

PADRE DAM MUNICIPAL WATER DISTRICT

FINANCIAL STATEMENTS

WITH REPORT ON AUDIT
BY INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

JUNE 30, 2020



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JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Padre Dam Municipal Water District
Santee, California

We have audited the accompanying financial statements of the Padre Dam Municipal Water District (the District) as of and for the year ended June 30, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Padre Dam Municipal Water District as of June 30, 2020, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Prior-Year Comparative Information

The statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements as of and for the year ended June 30, 2019, from which such summarized information was derived.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2020, 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 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 District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP



Carlsbad, California
November 12, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Padre Dam Municipal Water District's (District) financial performance provides an overview of the District's financial activities for the year ended June 30, 2020. Please read it in conjunction with the District's financial statements, which follow this section.

Financial Statements

This discussion and analysis provides an introduction and a brief description of the District's financial statements, including the relationship of the statements to each other and the significant differences in the information they provide. The District's financial statements include four components:

- Statement of Net Position
- Statement of Revenues, Expenses and Changes in Net Position
- Statement of Cash Flows
- Notes to Basic Financial Statements

The statement of net position includes all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the four reported as net position. Net position may be displayed in the categories:

- Net Investment in Capital Assets
- Restricted
- Unrestricted

The statement of net position provides the basis for computing rate of return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District.

The statement of revenues, expenses and changes in net position presents information which shows how the District's net position changed during the year. All of the current year's revenues and expenses are recorded when the underlying transaction occurs, regardless of the timing of the related cash flows. The statement of revenues, expenses and changes in net position measures the success of the District's operations over the past year and determines whether the District has recovered its costs through current services and other revenues.

The statement of cash flows provides information regarding the District's cash receipts and cash disbursements during the year. This statement may report cash activity in four categories:

- Operating
- Noncapital and related financing
- Capital and related financing
- Investing

This statement differs from the statement of revenues, expenses and changes in net position because it accounts only for transactions that result in cash receipts or cash disbursements.

The notes to the financial statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

PADRE DAM MUNICIPAL WATER DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Highlights

During the year ended June 30, 2020, the District's total net position increased by \$17,783,853. The District's operating revenues of \$71,814,605 increased by \$944,135 while operating expenses of \$66,096,665 increased by \$723,577. Non-operating revenues increased by \$6,322,561 and non-operating expenses increased by \$47,266. There was a decrease of \$9,412,788 in contributed capital from developers for capacity fees and contributed assets.

Financial Analysis of the Financial Statements

Net Position

The District's net position at June 30, 2020 totaled \$290,259,661 compared with \$272,475,808 at June 30, 2019. The \$17,783,853 increase in net position is primarily attributed to operating income of \$5,717,940, non-operating revenues (net) of \$12,664,888 and capital contributions of \$1,273,835, offset by interest expense of \$1,872,810. The following is a summary of the District's statement of net position:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change</u>
Assets			
Current Assets	\$ 103,757,057	\$ 99,756,172	\$ 4,000,885
Noncurrent Assets:			
Restricted Assets	15,861,553	19,643,730	(3,782,177)
Capital Assets, net of depreciation	276,208,851	269,772,366	
Due from Other Governments	13,386,426	-	13,386,426
Total Assets	<u>13,386,426</u>	<u>389,172,268</u>	<u>13,605,134</u>
Deferred Outflows of Resources			
Related to Pension & OPEB Contribution	9,173,398	10,672,707	(1,499,309)
Deferred Amount on Refunding	1,456,763	1,538,656	(81,893)
Total Deferred Outflows of Resources	<u>10,630,161</u>	<u>12,211,363</u>	<u>(1,581,202)</u>
Liabilities			
Current Liabilities	13,369,575	11,535,063	1,834,512
Long-Term Debt	108,062,099	114,151,480	(6,089,381)
Other Noncurrent Liabilities	3,967,294	1,713,766	2,253,528
Total Liabilities	<u>125,398,968</u>	<u>127,400,309</u>	<u>(2,001,341)</u>
Deferred Inflows of Resources			
Related to Pension & OPEB	<u>4,185,419</u>	<u>1,507,514</u>	<u>2,677,905</u>
Net Position			
Net Investment in Capital Assets	226,878,415	221,951,326	4,927,089
Restricted for Capital Projects	7,600,889	8,770,174	(1,169,285)
Restricted for Debt Service	10,715	40,524	(29,809)
Unrestricted	<u>55,769,642</u>	<u>41,713,784</u>	<u>14,055,858</u>
Total Net Position	<u>\$ 290,259,661</u>	<u>\$ 272,475,808</u>	<u>\$ 17,783,853</u>

Financial Analysis of the Financial Statements (Continued)

Revenues, Expenses and Changes in Net Position

The District reported an increase in net position of \$17,783,853 for the year ended June 30, 2020; reserve levels remain healthy. Operating revenues were higher than the prior year by \$944,135 mostly due to increased water sales. There was a 3.7% water and 4.3% sewer rate increase for external costs and internal expenses. Current year potable water sales were higher than the prior year by 2.5%. The increase in water sales were from higher water demand because of the drier winter; water sales revenue increased by 6.9%, systems charge revenue increased by 3.4% and wastewater revenues increased by 2.5%. There was a decrease in campground and other revenues for the Park operation. Operating expenses were \$723,577 higher than the prior year due to a \$1,695,482 decrease in internal operating expenses, a \$332,146 increase in depreciation expense from capital asset additions, and a \$2,086,913 increase in external direct costs. Non-operating revenues increased by \$6,322,561 and non-operating expenses increased by \$47,266. Since current year water sales were higher than prior year, water purchased from San Diego County Water District (CWA) was also higher along with an increase in CWA's rates and charges. The following is a summary of the District's statement of revenues, expenses and changes in net position:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Change</u>
Operating Revenues	\$ 71,814,605	\$ 70,870,470	\$ 944,135
Nonoperating Revenues	<u>12,664,888</u>	<u>6,342,327</u>	<u>6,322,561</u>
Total Revenues	<u>84,479,493</u>	<u>77,212,797</u>	<u>7,266,696</u>
Operating Expenses	66,096,665	65,373,088	723,577
Nonoperating Expenses	<u>1,872,810</u>	<u>1,825,544</u>	<u>47,266</u>
Total Expenses	<u>67,969,475</u>	<u>67,198,632</u>	<u>770,843</u>
Income Before Capital Contributions	16,510,018	10,014,165	6,495,853
Capital Contributions	1,273,835	10,686,623	(9,412,788)
Changes in Net Position	<u>17,783,853</u>	<u>20,700,788</u>	<u>(2,916,935)</u>
Net Position, Beg. of Year	<u>272,475,808</u>	<u>251,775,020</u>	<u>20,700,788</u>
Net Position, End of Year	<u>\$ 290,259,661</u>	<u>\$ 272,475,808</u>	<u>\$ 17,783,853</u>

PADRE DAM MUNICIPAL WATER DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

Capital Assets

At June 30, 2020, the District had invested \$276,208,851 in capital assets, net of accumulated depreciation of \$142,689,777, including land, franchises and water rights, water system, sewer system, water recycling system, buildings, equipment, park and campgrounds and construction-in-progress (CIP). This amount represents an increase of \$6,436,485, net of depreciation, over the prior year.

The following is a summary of the capital assets at June 30, 2020 and 2019:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Land, Franchise and Water Rights	\$ 1,296,322	\$ 1,296,322
Water System	224,721,558	220,850,929
Sewer System	58,331,430	53,305,089
Water Recycling System	28,534,324	27,897,184
Parks and Campgrounds	23,589,735	23,242,018
Buildings	28,732,949	28,556,160
Equipment	11,716,455	11,539,990
Construction-in-Progress	<u>41,975,855</u>	<u>37,321,382</u>
Total	418,898,628	404,009,074
Less: Accumulated Depreciation	<u>(142,689,777)</u>	<u>(134,236,708)</u>
Net Capital Assets	<u>\$ 276,208,851</u>	<u>\$ 269,772,366</u>

Significant additions to CIP for the year ended June 30, 2020 include:

Mountain View Connector Pipeline	\$6,824,437
Santee Lakes General Store & Administration Building Improvements	4,534,203
WRF Flights & Gear Upgrades	1,112,739
ESA Secondary Connection Alternate Site	658,363
WSA Valve Replacement Program	180,290
ESA Valve Replacement Program	172,590
Sewer Rehabilitation	172,430
WSA Polyservice Replacment	153,449
Sewer Manhole Rehabilitation	100,443
Los Coches Reservoir Pipe Replacement	98,900
ESA Polyservice Replacement	74,948
Valve Replacement Contracted – Water	53,961
Rios Canyon Pump Station Surge Tank	53,466
Grossmont Reservoir Refurbishing/Coating	51,546

Additional information on the District's capital assets can be found in notes 1 and 4 of the notes to financial statements.

Long-Term Debt

At June 30, 2020, the District had \$55,083,701 in long-term debt, including certificates of participation, a note payable, a capital lease, revenue bonds, unamortized premiums and other debt. Long term debt decreased (net) \$3,395,261 due to principal payments made on debt during the year. The following is a summary of the long-term debt at June 30, 2020 and 2019:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Certificates of Participation	\$ 47,170,000	\$ 49,125,000
Note Payable	838,448	1,232,368
Revenue Bonds	1,810,000	2,130,000
Capital Lease	-	344,065
Park Cabin Loan	<u>687,499</u>	<u>791,085</u>
Total Long-Term Debt	50,505,947	53,622,518
Add: Unamortized Premiums	<u>4,577,754</u>	<u>4,856,444</u>
	<u>\$ 55,083,701</u>	<u>\$ 58,478,962</u>

Additional information on the District's long-term debt can be found in note 5 of the notes to financial statements.

Conditions Affecting Current Financial Position

California's most recent drought emergency was declared by Governor Jerry Brown in January 2014. Restrictions and lifestyle changes have had a negative impact on potable water sales. Management cannot predict exactly how drought conditions will affect future water sales and operational costs but demand is closely monitored, expenses are controlled and healthy reserve levels are maintained. Although water sales decreased following the Governor's 2014 declaration, demand has increase from its low in FY '16 (FY '20 demand was 9,109 AF while FY '16 demand was 8,143 AF). Budgeted sales for FY '20 was based on more recent demand experience; actual sales exceeded budget.

In 2017, the District hired an independent consultant to perform a cost of service and rate study. The study determined the level of revenues required to accomplish the goals of the District Five Year Plan (Plan), which covered fiscal years 2018-2022. In June 2017, upon completion of the study, the Board approved the Plan and related Five Year Budget (Budget). The Budget includes five years of operating expenses (\$173.8M), capital equipment expenditures (\$5.5M) and non-Park CIP (\$66.7M). Although expenditures are budgeted in each of the Plan's five years, the Plan allows flexibility in the timing of expenditures so long as total expenditures do not exceed what the Board approved. As part of the Budget, the Board approved annual internal rate increases of 3% for the water and wastewater operations. The Board also approved a pass through ordinance authorizing the pass through of rate increases from external agencies; these increases directly impact water and sewer rates and offset direct cost increases.

The coronavirus pandemic developed into a global financial crises earlier in the year. Businesses were ordered to shut down in an effort to control and maintain the spread of the virus. Many people found themselves staying home because there was no work or their company had them working remotely. The District implemented some changes to policies and procedures in response to Governor Newson's Executive Order (N-42-20) which suspended the authority of water systems to shut off customers for non-payment. Staff has worked closely with District customers to try to keep them current. Overall the impact to the District's revenue has been negligible.

Contacting the District's Financial Manager

This financial report is designed to provide Padre Dam Municipal Water District's customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Padre Dam Municipal Water District Chief Financial Officer.

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Basic Financial Statements

PADRE DAM MUNICIPAL WATER DISTRICTSTATEMENT OF NET POSITION
June 30, 2020
(with prior-year data for comparison only)

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets:		
Cash and cash equivalents (Notes 1 and 2)	\$ 44,416,321	\$ 42,750,085
Investments (Notes 1 and 2)	49,255,825	47,377,261
Accounts receivable, net (Note 1)	7,200,328	6,479,828
Property taxes receivable, net (Note 1)	135,321	119,586
Accounts receivable - other	547,204	633,730
Accrued interest receivable	295,937	389,870
Inventory	962,298	847,139
Prepaid expenses	191,976	171,511
Restricted cash and cash equivalents (Notes 1, 2 and 3)	751,847	987,162
Total Current Assets	<u>103,757,057</u>	<u>99,756,172</u>
Noncurrent Assets:		
Restricted Assets (Notes 1, 2 and 3):		
Cash and cash equivalents	9,365,803	13,581,079
Investments	6,443,526	5,993,850
Accrued interest receivable	52,224	68,801
Total Restricted Assets	<u>15,861,553</u>	<u>19,643,730</u>
Capital Assets (Note 4):		
Land, franchise and water rights	1,296,322	1,296,322
Construction in progress	41,975,855	37,321,382
Capital assets, net of depreciation	232,936,674	231,154,662
Total Capital Assets, Net of Depreciation	<u>276,208,851</u>	<u>269,772,366</u>
Due from other governments (Note 13)	13,386,426	-
Total Noncurrent Assets	<u>305,456,830</u>	<u>289,416,096</u>
Total Assets	<u>409,213,887</u>	<u>389,172,268</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - related to pensions (Note 7)	6,442,840	7,811,149
Deferred outflows - related to OPEB (Note 8)	2,730,558	2,861,558
Deferred amount on refunding	1,456,763	1,538,656
Total Deferred Outflows of Resources	<u>10,630,161</u>	<u>12,211,363</u>

(Continued)

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

PADRE DAM MUNICIPAL WATER DISTRICTSTATEMENT OF NET POSITION (Continued)
June 30, 2020
(with prior-year data for comparison only)

	<u>2020</u>	<u>2019</u>
LIABILITIES		
Current Liabilities:		
Accounts payable	\$ 6,399,425	\$ 4,384,473
Accrued expenses and other liabilities	2,869,632	2,522,113
Accrued interest payable	496,882	531,365
Current portion of long-term debt	2,865,636	3,109,950
Liabilities payable from restricted assets:		
Deposits and advances on construction	738,000	987,162
Total Current Liabilities	<u>13,369,575</u>	<u>11,535,063</u>
Noncurrent Liabilities:		
Long-Term Debt:		
Certificates of participation (Note 5)	49,456,758	51,737,015
Note payable (Note 5)	464,391	845,069
Revenue bonds (Note 5)	1,715,996	2,099,429
Other long-term debt (Note 5)	580,920	687,499
Net OPEB liability (Note 8)	11,880,267	15,595,764
Net pension liability (Note 7)	43,963,767	43,186,704
Total Long-Term Debt	<u>108,062,099</u>	<u>114,151,480</u>
Other Noncurrent Restricted Liabilities:		
Prepaid capacity fees (Note 6)	3,953,447	1,699,928
Other noncurrent restricted liabilities	13,847	13,838
Total Other Noncurrent Restricted Liabilities	<u>3,967,294</u>	<u>1,713,766</u>
Total Noncurrent Liabilities	<u>112,029,393</u>	<u>115,865,246</u>
Total Liabilities	<u>125,398,968</u>	<u>127,400,309</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - related to pension (Note 7)	1,211,789	1,205,848
Deferred inflows - related to OPEB (Note 8)	2,973,630	301,666
Total Deferred Inflows of Resources	<u>4,185,419</u>	<u>1,507,514</u>
NET POSITION		
Net investment in capital assets	226,878,415	221,951,326
Restricted for capital projects	7,600,889	8,770,174
Restricted for debt service	10,715	40,524
Unrestricted	55,769,642	41,713,784
Total Net Position	<u>\$ 290,259,661</u>	<u>\$ 272,475,808</u>

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

PADRE DAM MUNICIPAL WATER DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the year ended June 30, 2020
(with prior-year data for comparison only)

	2020	2019
OPERATING REVENUES		
Water sales	\$ 30,050,059	\$ 28,111,096
Sewer revenues	18,740,574	18,285,344
System charges	11,885,429	11,499,473
Park fees	6,177,597	6,407,067
Other income	4,960,946	6,567,490
	<u>71,814,605</u>	<u>70,870,470</u>
OPERATING EXPENSES		
Water purchases	15,885,483	15,346,781
Treatment costs	6,494,540	4,950,058
Operations	3,918,623	3,914,894
Salaries, benefits and taxes	19,943,677	19,301,857
Material, supplies and utilities	6,734,882	7,328,666
Professional services and administrative expenses	4,558,706	6,302,224
Depreciation	8,560,754	8,228,608
	<u>66,096,665</u>	<u>65,373,088</u>
Operating Income	<u>5,717,940</u>	<u>5,497,382</u>
NONOPERATING REVENUES (EXPENSES)		
Investment income	2,464,460	2,407,187
Restricted investment income	557,856	621,887
Taxes and assessments	3,428,063	3,278,984
Gain on sale or disposition of assets	26,142	34,269
Other income	6,188,367	-
Interest expense	(1,872,810)	(1,825,544)
	<u>10,792,078</u>	<u>4,516,783</u>
Income Before Capital Contributions	16,510,018	10,014,165
Capital Contributions	<u>1,273,835</u>	<u>10,686,623</u>
Changes in Net Position	17,783,853	20,700,788
Net Position, Beginning of Year	<u>272,475,808</u>	<u>251,775,020</u>
Net Position, End of Year	<u>\$ 290,259,661</u>	<u>\$ 272,475,808</u>

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

PADRE DAM MUNICIPAL WATER DISTRICT

STATEMENT OF CASH FLOWS
For the year ended June 30, 2020
(with prior-year data for comparison only)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 71,180,631	\$ 72,483,239
Payments for operating goods and services	(35,962,068)	(40,253,033)
Payments to employees	(18,357,369)	(19,447,111)
Net Cash Provided by Operating Activities	<u>16,861,194</u>	<u>12,783,095</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES		
Receipts from taxes and assessments	<u>3,412,328</u>	<u>3,262,106</u>
Net Cash Provided by Noncapital and Related Financing Activities	<u>3,412,328</u>	<u>3,262,106</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(14,853,081)	(9,205,337)
Proceeds from sales of capital assets	26,142	44,843
Proceeds from capital contributions	3,383,196	5,095,276
Principal payments on long-term debt	(3,116,571)	(3,304,727)
Interest paid	(2,104,090)	(2,065,679)
Net Cash Used by Capital and Related Financing Activities	<u>(16,664,404)</u>	<u>(9,435,624)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	(36,833,481)	(28,355,715)
Proceeds from sale and maturities of investments	35,675,307	23,605,595
Payments to other governments	(7,198,059)	-
Interest received on investments	<u>1,962,760</u>	<u>1,779,845</u>
Net Cash Used by Investing Activities	<u>(6,393,473)</u>	<u>(2,970,275)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,784,355)	3,639,302
Cash and Cash Equivalents, Beginning of Year	<u>57,318,326</u>	<u>53,679,024</u>
Cash and Cash Equivalents, End of Year	<u>\$ 54,533,971</u>	<u>\$ 57,318,326</u>

(Continued)

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

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PADRE DAM MUNICIPAL WATER DISTRICT

STATEMENT OF CASH FLOWS (Continued)
 For the year ended June 30, 2020
 (with prior-year data for comparison only)

	<u>2020</u>	<u>2019</u>
Reconciliation of operating income to net cash flows provided by operating activities:		
Operating income	\$ 5,717,940	\$ 5,497,382
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	8,560,754	8,228,608
(Increase)/Decrease in accounts receivable	(720,500)	533,130
(Increase)/Decrease in accounts receivable - other	86,526	1,079,639
(Increase)/Decrease in inventories	(115,159)	173,901
(Increase)/Decrease in prepaid expenses	(20,465)	(27,332)
(Increase)/Decrease in deferred outflows of resources from pensions	1,368,309	1,401,735
(Increase)/Decrease in deferred outflows of resources from OPEB	131,000	(2,595,087)
Increase/(Decrease) in accounts payable	2,014,961	(2,933,963)
Increase/(Decrease) in accrued expenses and other liabilities	347,519	84,435
Increase/(Decrease) in deposits and advances on construction	(249,162)	376,862
Increase/(Decrease) in net pension liability	(3,715,497)	748,577
Increase/(Decrease) in net OPEB liability	777,063	538,473
Increase/(Decrease) in deferred outflows of resources from pensions	2,671,964	(337,545)
Increase/(Decrease) in deferred outflows of resources from OPEB	5,941	14,280
Net Cash Provided By Operating Activities	<u>\$ 16,861,194</u>	<u>\$ 12,783,095</u>
Financial Statement Classification		
Cash and cash equivalents		
Current assets:		
Cash and cash equivalents	\$ 44,416,321	\$ 42,750,085
Restricted cash and cash equivalents	751,847	987,162
Noncurrent assets:		
Restricted cash and cash equivalents	9,365,803	13,581,079
Total Cash and Cash Equivalents	<u>54,533,971</u>	<u>57,318,326</u>
Investments		
Current assets:		
Investments	49,255,825	47,377,261
Noncurrent assets:		
Restricted investments	6,443,526	5,993,850
Total Investments	<u>55,699,351</u>	<u>53,371,111</u>
Total Cash, Cash Equivalents and Investments	<u>\$ 110,233,322</u>	<u>\$ 110,689,437</u>
Supplemental Disclosures:		
Noncash Investing and Financing Activities		
Contributed Capital for Capital Assets	\$ 144,158	\$ -
Amortization Related to Long-Term Debt	\$ 278,691	\$ 279,240
Unrealized Gain/(Loss) on Investments	\$ 1,226,583	\$ (534,978)

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

June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

a. Reporting Entity:

The Padre Dam Municipal Water District (the District) was organized November 23, 1955, as Rio San Diego Municipal Water District pursuant to the Municipal Water District Law of 1911, Division 20 of the Water Code, as the result of an election held December 2, 1952. The name changed to Padre Dam Municipal Water District effective January 1, 1977.

Santee County Water District (formed in 1956 pursuant to the County Water District Law, Division 12 of the Water Code) operated within the territory of the District. As the result of an election held on November 2, 1976, Santee County Water District dissolved and its functions and operations were assumed by the District on December 31, 1976.

The communities of Alpine, Crest and Harbison Canyon (Eastern Service Area) were annexed to the District in 1961. The area within Crest Public Utility District was annexed in 1985 when that agency dissolved.

The District purchases its water supply from the San Diego County Water Authority.

The District sends its wastewater to City of San Diego METRO for treatment.

The District produces recycled water for construction and irrigation.

The District owns and operates Santee Lakes Recreation Preserve.

The District is composed of two geographically distinct service areas, which are as follows:

Western Service Area:

Western Service Area provides retail potable water, recycled water and sewer services to the community of Santee. The Santee Lakes Recreation Preserve and the Santee Water Reclamation Facility are located within this service area.

Eastern Service Area:

Eastern Service Area provides retail potable water service to the communities of Alpine, Crest and Harbison Canyon.

b. Basis of Presentation:

The basic financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting financial reporting purposes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

b. Basis of Presentation (Continued):

The District's activities are accounted for as an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

c. Measurement Focus and Basis of Accounting:

"Measurement focus" is a term used to describe *which* transactions are recorded within the various financial statements. "Basis of accounting" refers to *when* transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the "economic resources measurement focus," and the "accrual basis of accounting." Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent) and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

d. New Accounting Pronouncements:

Current-Year Standards:

In May 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authority Guidance*, which was effective immediately. This statement provides temporary relief to governments and other stakeholders in light of the coronavirus (COVID-19) pandemic and postpones the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this statement are effective for reporting periods beginning after December 15, 2020, and was early implemented by the District during the current fiscal year. The requirements of this statement were applied prospectively.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

d. New Accounting Pronouncements (Continued):

Pending Accounting Standards:

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this statement are effective for reporting periods beginning after December 15, 2019, and early application is encouraged. The District is currently evaluating the impact of the requirements of this statement on the presentation of its financial statements.

In June 2017, GASB issued Statement No. 87, *Leases*. This statement requires 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. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset for leases with a term of more than 12 months. Under this statement, a lessee 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, thereby enhancing the relevance and consistency of information about governments' leasing activities. For leases with a term of 12 months or less, lessees and lessors should recognize short-term lease payments as outflows of resources or inflows of resources, respectively, based on the payment provisions of the lease contract. The requirements of this statement are effective for reporting periods beginning after June 15, 2021, and early application is encouraged. The District is currently evaluating the impact of the requirements of this statement on the presentation of its financial statements.

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses practice issues that have been identified during implementation and application of certain GASB statements. This statement addresses a variety of topics, including issues related to leases, fiduciary activities, measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition, reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers, reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature and terminology used to refer to derivative instruments. The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries and terminology used to refer to derivative instruments are effective upon issuance. All other requirements of this statement are effective for reporting periods beginning after June 15, 2021. The District is currently evaluating the impact of the requirements of this statement on the presentation of its financial statements.

e. Statement of Cash Flows:

For purposes of the Statement of Cash Flows the District considers all financial instruments purchased with a maturity of three months or less to be cash and cash equivalents.

f. Investments:

Investments are stated at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value and any gains or losses realized upon the liquidation or sale of investments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

g. Accounts Receivable and Allowance for Doubtful Accounts:

Accounts receivable are from billed and unbilled customer accounts and total \$7,200,328 at June 30, 2020. The District extends credit to customers in the normal course of operations. Management evaluates all accounts receivable and, if it is determined that they are uncollectible, they are written off as a bad debt expense. Management has evaluated the remaining accounts receivable and has determined that they are collectible.

h. Inventory:

Inventory consists primarily of materials and supplies used in the construction and maintenance of capital assets. Inventory is valued at cost using a weighted-average cost method. Inventory items are charged to expense or construction in progress at the time that individual items are withdrawn from inventory or consumed.

i. Prepaid Expenses:

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

j. Capital Assets:

The District records the acquisition of capital assets and additions, improvements and other capital outlays that significantly extend the life of an asset at historical cost. Donated capital assets, donated works of art and similar assets and capital assets received in a service concession arrangement are reported at acquisition value. Self-constructed assets are recorded in the amount of direct labor, material and allocated overhead. District policy has set the capitalization threshold for reporting capital assets at \$5,000 and an estimated useful life of greater than five years.

Depreciation is calculated on the straight-line method over the estimated useful life of an asset, which ranges from five to one hundred years as follows:

Water system	10 – 75 years
Wastewater system	10 – 100 years
Water recycling system	5 – 50 years
Park and campgrounds	5 – 30 years
Buildings	20 – 30 years
Equipment	5 – 10 years

Depreciation totaled \$8,560,754 for the year ended June 30, 2020. Depreciation expense has been allocated to water operations, wastewater operations and park operations on the Statement of Revenues, Expenses and Changes in Net Position. The allocation of depreciation expense for the year ended June 30, 2020, is as follows:

Water Operations	\$	6,327,167
Wastewater Operations		1,279,899
Park Operations		953,688
	\$	<u>8,560,754</u>

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

k. Deferred Outflows/Inflows of Resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has the following items that qualify for reporting in this category.

- Deferred outflows related to pensions and other post-employment benefits (OPEB) for employer contributions made after the measurement date of the net pension liability and other post-employment benefit liability.
- Deferred outflows from pensions and OPEB for differences between expected and actual experiences. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and OPEB through the plan.
- Deferred outflows from pensions and OPEB resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and OPEB through the plan.
- Deferred outflows related to loss on refunding. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category.

- Deferred inflows from pensions for differences between expected and actual experiences. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions through the plan.
- Deferred inflows from pensions and OPEB resulting from changes in assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions and OPEB through the plan.
- Deferred inflows related to pensions and OPEB resulting from the difference in projected and actual earnings on plan investments of the pension and OPEB plan fiduciary net position. These amounts are amortized over five years.

l. Compensated Absences:

Vested or accumulated vacation and sick leave are recorded as expenses and liabilities as benefits accrue to employees. At June 30, 2020, accumulated vacation and sick leave totaled \$2,120,207 and is included in accrued expenses and other liabilities on the Statement of Net Position.

m. Prepaid Capacity Fees:

At the time of connection, the District charges customers a capacity fee to buy into the water and wastewater systems and to pay their fair share of costs to construct facilities required for provision of their water and sewer service.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

n. Restricted Assets and Liabilities:

Certain current liabilities have been classified as current liabilities payable from restricted assets, as they will be funded from restricted assets.

o. Net Position:

Net position of the District is classified into three components: (1) net investment in capital assets, (2) restricted net position and (3) unrestricted net position. These classifications are defined as follows:

Net Investment in Capital Assets:

This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of notes or borrowings that are attributable to the acquisition, construction or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

Restricted Net Position:

This component of net position consists of net position whose use is constrained by external sources such as creditors (e.g., debt covenants), grantors, contributors, laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position:

This component of net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

p. Net Position Flow Assumptions:

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the Statement of Net Position, a flow assumption must be made about the order in which the resources are considered to be applied.

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

q. Operating Revenues and Expenses:

The District distinguishes operating revenues and expenses from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services, delivering water and collecting, treating and disposing of wastewater and fees collected from park operations. The District's principal operating revenues are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Capital contributions are reported as a separate line item in the Statement of Revenues, Expenses and Changes in Net Position.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

r. Property Taxes:

Property taxes are billed by the County of San Diego to property owners. The District takes into account differences in the property taxes assessed in the two service areas when establishing its water rates for each area. The District's property tax calendar for the fiscal year ended June 30, 2020, was as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Date:	First Installment - November 1 Second Installment - February 1
Delinquent Date:	First Installment - December 10 Second Installment - April 10

Property taxes receivable of \$135,321 as of June 30, 2020, have been reported net of an allowance for estimated uncollectible taxes in the amount of \$6,608.

s. Amortization of Deferred Amounts from Refunding, Bond Discounts and Premiums Costs:

Deferred amounts from refunding, bond discounts and premiums are being amortized over the periods of debt maturities. Amortization of deferred charges, bond discounts and premiums totaled \$196,797 for the year ended June 30, 2020, and is included in interest expense on the Statement of Revenues, Expenses and Changes in Net Position.

t. Capital Contributions:

Capital contributions represent cash and capital asset additions contributed to the District by property owners or real estate developers desiring services that require capital expenditures or capacity commitment.

u. Pensions:

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

v. Post-Employment Benefits Other Than Pensions:

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

w. Use of Estimates:

The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America and, accordingly, include amounts that are based on management's best estimates and judgments. Actual results could differ from those estimates.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

x. Prior-Year Data:

Selected information regarding the prior year has been included in the accompanying financial statements. This information has been included for comparison purposes only and does not represent a complete presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District’s prior-year financial statements from which this selected financial data was derived.

2. CASH AND INVESTMENTS:

Cash and investments at June 30, 2020, are classified in the accompanying financial statements as follows:

Statement of Net Position:

Current Assets:

Cash and cash equivalents	\$ 44,416,321
Restricted cash and cash equivalents	751,847
Investments	49,255,825

Noncurrent Assets:

Restricted:

Cash and cash equivalents	9,365,803
Investments	<u>6,443,526</u>

Total cash and investments	<u><u>\$ 110,233,322</u></u>
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Cash and investments consist of the following:

Cash on hand	\$ 4,780
Deposits with financial institutions	25,428,465
Investments	<u>84,800,077</u>
Total cash and investments	<u><u>\$ 110,233,322</u></u>

2. CASH AND INVESTMENTS (CONTINUED):

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

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District’s investment policy, where more restrictive). 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.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Government Sponsored Entities	5 years	None	None
Municipal Obligations	5 years	15%	None
Banker’s Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Time Deposits	2 years	15%	None
Placement Service Certificates of Deposits	5 years	30%	None
Repurchase Agreements	90 days	None	None
Reverse Repurchase Agreements	90 days	20% of base value	None
Medium-term Corporate Notes	5 years	30%	None
Money Market Mutual Funds	N/A	20%	None
Supranational Obligations	5 years	30%	None
Local Agency Investment Fund (LAIF)**	N/A	65% of surplus funds whichever is lower	None
San Diego County Pooled Investment Fund	N/A	\$1 million	None
Mortgage and Asset Backed Securities	5 years	20%	None

Investments Authorized by Debt Agreements:

Investments of debt proceeds held by a bond trustee are governed by the general provisions of the debt agreements, rather than the general provisions of the California Government Code or the District’s investment policy.

Disclosures Relating to Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time to provide the cash flow and liquidity needed for operations.

2. CASH AND INVESTMENTS (CONTINUED):

Disclosures Relating to Interest Rate Risk (Continued):

Information about the sensitivity of the fair values of the District’s investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District’s investments by maturity.

As of June 30, 2020, the District had the following investments:

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Local Agency Investment Fund (LAIF)	\$ 24,679,654	\$ 24,679,654	\$ -	\$ -
Money Market Mutual Funds	4,421,070	4,421,070	-	-
U.S. Government Sponsored Entities	6,816,254	-	1,109,288	5,706,966
U.S. Treasury Obligations	22,066,906	-	13,957,194	8,109,712
Collaritized Mortgage Obligation	2,661,380	-	352,005	2,309,375
Asset Backed Securities	2,898,928	-	-	2,898,928
Negotiable Certificates of Deposit	5,871,869	3,371,675	548,384	1,951,810
Municipal Obligations	1,663,964	1,086,819	561,638	15,507
Supranational Obligations	1,066,237	507,973	-	558,264
Medium-term Corporate Notes	12,653,815	2,150,557	5,581,038	4,922,220
Total	\$ 84,800,077	\$ 36,217,748	\$ 22,109,547	\$ 26,472,782

Disclosures Relating to Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by the California Government Code, the District’s investment policy or debt agreements and Standard & Poor’s rating as of June 30, 2020, for each investment type.

The District’s investment policy and the actual rating as of June 30, 2020, for each investment type is as follows:

Investment Type	Total	Minimum Legal Rating	Exempt from Disclosure	Rating as of Year End				
				AAA	AA+	AA	Other	Not Rated
Local Agency Investment Fund (LAIF)	\$ 24,679,654	N/A	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,679,654
Money Market Mutual Funds	4,421,070	AAA	-	4,421,070	-	-	-	-
U.S. Government Sponsored Entities	6,816,254	N/A	-	-	6,816,254	-	-	-
U.S. Treasury Obligations	22,066,906	N/A	22,066,906	-	-	-	-	-
Collaritized Mortgage Obligation	2,661,380	AA	-	-	2,661,380	-	-	-
Asset Backed Securities	2,898,928	AA	-	-	2,607,271	-	-	291,657
Negotiable Certificates of Deposit	5,871,869	A	-	-	-	-	5,871,869	-
Municipal Obligations	1,663,964	A	-	-	551,340	-	1,112,624	-
Supranational Obligations	1,066,237	AA	-	1,066,237	-	-	-	-
Medium-term Corporate Notes	12,653,815	A	-	-	477,125	1,142,978	10,763,885	269,827
Total	\$ 84,800,077		\$ 22,066,906	\$ 5,487,307	\$ 13,113,370	\$ 1,142,978	\$ 17,748,378	\$ 25,241,138

The actual ratings for the “Other” category are as follows:

	Total	AA-	A+	A	A-	A-1+	A-1	BBB+/-
Negotiable Certificates of Deposit	\$ 5,871,869	1,117,038	\$ 834,772	\$ 548,384	\$ -	\$ 668,147	\$ 2,703,528	\$ -
Municipal Obligations	1,112,624	1,086,819	25,805	-	-	-	-	-
Medium-term Corporate Notes	10,763,885	1,014,905	2,394,318	3,013,115	2,578,156	-	-	1,763,391

2. CASH AND INVESTMENTS (CONTINUED):**Concentration of Credit Risk:**

The investment policy of the District contains various limitations on the amounts that can be invested in any one type or group of investments and in any issuer, beyond that stipulated by the California Government Code, Sections 53600 through 53692. There are no investments in any one issuer (other than U.S. Treasury securities, money market mutual funds and external investment pools) that represent 5% or more of total District investments as of June 30, 2020.

Custodial Credit Risk:

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, an entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, an entity 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 the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government 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 market 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 deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2020, all of the District's deposits with financial institutions were covered by federal depository insurance limits or were held in collateralized accounts.

Local Agency Investment Fund:

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts 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 basis.

Fair Value Measurements:

The District categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices for similar assets in active markets and Level 3 inputs are significant unobservable inputs.

Investments classified in Level 2 are valued using the following inputs:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability; or
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

The District has no investments categorized in Level 3. When valuing Level 3 securities, the inputs or methodology are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

2. CASH AND INVESTMENTS (CONTINUED):

Fair Value Measurements (Continued):

The District has the following recurring fair value measurements as of June 30, 2020:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
U.S. Government Sponsored Entities	\$ -	\$ 6,816,254	\$ -	\$ 6,816,254
U.S. Treasury Obligations	-	22,066,906	-	22,066,906
Collateralized Mortgage Obligation	-	2,661,380	-	2,661,380
Asset Backed Securities	-	2,898,928	-	2,898,928
Negotiable Certificates of Deposit	-	5,871,869	-	5,871,869
Municipal Obligations	-	1,663,964	-	1,663,964
Supranational Obligations	-	1,066,237	-	1,066,237
Medium-term Corporate Notes	-	12,653,815	-	12,653,815
Total Leveled Investments	\$ -	\$ 55,699,353	\$ -	55,699,353
Investments not subject to fair value hierarchy:				
LAIF				24,679,654
Money Market Funds				4,421,070
Total Investment Portfolio				\$ 84,800,077

3. RESTRICTED ASSETS:

Restricted assets were provided by, and are to be used for, the following as of June 30, 2020:

Funding Source	Use	Total
Customer and construction deposits	Various	\$ 738,000
Capacity expansion funds and accrued interest receivable	Acquisition and construction	11,554,336
Debt proceeds, capital contributions and interest earned	Debt service and acquisition and construction	4,307,217
Pensions and other	Various	13,847
		\$ 16,613,400

4. CAPITAL ASSETS:

The following is a summary of changes in capital assets for the year ended June 30, 2020:

	June 30, 2019			
	As Restated	Additions	Deletions	June 30, 2020
Capital Assets Not Depreciated:				
Land, Franchise and Water Rights	\$ 1,296,322	\$ -	\$ -	\$ 1,296,322
Construction in Progress	36,582,064	15,001,029	(9,607,238)	41,975,855
Total Capital Assets Not Depreciated	<u>37,878,386</u>	<u>15,001,029</u>	<u>(9,607,238)</u>	<u>43,272,177</u>
Capital Assets Being Depreciated:				
Water System	220,836,891	3,884,667	-	224,721,558
Sewer System	53,319,127	5,051,269	(38,966)	58,331,430
Water Recycling System	27,897,184	637,140	-	28,534,324
Park and Campgrounds	23,242,018	347,717	-	23,589,735
Buildings	28,556,160	176,789	-	28,732,949
Equipment	11,539,990	245,184	(68,719)	11,716,455
Total Capital Assets Being Depreciated	<u>365,391,370</u>	<u>10,342,766</u>	<u>(107,685)</u>	<u>375,626,451</u>
Less Accumulated Depreciation:	<u>(134,236,708)</u>	<u>(8,560,754)</u>	<u>107,685</u>	<u>(142,689,777)</u>
Total Capital Assets Being Depreciated, Net	<u>231,154,662</u>	<u>1,782,012</u>	<u>-</u>	<u>232,936,674</u>
Total Capital Assets, Net	<u>\$ 269,033,048</u>	<u>\$ 16,783,041</u>	<u>\$ (9,607,238)</u>	<u>\$ 276,208,851</u>

5. LONG-TERM DEBT:

Long-term liabilities for the year ended June 30, 2020, are as follows:

	Balance at June 30, 2019	Additions	Deletions	Balance at June 30, 2020	Due within One Year
Other Debt:					
Certificates of Participation (COPs):					
2017 Refunding COPs	\$ 49,125,000	\$ -	\$ (1,955,000)	\$ 47,170,000	\$ 2,055,000
2017 Refunding COPs Unamortized Premium	4,567,015	-	(225,257)	4,341,758	-
Net COPs	53,692,015	-	(2,180,257)	51,511,758	2,055,000
Revenue Bonds:					
2013 Refunding Revenue Bonds	2,130,000	-	(320,000)	1,810,000	330,000
2013 Unamortized Premium	289,429	-	(53,433)	235,996	-
Net Revenue Bonds	2,419,429	-	(373,433)	2,045,996	330,000
Direct Borrowings and Placements:					
Note Payable:					
California Bank and Trust	1,232,368	-	(393,920)	838,448	374,057
Capital Lease:					
Banc of America	344,065	-	(344,065)	-	-
Other Long-Term Debt:					
Capital One Park Cabins Loan	791,085	-	(103,586)	687,499	106,579
Total Long-Term Debt	<u>\$ 58,478,962</u>	<u>\$ -</u>	<u>\$ (3,395,261)</u>	<u>\$ 55,083,701</u>	<u>\$ 2,865,636</u>

Certificates of Participation (COPs):

On June 15, 2017, the District issued \$53,195,000 of 2017 Capital Improvement and Refunding Project, Series A Certificates of Participation which consist of serial bonds. Serial bonds in the amount of \$45,850,000 mature annually from October 1, 2017 to October 1, 2040, and bear varying interest rates between 3.00% and 5.00%. Serial bonds in the amount of \$7,345,000 mature annually from October 1, 2017 to October 1, 2039, and bear varying interest rates between 3.00% and 5.00%. The COPs were issued in part to defease the COPs issued in 2009 and in part to fund future capital projects. The defeased 2009 Certificates were paid off in October 2019. The savings amount between cash flow required to service the old debt and cash flow required to service the new debt is \$15,856,177 and represents an economic gain on refunding of \$11,892,769.

The total amount outstanding at June 30, 2020, and aggregate maturities of the 2017 Certificates of Participation for the fiscal years subsequent to June 30, 2020, are as follows:

For the Year Ended June 30,	Principal	Interest	Total
2021	\$ 2,055,000	\$ 1,853,856	\$ 3,908,856
2022	2,160,000	1,748,481	3,908,481
2023	1,610,000	1,654,231	3,264,231
2024	1,690,000	1,571,731	3,261,731
2025	1,775,000	1,485,106	3,260,106
2026-2030	10,350,000	5,961,156	16,311,156
2031-2035	12,900,000	3,417,956	16,317,956
2036-2040	14,630,000	1,168,533	15,798,533
	<u>\$ 47,170,000</u>	<u>\$ 18,861,050</u>	<u>\$ 66,031,050</u>

5. LONG-TERM DEBT (CONTINUED):

Revenue Bonds:

In April 2013, the 2013 Refunding Revenue Bonds were issued to defease the 2004 Certificates of Participation and the 1995 and 1996 State of California Loans Payable. The bonds were issued with a face value of \$7,225,000 plus an \$831,257 original issue premium. The bonds bear interest at 1% to 5% and are due in annual installments of \$395,000 to \$1,120,000 from December 31, 2013 through December 31, 2024. Future debt service requirements for the revenue bonds are as follows:

For the Year Ended June 30,	Principal	Interest	Total
2021	\$ 330,000	\$ 75,050	\$ 405,050
2022	345,000	59,900	404,900
2023	365,000	43,875	408,875
2024	375,000	27,250	402,250
2025	395,000	9,875	404,875
	<u>\$ 1,810,000</u>	<u>\$ 215,950</u>	<u>\$ 2,025,950</u>

Note Payable:

In April 1996, the District obtained an unsecured loan from California Bank and Trust, which was refinanced in 2002, 2007, 2012 and again in 2017, in the amount of \$5,000,000. The note bears interest at 61% of the prime rate (1.9825% at June 30, 2020). The note requires monthly interest and principal payments of \$34,585 with the remaining unpaid principal balance due August, 2022. This note is payable from revenues levied by the District for purposes other than the payment of principal and interest of bonded debt. Future debt service requirements for the California Bank and Trust Note are as follows:

For the Year Ended June 30,	Principal	Interest	Total
2021	\$ 374,057	\$ 13,236	\$ 387,293
2022	381,541	5,752	387,293
2023	82,850	251	83,101
	<u>\$ 838,448</u>	<u>\$ 19,239</u>	<u>\$ 857,687</u>

Capital Lease:

The District entered into a capital lease agreement on July 16, 2009, with Banc of America for \$5,604,125 to finance a portion of the \$8,706,363 cost of various new equipment. Accumulated depreciation on this equipment at June 30, 2020, was 5,472,652. The capital lease is for a term of 10 years with semiannual lease payments of \$351,892, which include interest at 6.75%. The lease was paid off during the current fiscal year.

Other Long-Term Debt:

On October 1, 2010, the District entered into an installment sale agreement with Capital One to finance the purchase and site work necessary to install seven land based cabins and three floating cabins at Santee Lakes. The total amount financed, including legal and closing costs, is \$1,415,000. The term of the agreement is 15 years with an effective interest rate of 2.89%. Annual payments of \$126,448 are required and are made with Park Funds. The agreement is subordinate to the existing COPs and is secured by a pledge of Park and District net revenues.

5. LONG-TERM DEBT (CONTINUED):

Other Long-Term Debt (Continued):

Future debt service requirements for the installment agreement is as follows:

For the Year Ended June 30,	Principal	Interest	Total
2021	\$ 106,579	\$ 19,869	\$ 126,448
2022	109,660	16,788	126,448
2023	112,829	13,619	126,448
2024	116,089	10,359	126,448
2025	119,445	7,003	126,448
2026	122,897	3,551	126,448
	<u>\$ 687,499</u>	<u>\$ 71,189</u>	<u>\$ 758,688</u>

6. PREPAID CAPACITY FEES:

The District records capacity fees collected as a liability until its duty to perform has been completed and service has begun at which time these fees are recorded as capital contributions. Following is a summary of the prepaid capacity fee liability at June 30, 2020:

Balance, Beginning of Year	\$ 1,699,928
Add: Construction and Capacity Fees Received	3,467,307
Less: Water and Sewer Connections	(1,213,500)
Less: Refunds	(288)
Balance, End of Year	<u>\$ 3,953,447</u>

7. PENSION PLAN:

A. General Information about the Pension Plan:

Plan Description:

All qualified permanent and probationary employees are eligible to participate in the District’s Miscellaneous Plan, which are agent multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS) (Plan), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided:

CalPERS provides service retirement and disability benefits, annual cost of living adjustments (COLA) 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. Classic members under benefit Tiers I and II with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Public Employees’ Pension Reform Act (PEPRA) members under Tier III are eligible to retire at age 52. All members are eligible for nonduty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each benefit group are applied as specified by the Public Employees’ Retirement Law.

7. PENSION PLAN (CONTINUED):

A. General Information about the Pension Plan:

Benefits Provided (Continued):

The Plan’s provisions and benefits in effect at measurement date ended June 30, 2019, are summarized as follows:

Benefit Group	Miscellaneous Plan		
	Tier I	Tier II	Tier III - PEPRA
Hire date	Prior to June 26, 2010	June 26, 2010 to December 31, 2012	On or After January 1, 2013
Benefit formula	3%@60	2.5%@55	2%@62
Benefit vesting schedule	5 years of service	5 years of service	5 years of service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 60	50 - 55	52 - 67
Required employee contribution rates	8%	8%	5.5%
Required employer contribution rates	36.318%	36.318%	36.318%

Employees Covered:

At measurement date ended June 30, 2019, the following employees were covered by the benefit terms for the Plan:

Inactive employees or beneficiaries	
currently receiving benefits	138
Inactive employees entitled to but	
not yet receiving benefits	58
Active employees	128
Total	<u>324</u>

Contributions:

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

B. Net Pension Liability:

The District’s net pension liability for the Plan is measured as the total pension liability, less the pension plan’s fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2019, using an annual actuarial valuation as of June 30, 2018, rolled forward to June 30, 2019, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

7. PENSION PLAN (CONTINUED):

B. Net Pension Liability (Continued):

Actuarial Assumptions:

The total pension liabilities in the June 30, 2018, actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous Plan</u>
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
 Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	(1)
Mortality Rate Table	(2)
Post-Retirement Benefit Increase	(3)

(1) Depending on age, service and type of employment.

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates includes 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

(3) The less of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter.

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 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.

7. PENSION PLAN (CONTINUED):

B. Net Pension Liability (Continued):

Long-Term Expected Rate of Return (Continued):

The expected real rate of return by asset class is as follows:

Asset Class (a)	New Strategic Allocation	Real Return Years 1 - 10 (b)	Real Return Years 11+ (c)
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
Total	100.00%		

(a) In the CalPERS CAFR, fixed income is included in global debt securities; liquidity is included in short-term investments; inflation assets are included in both global equity securities and global debt securities.

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

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

Discount Rate:

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events:

There were no subsequent events that would materially affect the results in this disclosure.

7. PENSION PLAN (CONTINUED):

C. Changes in the Net Pension Liability:

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

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2018 (Measurement date)	<u>\$ 121,013,135</u>	<u>\$ 77,826,431</u>	<u>\$ 43,186,704</u>
Changes in the Year:			
Service cost	2,056,387	-	2,056,387
Interest on the total pension liability	8,506,101	-	8,506,101
Differences between actual and expected experience	(280,887)	-	(280,887)
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	3,657,205	(3,657,205)
Contribution - employee	-	862,085	(862,085)
Net investment income	-	5,040,607	(5,040,607)
Administrative expenses	-	(55,539)	55,539
Benefit payments, including refunds of employee contributions	(5,588,009)	(5,588,009)	-
Other miscellaneous income/(expense)	-	180	(180)
Net Changes	<u>4,693,592</u>	<u>3,916,529</u>	<u>777,063</u>
Balance at June 30, 2019 (Measurement Date)	<u>\$ 125,706,727</u>	<u>\$ 81,742,960</u>	<u>\$ 43,963,767</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate:

The following presents the net pension liability of the District for the Plan, calculated using the discount rate for the Plan, as well as what the District’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	\$ 60,621,808
Current Discount Rate	7.15%
Net Pension Liability	\$ 43,963,767
1% Increase	8.15%
Net Pension Liability	\$ 30,136,680

7. PENSION PLAN (CONTINUED):

C. Changes in the Net Pension Liability (Continued):

Pension Plan Fiduciary Net Position:

Detailed information about the Plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions:

For the year ended June 30, 2020, the District recognized pension expense of \$6,495,102. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>of Resources</u>	<u>of Resources</u>
Pension contributions subsequent to measurement date	\$ 4,330,188	\$ -
Change in assumptions	468,969	(487,225)
Differences between actual and expected experience	1,643,683	(373,813)
Net differences between projected and actual earnings on plan investments	-	(350,751)
Total	<u>\$ 6,442,840</u>	<u>\$ (1,211,789)</u>

An amount of \$4,330,188 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ending June 30,	<u>Amount</u>
2021	\$ 1,646,714
2022	(676,263)
2023	(156,724)
2024	87,136
2025	-
Thereafter	-

E. Payable to the Pension Plan:

At June 30, 2020, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB):

General Information about the OPEB Plan:

Plan Description:

The District provides other post-employment benefits (OPEB) through an agent multiple-employer defined-benefit post-employment healthcare plan. Dependents are eligible to enroll, and benefits continue to surviving spouses. A separate financial report is not available for the plan. The District entered into an agreement with California Employers’ Retiree Benefit Trust (CERBT) to prefund the District’s OPEB liability.

Benefits Provided:

Retirees and spouses are eligible for medical benefits if they retire at age 50+ with 5+ years of CalPERS service. The District pays for a percentage of medical premiums based on hire date and years of service. New hire benefit levels are subject to annual caps.

Employees Covered:

At the June 30, 2019, measurement date, the benefit terms covered the following employees:

<u>Category</u>	<u>Count</u>
Active employees	112
Inactive employees, spouses, or beneficiaries currently receiving benefit payments	177
Inactive employees entitled to but not yet receiving benefit payments	-
Total	<u>289</u>

Contributions:

The District’s contributions are established by District policy and may be amended by the Board of Directors. The District makes contributions based on an actuarially determined rate. For the measurement period ended June 30, 2019, the District’s total contributions were \$2,836,264 and consist of cash contributions of \$1,459,369 due to the trust, \$1,080,117 of premium payments and implicit subsidy of \$296,778.

Net OPEB Liability:

Net OPEB Liability:

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

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

Net OPEB Liability (Continued):

Actuarial Assumptions:

The total OPEB liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.58%
Inflation	2.50%
Projected Salary Increase	2.75%
Expected long term investment rate of return	7.58%
Healthcare Cost Trend Rates	7%, trending down to 3.84%
Mortality	Based CalPERS table

The long-term expected rate of return 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. The asset class percentages are taken from the current composition of CERBT and the expected yields are taken from a recent CalPERS publication for the pension fund as follows:

Asset Class	New Strategic Allocation	Long-Term Expected Real Rate of Return
Global Equity	59.00%	6.80%
Fixed Income	25.00%	3.10%
TIPS	5.00%	2.25%
Commodities	3.00%	3.50%
REITs	8.00%	5.50%
Total	100.00%	

Discount Rate:

The discount rate used to measure the total OPEB liability is 7.58%. This is the expected long-term rate of return on District assets using investment strategy 2 within the California Employers' Retiree Benefit Trust (CERBT). The projection of cash flows used to determine the discount rate assumed that the District contribution will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position is projected to cover all future OPEB payments. Therefore, the discount rate was set equal to the long-term expected rate of return.

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

Changes in the Net OPEB Liability:

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2018 (Measurement Date)	\$ 28,810,216	\$ 13,214,452	\$ 15,595,764
Changes in the Year:			
Service cost	315,023	-	315,023
Interest on the total OPEB liability	2,067,729	-	2,067,729
Differences between actual and expected experience	1,211,543	-	1,211,543
Changes in assumptions	(3,585,215)	-	(3,585,215)
Changes in benefit terms	-	-	-
Contribution			
Employer- District's Contribution	-	2,539,486	(2,539,486)
Employer- Implicit Subsidy	-	296,778	(296,778)
Net investment income	-	891,335	(891,335)
Administrative expenses	-	(3,022)	3,022
Implicit Rate Subsidy Fulfilled	(296,778)	(296,778)	-
Benefit payments	(1,147,961)	(1,147,961)	-
Net Changes	(1,435,659)	2,279,838	(3,715,497)
Balance at June 30, 2019 (Measurement Date)	\$ 27,374,557	\$ 15,494,290	\$ 11,880,267

Change in Assumptions:

Discount rate changed from 7.28% to 7.58%.

Change in Benefit Terms:

There were no changes in benefit terms.

Change in Benefit Terms:

There were no subsequent events that would materially affect the results presented in this disclosure.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:

The following presents the total OPEB liability of the District, calculated using the discount rate for the plan, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease 6.58%	Discount Rate 7.58%	1% Increase 8.58%
Net OPEB Liability	\$ 15,014,747	\$ 11,880,267	\$ 9,236,200

8. OTHER POST-EMPLOYMENT BENEFITS (OPEB) (CONTINUED):

Changes in the Net OPEB Liability (Continued):

Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates:

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates is 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 one percentage point lower (6.0%) or one percentage point higher (8.0%) than current healthcare cost trend rates as follows:

	1% Decrease 6.00% decreasing to 2.84%	Current Healthcare Cost Trend Rates 7.00% decreasing to 3.84%	1% Increase 8.00% decreasing to 4.84%
Net OPEB Liability	\$ 9,358,101	\$ 11,880,267	\$ 14,890,822

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB:

For the year ended June 30, 2020, the District recognized OPEB expense of \$819,806. At June 30, 2020, 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
OPEB contributions subsequent to measurement date	\$ 1,732,332	\$ -
Differences between actual and expected experience	978,554	-
Change in assumptions	19,672	(2,895,750)
Net difference between projected and actual earnings on OPEB plan investments	-	(77,880)
Total	<u>\$ 2,730,558</u>	<u>\$ (2,973,630)</u>

An amount of \$1,732,332 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2021. Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2021	\$ (511,629)
2022	(511,627)
2023	(439,783)
2024	(421,069)
2025	(91,296)
Thereafter	-

Payable to the OPEB Plan:

At June 30, 2020, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2020.

9. REIMBURSEMENT CONTRACTS:

The District has historically entered into reimbursement contracts with developers who have made contributions to the District to aid in the construction of water and sewer facilities. These contracts are to be repaid as new connections are made to the related water and sewer facilities. The District’s liability is limited to collecting the applicable connection fees and payment of the fees to the developers. The District currently has no liability related to active reimbursement contracts.

10. COMMITMENTS AND CONTINGENCIES:

Leases:

The District entered into a 25 year agreement in 1976 with the City of San Diego for the use of a portion of a major water transmission line. The lease was extended for an additional 10 years in December 2002 and another 10 years in November 2011. The minimum annual payments under the terms of the agreement are \$33,339 through December 2021. Rent expense under these noncancelable leases was \$33,339 for the year ended June 30, 2020.

Future minimum lease payments as of June 30, 2020, are as follows:

2021	\$	33,339
2022		16,670
Total	\$	<u>50,009</u>

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, would not materially affect the operations or financial condition of the District.

Construction Contracts:

The District has entered into various contracts for the purchase of material and construction of facilities. The amounts contracted are based on the contractors’ estimated cost of construction. At June 30, 2020, the total unpaid amount on these contracts was approximately \$4,600,000.

Coronavirus (COVID-19):

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of an outbreak of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks that is posed to the international community as the virus spread globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District’s financial condition, liquidity and future results of operations. Management is actively monitoring the impact of the global situation on the District’s financial condition, liquidity, operations and workforce. The District cannot estimate the length or gravity of the impact of the COVID-19 outbreak at this time; however, if the pandemic continues, it may have a material effect on the District’s results of future operations and financial position in fiscal year 2021.

11. CERTIFICATION OF RATE COVENANT REQUIREMENTS:

In connection with the execution and delivery of the outstanding Certificates of Participation and Revenue Bonds, the District agreed to meet certain covenants to maintain and collect gross revenues sufficient in each fiscal year to provide District net revenues that meet or exceed required ratios, as defined in the Rate Covenant section of the Official Statements. The District has complied with the Rate Covenants as outlined in the 2017 Certificates of Participation agreement and the 2013 Refunding Revenue Bonds for the year ended June 30, 2020. In connection with the execution and delivery of the California Bank and Trust Note, the District agreed to meet certain covenants to meet or exceed required ratios, as defined in the Rate Covenant section of the Note Agreement. The District has complied with the Rate Covenants as outlined in the Note Agreement for the year ended June 30, 2020.

12. RISK MANAGEMENT:

The District is exposed to various risks of loss related to torts, theft, damage and destruction of assets, errors and omissions and natural disasters. The District participates in an insurance pool through the Special District Risk Management Authority (SDRMA). SDRMA is a not-for-profit public agency formed under California Government Code Sections 6500 et seq. SDRMA is governed by a board composed of members from participating agencies. The mission of SDRMA is to provide renewable, efficiently priced risk financing and risk management services through a financially sound pool. The District pays an annual premium for commercial insurance covering general liability, excess liability, property, automobile, public employee dishonesty and various other risks. Accordingly, the District retains no risk of loss. Separate financial statements of SDRMA may be obtained at Special District Risk Management Authority, 1112 "I" Street, Suite 300, Sacramento, CA 95814. During its membership, the following policies are in effect:

General and Auto Liability - Public Officials' and Employees' Errors and Omissions and Employment Practices Liability: Total risk financing limits of \$10 million, combined single limit at \$10 million per occurrence, subject to the following deductibles:

- \$50,000 per occurrence for third party general liability property damage.
- \$10,000 per occurrence for third party auto liability property damage.
- 50% co-insurance of cost expended by SDRMA in excess of \$10,000 up to \$50,000 per occurrence for employment related claims. However 100% of the obligation may be waived if certain criteria are met.

Employee Dishonesty Coverage - Total of \$1 million per loss includes public employee dishonesty, forgery or alteration and theft and disappearance and destruction.

Property Loss - Replacement cost for property on file, if replaced, and if not replaced within two years after the loss, paid on an actual cash value basis, to a combined total of \$1 billion per occurrence, subject to \$1,000 deductible per occurrence.

Boiler and Machinery - Replacement cost up to \$100 million per occurrence, subject to a \$1,000 deductible.

Comprehensive and Collision - On selected vehicles, with deductibles of \$250/\$500 or \$500/\$1,000, as elected; ACV limits, fully self-funded by SDRMA.

Public Officials' Personal Liability - \$500,000 each occurrence, with an annual aggregate of \$500,000 per each elected/appointed official to which this coverage applies, subject to the terms, conditions and exclusions as provided in the Memorandum of Coverages, deductible of \$1,000 per claim.

Workers' Compensation & Employer's Liability - Statutory limits per occurrence for workers' compensation and \$5 million for employer's liability coverage.

12. RISK MANAGEMENT (CONTINUED):

Members are subject to dividends and/or assessments in accordance with the Sixth Amended Joint Powers Agreement and amendments thereto. No such dividends have been declared nor have any assessments been levied. Presently, there are no known refunds or credits due to the District.

During the past three fiscal years none of the above programs of protection have had settlements or judgments that exceeded pooled or insured coverage. There have been no significant reductions in pooled or insured liability coverage from coverage in the prior year.

13. EAST COUNTY ADVANCED WATER PURIFICATION JOINT POWERS AUTHORITY:

In November 2019, the District entered into a joint powers agreement with the City of El Cajon and the San Diego County Sanitation District to form East County Advanced Water Purification (East County AWP) Joint Powers Authority (JPA). The purposes of the JPA is to plan for, design, construct, own, lease, operate, maintain, repair and replace the Advanced Water Purification project; receive, convey, treat and dispose of wastewater and produce; and deliver Product Water and Title 22 Water.

Pursuant to the terms of the JPA agreement, the District serves as the Interim Administrator, performing all services necessary for the management and administration of the JPA, until such time that a long-term Administrator Agreement can be developed.

JPA activities are currently funded through a separate interim funding agreement signed by the JPA members and the Helix Water District on July 29, 2019. Section 6 of the agreement provides that each party will be reimbursed by the JPA at the close of financing for contributions made by each agency retroactive to March 2014. In December 2019, the District has secured a \$101 million Clean State Revolving Fund Loan on behalf of the JPA. As of June 30, 2020, the District has \$13,386,426 due from the JPA.

14. SUBSEQUENT EVENTS:

Events occurring after June 30, 2020, have been evaluated for possible adjustments to the financial statements or disclosure as of November 12, 2020, which is the date these financial statements were available to be issued.

Required Supplementary Information

PADRE DAM MUNICIPAL WATER DISTRICT REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years*

Fiscal year ended	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement period	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Total Pension Liability:						
Service cost	\$ 2,056,387	\$ 1,995,282	\$ 1,942,588	\$ 1,667,007	\$ 1,708,536	\$ 1,792,911
Interest on total pension liability	8,506,101	8,189,528	7,846,202	7,620,341	7,268,299	6,967,691
Differences between expected and actual experience	(280,887)	876,769	(1,099,394)	29,468	(705,311)	-
Changes in assumptions	-	(698,869)	6,574,735	-	(1,810,650)	-
Benefit payments, including refunds of employee contributions	(5,588,009)	(5,425,780)	(4,956,734)	(4,594,669)	(4,172,721)	(4,016,332)
Net Change in Total Pension Liability	4,693,592	4,936,930	10,307,397	4,722,147	2,288,153	4,744,270
Total Pension Liability - Beginning of Year	121,013,135	116,076,205	105,768,808	101,046,661	98,758,508	94,014,238
Total Pension Liability - End of Year (a)	<u>\$ 125,706,727</u>	<u>\$ 121,013,135</u>	<u>\$ 116,076,205</u>	<u>\$ 105,768,808</u>	<u>\$ 101,046,661</u>	<u>\$ 98,758,508</u>
Plan Fiduciary Net Position:						
Contributions - employer	\$ 3,657,205	\$ 3,194,446	\$ 2,998,803	\$ 2,509,483	\$ 2,277,997	\$ 2,023,175
Contributions - employee	862,085	819,972	888,519	819,151	819,055	877,391
Net investment income	5,040,607	6,141,707	7,474,696	353,874	1,516,313	10,094,956
Benefit payments, including refunds of employee contributions	(5,588,009)	(5,425,780)	(4,956,734)	(4,594,669)	(4,172,721)	(4,016,332)
Net Plan to Plan Resource Movement	180	(180)	-	-	-	-
Other Miscellaneous Income / (Expense)	-	(217,287)	-	-	-	-
Administrative Expense	(55,539)	(114,421)	(99,101)	(41,488)	(76,726)	-
Net Change in Plan Fiduciary Net Position	3,916,529	4,398,457	6,306,183	(953,649)	363,918	8,979,190
Plan Fiduciary Net Position - Beginning of Year	77,826,431	73,427,974	67,121,791	68,075,440	67,711,522	58,732,332
Plan Fiduciary Net Position - End of Year (b)	<u>\$ 81,742,960</u>	<u>\$ 77,826,431</u>	<u>\$ 73,427,974</u>	<u>\$ 67,121,791</u>	<u>\$ 68,075,440</u>	<u>\$ 67,711,522</u>
Net Pension Liability - Ending (a)-(b)	<u>\$ 43,963,767</u>	<u>\$ 43,186,704</u>	<u>\$ 42,648,231</u>	<u>\$ 38,647,017</u>	<u>\$ 32,971,221</u>	<u>\$ 31,046,986</u>
Plan fiduciary net position as a percentage of the total pension liability	65.03%	64.31%	63.26%	63.46%	67.37%	68.56%
Covered payroll	\$ 10,860,288	\$ 10,444,059	\$ 10,314,259	\$ 10,100,905	\$ 9,921,986	\$ 9,812,967
Net pension liability as percentage of covered payroll	404.81%	413.50%	413.49%	382.61%	332.30%	316.39%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense.

From fiscal year June 30, 2016 to June 30, 2017:

There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:

The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:

There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:

There were no changes in assumptions.

* Fiscal year 2015 was the first year of implementation and therefore only six years are shown.

PADRE DAM MUNICIPAL WATER DISTRICT REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - DEFINED BENEFIT PENSION PLAN

	Last Ten Fiscal Years*					
	2020	2019	2018	2017	2016	2015
Actuarially determined contribution	\$ 4,330,188	\$ 3,643,607	\$ 3,194,446	\$ 2,998,803	\$ 2,509,483	\$ 2,277,997
Contributions in relation to the actuarially determined contributions	(4,330,188)	(3,643,607)	(3,194,446)	(2,998,803)	(2,509,483)	(2,277,997)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 11,922,323	\$ 10,860,288	\$ 10,444,059	\$ 10,314,259	\$ 10,100,905	\$ 9,921,986
Contributions as a percentage of covered payroll	36.32%	33.55%	30.59%	29.07%	24.84%	22.96%

Notes to Schedule:

Valuation Date	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Methods and Assumptions Used to Determine Contribution Rates:						
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	(1)	(1)	(1)	(1)	(1)	(1)
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	15 Year Smoothed Market Method
Inflation	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary increases	(2)	(2)	(2)	(2)	(2)	(2)
Investment rate of return	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement age	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)

- (1) Level percentage of payroll, closed
- (2) Depending on age, service, and type of employment
- (3) Net of pension plan investment expense, including inflation
- (4) The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
- (5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

* Fiscal year 2015 was the first year of implementation and therefore only six years are shown.

PADRE DAM MUNICIPAL WATER DISTRICT REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS

Last Ten Fiscal Years*

Fiscal year end	6/30/2020	6/30/2019	6/30/2018
Measurement date	6/30/2019	6/30/2018	6/30/2017
Total OPEB Liability:			
Service cost	\$ 315,023	\$ 309,358	\$ 300,713
Interest on total OPEB liability	2,067,729	1,990,082	1,907,223
Differences between Expected and Actual Experience	1,211,533	-	-
Benefit payments, including refunds of Employee Contributions	(1,147,961)	(765,851)	(917,448)
Change of Assumptions	(3,585,215)	30,916	-
Implicit Rate Subsidy Fulfilled	(296,778)	(266,471)	(248,388)
Net Change in Total OPEB Liability	(1,435,669)	1,298,034	1,042,100
Total OPEB Liability - Beginning of Year	28,810,216	27,512,182	26,470,082
Total OPEB Liability - End of Year (a)	27,374,547	28,810,216	27,512,182
Plan Fiduciary Net Position:			
Contributions			
Employer - District's Contribution	2,539,486	309,281	1,237,125
Employer - Implicit Subsidy	296,778	266,471	248,388
Net investment income	891,335	1,012,805	1,214,057
Administrative expenses	(3,022)	(6,778)	(6,162)
Benefit payments, including refunds of Employee Contributions	(1,147,961)	(765,851)	(917,448)
Implicit Rate Subsidy Fulfilled	(296,778)	(266,471)	(248,388)
Net Change in Plan Fiduciary Net Position	2,279,838	549,457	1,527,572
Plan Fiduciary Net Position - Beginning of Year	13,214,452	12,664,995	11,137,423
Plan Fiduciary Net Position - End of Year (b)	15,494,290	13,214,452	12,664,995
Net OPEB Liability - Ending (a)-(b)	\$ 11,880,257	\$ 15,595,764	\$ 14,847,187
Plan fiduciary net position as a percentage of the total OPEB liability	56.60%	45.87%	46.03%
Covered-employee payroll	\$ 10,573,952	\$ 10,776,917	\$ 10,776,917
Net OPEB liability as percentage of covered-employee payroll	112.35%	144.71%	137.77%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

The salary discount rate decreased from 2.865% to 2.75% during measurement period ended June 30, 2018.

Discount rate increased from 7.28% to 7.58% during measurement period ended June 30, 2019.

* Fiscal year 2018 was the first year of implementation and therefore only three years are shown.

PADRE DAM MUNICIPAL WATER DISTRICT REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CONTRIBUTIONS - OPEB

Last Ten Fiscal Years*

Report Date	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Actuarially determined contribution	\$ 1,384,943	\$ 1,475,544	\$ 1,512,400
Contributions in relation to the actuarially determined contributions	<u>(1,732,332)</u>	<u>(575,752)</u>	<u>(1,485,513)</u>
Contribution deficiency (excess)	<u>\$ (347,389)</u>	<u>\$ 899,792</u>	<u>\$ 26,887</u>
Covered - employee payroll	\$ 10,104,515	\$ 10,573,952	\$ 10,776,917
Contributions as a percentage of covered - employee payroll	17.14%	5.45%	13.78%

Notes to Schedule:

Valuation Date	6/30/2019	6/30/2017	6/30/2017
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry age normal, level percent of pay
Amortization method	Closed period, level percent of pay
Amortization period	20 years
Inflation	2.50%
Assumed Payroll Growth	2.75%
Healthcare Trend Rates	7.00%, trending down to 3.84%
Rate of Return on Assets	7.28% for 06/30/17 and 7.58% for 06/30/19
Mortality Rates	Derived from CalPERS pension plan updated to reflect most recent experience study

* Fiscal year 2018 was the first year of implementation and therefore only three years are shown.

Supplementary Information

PADRE DAM MUNICIPAL WATER DISTRICT

SCHEDULE OF INCOME (LOSS) BEFORE CONTRIBUTIONS BY FUND SERVICES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Water</u>	<u>Sewer</u>	<u>Park</u>	<u>Other</u>	<u>Restricted</u>	<u>Total</u>
Operating Revenues:						
Water Sales	\$ 30,050,059	\$ -	\$ -	\$ -	\$ -	\$ 30,050,059
Sewer Revenues	-	18,740,574	-	-	-	18,740,574
System Charges	11,885,429	-	-	-	-	11,885,429
Park Fees	-	-	6,177,597	-	-	6,177,597
Other Operating Income	4,939,561	15,750	5,635	-	-	4,960,946
Total Operating Revenues	<u>46,875,049</u>	<u>18,756,324</u>	<u>6,183,232</u>	<u>-</u>	<u>-</u>	<u>71,814,605</u>
Operating Expenses:						
Direct Expenses						
Water Purchases	15,885,483	-	-	-	-	15,885,483
Sewer METRO Costs	-	6,494,540	-	-	-	6,494,540
Other Operating Expenses	2,432,885	1,269,016	216,722	-	-	3,918,623
Internal Expenses						
Salary and Wages	8,716,105	3,467,437	1,331,817	-	-	13,515,359
Employee Benefits	6,804,505	2,863,325	830,546	-	-	10,498,376
Professional Services	2,047,956	798,119	296,030	-	-	3,142,105
Materials, Supplies, Vehicle, & Bldg. Rent	2,734,743	1,582,818	690,138	-	-	5,007,699
Administrative Expenses	948,208	374,021	94,372	-	-	1,416,601
Utilities	349,751	570,162	807,270	-	-	1,727,183
Depreciation	6,327,167	1,279,899	953,688	-	-	8,560,754
Billing Credits	(3,994,654)	(61,856)	(13,548)	-	-	(4,070,058)
Total Operating Expenses	<u>42,252,149</u>	<u>18,637,481</u>	<u>5,207,035</u>	<u>-</u>	<u>-</u>	<u>66,096,665</u>
Operating Income (Loss)	<u>4,622,900</u>	<u>118,843</u>	<u>976,197</u>	<u>-</u>	<u>-</u>	<u>5,717,940</u>
Nonoperating Revenues and (Expenses):						
Investment Income (Loss)	740,972	605,435	55,852	1,062,201	-	2,464,460
Restricted Investment Income (Loss)	-	-	-	-	557,856	557,856
Taxes and Assessments	3,428,063	-	-	-	-	3,428,063
Gain on Sale of Assets	-	-	-	26,142	-	26,142
Interest Expense	(1,149,557)	-	(276,358)	-	(446,895)	(1,872,810)
Other Income (Expense)	4,452,976	1,735,391	-	-	-	6,188,367
Total Nonoperating Revenues and (Expenses)	<u>7,472,454</u>	<u>2,340,826</u>	<u>(220,506)</u>	<u>1,088,343</u>	<u>110,961</u>	<u>10,792,078</u>
Income (Loss) Before Capital Contributions	<u>\$ 12,095,354</u>	<u>\$ 2,459,669</u>	<u>\$ 755,691</u>	<u>\$ 1,088,343</u>	<u>\$ 110,961</u>	<u>\$ 16,510,018</u>

See accompanying independent auditors' report.

PADRE DAM MUNICIPAL WATER DISTRICT

SCHEDULE OF INCOME (LOSS) BEFORE CONTRIBUTIONS BY FUND SERVICES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Water</u>	<u>Sewer</u>	<u>Park</u>	<u>Other</u>	<u>Restricted</u>	<u>Total</u>
Operating Revenues:						
Water Sales	\$ 28,111,096	\$ -	\$ -	\$ -	\$ -	\$ 28,111,096
Sewer Revenues	-	18,285,344	-	-	-	18,285,344
System Charges	11,499,473	-	-	-	-	11,499,473
Park Fees	-	-	6,407,067	-	-	6,407,067
Other Operating Income	6,556,075	8,634	2,781	-	-	6,567,490
Total Operating Revenues	<u>46,166,644</u>	<u>18,293,978</u>	<u>6,409,848</u>	<u>-</u>	<u>-</u>	<u>70,870,470</u>
Operating Expenses:						
Direct Expenses						
Water Purchases	15,346,781	-	-	-	-	15,346,781
Sewer METRO Costs	-	4,950,058	-	-	-	4,950,058
Other Operating Expenses	2,445,724	1,159,306	309,864	-	-	3,914,894
Internal Expenses						
Salary and Wages	8,037,811	3,197,597	1,269,278	-	-	12,504,686
Employee Benefits	6,082,951	2,559,696	766,672	-	-	9,409,319
Professional Services	3,174,861	1,237,291	421,103	-	-	4,833,255
Materials, Supplies, Vehicle, & Bldg. Rent	3,231,777	1,870,492	620,561	-	-	5,722,830
Administrative Expenses	950,947	375,101	142,921	-	-	1,468,969
Utilities	335,149	546,357	724,330	-	-	1,605,836
Depreciation	6,195,584	1,224,103	808,921	-	-	8,228,608
Billing Credits	(1,801,026)	(814,084)	2,962	-	-	(2,612,148)
Total Operating Expenses	<u>44,000,559</u>	<u>16,305,917</u>	<u>5,066,612</u>	<u>-</u>	<u>-</u>	<u>65,373,088</u>
Operating Income (Loss)	<u>2,166,085</u>	<u>1,988,061</u>	<u>1,343,236</u>	<u>-</u>	<u>-</u>	<u>5,497,382</u>
Nonoperating Revenues and (Expenses):						
Investment Income (Loss)	721,068	589,172	54,352	1,042,595	-	2,407,187
Restricted Investment Income (Loss)	-	-	-	-	621,887	621,887
Taxes and Assessments	3,278,984	-	-	-	-	3,278,984
Gain on Sale of Assets	-	-	-	34,269	-	34,269
Interest Expense	(1,059,868)	-	(296,173)	-	(469,503)	(1,825,544)
Other Income (Expense)	-	-	-	-	-	-
Total Nonoperating Revenues and (Expenses)	<u>2,940,184</u>	<u>589,172</u>	<u>(241,821)</u>	<u>1,076,864</u>	<u>152,384</u>	<u>4,516,783</u>
Income (Loss) Before Capital Contributions	<u>\$ 5,106,269</u>	<u>\$ 2,577,233</u>	<u>\$ 1,101,415</u>	<u>\$ 1,076,864</u>	<u>\$ 152,384</u>	<u>\$ 10,014,165</u>

See accompanying independent auditors' report.

SCHEDULE OF INCOME (LOSS) BEFORE CONTRIBUTIONS (BUDGET TO ACTUAL)
FOR THE YEAR ENDED JUNE 30, 2020

	PRIOR YEAR		CURRENT YEAR				CURRENT YEAR ACTUAL TO - FAV/(UNFAV)			
	ACTUAL		ACTUAL	BUDGET		BUDGET		PRIOR YEAR		
	\$		\$	\$	%	\$	%	\$	%	
Operating Revenues:										
Revenues:										
Water Sales	\$ 28,111,096	\$ 30,050,059	41.8	\$ 29,605,254	41.5	\$ 444,805	1.5	\$ 1,938,963	6.9	
Infrastructure Access Charge	976,716	1,077,525	1.5	1,155,216	1.6	(77,691)	(6.7)	100,809	10.3	
Energy Billings	1,262,115	1,338,449	1.9	1,349,439	1.9	(10,990)	(0.8)	76,334	6.0	
CWA/MWD Credits	157,960	133,700	0.2	170,508	0.2	(36,808)	(21.6)	(24,260)	(15.4)	
Padre Dam Sewer Processing Fee	1,159,306	1,269,016	1.8	1,269,016	1.8	-	-	109,710	9.5	
Sewer Revenues	18,285,344	18,740,574	26.1	18,723,940	26.2	16,634	0.1	455,230	2.5	
System Charges	11,499,473	11,885,429	16.6	11,652,965	16.3	232,464	2.0	385,956	3.4	
Park Fees	6,407,067	6,177,597	8.6	6,428,396	9.0	(250,799)	(3.9)	(229,470)	(3.6)	
Other Revenues	3,011,393	1,142,256	1.6	1,045,000	1.5	97,256	9.3	(1,869,137)	(62.1)	
Total Operating Revenues	70,870,470	71,814,605	100.0	71,399,734	100.0	414,871	0.6	944,135	1.3	
Operating Expenses:										
Direct Expenses:										
Water Purchases	15,346,781	15,885,483	22.1	15,671,934	21.9	(213,549)	(1.4)	(538,702)	(3.5)	
Infrastructure Access Charge	955,986	1,068,720	1.5	1,056,720	1.5	(12,000)	(1.1)	(112,734)	(11.8)	
Energy Purchases	1,489,738	1,364,165	1.9	1,349,439	1.9	(14,726)	(1.1)	125,573	8.4	
Sewer METRO Costs	4,950,058	6,494,540	9.0	5,513,541	7.7	(980,999)	(17.8)	(1,544,482)	(31.2)	
Padre Dam Sewer Treatment	1,159,306	1,269,016	1.8	1,269,016	1.8	-	-	(109,710)	(9.5)	
Fish Stock, Propane, & Retail	309,864	216,722	0.3	311,509	0.4	94,787	30.4	93,142	30.1	
Total Direct Expenses	24,211,733	26,298,646	36.6	25,172,159	35.3	(1,126,487)	(4.5)	(2,086,913)	(8.6)	
Internal Expenses:										
Salary & Wages	12,504,686	13,515,359	18.8	13,700,326	19.2	184,967	1.4	(1,010,673)	(8.1)	
Employee Benefits	9,409,319	10,498,376	14.6	10,025,092	14.0	(473,284)	(4.7)	(1,089,057)	(11.6)	
Professional Services	4,833,255	3,142,105	4.4	6,379,484	8.9	3,237,379	50.7	1,691,150	35.0	
Materials, Supplies, Vehicle, & Bldg. Rent	5,722,830	5,007,699	7.0	5,773,123	8.1	765,424	13.3	715,131	12.5	
Administrative Expenses	1,468,969	1,416,601	2.0	1,787,205	2.5	370,604	20.7	52,368	3.6	
Utilities	1,605,836	1,727,183	2.4	1,948,028	2.7	220,845	11.3	(121,347)	(7.6)	
Billing Credits	(2,612,148)	(4,070,058)	(5.7)	(1,570,369)	(2.2)	2,499,689	159.2	1,457,910	55.8	
Subtotal	32,932,747	31,237,265	43.5	38,042,889	53.3	6,805,624	17.9	1,695,482	5.1	
Depreciation	8,228,608	8,560,754	11.9	9,079,612	12.7	518,858	5.7	(332,146)	(4.0)	
Total Internal Expenses	41,161,355	39,798,019	55.4	47,122,501	66.0	7,324,482	15.5	1,363,336	3.3	
Total Operating Expenses	65,373,088	66,096,665	92.0	72,294,660	101.2	6,197,995	8.6	(723,577)	(1.1)	
Operating Income (Loss)	5,497,382	5,717,940	8.0	(894,926)	(1.2)	6,612,866	738.9	220,558	4.0	
Nonoperating Revenues and (Expenses):										
Interest Income (Designated)	1,364,592	1,402,259	2.0	1,353,048	1.9	49,211	3.6	37,667	2.8	
Interest Income (Restricted)	437,900	370,409	0.5	238,774	0.3	131,635	55.1	(67,491)	(15.4)	
Gain (Loss) on Investments	1,226,582	1,249,648	1.7	-	-	1,249,648	N/A	23,066	1.9	
Taxes and Assessments	3,278,984	3,428,063	4.7	3,227,522	4.5	200,541	6.2	149,079	4.5	
Gain (Loss) on Sale of Other Capital Assets	34,269	26,142	-	-	-	26,142	N/A	(8,127)	(23.7)	
Interest Expense	(1,825,544)	(1,872,810)	(2.6)	(2,096,211)	(2.9)	223,401	10.7	(47,266)	(2.6)	
Other Income (Expense)	-	6,188,367	8.6	-	-	6,188,367	N/A	6,188,367	N/A	
Total Nonoperating Revenues and (Expenses)	4,516,783	10,792,078	14.9	2,723,133	3.8	8,068,945	296.3	6,275,295	138.9	
Income (Loss) Before Capital Contributions	\$ 10,014,165	\$ 16,510,018	23.0	\$ 1,828,207	2.6	\$ 14,681,811	803.1	\$ 6,495,853	64.9	

SCHEDULE OF INCOME (LOSS) BEFORE CONTRIBUTIONS (BUDGET TO ACTUAL)
FOR THE YEAR ENDED JUNE 30, 2019

	PRIOR YEAR		CURRENT YEAR				CURRENT YEAR ACTUAL TO - FAV/(UNFAV)			
	ACTUAL		ACTUAL	BUDGET		BUDGET		PRIOR YEAR		
	\$		\$	\$	%	\$	%	\$	%	
Operating Revenues:										
Revenues:										
Water Sales	\$ 31,633,123	\$ 28,111,096	39.7	\$ 29,508,875	43.1	\$ (1,397,779)	(4.7)	\$ (3,522,027)	(11.1)	
Infrastructure Access Charge	946,235	976,716	1.4	958,224	1.4	18,492	1.9	30,481	3.2	
Energy Billings	1,439,730	1,262,115	1.8	1,377,423	2.0	(115,308)	(8.4)	(177,615)	(12.3)	
CWA/MWD Credits	146,360	157,960	0.2	166,860	0.2	(8,900)	(5.3)	11,600	7.9	
Padre Dam Sewer Processing Fee	1,066,885	1,159,306	1.6	1,159,306	1.7	-	-	92,421	8.7	
Sewer Revenues	17,086,046	18,285,344	25.8	17,485,167	25.6	800,177	4.6	1,199,298	7.0	
System Charges	10,836,207	11,499,473	16.2	10,194,360	14.9	1,305,113	12.8	663,266	6.1	
Park Fees	6,200,095	6,407,067	9.0	6,538,440	9.6	(131,373)	(2.0)	206,972	3.3	
Other Revenues	3,560,016	3,011,393	4.2	1,024,000	1.5	1,987,393	194.1	(548,623)	(15.4)	
Total Operating Revenues	72,914,697	70,870,470	100.0	68,412,655	100.0	2,457,815	3.6	(2,044,227)	(2.8)	
Operating Expenses:										
Direct Expenses:										
Water Purchases	16,500,179	15,346,781	21.7	14,739,400	21.5	(607,381)	(4.1)	1,153,398	7.0	
Infrastructure Access Charge	930,624	955,986	1.3	958,224	1.4	2,238	0.2	(25,362)	(2.7)	
Energy Purchases	1,419,983	1,489,738	2.1	1,377,423	2.0	(112,315)	(8.2)	(69,755)	(4.9)	
Sewer METRO Costs	4,831,929	4,950,058	7.0	5,428,801	7.9	478,743	8.8	(118,129)	(2.4)	
Padre Dam Sewer Treatment	1,066,885	1,159,306	1.6	1,159,306	1.7	-	-	(92,421)	(8.7)	
Fish Stock, Propane, & Retail	317,655	309,864	0.4	327,380	0.5	17,516	5.4	7,791	2.5	
Total Direct Expenses	25,067,255	24,211,733	34.2	23,990,534	35.1	(221,199)	(0.9)	855,522	3.4	
Internal Expenses:										
Salary & Wages	12,032,815	12,504,686	17.6	13,003,629	19.0	498,943	3.8	(471,871)	(3.9)	
Employee Benefits	9,155,681	9,409,319	13.3	8,670,202	12.7	(739,117)	(8.5)	(253,638)	(2.8)	
Professional Services	4,884,637	4,833,255	6.8	5,769,364	8.4	936,109	16.2	51,382	1.1	
Materials, Supplies, Vehicle, & Bldg. Rent	5,491,496	5,722,830	8.1	5,356,556	7.8	(366,274)	(6.8)	(231,334)	(4.2)	
Administrative Expenses	1,448,089	1,468,969	2.1	1,832,515	2.7	363,546	19.8	(20,880)	(1.4)	
Utilities	1,597,794	1,605,836	2.3	1,780,223	2.6	174,387	9.8	(8,042)	(0.5)	
Billing Credits	(3,208,050)	(2,612,148)	(3.7)	(1,709,161)	(2.5)	902,987	52.8	(595,902)	(18.6)	
Subtotal	31,402,462	32,932,747	46.5	34,703,328	50.7	1,770,581	5.1	(1,530,285)	(4.9)	
Depreciation	8,063,872	8,228,608	11.6	8,022,306	11.7	(206,302)	(2.6)	(164,736)	(2.0)	
Total Internal Expenses	39,466,334	41,161,355	58.1	42,725,634	62.5	1,564,279	3.7	(1,695,021)	(4.3)	
Total Operating Expenses	64,533,589	65,373,088	92.2	66,716,168	97.5	1,343,080	2.0	(839,499)	(1.3)	
Operating Income (Loss)	8,381,108	5,497,382	7.8	1,696,487	2.5	3,800,895	224.0	(2,883,726)	(34.4)	
Nonoperating Revenues and (Expenses):										
Interest Income (Designated)	896,307	1,364,592	1.9	253,361	0.4	1,111,231	438.6	468,285	52.2	
Interest Income (Restricted)	218,328	437,900	0.6	98,124	0.1	339,776	346.3	219,572	100.6	
Gain (Loss) on Investments	(534,978)	1,226,582	1.7	-	-	1,226,582	N/A	1,761,560	329.3	
Taxes and Assessments	3,102,193	3,278,984	4.6	3,074,891	4.5	204,093	6.6	176,791	5.7	
Gain (Loss) on Sale of Other Capital Assets	46,919	34,269	-	-	-	34,269	N/A	(12,650)	(27.0)	
Interest Expense	(1,801,669)	(1,825,544)	(2.6)	(2,242,673)	(3.2)	417,129	18.6	(23,875)	(1.3)	
Other Income (Expense)	-	-	-	-	-	-	N/A	-	N/A	
Total Nonoperating Revenues and (Expenses)	1,927,100	4,516,783	6.2	1,183,703	1.8	3,333,080	281.6	2,589,683	134.4	
Income (Loss) Before Capital Contributions	\$ 10,308,208	\$ 10,014,165	14.1	\$ 2,880,190	4.2	\$ 7,133,975	247.7	\$ (294,043)	(2.9)	

SCHEDULE OF CHANGE IN CASH, CASH EQUIVALENTS AND INVESTMENTS
FOR THE YEAR ENDED JUNE 30, 2020

	Retail	Water Recycling	Sewer	Park	Total Designated	Restricted CEF/ Other	Restricted COP	Non-Operating Woodside & LWD	Non-Operating METRO	Grand Total
Cash Flows From Operating Activities:										
Operating Income (Loss)	\$ 3,835,248	\$ 787,652	\$ 118,843	\$ 976,197	\$ 5,717,940	\$ -	\$ -	\$ -	\$ -	\$ 5,717,940
Depreciation	5,437,472	889,695	1,279,899	953,688	8,560,754	-	-	-	-	8,560,754
Accounts Receivable	(467,021) *	(68,464) *	(185,015) *	- *	(720,500)	-	-	-	-	(720,500)
Accounts Receivable - Other	56,085 *	8,222 *	22,219 *	- *	86,526	-	-	-	-	86,526
Inventory	(74,645) *	(10,943) *	(29,571) *	- *	(115,159)	-	-	-	-	(115,159)
Prepaid Expenses	(13,265) *	(1,945) *	(5,255) *	- *	(20,465)	-	-	-	-	(20,465)
Deferred Outflows of Resources Pension	886,925 *	130,020 *	351,364 *	- *	1,368,309	-	-	-	-	1,368,309
Deferred Outflows of Resources OPEB	84,913 *	12,448 *	33,639 *	- *	131,000	-	-	-	-	131,000
Accounts Payable	1,306,078 *	191,467 *	517,416 *	- *	2,014,961	-	-	-	-	2,014,961
Accrued Expense and Other Liabilities	225,259 *	33,022 *	89,238 *	- *	347,519	-	-	-	-	347,519
Deposits & Advances on Construction	(161,504) *	(23,676) *	(63,982) *	- *	(249,162)	-	-	-	-	(249,162)
Net Pension Liability	(2,408,348) *	(353,056) *	(954,093) *	- *	(3,715,497)	-	-	-	-	(3,715,497)
Net OPEB Liability	503,684 *	73,839 *	199,540 *	- *	777,063	-	-	-	-	777,063
Deferred Outflows Pensions	1,731,940 *	253,897 *	686,127 *	- *	2,671,964	-	-	-	-	2,671,964
Deferred Outflows OPEB	3,850 *	565 *	1,526 *	- *	5,941	-	-	-	-	5,941
Net Cash Provided by Operating Activities	10,946,671	1,922,743	2,061,895	1,929,885	16,861,194	-	-	-	-	16,861,194
Cash & Cash Equivalents and Investments From Noncapital and Related Financing Activities:										
Property Tax Receipts	3,412,328	-	-	-	3,412,328	-	-	-	-	3,412,328
Net Cash Provided (Used) by Noncapital and Related Financing Activities	3,412,328	-	-	-	3,412,328	-	-	-	-	3,412,328
Cash Flows From Capital and Related Financing Activities:										
Acquisition and Construction of Capital Assets	(8,514,947)	297,568	(1,671,452)	(4,684,477)	(14,573,308)	(279,773)	-	-	-	(14,853,081)
Proceeds from Sale of Assets	-	-	-	-	-	-	-	26,142	-	26,142
Proceeds from Capital Contributions	-	-	-	-	-	3,383,196	-	-	-	3,383,196
Principal Payments on Long-Term Debt	(2,319,004)	(173,873)	14,892	(638,586)	(3,116,571)	-	-	-	-	(3,116,571)
Interest Paid, Net of Amount Capitalized	(1,272,802)	(108,035)	0	(276,358)	(1,657,195)	(446,895)	-	-	-	(2,104,090)
Net Cash Provided (Used) by Capital and Related Financing Activities	(12,106,753)	15,660	(1,656,560)	(5,599,421)	(19,347,074)	2,656,528	-	26,142	-	(16,664,404)
Cash Flows From Investing Activities:										
Payments to Other Governments	(4,665,711) *	(683,978) *	(1,848,370) *	- *	(7,198,059)	-	-	-	-	(7,198,059)
Interest Received on Investments	619,066	280,171	660,117	55,852	1,615,206	227,284	120,270	-	-	1,962,760
Net Cash Provided by Investing Activities	(4,046,645)	(403,807)	(1,188,253)	55,852	(5,582,853)	227,284	120,270	-	-	(5,235,299)
Transfers:										
Transfers	705,453	103,417	279,473	-	1,088,343	-	-	(1,088,343)	-	-
Transfers COP & Energy	-	-	-	29,604	29,604	(29,604)	-	-	-	-
Transfers Park Loan	-	-	-	4,975,524	4,975,524	-	(4,975,524)	-	-	-
Transfers (METRO)	(5,338,865)	(369,730)	(2,224,725)	-	(7,933,320)	-	-	-	7,933,320	-
Transfers Other	10,346,748	847,530	4,299,882	-	15,494,160	(2,002,550)	2,681	1,062,201	(13,386,426)	1,170,066
Net Transfers	5,713,336	581,217	2,354,630	5,005,128	13,654,311	(2,032,154)	(4,972,843)	(26,142)	(5,453,106)	1,170,066
Net Increase (Decrease) in Cash and Cash Equivalents and Investments	3,918,937	2,115,813	1,571,712	1,391,444	8,997,906	851,658	(4,852,573)	-	(5,453,106)	(456,115)
Cash and Cash Equivalents and Investments at Beginning of Year	41,651,451	14,789,627	22,849,914	4,644,367	83,935,359	11,402,301	9,159,790	-	6,191,987	110,689,437
Cash and Cash Equivalents and Investments at End of Year	\$ 45,570,388	\$ 16,905,440	\$ 24,421,626	\$ 6,035,811	\$ 92,933,265	\$ 12,253,959	\$ 4,307,217	\$ -	\$ 738,881	\$ 110,233,322

* Note: Allocation (of changes in receivables/payables/other assets) are based upon a constant percentage (overhead allocation percentage) applied throughout the fiscal year.

PADRE DAM MUNICIPAL WATER DISTRICT

SCHEDULE OF CHANGE IN CASH, CASH EQUIVALENTS AND INVESTMENTS
FOR THE YEAR ENDED JUNE 30, 2019

	Retail	Water Recycling	Sewer	Park	Total Designated	Restricted CEF/ Other	Restricted COP	Non-Operating Woodside & LWD	Non-Operating METRO	Grand Total
Cash Flows From Operating Activities:										
Operating Income (Loss)	\$ 1,907,262	\$ 258,823	\$ 1,988,061	\$ 1,343,236	\$ 5,497,382	\$ -	\$ -	\$ -	\$ -	\$ 5,497,382
Depreciation	5,308,845	886,739	1,224,103	808,921	8,228,608	-	-	-	-	8,228,608
Accounts Receivable	345,570 *	50,659 *	136,901 *	- *	533,130	-	-	-	-	533,130
Accounts Receivable - Other	699,811 *	102,590 *	277,238 *	- *	1,079,639	-	-	-	-	1,079,639
Inventory	112,720 *	16,525 *	44,656 *	- *	173,901	-	-	-	-	173,901
Prepaid Expenses	(17,716) *	(2,597) *	(7,019) *	- *	(27,332)	-	-	-	-	(27,332)
Deferred Outflows of Resources Pension	908,324 *	133,165 *	360,246 *	- *	1,401,735	-	-	-	-	1,401,735
Deferred Outflows of Resources OPEB	(1,681,617) *	(246,533) *	(666,937) *	- *	(2,595,087)	-	-	-	-	(2,595,087)
Accounts Payable	(1,901,765) *	(278,793) *	(753,405) *	- *	(2,933,963)	-	-	-	-	(2,933,963)
Accrued Expense and Other Liabilities	54,730 *	8,023 *	21,682 *	- *	84,435	-	-	-	-	84,435
Deposits & Advances on Construction	244,279 *	35,810 *	96,773 *	- *	376,862	-	-	-	-	376,862
Net Pension Liability	485,078 *	71,115 *	192,384 *	- *	748,577	-	-	-	-	748,577
Net OPEB Liability	348,932 *	51,155 *	138,386 *	- *	538,473	-	-	-	-	538,473
Deferred Outflows of Resources from Pensions	(218,729) *	(32,067) *	(86,749) *	- *	(337,545)	-	-	-	-	(337,545)
Deferred Outflows of Resources from OPEB	9,253 *	1,357 *	3,670 *	- *	14,280	-	-	-	-	14,280
Net Cash Provided by Operating Activities	6,604,977	1,055,971	2,969,990	2,152,157	12,783,095	-	-	-	-	12,783,095
Cash & Cash Equivalents and Investments From Noncapital and Related Financing Activities:										
Property Tax Receipts	3,262,106	-	-	-	3,262,106	-	-	-	-	3,262,106
Net Cash Provided (Used) by Noncapital and Related Financing Activities	3,262,106	-	-	-	3,262,106	-	-	-	-	3,262,106
Cash Flows From Capital and Related Financing Activities:										
Acquisition and Construction of Capital Assets	(5,081,003)	614,435	(2,894,249)	(900,314)	(8,261,131)	(944,205)	-	-	-	(9,205,336)
Proceeds from Sale of Assets	-	-	-	-	-	-	-	44,843	-	44,843
Proceeds from Capital Contributions	-	-	-	-	-	5,095,276	-	-	-	5,095,276
Principal Payments on Long-Term Debt	(2,503,036)	(190,604)	(411)	(610,676)	(3,304,727)	-	-	-	-	(3,304,727)
Interest Paid, Net of Amount Capitalized	(1,161,417)	(106,280)	(32,306)	(296,173)	(1,596,176)	(469,503)	-	-	-	(2,065,679)
Net Cash Provided (Used) by Capital and Related Financing Activities	(8,745,456)	317,551	(2,926,966)	(1,807,163)	(13,162,034)	3,681,568	-	44,843	-	(9,435,623)
Cash Flows From Investing Activities:										
Payments to Other Governments	- *	- *	- *	- *	-	-	-	-	-	-
Interest Received on Investments	466,511	252,719	588,537	54,352	1,362,119	220,636	197,090	-	-	1,779,845
Net Cash Provided by Investing Activities	466,511	252,719	588,537	54,352	1,362,119	220,636	197,090	-	-	1,779,845
Transfers:										
Transfers	698,013	102,327	276,525	-	1,076,865	-	-	(1,076,865)	-	-
Transfers COP & Energy	-	-	-	-	-	-	-	-	-	-
Transfers Park Loan	-	-	-	-	-	-	-	-	-	-
Transfers (METRO)	2,873,992	199,031	1,197,603	-	4,270,626	-	-	-	(4,270,626)	-
Transfers Other	1,872,292	(352,551)	1,192,929	(23)	2,712,647	(2,625,956)	(4,255)	1,032,022	-	1,114,458
Net Transfers	5,444,297	(51,193)	2,667,057	(23)	8,060,138	(2,625,956)	(4,255)	(44,843)	(4,270,626)	1,114,458
Net Increase (Decrease) in Cash and Cash Equivalents and Investments	7,032,435	1,575,048	3,298,618	399,323	12,305,424	1,276,248	192,835	-	(4,270,626)	9,503,881
Cash and Cash Equivalents and Investments at Beginning of Year	34,619,060	13,214,585	19,551,246	4,245,044	71,629,935	10,126,053	8,966,955	-	10,462,613	101,185,556
Cash and Cash Equivalents and Investments at End of Year	\$41,651,495	\$14,789,633	\$22,849,864	\$ 4,644,367	\$83,935,359	\$11,402,301	\$ 9,159,790	\$ -	\$ 6,191,987	\$ 110,689,437

* Note: Allocation (of changes in receivables/payables/other assets) are based upon a constant percentage (overhead allocation percentage) applied throughout the fiscal year.

See accompanying independent auditors' report.

