backed securities	3,140,124	-	3,140,124	-
Supranationals	1,587,712	-	1,587,712	-
Total investments by fair value level	$ 41,212,045	$ 16,306,321	$ 24,905,724	-

All securities classified in Level 1 are valued using quoted prices in active markets.

All securities classified in Level 2 are valued using pricing models that are based on market data, such as matrix or model pricing, which use standard inputs, that include benchmark yields, reported trades, broker/dealer quotes, issue spreads, two sided markets, benchmark securities, bids, offers and reference data including market research publications.

All securities classified in Level 3 are valued using cost.

Investments Authorized by the California Government Code and the District's Investment Policy

The table below identifies the investment types that are authorized in accordance with the California Government Code or the District's investment policy, where more restrictive. The table also identifies certain provisions of 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.

(2) Cash, Cash Equivalents and Investments, continued

Authorized Investment Type	Maximum Maturity[1]	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
U.S. treasury notes/bonds	5 years	None	None
Federal agency securities	5 years	None	None
Municipal Obligations	5 years	None	None
Repurchase agreements	1 year	50%	None
Bankers acceptances	180 days	40%	5%
Commercial paper [2]	270 days	25%	5%
Negotiable certificates of deposit	5 years	30%	5%
Medium-term notes	5 years	30%	5%
Time deposits	1 year	50%	None
Mortgage backed and asset backed securities	5 years	20%	5%
Local Agency Investment Fund (LAIF)[3]	N/A	(3)	None
Money market mutual funds	N/A	20%	10%
Local Government Investment Pools	N/A	None	None
Supranationals	5 years	30%	10%

(1) The California Government Code provides authority to the Board to permit maturities beyond 5 years for certain investments. Current Board policy provides for maturities longer than 5 years for funds established by Indentures of Trust.

(2) Limited to funds invested in California Government Code authorized instruments.

(3) California Government Code limits the District's investment for operating and reserve funds in LAIF to $75 million. There is no ceiling on bond proceeds invested in LAIF. Transactions are limited to 15 per month with a 24 hour notice for withdrawals in excess of $10 million. Maximum withdrawal amounts are $75 million and LAIF funds are not eligible for borrowing.

Investment in LAIF

The District is a voluntary participant in LAIF that is regulated by the California Government Code under oversight by the Local Investment Advisory Board, which consists of five members, with the Treasurer of the State of California serving as chairman. The fair value of the District's investment in this pool is reported in the Statements of Net Position as a cash equivalent based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost and current value basis. The District's investment in LAIF at December 31, 2020 and 2019 was $3,369,016 and $3,818,496, respectively. The total fair value of all public agencies invested in LAIF at December 31, 2020 and 2019 was $33,966,672,299 and $26,711,885,343, respectively.

(2) Cash, Cash Equivalents and Investments, continued

Cash equivalents and investments contain certain risks. The District has implemented various provisions to address the following risks: interest rate risk, credit risk, concentration of credit risk, and custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates on investments with or without embedded options will adversely affect the fair value of an investment. The District manages this risk by holding investments to maturity or by adjusting the effective duration (a measure of the responsiveness of a bond's price to interest rate changes) of the investment portfolio against a nationally recognized benchmark index that most closely relates to the District's investment objectives. The District selected the "Bank of America Merrill Lynch 0-5 Year U.S. Treasury Index" as its benchmark index. The District's duration targets are reviewed quarterly and, dependent on the evaluation of various markets and non-market factors (such as cash-flow needs of the District), a duration goal is set. As of December 31, 2020 and 2019, the effective duration of the "Bank of America Merrill Lynch 0-5 Year U.S. Treasury Index" was 2.11 and 2.09, respectively.

Duration of cash and investments for 2020 were as follows:

		Maturities		
	Fair Value	**12 Months or Less**	**13 to 24 Months**	**25 to 60 Months**
Cash	$ 4,217,364	$ 4,217,364	$ -	$ -
LAIF	3,369,016	3,369,016	-	-
Money market funds	856,318	856,318	-	-
Total Cash and Cash Equivalent	8,442,698	8,442,698	-	-
Negotiable certificates of deposit	3,370,470	659,010	2,711,460	-
U.S. treasury notes/bonds	16,306,321	1,736,722	4,152,044	10,417,555
Federal agency securities	8,208,213	1,534,193	-	6,674,020
Municipal obligations	1,614,120	-	-	1,614,120
Corporate notes	6,985,085	2,221,392	154,490	4,609,203
Mortgage backed and asset backed securities	3,140,124	91,139	358,331	2,690,654
Supranationals	1,587,712	987,325	-	600,387
Total Investments	41,212,045	7,229,781	7,376,325	26,605,939
Total investments by fair value level	$ 49,654,743	$ 15,672,479	$ 7,376,325	$ 26,605,939

(2) Cash, Cash Equivalents and Investments, continued

Duration of cash and investments for 2019 were as follows:

		Maturities		
	Fair Value	**12 Months or Less**	**13 to 24 Months**	**25 to 60 Months**
Cash	$ 2,793,272	$ 2,793,272	$ -	$ -
LAIF	3,818,496	3,818,496	-	-
Money market funds	227,098	227,098	-	-
Commercial paper	1,173,901	1,173,901		
Total Cash and Cash Equivalent	8,012,767	8,012,767	-	-
Negotiable certificates of deposit	5,791,916	3,541,638	664,407	1,585,871
U.S. treasury notes/bonds	15,965,840	-	2,842,322	13,123,518
Federal agency securities	1,514,810	-	1,514,810	-
Municipal obligations	99,828	-	-	99,828
Corporate notes	9,193,263	2,742,865	3,137,415	3,312,983
Mortgage backed and asset backed securities	3,882,214	-	434,024	3,448,190
Supranationals	2,592,707	1,602,524	990,183	-
Total Investments	39,040,578	7,887,027	9,583,161	21,570,390
Total investments by fair value level	$ 47,053,345	$ 15,899,794	$ 9,583,161	$ 21,570,390

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District manages such risk by purchasing investments with nationally recognized credit ratings that meet or exceed District credit rating requirements at the time of purchase. Credit ratings utilized are those provided by Standard and Poor's Ratings Services, where applicable. Additionally, regular monitoring of the credit ratings of purchased securities held in the portfolio is performed to evaluate individual securities for potential sale.

Cash equivalents credit ratings as of December 31, 2020, were as follows:

		Minimum Legal	Ratings as of Year-End		
Cash Equivalent Type		**Rating**	**Not Rated**	**AAA/AA**	**A-1+/A-1**
LAIF	$ 3,369,016	-	$ 3,369,016	$ -	$ -
Money market mutual funds	856,318	-	-	856,318	-
Total cash equivalents	$ 4,225,334	-	$ 3,369,016	$ 856,318	$ -

(2) Cash, Cash Equivalents and Investments, continued

Investment credit ratings as of December 31, 2020 were as follows:

Investment Type		Minimum Legal Rating	Not Rated	Ratings as of Year-End AAA	AA+/AA-	A+/A/A-/ A-1/A-1+	BBB+
Negotiable certificates of deposit	$ 3,370,470	A	$ -	$ -	$ 825,140	$ 2,545,330	$ -
U.S. treasury notes/bonds	16,306,321	-	-	-	16,306,321	-	-
Federal agency securities	8,208,213	-	-	-	8,208,213	-	-
Municipal obligations	1,614,120	-	285,038	130,875	1,198,207	-	-
Corporate notes	6,985,085	A	-	-	-	5,439,671	1,545,414
Mortgage backed and asset backed securities	3,140,124	AA	-	2,404,139	735,985	-	-
Supranationals	1,587,712	AA	-	1,587,712	-	-	-
Total investments	$41,212,045	-	$285,038	$ 4,122,726	$27,273,866	$7,985,001	$1,545,414

Cash equivalents credit ratings as of December 31, 2019, were as follows:

Cash Equivalent Type		Minimum Legal Rating	Ratings as of Year-End Not Rated	AAA/AA	A-1+/A-1
LAIF	$ 3,818,496	-	$ 3,818,496	$ -	$ -
Money market mutual funds	228,786	-	-	228,786	-
Commercial paper	1,173,901	A-1	-	-	1,173,901
Total cash equivalents	$ 5,221,183	-	$ 3,818,496	$ 228,786	$ 1,173,901

Investment credit ratings as of December 31, 2019 were as follows:

Investment Type		Minimum Legal Rating	Not Rated	Ratings as of Year-End AAA	AA+/AA-	A+/A/A-/ A-1/A-1+	BBB+
Negotiable certificates of deposit	$ 5,791,916	A	$ -	$ -	$ 1,464,630	$ 4,327,286	$ -
U.S. treasury notes/bonds	15,965,840	-	-	-	15,965,840	-	-
Federal agency securities	1,514,810	-	-	-	1,514,810	-	-
Municipal obligations	99,828	-	-	-	99,828	-	-
Corporate notes	9,193,263	A	-	-	1,301,593	7,096,380	795,290
Mortgage backed and asset backed securities	3,882,214	AA	1,005,440[(1)]	2,236,782	639,992	-	-
Supranationals	2,592,707	AA	-	2,592,707	-	-	-
Total investments	$39,040,578	-	$1,005,440	$ 4,829,489	$20,986,693	$11,423,666	$ 795,290

(1) Rated Aaa by Moody's.

(2) Cash, Cash Equivalents and Investments, continued

Concentration of Credit Risk

At December 31, 2019 and 2018 the District had no investments (obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government not listed) representing five percent or more of its investments

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of December 31, 2020 and 2019, $4,698,264 and $3,357,112 respectively, of the District's deposits were in excess of federal depository insurance (FDIC) limit of $250,000. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit exposure to custodial credit risk for deposits or investments, other than the following provision: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

(3) Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents are amounts established by debt covenants on certain long-term debt issuances. Restricted cash and cash equivalents as of December 31 were as follows:

	2020	2019
2009A Certificates of participation reserve fund	$ 1	$ 1
2012A Revenue bond interest payment fund	15	798
2018A Revenue bond interest payment fund	24	889
Total	$ 40	$ 1,688

(4) Receivables, Net and Restricted Receivable

Receivables as of December 31 consist of the following:

	2020	2019
Water sales and services receivable	$ 4,010,941	$ 3,085,812
Allowance for doubtful accounts	(702,109)	(184,140)
Accrued interest receivable	133,920	215,053
Receivable from OPEB trust	186,875	91,467
Receivable from City of Sacramento	1,069,852	-
Receivable, other	52,715	5,854
Grant receivable	7,297	351,969
Total	$ 4,759,491	$ 3,566,015

(5) Capital Assets

Changes in capital assets for the year ended December 31, 2020, were as follows:

	Balance 2019	Additions	Deletions	Transfers	Balance 2020
Non-depreciable assets:					
Land	$ 1,798,864	$ 344,738	$ -	$ -	$ 2,143,602
Permanent easements	4,533,456	270,797	-	-	4,804,253
Construction-in-progress	3,446,935	14,774,140	-	(14,431,647)	3,789,428
Total non-depreciable assets	9,779,255	15,389,675	-	(14,431,647)	10,737,283
Depreciable and amortizable assets:					
Land improvements	1,159,672	26,025	-	-	1,185,697
Pumping and wells	83,930,191	-	(4,562,805)	442,943	79,810,329
Hydrants, PRV stations, valves	142,061,481	417,334	(259,755)	2,860,818	145,079,878
Purchased trans & dist pipelines	182,768,772	357,358	(18,369)	7,951,433	191,059,194
Capacity entitlement	5,282,728	-	-	-	5,282,728
Storage facilities – reservoirs	14,363,133	-	-	-	14,363,133
Water meters	40,021,598	-	(1,080,798)	3,002,944	41,943,744
Buildings	2,690,040	-	-	-	2,690,040
Buildings improvements	3,605,064	115,763	-	-	3,720,827
Machinery and equipment	1,466,096	-	(13,482)	-	1,452,614
Fleet equipment	2,144,312	126,936	(166,455)	-	2,104,793
Office equipment	193,684	15,892	(52,790)	-	156,786
Computer software	2,889,020	57,995	-	-	2,947,015
Computer hardware & equipment	1,298,347	107,013	(146,811)	173,509	1,432,058
Total depreciable & amort. Assets	483,874,138	1,224,316	(6,301,265)	14,431,647	493,228,836
Accumulated depreciation and amortization:					
Land improvements	(901,936)	(28,877)	-	-	(930,813)
Pumping and wells	(43,371,016)	(3,095,786)	3,435,478	-	(43,031,324)
Hydrants, PRV stations, valves	(77,471,502)	(3,869,491)	154,894	-	(81,186,099)
Purchased trans & dist pipelines	(27,050,193)	(2,290,556)	3,061	-	(29,337,688)
Capacity entitlement	(3,823,473)	(174,673)	-	-	(3,998,146)
Storage facilities – reservoirs	(4,994,402)	(358,208)	-	-	(5,352,610)
Water meters	(22,456,712)	(3,039,307)	967,113	-	(24,528,906)
Buildings	(1,577,071)	(66,486)	-	-	(1,643,557)
Buildings improvements	(2,646,636)	(159,278)	-	-	(2,805,914)
Machinery and equipment	(840,520)	(155,930)	13,482	-	(982,968)
Fleet equipment	(1,399,351)	(224,106)	166,455	-	(1,457,002)
Office equipment	(146,947)	(14,643)	37,719	-	(123,871)
Computer software	(2,697,240)	(100,864)	-	-	(2,798,104)
Computer hardware & equipment	(950,388)	(136,920)	146,812	-	(940,496)
Total accumulated depr. & amort.	(190,327,387)	(13,715,125)	4,925,014	-	(199,117,498)
Total depr. & amort. assets, net	293,546,751	(12,490,809)	(1,376,251)	14,431,647	294,111,338
Total capital assets, net	$303,326,006	$ 2,898,866	$ (1,376,251)	$ -	$ 304,848,621

(5) Capital Assets, continued

Changes in capital assets for the year ended December 31, 2019, were as follows:

	Balance 2018	Additions	Deletions	Transfers	Balance 2019
Non-depreciable assets:					
Land	$ 1,798,864	$ -	$ -	$ -	$ 1,798,864
Permanent easements	4,262,786	270,670	-	-	4,533,456
Construction-in-progress	4,879,703	17,231,161	-	(18,663,929)	3,446,935
Total non-depreciable assets	10,941,353	17,501,831	-	(18,663,929)	9,779,255
Depreciable and amortizable assets:					
Land improvements	1,100,698	15,565	-	43,409	1,159,672
Pumping and wells	79,739,331	-	(18,082)	4,208,942	83,930,191
Hydrants, PRV stations, valves	138,743,553	632,714	(67,553)	2,752,767	142,061,481
Purchased trans & dist pipelines	176,225,535	105,303	-	6,437,934	182,768,772
Capacity entitlement	5,282,728	-	-	-	5,282,728
Storage facilities – reservoirs	14,235,352	-	-	127,781	14,363,133
Water meters	37,062,970	418,264	(2,395,274)	4,935,638	40,021,598
Buildings	2,690,040	-	-	-	2,690,040
Buildings improvements	3,663,913	160,733	(219,582)	-	3,605,064
Machinery and equipment	1,329,706	17,900	(38,968)	157,458	1,466,096
Fleet equipment	1,973,176	293,790	(122,654)	-	2,144,312
Office equipment	274,300	-	(80,616)	-	193,684
Computer software	2,891,570	-	(2,550)	-	2,889,020
Computer hardware & equipment	1,188,476	109,871	-	-	1,298,347
Total depreciable & amort. assets	466,401,348	1,754,140	(2,945,279)	18,663,929	483,874,138
Accumulated depreciation and amortization:					
Land improvements	(876,118)	(25,818)	-	-	(901,636)
Pumping and wells	(40,462,395)	(2,926,703)	18,082	-	(43,371,016)
Hydrants, PRV stations, valves	(73,739,862)	(3,798,646)	67,006	-	(77,471,502)
Purchased trans & dist pipelines	(24,848,534)	(2,201,659)	-	-	(27,050,193)
Capacity entitlement	(3,649,279)	(174,194)	-	-	(3,823,473)
Storage facilities – reservoirs	(4,640,365)	(354,037)	-	-	(4,994,402)
Water meters	(22,115,444)	(2,682,536)	2,341,268	-	(22,456,712)
Buildings	(1,510,723)	(66,348)	-	-	(1,577,071)
Buildings improvements	(2,683,047)	(180,898)	217,309	-	(2,646,636)
Machinery and equipment	(750,035)	(129,453)	38,968	-	(840,520)
Fleet equipment	(1,357,205)	(164,800)	122,654	-	(1,399,351)
Office equipment	(212,520)	(15,043)	80,616	-	(146,947)
Computer software	(2,583,335)	(116,455)	2,550	-	(2,697,240)
Computer hardware & equipment	(793,575)	(156,813)	-	-	(950,388)
Total accumulated depr. & amort.	(180,222,437)	(12,993,403)	2,888,453	-	(190,327,3387)
Total depr. & amort. assets, net	286,178,911	(11,239,263)	(56,826)	18,663,929	293,546,751
Total capital assets, net	$ 297,120,264	$ 6,262,568	$ (56,826)	$ -	$ 303,326,006

(5) Capital Assets, continued

Major capital asset additions during 2020 and 2019 include construction and major upgrades to the transmission and distribution system, fire hydrants, valves, PRV stations, water meters, and wells. A significant portion of these additions were constructed by the District and transferred out of construction-in-progress upon completion of these various projects.

Construction-In-Progress

The District has been involved in various construction projects throughout the year. The balances of the various construction projects that comprise the construction-in-progress balances at December 31 are as follows:

	2020	2019
Butano/Cottage well construction	$ 221,399	$ 188,079
Verner/Panorama well construction	841,326	531,626
Edison Meadows main replacement	-	281,033
Albatross main replacement	-	761,406
Thor main replacement	-	490,790
Naomi main replacement	-	494,229
Various condition assessments for main replacements	370,061	-
Meter retrofit	357,081	-
SCADA RTU panels improvements	248,883	-
Various other distribution main replacements	426,543	231,071
Various other minor projects	248,444	246,875
Reservoirs & tank improvements	103,301	-
Well destroys	216,355	-
Well rehabilitation/pump improvements	756,035	221,826
Construction-in-progress	$ 3,789,428	$ 3,446,935

There was no impairment of District assets as defined by GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries" as of December 31, 2020 and 2019**.**

(6) Compensated Absences

Compensated absences are comprised of unpaid vacation and sick leave, which is accrued as earned, and accumulated unpaid overtime. The District's liability for compensated absences is determined annually. The current portion of the compensated absences is estimated based on amounts used in the current year.

The changes to compensated absences balances at December 31 are as follows:

Balance 2019	Earned	Taken	Balance 2020	Due Within One Year
$ 1,121,671	$ 1,001,365	$ (876,896)	$ 1,246,140	$ 880,000

Balance 2018	Earned	Taken	Balance 2019	Due Within One Year
$ 950,951	$ 971,729	$ (801,009)	$ 1,121,671	$ 800,000

(7) Long-Term Debt

Description of the District's Long-Term Debt

The District's long-term debt consists of Refunding Revenue Certificates of Participation (COP obligations) and Refunding Revenue Bonds (bonds) issued for the purpose of refunding debt originally issued to fund portions of the District's capital improvement program (CIP). The COP obligations and bonds are secured by a pledge of the District's net revenues. Such COP obligations and bonds contain certain restrictive covenants, with which the District has complied. All COP obligations and bonds contain call provisions. COP obligations and bonds maturing after the earliest applicable call date are subject to optional, mandatory or extraordinary redemption prior to maturity, without premium.

Long-term debt activities for the year ended December 31, 2020, are as follows:

	Balance 2019	Additions	Retirements	Balance 2020	Current Portion
2009A Certificates of participation	$ 42,000,000	$ -	$ -	$ 42,000,000	$ -
2012A Revenue bond	13,225,000	-	(2,235,000)	10,990,000	2,320,000
2018A Revenue bond	14,830,000	-	(2,555,000)	12,27,5000	2,645,000
Total principal	70,055,000	-	(4,790,000)	65,265,000	$ 4,965,000
Unamortized bond premium	1,877,428	-	(239,672)	1,637,756	
Imputed borrowing - off-market swap	4,287,999	-	(351,223)	3,936,776	
Total long-term debt	$ 76,220,427	$ -	$ (5,380,895)	$ 70,839,532	

(7) Long-Term Debt, continued

Long-term debt activities for the year ended December 31, 2019, are as follows:

	Balance 2018	Additions	Retirements	Balance 2019	Current Portion
2009A Certificates of participation	$ 42,000,000	$ -	$ -	$ 42,000,000	$ -
2012A Revenue bond	15,385,000	-	(2,160,000)	13,225,000	2,235,000
2018A Revenue bond	17,295,000	-	(2,465,000)	14,830,000	2,555,000
Total principal	74,680,000	-	(4,625,000)	70,055,000	$ 4,790,000
Unamortized bond premium	2,117,100	-	(239,672)	1,877,428	
Imputed borrowing - off-market swap	4,632,032	-	(344,033)	4,287,999	
Total long-term debt	$ 81,429,132	$ -	$(5,208,705)	$ 76,220,427	

The future debt service schedule of all long-term debt as of December 31, 2020, is as follows:

Year	Principal	Interest [(1)]	Total
2021	$ 4,965,000	$ 1,861,072	$ 6,826,072
2022	5,120,000	1,674,462	6,794,462
2023	3,585,000	1,486,605	5,071,605
2024	3,770,000	1,359,284	5,129,284
2025	3,925,000	1,223,609	5,148,609
2026-2029	22,375,000	4,082,080	26,457,080
2030-2034	21,525,000	1,170,347	22,695,347
Total	65,265,000	$ 12,857,458	$ 78,122,458
Less current portion	(4,965,000)		
Unamortized bond premium	1,637,756		
Imputed borrowing on off-market swap	3,936,776		
Total non-current long-term debt	$ 65,874,532		

(1) Includes – 1) fixed-rate interest at scheduled payments, 2) variable-rate interest at an estimated rate of 0.685% as of December 31, 2020 (includes market rate plus facility and remarketing fees), and 3) swap payments based on a 3.283% fixed-rate per the amended and restated Swap Confirmation dated April 11, 2012, less the variable receive rate of 0.270% as of December 31, 2020.

(7) Long-Term Debt, continued

2009 Series A COP

In June 2009, the District issued a $42,000,000 COP obligation, Series 2009A at a variable interest rate, to current refund the $41,275,000 COP obligation, Series 2004. The variable interest rate resets weekly. This COP obligation was issued with an irrevocable direct-pay letter-of-credit (LOC) which expires on June 30, 2023[(2)]. This term debt's maturity is November 1, 2034 and is subject to optional, mandatory and extraordinary sinking fund prepayment and optional and mandatory tender redemption provisions, without premium. The installment purchase agreement defines events of default as 1) default in principal payments; 2) default in interest payments; 3) default by the District of any of the covenants, agreements, or conditions; 4) the filing by the District of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein; 5) an event of default has occurred with the LOC provider under the terms of the LOC reimbursement agreement. Upon the occurrence of an event of default, the principal of the COP obligation could be declared immediately due and payable.

The LOC reimbursement agreement defines events of default as 1) default in principal and/or interest payments; 2) default by the District of any of the covenants, warranties, certifications, agreements, or conditions; 3) the filing by the District of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein; 4) an event of default has occurred with the COP obligation.

(1) The credit rating of the District's LOC provider (Sumitomo Mitsui Banking Corporation) as of December 31, 2020 is A1/A/A by Moody's Investor Services, Standard and Poor's Ratings Services, and Fitch IBCA, Inc., respectively.

As discussed more fully under the caption "Interest Rate Swap" below, subsequent to its issuance, a swap was issued to hedge this COP obligation which itself was amended and restructured in 2012 to proportionately match the terms of this COP obligation. The swap has been determined to serve as an effective cash flow hedge in accordance with the provisions of GASB No. 53 as amended by GASB 59 and 64, even though the swap terms do not completely match those of this COP obligation.

(7) Long-Term Debt, continued

As of December 31, 2020, the future debt service schedule of the 2009 Series A COP obligation and associated swap payments are as follows:

	2009 Series A COP		Interest Rate (1)	
Year	**Principal**	**Interest (2)**	**Swap, Net**	**Total**
2021	$ -	$ 287,700	$ 670,332	$ 958,032
2022	-	287,700	670,332	958,032
2023	1,145,000	286,393	667,280	2,098,673
2024	1,245,000	278,435	648,709	2,172,144
2025	1,295,000	269,850	628,747	2,193,597
2026-2030	16,790,000	1,134,063	2,642,713	20,566,776
2031-2034	21,525,000	351,354	818,993	22,695,347
Total	42,000,000	$2,895,495	$6,747,106	$51,642,601
Less current portion	-			
Imputed borrowing- off-market swap	3,936,776			
Total non-current COP obligation	$ 45,936,776			

(1) Based on a 3.283% fixed-rate per the amended and restated Swap Confirmation dated April 11, 2012, less the variable receive rate of 0.270% as of December 31, 2020.

(2) Estimated at an assumed rate of 0.685% as of December 31, 2020 (includes market rate plus facility and remarketing fees).

2012 Series A Bond

On April 19, 2012, the District issued $29,200,000 of Refunding Revenue Bonds Series 2012A (bonds) at a true interest cost of 3.66%, to current refund the Series 2008A-2 COP obligation with an outstanding balance of $33,300,000. This serial bond's maturity extends to November 1, 2027 and is subject to optional and extraordinary redemption provisions, without premium. Proceeds of the bonds, less $417,002 to pay the costs of issuing the bonds, were placed in escrow to immediately pay the outstanding principal plus accrued interest on the Series 2008A-2 COP obligation, without premium.

The loan agreement defines events of default as 1) default in principal payments; 2) default in interest payments; 3) default by the District of any of the covenants, agreements, or conditions; 4) the filing by the District of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein. Upon the occurrence of an event of default, the principal of the bonds could be declared immediately due and payable.

(7) Long-Term Debt, continued

As of December 31, 2020, the future debt service schedule of the 2012 Series A Revenue Bond is as follows:

Year	Principal	Interest	Total
2021	$ 2,320,000	$ 500,837	$ 2,820,837
2022	2,405,000	394,798	2,799,798
2023	1,155,000	289,975	1,444,975
2024	1,195,000	231,892	1,426,892
2025	1,250,000	171,683	1,421,683
2026-2027	2,665,000	154,267	2,819,267
Total	10,990,000	$ 1,743,452	$ 12,733,452
Less current portion	(2,320,000)		
Unamortized bond premium	1,637,756		
Total non-current bond obligation	$ 10,307,756		

2018 Series A Revenue Refunding Bond (Taxable)

On May 2, 2018, the District issued $19,615,000 of Refunding Revenue Bonds Series 2018A (Series 2018A Bond) with an average coupon rate of 3.40%, to advance refund $22,065,000 of outstanding Series 2009B COP Obligations with an average coupon rate of 5.27%. The net proceeds of $19,403,895 (after payment of $211,105 in underwriting fees and other cost of issuance expenses) plus an additional $3,533,324 of Series 2009B restricted debt service reserve funds were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent and the Series 2009B COP has been repaid in full.

The advanced refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,732,759. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2027 using the effective-interest rate method. The District completed the advance refunding to reduce its total debt service payments over the next nine years by $1,571,900 and to obtain economic gain (difference between the present values of the old and new debt) of $1,360,137.

The loan agreement defines events of default as 1) default in principal payments; 2) default in interest payments; 3) default by the District of any of the covenants, agreements, or conditions; 4) the filing by the District of a petition or answer seeking reorganization or arrangement under the federal bankruptcy laws or any other applicable law of the United States of America or any state therein. Upon the occurrence of an event of default, the principal of the bonds could be declared immediately due and payable.

(7) Long-Term Debt, continued

As of December 31, 2020, the future debt service schedule of the 2018 Series A Bond is as follows:

Year	Principal	Interest	Total
2021	$ 2,645,000	$ 402,202	$ 3,047,202
2022	2,715,000	321,632	3,036,632
2023	1,285,000	242,957	1,527,957
2024	1,330,000	200,248	1,530,248
2025	1,380,000	153,329	1,533,329
2025-2027	2,920,000	151,037	3,071,037
Total	12,275,000	$ 1,471,405	$ 13,746,405
Less current portion	(2,645,000)		
Total non-current COP obligation	$ 9,630,000		

Arbitrage Rebate Requirement

The federal Tax Reform Act of 1986 imposes an arbitrage rebate requirement that affects all tax-exempt debt issued by the District. The term arbitrage refers to the required payment to the U.S. Treasury of excess interest earnings received on applicable tax-exempt debt obligation proceeds which, for the District, is solely made up of debt service reserve funds (restricted cash, cash equivalents, and investments) that are invested in a higher yield than the yield of the tax-exempt debt obligation issue. The District's ultimate rebate of arbitrage earnings on these issues is contingent on various factors, including future yields on invested proceeds. As of December 31, 2020 and 2019, the District has no arbitrage rebate liability.

Interest Rate Swap

Objective and Terms

In order to take advantage of low interest rates in the marketplace, the District entered into a pay-fixed, receive-variable interest rate swap agreement (swap) with Citibank, N.A. upon issuance of the Series 2005A COP obligation at a cost that was less than what otherwise the District would have paid to issue fixed-rate debt. In April 2012, the swap agreement was subsequently amended and restructured with Citibank, N.A. to match the terms of the Series 2009A COP obligation, albeit at a reduced notional amount, after which the swap was novated to Wells Fargo Bank, N.A. The swap's notional amount amortizes in proportionately like amounts to the Series 2009A COP. The swap agreement requires that the District pay Wells Fargo Bank, N.A. a series of future fixed-rate payments monthly based on an annual rate of 3.283%; Wells Fargo Bank, N.A., in turn, is required to pay the District a series of future variable-rate payments equal to 60% of the 1-Month London Inter-bank Offered Rate (LIBOR) plus 0.18% monthly. At the time of restructuring the swap in 2012, the negative fair value of the swap was determined to be $6,745,000, the unamortized amount of which is reported as an "imputed borrowing," a component of long-term debt in the Statements of Net Position.

(7) Long-Term Debt, continued

Fair Value

Based on existing market conditions as of December 31, 2020 and 2019, the swap had a negative fair value of $7,907,609 and $6,688,455 to the District, respectively. The fair value of the District's swap was a negative number due to the overall decline in interest rates for a comparable swap as of those dates. From the District's perspective, this is because the expected future variable-rate payments due from Wells Fargo Bank, N.A., as of those dates, are lower than when the swap was entered into. Pursuant to the requirements of GASB 53, as amended by GASB 59 and 64, as of December 31, 2020 and 2018, the "on-market" portion of the swap's negative fair value is reported as a component of non-current liabilities on the Statements of Net Position and the offsetting amount is recorded as a deferred outflow of resources. As of December 31, 2019, the "on-market" portion of the swap's negative fair value is reported as a component of non-current assets on the Statements of Net Position and the offsetting amount is recorded as a deferred inflow of resources. The "on-market" portion of the swap is considered an effective hedging instrument as of December 31, 2020 and 2019.

	Notional Amount	Effective Date	Fixed Rate Paid	Variable Rate Received	Fair Value	Swap Term Date	Counterparty Credit Rating (1)
Dec. 31, 2020	$33,300,000	April 11, 2012	3.283%	60% LIBOR +.18%	$ (7,907,609)	Nov. 1, 2034	Aa2/A+/AA-
Dec. 31, 2019	$33,300,000	April 11, 2012	3.283%	60% LIBOR +.18%	$ (6,688,455)	Nov. 1, 2034	Aa2/A+/AA-
Dec. 31, 2018	$33,300,000	April 11, 2012	3.283%	60% LIBOR +.18%	$ (5,180,277)	Nov. 1, 2034	Aa2/A+/AA-
Dec. 31, 2017	$33,300,000	April 11, 2012	3.283%	60% LIBOR +.18%	$ (6,257,943)	Nov. 1, 2034	Aa2/AA-/AA

(1) Moody's Investor Services, Standard and Poor's Ratings Services, and Fitch IBCA, Inc., respectively.

Swap Payments and Notional Amortization for the Period Ended December 31, 2020:

Year	Notional Amortization	Swap Payments, Net (1)	Total
2021	$ -	$ 670,332	$ 670,332
2022	-	670,332	670,332
2023	910,000	667,280	1,577,280
2024	985,000	648,709	1,633,709
2025	1,025,000	628,747	1,653,747
2026-2030	13,310,000	2,642,713	15,952,713
2031-2034	17,070,000	818,993	17,888,993
Total	$ 33,300,000	$ 6,747,106	$ 40,047,106

(1) Based on a 3.283% fixed-rate per the amended and restated Swap Confirmation dated April 11, 2012, less the variable receive rate of 1.270% as of December 31, 2020.

(7) Long-Term Debt, continued

The swap is intended to hedge interest rate risk on a portion of the District's outstanding Series 2009A COP, which bears interest at a variable rate. The swap, however, contains certain risks. The District has implemented various provisions to address such risks that include, amongst other risks, credit risk, basis risk, termination risk, credit and extension risk, collateral posting and tax risk.

Credit Risk

Counterparty Credit Risk - The counterparty, Wells Fargo Bank, N.A. could be in default on swap payments owed to the District, or file for bankruptcy. This could result in a termination event, in which case the District could immediately owe (or be owed) the fair value of the swap. Additionally, if the counterparty's credit rating falls below certain thresholds or is withdrawn, a termination event may result, in which case the District could immediately owe (or be owed) the fair value of the swap.

District Credit Risk - If the District's credit rating on the Series 2009A COP falls below certain thresholds or is withdrawn, a termination event may result, in which case the District could immediately owe (or be owed) the fair value of the swap.

Variable Interest Rate Risk (or Basis Risk)

Basis risk is the risk that the interest rates paid by the District on its variable-rate Series 2009A COP obligation may differ from the variable interest rate received from Wells Fargo Bank, N.A. This could result from a general market disparity between weekly rates paid by the District compared to 1-month LIBOR received from Wells Fargo Bank, N.A. It could also result from higher relative rates on the District's Series 2009A COP compared to similar securities. This could be related to factors such as negative investor perception of the credit quality of the Series 2009A COP.

Events of Default and Termination Event Risk

A number of events are specified in the swap agreement that could result in the District immediately owing (or owed) the swap's fair value. These include, but are not limited to, failure of either party to pay or deliver, breach of the agreement by either party, loss of a credit support provider, downgrades to either the District's or Wells Fargo Bank, N.A.'s credit rating, events of default or bankruptcy of either party, and unscheduled redemptions of principal or modification to the amortization schedule of the District's Series 2009A COP.

Liquidity/Credit Enhancement on Certificates - Credit and Extension Risk

The District's Series 2009A COP is supported by Sumitomo Mitsui Banking Corporation through a direct-pay letter of credit facility. Such a facility is required for the Series 2009A COP to remain marketable and outstanding as variable rate securities. If Series 2009A COP investors perceive this facility negatively, the Series 2009A COP may bear higher rates than comparable securities (which may result in basis risk). In addition, the Certificate credit and liquidity facility must be extended periodically or replaced by a comparable provider. The current facility expires on June 30, 2023. To the extent the facility cannot be replaced or extended, various potential impacts of this, including accelerations of Series 2009A COP principal repayment, could result in a swap termination event.

(7) Long-Term Debt, continued

Collateral Posting Risk

Based on certain thresholds of the fair value of the swap and the ratings of the District or Wells Fargo Bank, N.A., either party may be required to post collateral (i.e. cash or certain allowable securities). For example, based on the District's current Moody's Investor Services rating of Aa2, the negative fair value of the swap would need to exceed $20 million before the District would need to post $1 million in cash or securities as collateral.

Tax Risk

The swap exposes the District to tax risk if a permanent mismatch occurs between the variable-rate received from the swap and the variable-rate paid on the Series 2009A COP due to tax law changes such that the federal or state tax exemption on municipal debt is eliminated or its value reduced.

(8) Net Investment in Capital Assets

The District's net investment in capital assets, net of related debt, at December 31, consists of the following**:**

	2020	**2019**
Capital assets not being depreciated	$ 10,737,283	$ 9,779,255
Capital assets being depreciated and amortized, net	294,111,338	293,546,751
Deferred outflows on long-term debt refundings	4,702,735	5,363,480
Long term debt	(70,839,532)	(76,220,427)
Net investment in capital assets, considered non-expendable	$238,711,824	$232,469,058

(9) Restricted Net Position

Restricted net position balance as of December 31, consists of the following:

	2020	**2019**
2009A Certificates of participation reserve fund	$ 1	$ 1
2012A Revenue bond interest payment fund	15	798
2018A Revenue bond interest payment fund	24	889
Total restricted net position	$ 40	$ 1,688

This component of net position consists of external constraints placed by creditors.

(10) Unrestricted Net Position

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 at any time. Currently, the District's Reserve Policy calls for three fund classifications that collectively comprise the District's unrestricted net position: Committed funds, Assigned funds and remaining funds not otherwise restricted, committed or assigned. Committed funds are those financial assets set aside by the Board for specific purposes as determined by Board resolution or ordinance. As of December 31, 2020 and 2019 the District has one committed fund with a zero balance for both years. The committed fund is for developers required to install extension facilities (up-sized line or the extension of facilities beyond the frontage of a parcel) as a requirement for obtaining water service. This fund is utilized to reimburse the developer, in whole or in part, for the extension facility based on the proportion of funds collected from all developers for that calendar year. Assigned funds are those financial assets determined necessary to be retained for specific risk-mitigation purposes as determined by the Board annually or as needs arise. The Board has several classes of such assigned funds but is not bound legally or contractually on the retention of such funds and, as such, amounts in assigned funds are available to meet the general obligations of the District.

(11) Deferred Compensation Plan

For the benefit of its employees, the District participates in a 457 Deferred Compensation Program (Program). The purpose of this Program is to provide employees, who elect to participate, the opportunity to defer receipt of a portion of their compensation until termination, retirement, death or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred compensation for income tax purposes. Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants or their beneficiaries. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors. The fair value of all plan assets held in trust by the District for its deferred compensation program at December 31, 2020 and 2019, amounted to $5,966,716 and $4,946,408, respectively.

(12) Defined Benefit Pension Plan

A. General Information about the Pension Plan:

Plan Descriptions:
All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous Employee Cost-Sharing Multiple Employer Defined Benefit Pension Plan administered by the California Public Employees' Retirement System (CalPERS). The Board has established a single "Cost-Sharing Miscellaneous" pension plan with CalPERS that is comprised of the following Rate Plans (Plans):

- Miscellaneous Plan – 3.0% at 60 (Classic Members)
- Miscellaneous Plan – 2.0% at 55 (Classic Members)
- Miscellaneous Plan – 2.0% at 62 (PEPRA)

Benefit provisions under the Plans are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website at https://www.calpers.ca.gov/.

(12) Defined Benefit Pension Plan, continued

Benefits Provided:

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 (52 for PEPRA members) with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the 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 Plans' provisions and benefits in effect at December 31, 2020 and 2019, are summarized as follows:

	Miscellaneous		
Hire date	Prior to 09/25/2006	After 9/25/2006 and Prior to 01/01/2013	On or after 01/01/2013
Benefit formula	3.0% at 60	2.0% at 55	2.0% at 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 - 60	50 – 63	52 - 67
Monthly benefits as a % of eligible compensation	2.0% to 3.0%	1.4% to 2.4%	1.0% to 2.5%
Required employee contribution rates	8.00%*	7.00%**	7.25%
Required employer contribution rates – 2020	16.34%	11.20%	7.87%
Required employer contribution rates – 2019	15.21%	10.33%	7.07%
Open or Closed to New Entrants	Closed	Closed to new members that are not already CalPERS eligible participants	Open

(* Paid by District on behalf of employees)
(** Paid by District on behalf of employees for those hired before August 18, 2020)

In addition to the contribution rates above, the District was also required to make a payment of $663,435 and $571,291 toward its unfunded actuarial liability of all Plans during the year ended December 31, 2020 and 2019, respectively.

(12) Defined Benefit Pension Plan, continued

Contributions:

CalPERS 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 an actuary and shall be effective on July 1 following notice of a change in the rate. Funding contributions for all Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The District's total employer contributions were $1,298,409 and $1,088,919 for the years ended December 31, 2020 and 2019, respectively. Dependent on the Rate Plan, for the measurement periods ended June 30, 2020 and 2019, the employee contribution rate was 8.0% or 7.0% of annual pay for Classic members. For PEPRA members, the employee contribution rate was 7.25% in 2020 and 7.25% in 2019. The District contributes the full 8.0% or 7.0% for Classic members hired before August 18, 2020. Classic members hired on or subsequent to August 18, 2020 are required to contribute the full employee share of 7.0% while PEPRA members contribute the full 7.25%. At December 31, 2020 and 2019, the District's pickup of the employee's 8.0% and 7.0% share was $261,092and $260,166, respectively.

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

As of December 31, 2020 and 2019, the District reported a net pension liability for its proportionate share of the net pension liability of the Plans of $10,600,173 and $9,698,403, respectively.

The District's net pension liability is measured as the proportionate share of the Pool's net pension liability. The net pension liability is measured as of June 30, 2020 and 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 and 2018 rolled forward to June 30, 2020 and 2019 using standard update procedures. For June 30, 2020 and 2019, the District's proportion of the Net Pension Liability was based on its proportion of the Total Pension Liability less its proportion of the Fiduciary Net Position.

The District's proportionate share of the net pension liability for the Plan as of June 30, 2020 and 2019 was as follows:

Proportion - June 30, 2020	0.25130 %
Proportion - June 30, 2019	0.24219 %
Change - Increase (Decrease)	0.00911 %

For the year ended December 31, 2020 and 2019, the District recognized pension expense of $2,005,363 and $2,172,699, respectively. At December 31, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to all Plans combined from the following sources:

(12) Defined Benefit Pension Plan, continued

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	2020	2019	2020	2019
Pension contributions subsequent to measurement date	$ 669,925	$ 564,567	$ -	$ -
Changes in assumptions	-	462,465	75,605	163,940
Net differences between projected and actual earnings on plan investments	314,895	-	-	169,558
Differences between expected and actual experience	-	673,595	-	52,190
Differences between the employer's contribution and the employer's proportionate share of contributions	-	-	405,610	384,231
Change in employer's proportion	429,050	353,389	-	-
Total	$1,960,128	$2,054,016	$ 481,215	$ 769,919

The $669,925 and $564,567 reported as deferred outflows of resources as of December 31, 2020 and 2019 related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the following year, December 31, 2021 and 2020, respectively. Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized as pension expense as follows:

Year Ended December 31		
2021	$	124,442
2022		298,335
2023		235,179
2024		151,032
Total	$	808,988

(12) Defined Benefit Pension Plan, continued

B. Actuarial Methods and Assumptions Used to Determine Total Pension Liability:

The total pension liabilities in the June 30, 2020 and 2019 actuarial valuation was determined using the following actuarial assumptions:

	2020 Miscellaneous	2019 Miscellaneous
Valuation Date	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2020	June 30, 2019
Actuarial Cost Method	Entry-Age Normal	Entry-Age Normal
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.50%	2.50%
Projected Salary Increase	Varies by Entry Age and Service	Varies by Entry Age and Service
Long-Term Rate of Return	(1)	(1)

(1) See Long-Term Expected Rate of Return section below.

The underlying mortality assumptions and all other actuarial assumptions used for June 30, 2020 and June 30, 2019 valuations were derived using CalPERS' Membership Data for all Funds. The mortality tables include 15 years of projected on-going mortality improvement using 90% of Scale MP 2016 published by the Society of Actuaries. For more details refer to the December 2017 CalPERS' experience study report for the period 1997 to 2015 which can be found at the CalPERS website at www.calpers.ca.gov.

Long-Term Expected Rate of Return:

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ 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 adjusted to account for assumed administrative expenses.

(12) Defined Benefit Pension Plan, continued

The expected real rates of return by asset class are for December 31, 2020 and 2019 are as follows:

Asset Class	2020 Target Allocation	Real Return Years 1 – 10 (a)[1]	Real Return Years 11+ (b)[2]
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	-%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	-%	(0.92)%
Total	100.0%		

[1] An expected inflation rate of 2.00% used for this period.
[2] An expected inflation rate of 2.92% used for this period.

Discount Rate:

The discount rate used to measure the total pension liability for the Plan was 7.15%. The projection of cash flows used the 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 the contributions from employers will be made at the 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 the 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.

C. Changes in the Net Pension Liability:

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 Plans, calculated using the discount rate for the Plans, 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:

(12) Defined Benefit Pension Plan, continued

	2020 Sensitivity to 1-Percent Change	2019 Sensitivity to 1-Percent Change
1% Decrease	6.15%	6.15%
Net Pension Liability	$ 16,462,480	$ 15,299,189
Current Discount Rate	7.15%	7.15%
Net Pension Liability	$ 10,600,173	$ 9,698,403
1% Increase	8.15%	8.15%
Net Pension Liability	$ 5,756,333	$ 5,075,349

Plan Fiduciary Net Position:
Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports, which can be found at the CalPERS website at www.calpers.ca.gov

Payable to the Pension Plan:
At December 31, 2020 and 2019, the District had no outstanding payable to the pension plans.

Subsequent Event – CalPERS Pension Contribution Rates – The CalPERS Board of Administration has adopted a new amortization policy effective with the June 30, 2019 actuarial valuation. The new policy shortens the period over which actuarial gains and losses are amortized from 30 years to 20 years with the payments computed using a level dollar amount. In addition, the new policy removes the 5-year ramp-up and ramp-down on UAL bases attributable to assumption changes and non-investment gains/losses. These changes will apply only to new UAL bases established on or after June 30, 2019. As a result of these changes, the District's contribution rates for the fiscal year ended December 31, 2021 are expected to increase over the fiscal year 2020 contribution rates.

(13) Postemployment Benefits Other Than Pensions (OPEB)

Description of the Plan: The District's defined benefit OPEB plan (Plan) is a single-employer defined benefit plan that provides healthcare, dental and vision benefits for retired employees, certain former Northridge Water District directors, and their survivor dependents, subject to certain conditions. Substantially all of the District's full-time employees may become eligible for postemployment health benefits after age fifty and after working for the District for five years if hired before January 1, 2003. If hired after January 1, 2003, eligibility for such benefits is based on a minimum of ten years of qualifying service working with an employer that is a CalPERS healthcare provider. Retirement from the District is also a condition of eligibility for postemployment health benefits (the District must be the last employer prior to retirement). In addition, eligible retirees are required to pay a portion of the cost of certain medical insurance plans offered by CalPERS above a minimum amount established annually by the District. Eligible retirees hired after January 1, 2003, not fully-vested in postemployment health benefits, are required to pay a portion of health insurance costs up to the extent they are not fully vested. Certain former Northridge Water District directors with twelve years of service are also eligible for postemployment benefits.

(13) Postemployment Benefits Other Than Pensions (OPEB), continued

Benefit provisions are established and may be amended by the District and/or the CalPERS and California Employers' Retiree Benefit Trust (CERBT), a tax-qualified irrevocable trust organized under Internal Revenue Code Section 115. CalPERS issues a publicly available financial report for the CERBT that can be obtained at www.calpers.ca.gov under Forms and Publications.

Employees Covered by Benefit Terms: At December 31, 2020 and 2019, the following current and former employees were covered by the benefit terms:

	2020	2019
Inactive employees or beneficiaries currently receiving benefit payments	39	43
Inactive employees entitled to but not yet receiving benefits	3	-
Active employees	69	65
Total number of participants	111	108

Contributions: The contribution requirements of plan members and the District are established and may be amended by the District. The District prefunds the plan by contributing at least 100% of actuarially determined contributions to the CERBT. The Trust is administered by CalPERS as an agent multiple-employer plan. During the year ended December 31, 2020, the District's cash contributions to the trust were $996,502, comprised of benefit payments of $908,433, an estimated implicit subsidy of $87,157 and administrative expenses of $912. During the year ended December 31, 2019, the District's cash contributions to the trust were $947,699, comprised of benefit payments of $892,480, an estimated implicit subsidy of $54,475 and administrative expenses of $744.

Net OPEB Liability: The District's net OPEB liability was measured as of June 30, 2020 and 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions: The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2020
Measurement date	June 30, 2020 and 2019
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Investment rate of return	6.75%
Discount rate	6.75%
Inflation	2.75%
Salary increases	Aggregate - 3.00% annually
Assumed wage inflation	3.00% per year
Mortality rate	Derived using CalPERS membership data
Mortality improvement	Bickmore Scale MP-2019 applied generationally
Healthcare trend rate	Start at 7.25%. Grade down to 4.0% for years after 2076.
Dental/Vision trend rate	3.75% annually

(13) Postemployment Benefits Other Than Pensions, continued

Demographic actuarial assumptions used in this valuation are based on the December 2017 experience study report of the California Public Employees Retirement System using data from 1997 to 2015, except for a different basis used to project future mortality improvements. Scale MP-2019, published by Society of Actuaries, was used for mortality improvement.

The assumed gross return on OPEB 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 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:

The expected real rates of return by asset class are for December 31, 2020 and 2019 are as follows:

Asset Class	Trust Target Allocation	Assumed Gross Return
Global Equity	59.0%	4.82%
Fixed Income	25.0%	1.47%
Treasury Inflation Protected Securities	5.0%	1.29%
Real Estate Investment Trusts	8.0%	3.76%
Commodities	3.0%	0.84%
	100.0%	

Discount Rate: The discount rate used to measure the total OPEB liability was 6.75%. 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. 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.

(13) Postemployment Benefits Other Than Pensions, continued

Change in Net OPEB Liability:

The change in the net OPEB liability for the plan as of December 31, 2020, is as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2019	$ 12,082,619	$ 5,981,207	$ 6,101,412
Changes for the Year:			
Service Cost	474,204	-	474,204
Interest	832,623	-	832,623
Actual vs. expected experience	(1,038,719)		(1,038,719
Assumption Changes	(250,200)		(250,200)
Contributions – employer	-	1,296,059	(1,296,059)
Net investment income	-	185,150	(185,150)
Benefit payments	(443,356)	(443,356)	-
Administrative expenses	-	(4,117)	4,117
Net Changes	(425,448)	1,033,736	(1,459,184)
Balance at December 31, 2020 (measurement date June 30, 2020)	$ 11,657,171	$ 7,014,943	$ 4,642,228

The change in the net OPEB liability for the plan as of December 31, 2019, is as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at December 31, 2018	$ 11,208,969	$ 5,352,629	$ 5,856,340
Changes for the Year:			
Service Cost	460,392	-	460,392
Interest	775,457	-	775,457
Contributions – employer	-	628,922	(628,922)
Net investment income	-	363,678	(363,678)
Benefit payments	(362,199)	(362,199)	-
Administrative expenses	-	(1,823)	1,823
Net Changes	873,650	628,578	245,072
Balance at December 31, 2019 (measurement date June 30, 2019)	$ 12,082,619	$ 5,981,207	$ 6,101,412

(13) Postemployment Benefits Other Than Pensions, continued

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate: 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 or 1 percentage point higher than the current discount rate:

	2020 Sensitivity to 1-Percent Change	2019 Sensitivity to 1-Percent Change
1% Decrease	5.75%	5.75%
Net OPEB Liability	$ 6,311,269	$ 7,859,885
Current Discount Rate	6.75%	6.75%
Net OPEB Liability	$ 4,645,228	$ 6,101,412
1% Increase	7.75%	7.75%
Net OPEB Liability	$ 3,276,900	$ 4,666,757

Sensitivity of the Net OPEB Liability to Changes in the 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 healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	2020 Sensitivity to 1-Percent Change	2019 Sensitivity to 1-Percent Change
1% Decrease		
Net OPEB Liability	$ 3,104,847	$ 4,384,230
Current Healthcare Trend		
Net OPEB Liability	$ 4,642,228	$ 6,101,412
1% Increase		
Net OPEB Liability	$ 6,564,548	$ 8,264,068

OPEB Plan Fiduciary Net Position: Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT financial report at www.calpers.ca.gov.

(13) Postemployment Benefits Other Than Pensions, continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB: For the year ended December 31, 2020 and 2019, the District recognized OPEB expense of $740,461 and $859,908, respectively. At December 31, 2020 and 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	2020	**2019**	**2020**	**2019**
Net difference between projected and actual earnings on plan investments	$ -	$ -	$ 896,429	$ 12,390
Changes in assumptions	-	-	215,926	-
Net difference between projected and actual earnings in plan investments *	196,379	-	-	-
Employer contributions made subsequent to the measurement date	43,670	343,227	-	-
Total	$ 240,049	$ 343,227	$ 1,112,355	$ 12,390

*Deferred Inflows and Outflows combined for footnote disclosure.

The $43,670 and $343,227 reported as deferred outflows of resources as of December 31, 2020 and 2019 related to contributions after the measurement date, consisted of the following:

	2020	**2019**
Trust contributions	$ -	$ 312,480
Benefit payments paid outside of trust	43,236	30,335
Administrative expenses	434	412
Total	$ 43,670	$ 343,227

These amounts will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended December 31	Deferred Outflows/(Inflows) of Resources
2021	$ (130,312)
2022	(130,312)
2023	(123,694)
2024	(125,559)
2025	(176,564)
Thereafter	(229,535)
Total	$ (915,976)

(13) Postemployment Benefits Other Than Pensions, continued

Recognition of Deferred Outflows and Deferred Inflows of Resources: Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss. The net difference between projected and actual earnings on OPEB plan investments is recognized over 5 years. All other amounts are recognized over the expected average remaining service lifetime (EARSL), which was 7.4 and 7.1 years at December 31, 2020 and 2019, respectively.

Payable to the OPEB Plan: At December 31, 2020 and 2019, the District had no outstanding payable to the OPEB plan.

(14) Risk Management

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (JPIA).

Description of JPIA: JPIA is an intergovernmental risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

Self-Insurance Programs of JPIA: At December 31, 2020, the District's participation in the self-insurance programs of JPIA is as follows:

General, Automobile, Employment Practices & Public Officials' Liability. Broad coverage against third-party claims for the District, its directors, employees and volunteers. Covered up to the following limits: the JPIA pools for first $5 million and purchases excess coverage with limit up to $55 million with aggregated policy limits and the following sub-limits, $5 million – Terrorism, $10 million – Communicable Disease, $35 million – Subsidence, Lead, Mold, Perfluoroalkyl and Polyfluoroalkyl (PFAS).

Property Loss: Insured up to replacement value with a $2,500 deductible per occurrence on scheduled buildings, fixed equipment and contents, actual cash value on scheduled mobile equipment with a $1,000 deductible per occurrence and actual cash value on scheduled vehicles with a $1,000 deductible per occurrence. JPIA is self-insured up to $100,000 per loss and has purchased re-insurance coverage up to a $500,000,000 limit per occurrence. Scheduled fixed equipment is covered for Accidental Mechanical Breakdown up to sub-limit of $100,000,000 with deductible of $25,000 to $50,000 depending on type of equipment, earthquake is covered up to sub-limit of $2,500,000 aggregate and flood is covered up to sub-limit of $25,000,000.

Workers' Compensation: Insured for California statutory limits, and Employer's Liability is insured up to $4,000,000 program aggregate. JPIA pools for the first $2,000,000 and purchases excess insurance coverage for California Statutory Limits with a $4,000,000 program aggregate limit for Employers Liability coverage.

Cyber Liability: Including Cyber Security up to $5,000,000 per occurrence and aggregate limit. Cyber Liability Deductible varies from $10,000 to $50,000 depending on Total Insured Values on file.

(14) Risk Management, continued

Employee Dishonesty/Crime Supplement: Insured up to $100,000 per occurrence with a $1,000 deductible for employee dishonesty, forgery or alteration and computer fraud. The program covers all employees, the Board of Directors, and the Treasurer.

Separate financial statements of JPIA can be obtained at 2100 Professional Drive, Roseville, CA 95661 or at http://www.acwajpia.com/FinancialStatements.aspx.

(15) Commitments and Contingencies

Sacramento Regional County Sanitation District – Riverwalk Well Field Lease
The District is leasing a 5.5 acre parcel from the Sacramento Regional County Sanitation District for its Riverwalk Well Field. The effective date of the lease was from June 1, 1987 to May 31, 2012. In 2012, the District exercised its option upon expiration of the initial term of the lease and extended the lease term to May 31, 2037. The original lease amount of $12,750, paid in advance each year, is adjusted annually on the anniversary date of the lease to reflect any increase or decrease of the National Consumer Price Index of the preceding year. The annual lease costs for calendar years 2020 and 2019 were $27,504 and $27,831, respectively. Future estimated lease commitment costs for the period January 1, 2021, to May 31, 2037, are estimated to be $451,522 as of December 31, 2020.

Placer County Water District/Folsom Lake Reservoir – Take-or-Pay Contract
In 1995 (and amended in 2000, 2008, 2016* and 2020**), the District and the Placer County Water Agency (Agency) entered into a 45-year take-or-pay agreement whereby the Agency agreed to make available to the District, subject to water shortage provisions, the following amounts of untreated water at escalating water prices per year.

Year	Contract Requirement	Option to Buy Up to	
2000 to 2007	7,000 to 22,000	-	acre feet
2008	16,000	29,000	acre feet
2009	12,000	24,000	acre feet
2010	12,000	25,000	acre feet
2011	12,000	26,000	acre feet
2012	12,000	27,000	acre feet
2013	12,000	28,000	acre feet
2014 to 2019*	12,000	29,000	acre feet
2020 to 2045**	8,000	29,000	acre feet

* Contract renegotiated in 2016, extended term of agreement to December 31, 2045.
** Contract renegotiated in 2020, minimum requirement for 2020 through term of agreement decreased from 12,000 to 8,000 acre feet.

Each year the District is required to pay for its annual entitlement or surrender a portion of its rights so that the Agency will be free to put the water to use elsewhere. In order to do this, if the District does not take-or-pay for its annual entitlement for any year, the District's annual entitlement for each year thereafter is reduced by 50% of the amount which the District did not take-or-pay for during the year. The District's annual entitlement is subject to certain temporary or permanent reduction or elimination whenever the Agency notifies the District that the Agency has determined that it will not have sufficient water under certain provisions of the contract. In this situation, the

(15) Commitments and Contingencies, continued

District is relieved of its take-or-pay obligation. The most common event that would trigger the Agency providing notification to the District would be a projection of unimpaired inflow to Folsom Lake reservoir dropping below 1.6 million acre-feet. Each year the District is to pay the Agency for each acre-foot of the District's annual entitlement made available for use in the District's service area in order of the highest of the following three rates: (1) Thirty-five dollars ($35.00); (2) One hundred seventy-five percent (175%) of the acre-foot price the Agency charges the City of Roseville and the San Juan Water District that year for water made available to them in the Folsom Lake reservoir for use within Placer County; or (3) One hundred fifty percent (150%) of the total amount, per acre-foot, including any restoration and other fees and charges, which the Agency is required to pay that year to the U.S. Bureau of Reclamation (Reclamation) for water to be used within the Agency pursuant to the Agency's September 18, 1970 contract with Reclamation as amended, supplemented or renewed.

Grant Awards

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such reviews or audits could generate expenditure disallowances under the terms of the grants, it is management's opinion that any required reimbursements would not be material.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition as of December 31, 2020.

Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water facilities and distribution systems within its service area. The financing of such construction contracts is provided primarily by District's customers via a fixed charge based on connection size included in their monthly invoice. As of December 31, 2020, the District's commitment on open construction contracts is $6.5 million:

Project Name	Approved Contract	Payments To Date	Remaining Commitment
Antelope & Watt/Elkhorn reservoir improvement	$ 247,514	$ (92,627)	$ 154,887
Butano well – pump station construction	3,223,400	(220,235)	3,003,165
Thor main replacement	4,708,613	(4,062,064)	646,549
Meter retrofit	1,240,067	(134,019)	1,106,048
Arcade creek crossing			
Field well – Control panel improvement	498,132	(184,748)	313,384
Well rehabilitation	794,977	(158,412)	636,565
Verner/Panorama well construction	772,444	(398,953)	373,491
Watt & Auburn well construction	247,292	(16,782)	230,510
Total	$ 11,732,439	$ (5,267,840)	$ 6,464,599

Required Supplementary Information

Sacramento Suburban Water District
Required Supplementary Information (Unaudited)
For The Years Ended December 31, 2020 and 2019

Schedule of the Proportionate Share of the Net Pension Liability
Last 10 Years [(1)]

	June 30						
	2020	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Proportion of the net pension liability	0.25130%	0.242190%	0.233830%	0.228248%	0.220331%	0.208569%	0.204804%
Proportionate share of the net pension liability	$10,600,173	$9,698,403	$8,812,373	$8,997,648	$7,654,038	$5,722,018	$5,061,703
Covered payroll – measurement period	$5,591,457	$5,088,815	$4,491,178	$4,197,900	$4,272,005	$4,212,170	$4,020,086
Proportionate share of net pension liability as a % of covered payroll	189.58%	190.58%	196.22%	214.34%	179.17%	135.84%	125.91%
Plan fiduciary net position as a percentage of the total pension liability	75.10%	75.26%	75.26%	73.31%	74.06%	78.40%	83.03%

Notes to Schedule:

(1) Omitted Years: GASB 68 was implemented during 2014. No information was available prior to this date.

(2) Change in Benefit Terms: The figures above do not include any liability that may have resulted from plan changes which occurred after the June 30, 2016 valuation date. No plan changes have occurred.

(3) Changes in Assumptions: In 2017, the accounting discount rate reduced from 7.65% to 7.15%.

Sacramento Suburban Water District
Required Supplementary Information (Unaudited)
For The Years Ended December 31, 2020 and 2019

Schedule of Contributions to the Pension Plan
Last 10 Years (1)

	December 31						
	2020	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Contractually required contribution (actuarially determined)	$1,298,409	$1,088,919	$ 797,025	$ 879,305	$ 799,920	$ 834,729	$ 620,038
Contributions in relation to the actuarially determined contributions	(1,298,409)	(1,088,919)	(797,025)	(879,305)	(799,920)	(834,729)	(620,038)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll – calendar year	$5,978,992	$4,928,971	$4,878,541	$4,494,291	$4,292,474	$4,275,516	$ 4,063,473
Contributions as a percentage of covered payroll	21.72%	22.09%	16.35%	19.56 %	18.64 %	19.52 %	15.26%
Valuation Date	6/30/2018	6/30/2017	06/30/2016	06/30/2015	06/30/2014	06/30/2013	06/30/2012

	December 31						
Methods and assumptions used to determine contribution rates:	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Actuarial cost method	Entry-Age Normal						
Amortization method	Level percentage of payroll, direct rate smoothing						
Remaining amortization period	Varies, not more than 30 years						
Asset valuation method	5-year smoothed market						
Inflation	2.50%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by Entry Age and Service						
Investment rate of return	7% (2)	7.25% (2)	7.50% (2)	7.50% (2)	7.50% (2)	7.50% (2)	7.50% (2)
Retirement age and mortality	(6)	(6)	(5)	(4)	(3)	(3)	(3)

Notes to Schedule:

Please note, the discount rate used for Actuarially Determined Contributions is different from the one used for Total Pension Liability.

(1) Omitted Years: GASB 68 was implemented during 2014. No information was available prior to this date.
(2) Net of pension plan investment expenses, includes inflation.
(3) Probabilities of retirement and mortality are based on CalPERS' 2010 Experience Study for the period from 1997 to 2007.
(4) Probabilities of retirement and mortality are based on CalPERS' 2014 Experience Study for the period from 1997 to 2011.
(5) Probabilities of retirement and mortality are based on CalPERS' 2017 Experience Study for the period from 1997 to 2015.
(6) Derived using CalPERS' Membership Data for all Funds. The post-retirement mortality rates include 15 years of projected on-going mortality improvement using 90% of the Scale MP 2016 published by the Society of Actuaries.

Sacramento Suburban Water District
Required Supplementary Information (Unaudited)
For The Years Ended December 31, 2020 and 2019

Schedule of Contributions to the OPEB Plan
Last 10 Years[5]

December 31	2020	2019	2018
Actuarially Determined Contribution (ADC)	$ 975,498	$ 946,596	$ 603,457
Contributions in relation to the ADC	(996,502)	(947,699)	(603,457)
Contribution deficiency (excess)	$ (21,004)	$ (1,103)	$ -
Covered-employee payroll	$ 6,497,090	$ 5,738,672	$ 5,286,650
Contributions as a percentage of covered-employee payroll	15.3%	16.5%	11.4%
Valuation Date	6/30/2020	6/30/2018	6/30/2018
Methods and assumptions used to determine contribution rates:			
Actuarial cost method	Entry Age Normal, Level % of pay		
Amortization method	Level % of pay		
Amortization period	Varies, not more than 20 years		
Asset valuation method	Assets valued at market value		
Discount rate	6.75%	6.75%	6.75%
General inflation	2.75%	2.75%	2.75%
Medical trend	(2)	(1)	(1)
Mortality & mortality improvement	(4)	(3)	(3)

Notes to Schedule:

(1) Non-Medicare – 7.5% for 2019, decreasing to 4.0% in 2076 and later. Medicare – 6.5% for 2019, decreasing to 4% in 2076 and later.

(2) Non-Medicare – 7.25% for 2021, decreasing to 4.0% in 2076 and later. Medicare – 6.3% for 2021, decreasing to 4% in 2076 and later.

(3) Probabilities of retirement and mortality are based on CalPERS' 2017 Experience Study for the period from 1997 to 2015. Mortality improvement projected fully generational with scale MP-17 for post-retirement.

(4) Probabilities of retirement and mortality are based on CalPERS' 2017 Experience Study for the period from 1997 to 2015. Mortality improvement projected fully generational with scale MP-2019 for post-retirement.

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

Sacramento Suburban Water District
Required Supplementary Information (Unaudited)
For The Years Ended December 31, 2020 and 2019

Schedule of Changes in the Net OPEB Liability and Related Ratios
For the Measurement Periods Ended June 30(1)

Measurement Period	2020	2019	2018
Changes in Total OPEB Liability:			
Service cost	$ 474,204	$ 460,392	$ 446,983
Interest	832,623	775,457	719,279
Actual vs. expected experience	(1,038,719)	-	-
Assumption changes	(250,200)	-	-
Benefit payments	(443,356)	(362,199)	(332,597)
Net change in total OPEB liability	(425,448)	873,650	833,665
Total OPEB liability – beginning	12,082,619	11,208,969	10,375,304
Total OPEB liability – ending(a)	$ 11,657,171	$ 12,082,619	$ 11,208,969
Changes in Plan Fiduciary Net Position:			
Contributions – employer	$ 1,296,059	$ 628,922	$ 600,779
Net investment income	185,150	363,678	363,740
Benefit payments	(443,356)	(362,199)	(332,597)
Administrative expenses	(4,117)	(1,823)	(9,675)
Net change in plan fiduciary net position	1,033,736	628,578	622,247
Plan fiduciary net position – beginning	5,981,207	5,352,629	4,730,382
Plan Fiduciary Net position – ending(b)	$ 7,014,943	$ 5,981,207	$ 5,352,629
Net OPEB Liability – ending (a)-(b)	$ 4,642,228	$ 6,101,412	$ 5,856,340
Fiduciary Net Position as a percentage of the Total OPEB Liability	60.2%	49.5%	47.8%
Covered-employee payroll	$ 6,048,339	$ 5,608,583	$ 5,032,984
Net OPEB Liability as a percentage of covered-employee payroll	76.8%	108.8%	116.4%

Notes to Schedule:

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

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Statistical Section (Unaudited)

Sacramento Suburban Water District
Statistical Information (Unaudited)

Contents

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

Sacramento Suburban Water District
Statistical Information (Unaudited)

Statements of Net Position

Last Ten Years

(Dollars in Thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assets										
Current assets	$12,711	$ 9,045	$ 9,632	$ 4,611	$ 7,258	$ 7,944	$ 11,061	$13,017	$ 13,382	$ 14,796
Noncurrent assets	42,714	43,299	44,416	43,456	40,702	38,165	39,875	37,934	39,097	41,212
Capital assets:										
Nondepreciable assets	23,829	10,426	6,022	9,754	10,179	9,761	16,784	10,941	9,779	10,737
Depreciable assets	327,124	358,258	380,164	396,906	416,875	435,906	441,705	466,401	483,875	493,229
Accumulated depreciation	(100,084)	(119,000)	(127,125)	(136,477)	(147,676)	(158,960)	(168,222)	(180,222)	(190,327)	(199,117)
Capital assets, net	240,869	248,784	259,061	270,183	279,378	286,7007	286,7007	286,179	293,547	304,849
Total assets	296,294	301,128	313,109	318,250	327,338	332,816	341,203	348,071	355,805	360,856
Deferred outflows of resources	16,254	11,556	9,175	9,743	9,276	9,400	9,485	8,272	7,761	8,066
Liabilities										
Current liabilities	8,287	7,844	7,840	7,935	8,583	9,314	9,256	11,212	15,719	12,578
Noncurrent liabilities	116,889	110,403	111,250	105,793	101,940	98,484	94,866	91,524	87,552	82,646
Total liabilities	125,176	118,247	119,090	113,728	110,523	107,798	104,122	102,736	103,271	95,224
Deferred inflows of resources	-	-	2,565	1,819	799	558	1,134	2,333	839	1,594
Net position										
Net investment in capital assets	137,004	146,682	160,474	175,262	188,248	199,526	207,156	221,715	232,469	238,712
Restricted	6,643	3,532	3,520	3,540	3,523	3,540	3,548	10	2	-
Unrestricted	43,725	44,223	37,175	33,644	33,521	30,794	34,727	29,549	26,985	33,393
Total net position	$ 187,372	$ 194,437	$ 201,169	$212,446	$ 225,292	$ 233,860	$ 245,431	$ 251,274	$ 259,456	$ 272,105

Sacramento Suburban Water District
Statistical Information (Unaudited)
Changes in Net Position
Last Ten Years
(Dollars in Thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Operating Revenues										
Water sales	$10,151	$11,656	$12,451	$10,827	$9,644	$11,053	$12,544	$13,272	$13,251	$15,948
Water transfers	-	-	536	-	-	-	-	1,761	43	979
Water service charge	7,095	6,820	6,608	6,306	6,402	6,349	6,366	6,371	6,197	31,694
Capital facilities charge	20,448	20,619	20,650	20,678	21,646	22,575	23,499	24,449	24,454	-
Wheeling water charge	303	170	6	6	6	167	676	510	644	83
Other charges	960	946	1,068	1,113	992	939	1,077	1,054	1,133	524
Total operating revenues	38,957	40,211	41,319	38,930	38,690	41,083	44,162	47,417	45,722	49,228
Operating Expenses										
Source of supply	2,663	2,039	406	67	57	2,471	2,980	3,789	3,525	1,861
Pumping	3,341	4,238	4,706	4,631	5,124	4,852	4,516	4,946	5,331	5,399
Transmission and distribution	3,997	3,596	3,886	3,643	3,621	3,973	4,016	4,193	7,034	4,761
Water conservation	202	295	321	399	773	587	452	441	490	534
Customer accounts	1,003	976	1,086	1,122	1,159	1,145	1,305	1,301	1,373	1,279
Administrative and general	6,135	5,738	5,919	6,100	6,120	6,818	7,600	7,791	8,612	8,644
Total operating expenses	17,341	16,882	16,324	15,962	16,854	19,846	20,870	22,461	26,365	22,479
Operating income before depreciation	21,616	23,329	24,995	22,968	21,836	21,237	23,292	24,956	19,357	26,749
Depreciation	(9,705)	(9,890)	10,424)	(10,812)	(11,229)	(11,808)	(12,182)	(12,460)	(12,993)	(13,715)
Operating income	**11,911**	**13,439**	**14,571**	**12,156**	**10,607**	**9,429**	**11,110**	**12,496**	**6,364**	**13,034**
Non-operating revenues	1,520	(3,540)	488	920	816	834	938	1,195	2,826	1,974
Interest expense	(4,773)	(4,157)	(3,914)	(3,802)	(3,633)	(3,561)	(3,450)	(3,112)	(2,632)	(2,552)
Other non-operating expenses	(7)	(418)	-	-	-	-	(3)	-	-	(5)
Gain (loss) on disposal of capital assets, net	-	12	-	21	6	(13)	12	(7)	(24)	(1,348)
Income before capital contributions	**8,651**	**5,336**	**11,145**	**9,295**	**7,796**	**6,689**	**8,608**	**10,572**	**6,534**	**11,103**
Capital contributions	1,692	1,729	3,096	2,455	5,049	1,879	2,963	894	1,648	1,546
Increase in net position	**10,343**	**7,065**	**14,241**	**11,750**	**12,845**	**8,568**	**11,571**	**11,466**	**8,182**	**12,649**
Net position, beginning of year	177,029	187,372	194,437	201,169	212,447	225,292	233,860	245,431	251,274	259,456
Adjustment	-	-	(7,509)	(472)	-	-	-	(5,623)	-	-
Net position, end of year	187,372	194,437	201,169	212,447	225,929	233,860	245,431	251,274	259,456	272,105

Sacramento Suburban Water District
Statistical Information (Unaudited)
Operating Revenues by Source
Last Ten Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Water Sales (Dollars in Thousands):										
Retail	$37,694	$39,095	$39,709	$37,811	$37,692	$39,977	$42,409	$44,092	$43,902	$47,642
Wheeling	303	170	6	6	6	167	676	510	644	83
Water Transfers	-	-	536	-	-	-	-	1,761	43	979
Total Water Sales	$37,997	$39,265	$40,251	$37,817	$37,698	$40,144	$43,085	$46,363	$44,589	$48,704
Water Production (Acre Feet):										
Retail	35,829	38,089	38,554	32,561	27,502	29,312	31,254	30,874	30,610	33,087
Wheeling	2,106	647	348	115	51	264	1,984	1,704	1,539	160
Water Transfers	-	-	2,822	-	-	-	-	3,875	-	6,667
Total Water Production	37,935	38,736	41,724	32,676	27,553	29,576	33,238	36,453	32,149	39,914
Water Sales/Acre Foot (Whole Dollars):										
Retail	$ 1,052	$ 1,026	$ 1,030	$ 1,161	$ 1,371	$ 1,364	$ 1,357	$ 1,428	$ 1,434	$ 1,440
Wheeling	$ 144	$ 263	$ 17	$ 52	$118	$ 633	$ 341	$ 299	$ 418	$ 519
Water Transfers	$ -	$ -	$ 190	$ -	$ -	-	-	$ 454	$ -	$ 146

Source: District.

Sacramento Suburban Water District
Statistical Information (Unaudited)
Retail Water Rates
Last Ten Years

	2009 - 2014	2015	2016	2017	2018 - 2019	2020
Flat Accounts						
Consumption Charge ($/1,000 per sq. foot)	$ 0.91	$ 0.95	$ 0.98	$ 1.02	$ 1.06	$ 2.35
Flat Service Charge (single unit)						
¾" connection	14.89	15.49	16.11	16.75	17.42	44.40
1" connection	21.55	22.41	23.31	24.24	25.21	69.16
1 ½" connection	40.69	42.32	44.01	45.77	47.60	131.17
2" connection	40.19	41.80	43.47	45.21	47.02	205.53
Metered Accounts						
Consumption Charge ($/100 cubic feet (CCF))						
Single Family Residential – 1st Tier (0-10 2009 - 2019, 0-15 2020 > CCF)	0.80	0.83	0.87	0.90	0.94	0.88
Single Family Residential – 2nd Tier (11+ 2009 - 2019, 16+ 2020 > CCF)	1.00	1.04	1.08	1.12	1.17	1.15
Multi-Family Residential (new as of 2020)						1.26
Non-Resid–Off-Peak Rate (Nov-Apr)	0.81	0.84	0.88	0.91	0.95	1.33
Non-Resid.–Peak Rate (May-Oct) (eliminated as of 2020)	1.01	1.05	1.09	1.14	1.18	-
Meter Service Charge (by Meter Size)						
5/8" meter	3.60	3.74	3.89	4.05	4.21	32.01
¾" meter or connection	5.25	5.46	5.68	5.91	6.14	44.40
1" meter or connection	8.50	8.84	9.19	9.56	9.94	69.19
1 ½" meter or connection	16.60	17.26	17.95	18.67	19.42	131.17
2" meter or connection	24.60	27.46	28.55	29.70	30.88	205.53
3" meter	49.20	51.17	53.21	55.34	57.56	403.85
4" meter	81.75	85.02	88.42	91.96	95.64	626.95
6" meter	163.15	169.68	176.46	183.52	190.86	1,246.68
8" meter	293.40	305.14	317.34	330.04	343.24	2,238.25
10" meter	472.50	491.40	511.06	531.50	552.76	2,981.93
12" meter	700.40	728.42	757.55	787.85	819.37	4,190.40
Flat and Metered Accounts						
Capital Facilities Charge (combined with service charge as of 2020)						
5/8" meter	19.25	20.02	20.82	21.65	22.52	-
¾" meter or connection	28.70	29.85	31.04	32.28	33.57	-
1" meter or connection	48.00	49.92	51.92	53.99	56.15	-
1 ½" meter or connection	95.65	99.48	103.46	107.59	111.90	-
2" meter or connection	153.10	159.22	165.59	172.22	179.11	-
3" meter	287.30	298.79	310.74	323.17	336.10	-
4" meter	478.95	498.11	518.03	538.75	560.30	-
6" meter	957.60	995.90	1,035.74	1,077.17	1,120.66	-
8" meter	1,723.80	1,792.75	1,864.46	1,939.04	2,016.60	-
10" meter	2,777.45	2,888.55	3,004.09	3,124.25	3,249.22	-
12" meter	4,117.65	4,282.36	4,453.65	4,631.80	4,817.07	-

Source: District

Sacramento Suburban Water District
Statistical Information (Unaudited)
Facility Development Charges (Connection Fees)
Last Ten Years

	2011	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
5/8" service	$ 3,338	$ 3,544	$ 3,826	$ 2,762	$ 3,130	$ 3,168	$ 3,228	$ 3,418	$3,524	$4,056
¾" service	4,892	5,290	5,711	4,122	4,672	4,728	4,817	5,102	5,260	6,085
1" service	8,319	8,834	9,537	6,884	7,802	7,896	8,045	8,519	8,785	10,141
1 ½" service	16,589	17,616	19,017	13,726	15,558	15,745	16,041	16,989	17,518	20,282
2" service	26,552	28,196	30,439	21,970	24,902	25,202	25,676	27,192	28,039	32,452
3" service	49,817	52,901	57,108	41,220	46,720	47,282	48,172	51,016	52,605	64,903
4" service	83,045	88,185	95,199	68,714	77,882	78,820	80,304	85,044	87,692	101,411
6" service	166,040	176,318	190,341	137,386	155,718	157,952	160,559	170,038	175,332	202,823
8" service	298,902	317,403	342,648	219,826	249,158	252,157	256,904	272,071	280,541	365,081
10" service	481,581	511,390	552,063	316,034	358,202	362,514	369,339	391,143	403,320	486,775
12" service	714,028	758,225	818,592	463,725	525,600	531,927	541,941	573,935	591,803	684,527

Source: District.

Sacramento Suburban Water District
Statistical Information (Unaudited)
Principal Retail Rate Payers
Current Year and Ten Years Prior

Principal Retail Rate Payers	December 31, 2020 Revenues Collected	Rank	Percent of Retail Sales Revenue	December 31, 2010 Revenues Collected	Rank	Percent of Retail Sales Revenue
McClellan Business Park	$ 558,546	1	1.27%	$ 451,746	1	1.03%
San Juan Unified School District	402,811	2	0.92%	230,992	3	0.53%
Carmel Partners, MS#3, The Arbors	264,388	3	0.60%	263,050	2	0.60%
Autumn Ridge Apartments	193,110	4	0.44%	-	-	-
Woodside Association, Inc.	191,450	5	0.44%	157,083	4	0.36%
Eskaton Village	145,377	6	0.33%	120,910	5	0.28%
Twin Rivers Union School District	145,833	7	0.33%	109,937	8	0.25%
Fulton-El Camino Rec/Park District	122,825	8	0.28%	-	-	-
Logan Park Apartments	122,653	9	0.28%	-	-	-
The Homes at McClellan Park	141,399	10	0.32%	-	-	-
Sacramento County (AFS/SCRSD)	-	-	-	106,106	10	0.24%
Timberlake Association	-	-	-	106,554	9	0.24%
Valley Green Apts	-	-	-	114,412	6	0.26%
Sunrise Recreation/Park District	-	-	-	114,086	7	0.26%
Total Principal Retail Rate Payers	$ 2,288,392	-	5.21%	$ 1,774,876	-	4.04%
Total Annual Retail Water Sales Revenue	$ 43,901,930	-	-	$ 38,633,588	-	-

Source: District

Sacramento Suburban Water District
Statistical Information (Unaudited)
Outstanding Debt by Type and Number of Connections
Last Ten Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Long-Term Debt:										
(Dollars in Thousands)										
Series 2008A-2	$33,300	$-								
Series 2009A	42,000	$48,553	$48,249	$47,939	$47,623	$47,299	$46,969	$46,632	$46,288	$45,937
Series 2009B	34,495	32,732	30,943	29,074	27,120	25,086	22,973	-	-	-
Series 2012A		30,760	28,646	26,516	24,351	22,117	19,847	17,502	15,102	12,628
Series 2018A								17,295	14,830	12,275
Total Debt	109,795	112,045	107,838	103,529	99,094	94,502	89,789	81,429	76,220	70,840
No. of Connections	44,655	44,776	45,391	46,112	46,414	46,650	46,318	46,368	46,575	46,573
Debt Per Connection										
(Whole Dollars)	$ 2,459	$ 2,502	$ 2,376	$ 2,245	$ 2,135	$ 2,026	$ 1,939	$ 1,760	$ 1,637	$ 1,521

Source: District

Sacramento Suburban Water District
Statistical Information (Unaudited)

Schedule of Net Revenues

Last Ten Years

(Dollars in Thousands)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
Water sales	$ 37,694	$ 39,095	$ 39,709	$ 37,811	$ 37,692	$ 39,977	$ 42,408	$ 44,092	$ 43,902	$ 47,643
Water transfers	-	-	536	-	-	-	-	1,761	43	979
Wheeling charge	303	170	6	6	6	167	676	510	644	83
Water services	960	946	1,068	1,113	992	939	1,077	1,054	1,133	524
Facility development charges	161	380	187	561	543	264	135	158	287	470
Investment income	1,052	(3,888)	633	547	271	613	572	767	1,076	1,077
Other	468	360	399	373	358	279	444	449	1,064	374
Total revenues	40,638	37,063	42,538	40,410	39,863	42,239	45,312	48,791	48,149	51,150
Operating Expenses										
Transmission and distribution	3,997	3,596	3,886	3,642	3,621	3,973	4,016	4,193	7,034	4,548
Administrative and general*	6,142	6,156	5,919	6,100	6,120	6,822	7,603	7,791	8,612	8,541
Pumping	3,341	4,238	4,706	4,632	5,124	4,852	4,516	4,946	5,331	5,304
Water purchases	2,663	2,039	406	67	57	2,471	2,980	3,789	3,525	1,861
Customer accounts	1,003	976	1,086	1,122	1,159	1,145	1,305	1,301	1,373	1,250
Water conservation	202	295	322	400	773	587	452	441	490	523
Total expenses	17,348	17,300	16,325	15,963	16,854	19,850	20,873	22,461	26,365	22,032
Net revenue	23,290	19,763	26,214	24,447	23,008	22,389	24,439	26,330	21,784	29,117
Debt service	7,829	7,576	7,462	7,484	7,443	7,471	7,559	7,462	7,205	7,238
Coverage ratio	**2.97**	**2.61**	**3.51**	**3.26**	**3.09**	**2.99**	**3.23**	**3.53**	**3.02**	**4.02**
Revenues available for capital projects and other purposes	$ 15,460	$ 12,187	$ 18,751	$ 16,963	$ 15,565	$ 14,918	$ 16,880	$ 18,868	$ 14,579	$ 21,879

* Administrative and general operating expenses include “other non-operating expenses” as reported on the Statements of Revenues, Expenses and Changes in Net Position.

Source: District

Sacramento Suburban Water District
Statistical Information (Unaudited)
Demographic and Economic Statistics
Sacramento County*
Last Ten Years

Year	Population	Personal Income ($ in 000s)	Per Capita Income	Labor Force	Number Employed	Number Unemployed	Unemployment Rate
2020	Information Not Currently Available			714,700	653,600	61,100	8.50%
2019	1,552,058	$ 85,775,621	$ 55,266-	717,100	694,000	23,100	3.20%
2018	1,538,746	$ 81,589,289	$ 53,023	705,700	678,800	26,900	3.80%
2017	1,527,301	$ 77,459,778	$ 50,717	702,000	669,500	32,600	4.60%
2016	1,510,987	$ 74,321,409	$ 49,187	695,200	657,600	37,700	5.40%
2015	1,493,674	$ 71,615,866	$ 47,946	686,000	644,900	41,000	6.00%
2014	1,474,917	$ 66,721,398	$ 45,237	680,700	631,000	49,700	7.30%
2013	1,457,341	$ 62,632,334	$ 42,977	680,200	619,800	60,400	8.90%
2012	1,444,852	$ 60,247,321	$ 41,698	681,300	609,700	71,600	10.50%
2011	1,433,730	$ 57,937,285	$ 40,410	680,000	597,000	82,300	12.10%

* Information for Demographic and Economic Statistics is provided for the County of Sacramento since the District is located solely within the County and such information is not available specifically for the District's service area.

Source:
Population and Income: U.S. Department of Commerce, Bureau of Economic Analysis.
Labor Force and Employment Data: Annual Averages; State of California, Employment Development Department.

Sacramento Suburban Water District
Statistical Information (Unaudited)
Principal Employers – Sacramento County*
Current Year and Ten Years Prior

	December 31, 2020			December 31, 2011 **		
Principal Employers	**Employees**	**Rank**	**Percentage of Total Labor Force**	**Employees**	**Rank**	**Percentage of Total Labor Force**
State of California	77,172	1	10.80%	70,937	1	10.43%
Kaiser Permanente	15,585	2	2.18%	6,367	7	0.94%
UC Davis Health System	14,510	3	2.03%	8,580	3	1.26%
Sacramento County	12,360	4	1.73%	11,300	2	1.66%
Sutter Health Sacramento Sierra Region	10,764	5	1.51%	6,958	4	1.02%
U.S. Government	10,559	6	1.48%	-	-	-
Dignity Health	7,871	7	1.10%	6,942	5	1.02%
Intel Corp.	6,200	8	0.87%	6,515	6	0.96%
Elk Grove Unified School District	6,164	9	0.86%	5,619	8	0.83%
San Juan Unified School District	5,350	10	0.75%	4,600	9	0.68%
Sacramento City Unified School District	-	-	-	4,500	10	0.66%
Total	166,535		23.30%	132,218		19.44%
Total Labor Force	714,700			680,000		

***** Information for Employers in Sacramento County, ranked by number of employees, is provided for the County of Sacramento since the District is located within the County and such information is not available solely for the District’s service area.

** Data for period ended December 31, 2010 not available.

Source:
Employers – Sacramento County: Sacramento Business Journal, Book of Lists 2020, Vol. 37, No. 45, p.74.
Total Labor Force: Annual Averages; State of California, Employment Development Department.

Sacramento Suburban Water District
Statistical Information (Unaudited)

Annual Retail Water Production

Last Ten Years

(Reported in Acre Feet)

	North Service Area			South Service Area			Total
Year	**Surface**	**Ground**	**Sub Total**	**Surface**	**Ground**	**Sub Total**	**Production**
2020	3,627	14,958	18,585	388	14,114	14,502	33,087
2019	10,843	6,283	17,126	6,404	7,080	13,484	30,610
2018	10,450	7,085	17,535	-	13,339	13,339	30,874
2017	10,162	7,364	17,526	1,301	12,427	13,728	31,254
2016	11,025	5,679	16,704	423	12,185	12,608	29,312
2015	80	15,702	15,782	-	11,720	11,720	27,502
2014	-	18,790	18,790	-	13,771	13,771	32,561
2013	409	21,869	22,278	-	16,276	16,276	38,554
2012	4,096	17,697	21,793	6,463	9,833	16,296	38,089
2011	12,626	7,738	20,364	4,084	11,381	15,465	35,829

Source: District.

Sacramento Suburban Water District
Statistical Information (Unaudited)
Wheeling Water Deliveries
Last Ten Years
(Reported in Acre Feet)

Year	California American Water Company	Citrus Heights Water District	Rio Linda / Elverta Water District	City of Sacramento	County of Sacramento	San Juan Water District	Total Deliveries
2020	152	-	-	-	-	8	160
2019	1,539	-	-	-	-	-	1,539
2018	1,551	-	-	153	-	-	1,704
2017	1,983	-	1	-	-	-	1,984
2016	251	-	-	-	-	13	264
2015	-	-	-	-	-	51	51
2014	-	-	11	104	-	-	115
2013	-	17	-	331	-	-	348
2012	584	-	25	28	5	-	647
2011	2,103	1	2	-	-	-	2,106

Source: District.

Sacramento Suburban Water District
Statistical Information (Unaudited)
Operating Activity
Last Ten Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Production Department										
Water Quality										
Complaints	131	137	174	30	1	13	51	14	16	8
Inquiries	114	159	171	110	159	197	119	159	129	163
Distribution Department										
Service Orders										
Main Leaks	82	64	77	61	70	66	52	40	53	51
Service Line Leaks	232	268	242	125	101	75	105	72	65	69
Locate & Expose	320	332	253	353	253	208	172	165	97	57
Determine Responsibility	1,557	1,770	1,891	839	630	654	621	681	621	729
Water Main Shutdown:										
-- Emergency	83	99	110	86	27	29	29	16	34	31
-- Scheduled	125	160	170	100	32	13	6	9	13	56
Preventive Maintenance Program										
Fire Hydrants Inspected	437	1,248	1,237	1,255	1,597	251	28	200	873	931
Fire Hydrant Valves Inspected	-	-	-	1,202	1,508	247	51	235	845	896
Fire Hydrants Valves Exercised	-	-	-	975	1,385	225	49	234	768	794
Valves Inspected	442	1,406	923	898	434	880	708	1,758	1,900	1,757
Valves Exercised							641	1,536	1,414	1,289
After Hours Activity										
Calls Received	925	1,012	1,012	1,024	1,145	741	553	496	704	553
Calls Responded	437	433	367	338	605	442	342	332	417	321
Field Services Department										
Meters										
Preventive Maintenance – Meters Tested	53	150	135	57	32	128	135	114	125	122
Preventive Maintenance – Meters Replaced	268	189	644	143	117	1,159	279	941	929	797
Preventive Maintenance – Meter Re-Builds	-	-	-	67	43	240	232	245	245	253
Customer Service										
Shut Off (non-payment)	3,127	2,158	2,066	2,561	2,051	1,804	1,772	1,861	1,949	312
Restore Service	1,799	1,976	1,451	2,100	1,801	1,742	1,772	1,723	1,795	450
Customer Pressure Inquiries	-	-	-	121	113	143	118	125	132	132
Service Requests/Work Orders										
Service Requests Generated	21,221	23,026	18,641	22,736	24,204	16,092	17,858	18,957	24,483	16,951
Work Orders Generated	15,625	12,382	14,460	11,939	10,898	12,417	14,257	14,722	15,870	16,414

Source: District.

Sacramento Suburban Water District
Statistical Information (Unaudited)
Authorized Full-Time Equivalent Employees
Last Ten Years

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Administration	13	13	13	13	13	14	14	15	15	16
Conservation	2	2	2	2	2	2	2	2	2	2
Customer Service	5	5	5	5	5	6	6	6	6	6
Distribution	20	20	20	20	21	22	22	23	23	22
Engineering	9	9	10	10	10	10	10	10	10	10
Production and Water Treatment	12	12	12	12	12	13	13	14	14	14
Total	61	61	62	62	63	67	67	70	70	70

Source: District.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors of the
Sacramento Suburban Water District
Sacramento, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Sacramento Suburban Water District (District), as of and for the year ended December 31, 2020, and have issued our report thereon dated April 13, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated April 13, 2021, which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maze + Associates

Pleasant Hill, California
April 13, 2021

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2020 and 2019

Presented by David Alvey, Audit Partner

We are in business to help you succeed

Overview of the Audit Process

Interim Phase

- Planning and Brainstorming
- Internal Control Testing
- Segregation of Duties

Final Phase

- Testing of Balances
- Audit Confirmations
- Analytical Review

Audit Opinions

- Unmodified Opinion (Clean)
- Free of Material Misstatements
- In conformity with Generally Accepted Accounting Principals
- Compliance Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, net position of the business type activities of the District as of December 31, 2020, and the respective changes in the financial positions and cash flows thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America as well as the accounting systems prescribed by the State Controller's Office and state regulations governing special districts.

Memorandum on Internal Controls and Required Communication

No Disagreements with Management

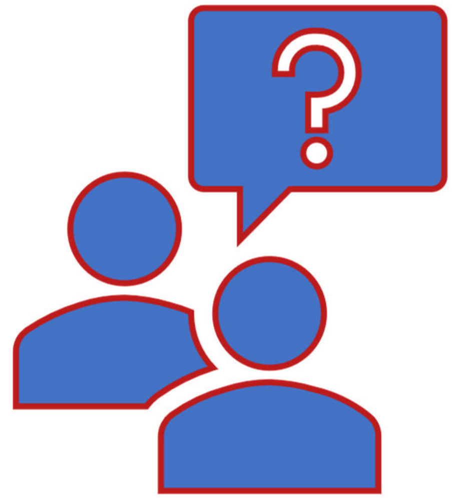
Management's Estimates Appear Reasonable

- Depreciation
- Bad Debt
- Net Pension Liability and Net OPEB Liability

No Finding to Report

- No Material Weaknesses
- No Significant Deficiencies

Questions?



We are in business to help you succeed