



Annual Comprehensive Financial Report

Santa Fe Irrigation District

A Special District of the State of California

**For the Fiscal Year Ended June 30, 2022
& Comparative Statements with June 30, 2021**

Annual Comprehensive Financial Report

**Fiscal Year Ended June 30, 2022 & Comparative Statements
with June 30, 2021**



Prepared by the Administrative Department

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November 15, 2022

Board of Directors
Santa Fe Irrigation District
PO Box 409
Rancho Santa Fe, CA 92067-0409



We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the Santa Fe Irrigation District (District) for the fiscal year ended June 30, 2022. The purpose of this report is to provide the Board, the public, and other interested parties, with reliable financial information about the District. The Government Accounting Standards Board's (GASB) requires proprietary fund governments to use the full accrual basis of accounting. The accompanying statements have been prepared using the full accrual basis.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Pun Group LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the Santa Fe Irrigation District's financial statements for the year ended June 30, 2022. The independent auditors' report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report in the Financial Section and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it. Following the MD&A are the basic financial statements, notes to the statements, and an unaudited section of statistical information.

History & Current Profile of Santa Fe Irrigation District

The District was formed in February 1923 under the laws of the state of California for the purpose of delivering water to its service area. It is located in the western central portion of San Diego County, which is in the southwest corner of the state. The District covers an area of 10,300 acres and serves a population of approximately 20,000 in the communities of Rancho Santa Fe and Fairbanks Ranch, and the City of Solana Beach. It is governed by a five-member Board of Directors which is elected for four-year terms on a non-partisan basis by division.

The District's distribution system includes 157 miles of pipeline. There are over 7,500 service connections, approximately 85% of which are residential. The District owns a potable water reservoir with a capacity of six million gallons. In addition, the District is co-owner with San Dieguito Water District (SDWD) of the R. E. Badger Filtration Plant (Plant), the 800 acre foot raw water San Dieguito Reservoir (SDR), and Cielo and San Dieguito pump stations.

Raw (untreated) water is delivered to the Plant from three sources: SDR, Lake Hodges, and the San Diego County Water Authority's (SDCWA) raw & treated water aqueducts. At its inception, the District

acquired rights to a portion of the water in Lake Hodges, a local water reservoir owned by the City of San Diego. In 1948 the District became a member of SDCWA. The following year imported water became available from the SDCWA. The District's current imported water purchases from SDCWA include both raw and treated water, and range in any one year from 55-80% of the District's total water purchases. San Diego County as a whole meets approximately 60% of its needs from imported water (down from over 95% in 1991 due to supply diversification efforts and conservation). In 2001 the District began distributing recycled (reclaimed) water for non-potable purposes from the San Elijo Joint Powers Authority, a local wastewater agency. Approximately five percent of the District's total water demand is currently met with recycled water.

The Plant was constructed in 1970 and provides treatment and quality assurance for the potable water systems of both the District and SDWD. Operational and capital costs are shared by the Districts. Additional information on this joint venture is included in separate schedules in the notes section of this set of statements.

The District's financial accounting is on a proprietary enterprise fund basis, similar to the way a private going-concern business is treated. This means that revenues are recognized in the period they are earned and expensed in the period they are incurred. The District is empowered to fix and collect charges on its services and to levy and collect a share of property taxes as well as invest its funds in interest-bearing accounts and securities.

District Structure

A five-member Board of Directors elected for four-year terms governs the District. Each Director represents a geographical division of the service area. The Board meets monthly on the third Thursday of each month. Members of the Board are appointed to serve on various committees that consider most District business prior to being presented to the full Board. These committees are the Executive Committee, the Administrative and Finance Committee, and the Water Resources Committee.

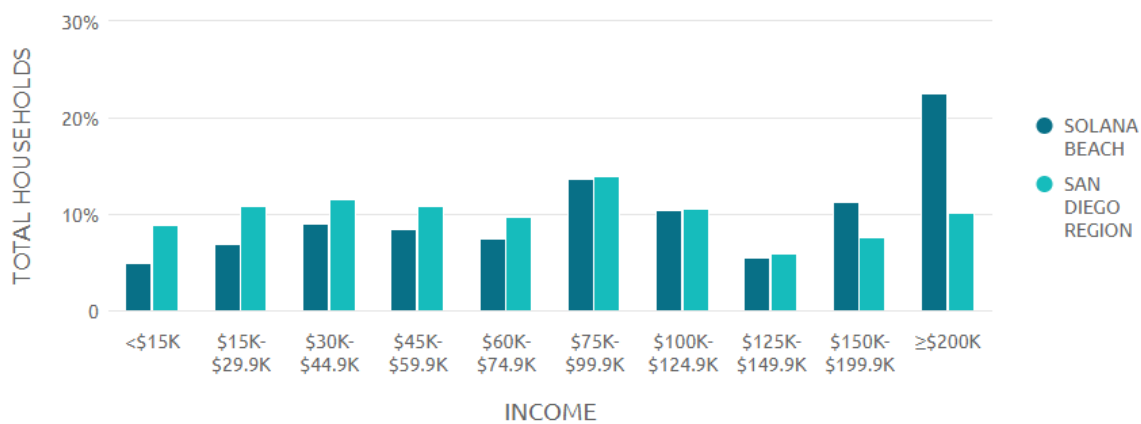
Day-to-day operations and strategic policy development is headed by the District's General Manager. Specific autonomous authority is granted to staff at certain levels for purchasing and other operations as outlined in the District's Administrative Code, with Board approval for other specific actions. Operationally, the District has two primary departments: District operations and joint facility operations. District operations are classified as administrative, engineering, distribution, and construction services. Joint facility operations are for District and SDWD procurement (SDCWA) or transmission of water (Lake Hodges, SDR), treatment (R.E. Badger Treatment Plant), and conveyance to each agency's unique distribution system.

Local Economy

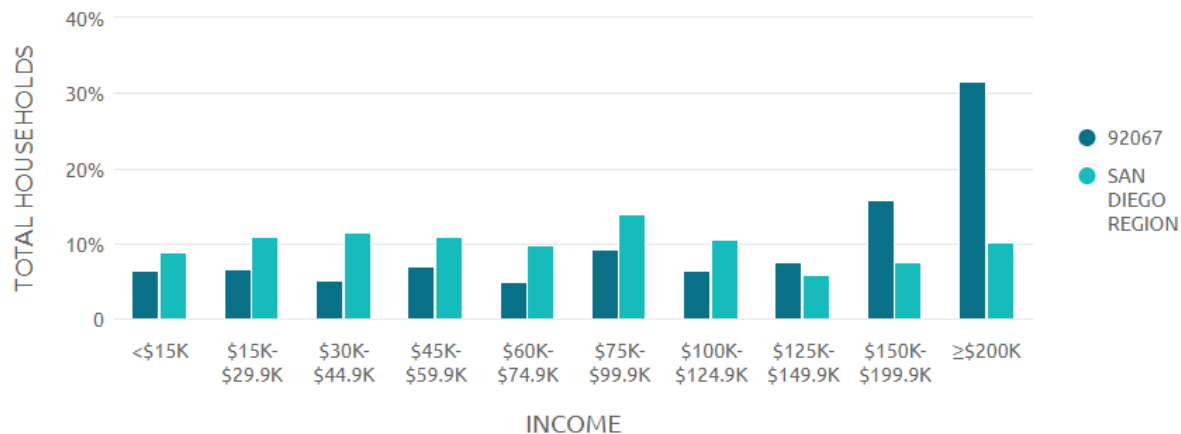
The District's service area is comprised of distinctly differing communities. The coastal region contains medium-density, single-family dwellings with some multiple-family residences. The inland section is primarily low-density residential with large single-family estate lots. Both of these areas are considerably built-out, focusing the District's capital plans on replacement and improvement rather than system expansion. Employment in the District is primarily local government (school district) and leisure / tourism (country club, restaurants, etc.) as the communities that comprise the District are primarily "bedroom communities" with some low density retail interspersed.

The cost of living for the coastal region of the District's service area is more than 200% of the national average while the inland section is more than 300% of the national average. The demographics of the District support this increase in cost of living, as average age and income levels are proportionally higher than the region. San Diego County's median population age was 35.4 in 2020, according to the SANDAG. By contrast, SANDAG data defines the District's customer base as relatively affluent and older, with a median age of 39.6 in the City of Solana Beach and a median income of \$99,211 (2020 estimate). Additionally, the District's unincorporated service area (as represented by zip code 92067) has a median age of 38.0 and a median income of \$140,830 (2020 estimate). The County-wide median income is approximately \$72,239.

Solana Beach Household Income Distribution (source: SANDAG)



Unincorporated Area Household Income Distribution – Zip 92067 (source: SANDAG)



The San Diego region's unemployment rate was estimated at 3.1% as of September 2022, where California and the United States' total unemployment was 3.9% and 3.7%, respectively (per the Bureau of Labor Statistics).

Financial Policies

The District's Board of Directors has adopted six policies that guide the financial management of the District. Financial policies are a critical component of a comprehensive government financial management program and provide guidelines for operational and strategic decision making. Good financial policies identify acceptable and unacceptable courses of action, establish parameters within which the organization can operate, and provide a standard against which fiscal performance can be measured. Additionally, policies establish consistency and quality control by serving as an ongoing context for management decisions, not only with the current staff and Board members, but also for future management and elected officials. Lastly, these policies are all living documents, designed to be reviewed regularly and modified as necessary. All changes to the financial policies must be approved by the Board of Directors.

Budget Policy

The Board of Directors adopted a Budget Policy that establishes the definition of a balanced budget, outlines the budget process, and assigns control and accountability. Operating and capital budgets for both the District and the Plant are prepared by departments annually and are reviewed and modified by management before being consolidated into a comprehensive document for approval by the Board. The consolidated budget is adopted prior to the beginning of the fiscal year. Actual results are compared to the budget on a monthly basis by Staff, with a comprehensive mid-year comparison presented to the Board and public. Further information may be found in the budget, copies of which are available at the District offices or on the website at www.sfidwater.org.

Capitalization Policy

The Capitalization Policy sets the parameters for capitalizing assets and equipment, establishes valuation thresholds, defines the useful life of various assets, and outlines the process for disposition of assets.

Debt Management Policy

The District has implemented a Debt Management Policy that establishes goals for the use of debt instruments and provides guidelines for debt used to finance the District's capital improvement program.

Investment Policy

The District invests temporarily idle cash in accordance with the Board-adopted Investment Policy and California Government Code Section 536i01 et seq. The objectives of the Investment Policy are to protect the District's investment capital, maintain liquidity, achieve a market rate of return, avoid unreasonable risk, and to conform to applicable regulations. This policy is reviewed annually by the Board and revised as necessary to respond to statutory and regulatory changes.

Reserve Funds Policy

The District's Reserve Funds Policy sets funding levels for capital improvements and replacement, operational needs, and rate stabilization and emergencies. The policy establishes minimum and maximum targets for each reserve fund, and identifies sources and uses of those funds. At the end of each fiscal year, the District's reserve fund balances are reconciled and adjusted to account for any activity that has occurred in the funds and to reset balances to at least minimum levels. The Reserve Funds Policy was most recently updated as of November 2020, modifying the total number of Policy designated reserves and revising the minimum and maximum reserve levels where determined appropriate by the Board. Included in Major Initiatives is the modification of the Reserve Funds Policy

to include the Pension Stabilization Reserve established in the recently adopted Pension Funding Policy.

Pension Funding Policy

The Board of Directors adopted a Pension Funding Policy in September 2021 to help provide guidance to the current and future Board members & staff in regard to managing pension liabilities. This includes establishment of a Section 115 Trust as a Pension Stabilization Reserve and utilizing undesignated fund balance to pre-fund District pension obligations with CalPERS.

Long Range Planning / Strategic Plan

The Board adopted a revised Strategic Plan in August 2021 that updated the District's Mission, Vision, and Goals. This updated Mission and Vision are:

Mission

The mission of Santa Fe Irrigation District is to meet the water supply needs of all its customers- safely, sustainably, reliably , and cost-effectively.

Vision

Santa Fe Irrigation District will proactively ensure:

- Sustainable water supplies - providing, efficiently using, and managing water resources to cost effectively meet long-term goals.
- Reliable infrastructure - planning, improving, and managing facilities to cost-effectively meet customer needs.
- High-performing staff - creative, forward-thinking staff that provide excellent service in an inclusive, team-oriented environment.
- Cost-effective operations - continually improving operations to efficiently deliver quality.
- Customer service focus - transparently communicating and engaging with customers, considering their interests, and exceeding expectations.
- Environmental stewardship - adapting to our changing climate and decreasing our environmental impact.
- Resiliency - planning and preparing for potentially significant events and threats to mitigate their effects.

The District performs an annual public review on the goals established by the Strategic Plan, including progress, completion, reason for any delay, and measured through key performance indicators. The last review was completed in May 2022 and can be found [HERE](#).

Additionally, the District performs a comprehensive five-year financial outlook as the beginning of the annual budgetary cycle. This outlook looks at the upcoming fiscal year and four years beyond to examine annual revenues, expenditures, capital improvement spending, and resulting impact on the District's overall net position. This outlook is also utilized as the basis in the District's cost-of-service process to ensure rate sufficiency to implement the District's Strategic Plan while also looking at rate payer impacts.

Major Initiatives

These major initiatives described below are also discussed in the accompanying MD&A with greater detail, including potential future financial impacts, and therefore should be read together.

Lake Hodges Dam

The District has historically been able to source approximately 30% of its water needs from Lake Hodges. The cost paid to get this local water to the R.E. Badger Filtration Plant is approximately \$250 per acre foot (AF), where imported water from the San Diego County Water Authority (SDCWA) is approximately \$1,250 per AF. The savings of \$1,000 per AF was a significant benefit to customers, creating the ability to keep costs low despite constant increases in imported water. However, the Lake Hodges Dam was recently rated as poor by the California Division of Safety of Dams (DSOD) and consequently, the water level able to be kept behind the dam has been significantly reduced. This reduction is projected to eliminate the ability for the District to yield any local water, which will significantly increase the level of water purchased from SDCWA beginning in FY23. It is not anticipated that this elimination of local water will be ameliorated in the short term, as a new dam is estimated by the City of San Diego to take 12 years to complete.

District Rates

The District's current cost-of-service and ability to increase water rates to offset increases in operation and maintenance costs ends on December 31, 2022. However, the Board of Directors retains the right to pass-through SDCWA wholesale through January 1, 2024. In anticipation of the expiration of the cost-of-service, the Board has been holding public meetings to discuss potential rate requirements and rate structure changes. It is anticipated that the cost-of-service process public hearing will occur in February 2023 with new potable water rates going into effect on March 1, 2023.

Drought and State Legislation

The Southwest United States has been in a severe and prolonged drought that has curtailed water availability from the Colorado River and the California State Water Project. This has resulted in numerous water providers that rely on these water sources to implement drought restrictions on water use and timing. The District and other SDCWA agencies have not implemented these significant restrictions on customers due to positive local water conditions based on prior investments in water infrastructure that is more drought resistant, including construction of a desalination plant, emergency water storage, and higher priority Colorado river water via the quantitative settlement agreement. Any potential future water restriction mandates from the State of California would have a significant impact on the District and its customers.

Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Santa Fe Irrigation District for its comprehensive annual financial report for the fiscal year ended June 30, 2021. This is the sixteenth consecutive year the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. District Staff believe that the current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

Management would like to thank the Board of Directors for their continued leadership and support. Additionally, preparation of this report could not have been accomplished without support and input from all departments, and from our independent auditors, The Pun Group LLP, Certified Public Accountants.

Respectfully submitted,



Albert C. Lau, P.E.
General Manager



Seth M. Gates
Administrative Services Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Santa Fe Irrigation District
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrell

Executive Director/CEO

DISTRICT OFFICIALS

A five-member Board of Directors elected for four-year terms governs the District. Each Director represents a geographical division of the service area. Elections are held every two years, with two divisions voting and then three divisions voting two years after.



Michael T. Hogan – President
Division 4, Term Expires 12/2022



Sandra D. Johnson – Vice President
Division 3, Term Expires 12/2022



Dana Frieauf
Division 2, Term Expires 12/2024



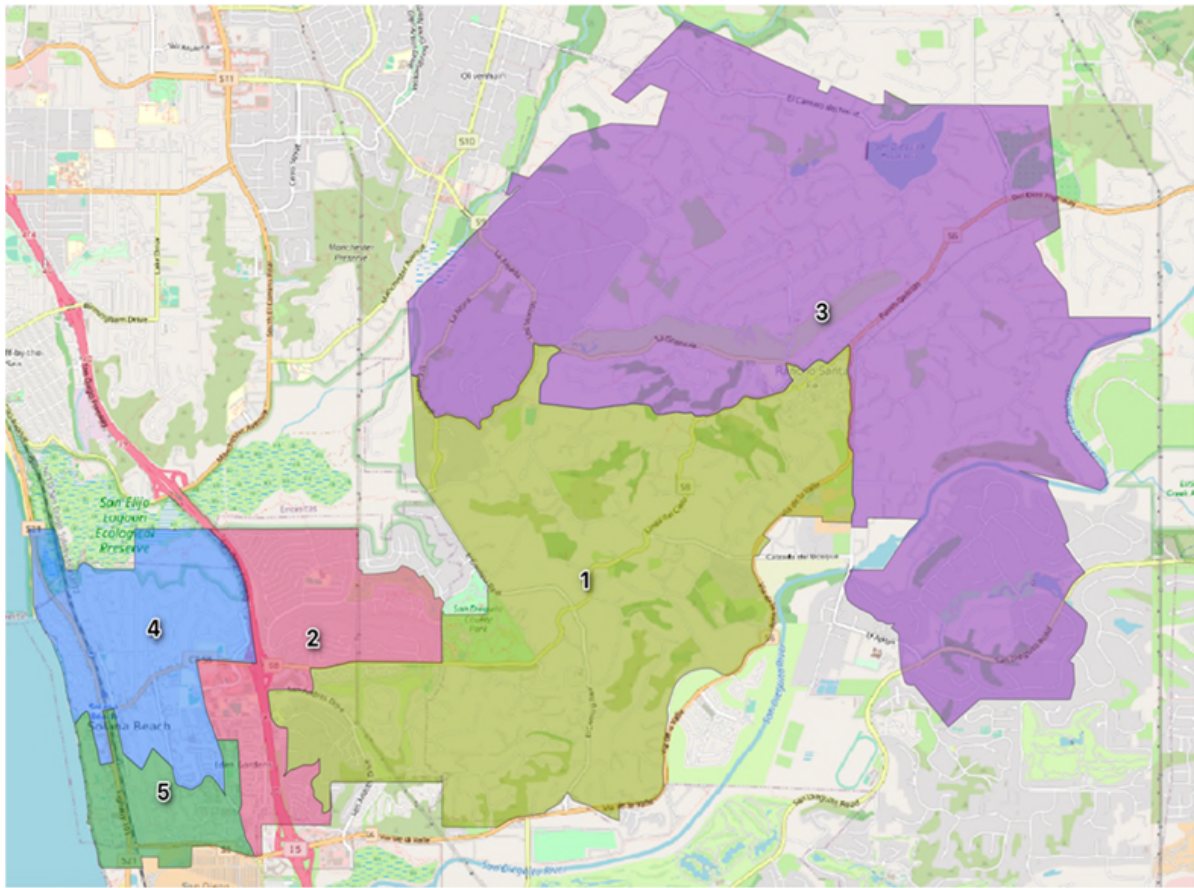
Kenneth B. Westphal
Division 1, Term Expires 12/2022



Andrew Menshek
Division 5, Term Expires 12/2022

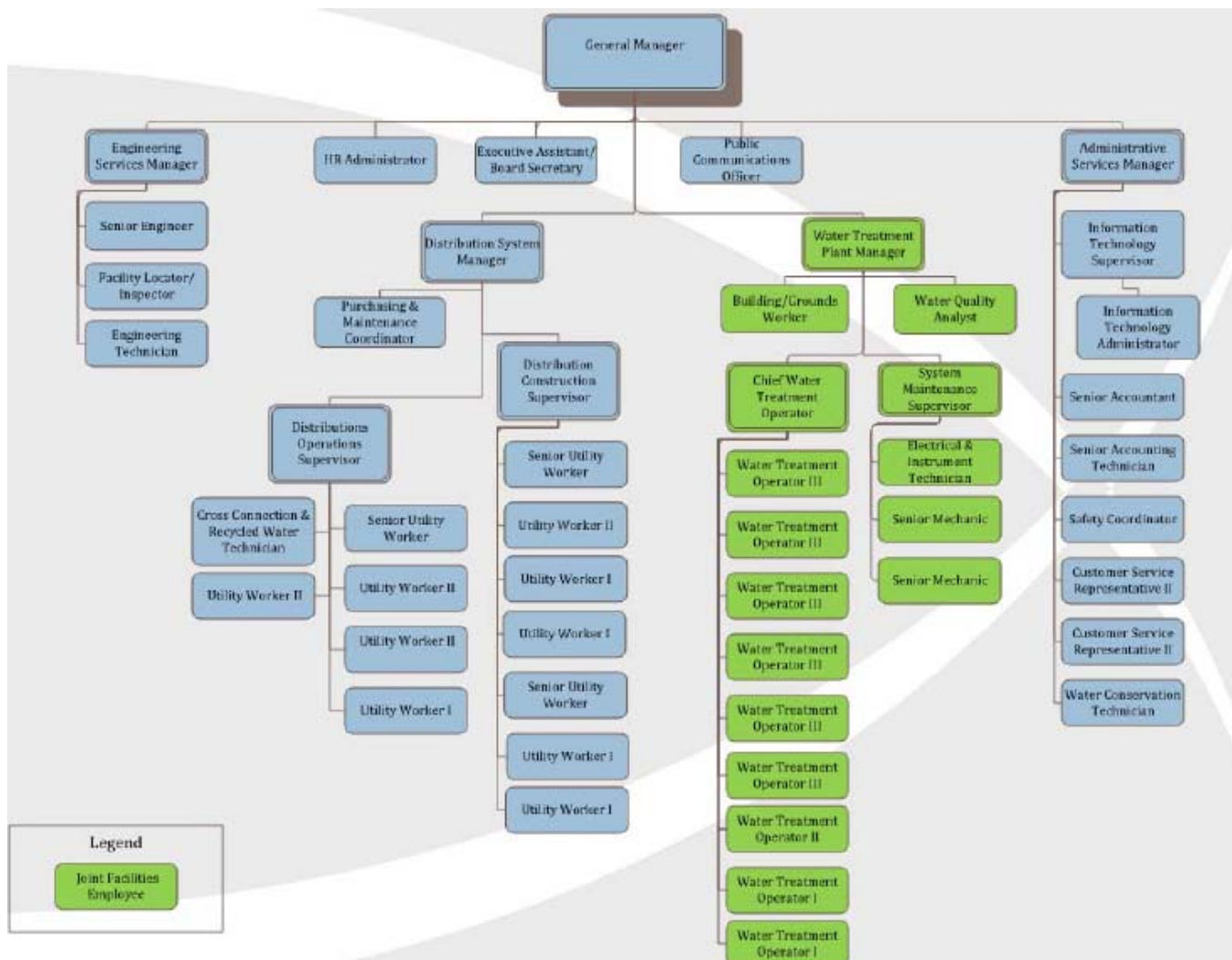
A map of the District's divisions is as follows. These boundaries were put into effect in January 2012 after the completion of the nationwide 2010 census. The District re-evaluated division borders in March 2022 with the publication of new census information, ensuring that substantially equal populations are represented in each of the District's divisions.

SFID BOUNDARIES Adopted 03-17-22

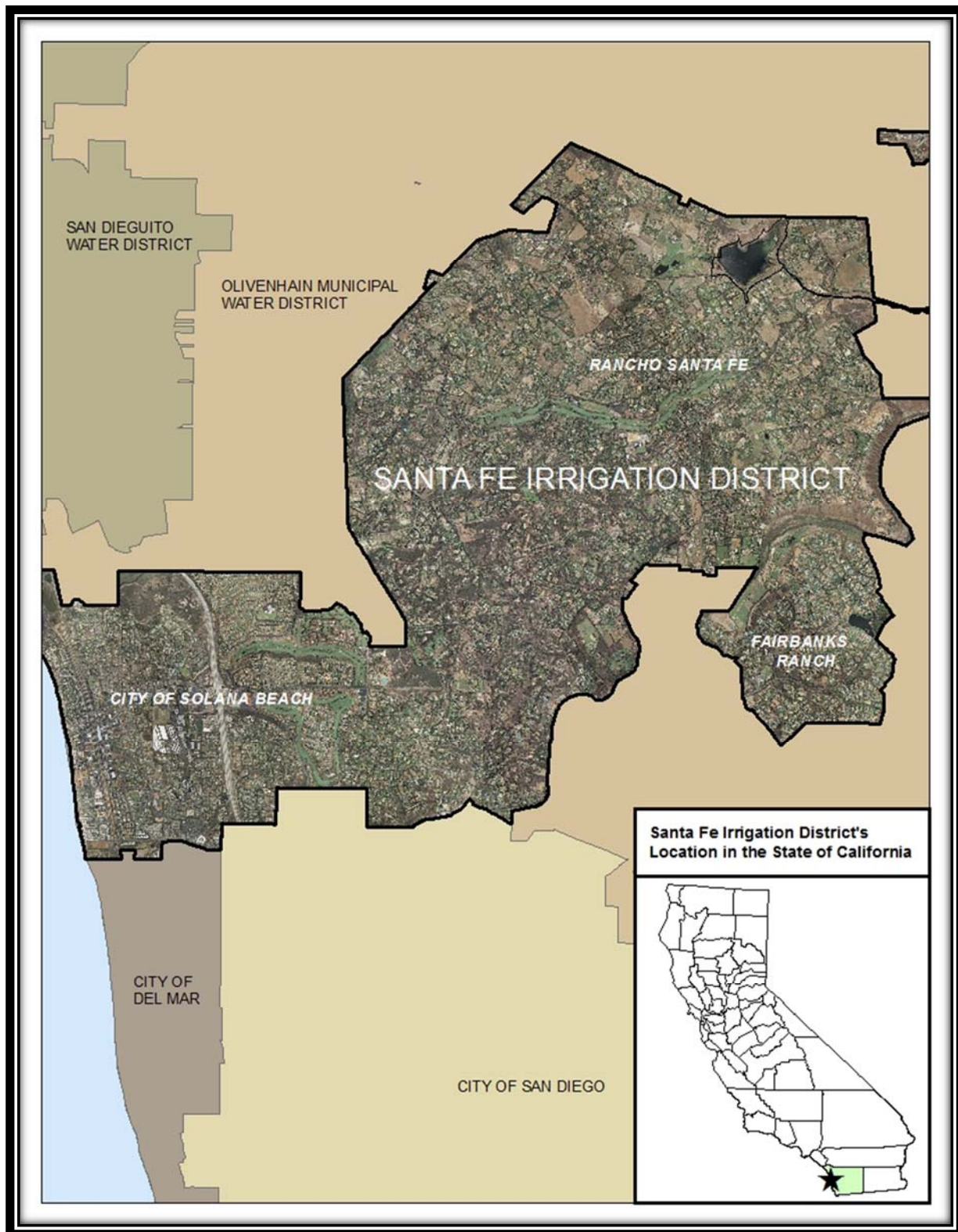


The Board contracts directly with the General Manager, which leads the day-to-day operations of the District, with all full and part-time employees under their direction. The Board may amend the District's Administrative Code (which is the District's controlling document) per Staff's recommendation & as required by legislative or other action. Additionally, the Board may adopt certain policies that direct Staff to operate certain parts of District day-to-day operations in a prescribed manner.

SANTA FE IRRIGATION DISTRICT ORGANIZATIONAL CHART



SERVICE AREA MAP





**INDEPENDENT AUDITORS' REPORT**www.pungroup.cpa

To the Board of Directors
of the Santa Fe Irrigation District
Rancho Santa Fe, California

Report on Financial Statements

We have audited the accompanying financial statements of the Santa Fe Irrigation District, California (the "District"), which comprise the statements of net position as of June 30, 2022 and 2021, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2022 and 2021, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter*Implementation of New GASB Pronouncements*

As discussed in Note 2 to the basic financial statements, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases* during the year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of Proportionate Share of Net Pension Liability and Related Ratios, the Schedule of Contributions – CalPERS Pension Plan, the Schedule of Changes in Net OPEB Liability and Related Ratios, and the Schedule of Contributions – Other Post-Employment Benefits Plan as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise District's basic financial statements. The Introductory Section, Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Changes in Net Position, Schedule of Net Position – R.E. Badger Filtration Plan, Schedule of Revenues, Expenses and Changes in Net Position – R.E. Badger Filtration Plan, Reconciliation of Billings – R.E. Badger Filtration Plan, and Statistical Section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Changes in Net Position, Schedule of Net Position – R.E. Badger Filtration Plan, Schedule of Revenues, Expenses and Changes in Net Position – R.E. Badger Filtration Plan, Reconciliation of Billings – R.E. Badger Filtration Plan, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Changes in Net Position, Schedule of Net Position – R.E. Badger Filtration Plan, Schedule of Revenues, Expenses and Changes in Net Position – R.E. Badger Filtration Plan, Reconciliation of Billings – R.E. Badger Filtration Plan, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2022, on our consideration of District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "The Pw Group, LLP". The signature is written in a cursive, flowing style.

San Diego, California
November 10, 2022

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

Independent Auditors' Report

To the Board of Directors
of the Santa Fe Irrigation District
Rancho Santa Fe, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Santa Fe Irrigation District, California (the "District"), which comprise the statements of net position as of June 30, 2022 and 2021, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 10, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

The PwC Group, LLP

San Diego, California
November 10, 2022

Management's Discussion and Analysis

This section of the Santa Fe Irrigation District's (District) Annual Comprehensive Financial Report (ACFR) presents management's discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2022. Topics covered in this section are:

- Financial Statements Overview
- Financial Highlights
- Financial Analysis
- Investments
- Infrastructure and Capital Assets
- Currently Known Facts, Conditions or Decisions

Interested parties are encouraged to read this section in conjunction with the letter of transmittal and the detailed financial statements included in the report.

Financial Statements Overview

The financial statements report information about the District's financial position and result of operations using the accrual basis of accounting, similar to methods used by private sector companies. The statements also present changes in cash balances, and information about both short and long-term activities. This section of the annual report contains three components: Management's Discussion and Analysis, the Basic Financial Statements, and the Notes to the Financial Statements.

The District's financial statements are presented in the same format as FY21, with comparative statements included. However, these statements are modified as compared to fiscal years prior to FY19, and are noted as such. FY18 and prior financial statements included the District operations (distribution, construction, engineering, and administration) presented as the financial statements, while R.E Badger Filtration Plant & joint facilities¹ operations were presented in the Supplementary Schedules to the Financial Statements. The District budgets and operates the Plant as a separate entity from District operations due to the joint interest with San Dieguito Water District (SDWD). The District and SDWD pay their proportional share of Plant expenditures (as determined through contractual agreements) on a monthly basis, which are then reconciled at fiscal year-end. Conversely, any expenditure incurred by the District for Plant operations are netted from these proportional payments to ensure proper cost allocation.

The District engaged The Pun Group, LLC, certified public accountants, to audit and prepare the financial statements for all operations beginning in FY19. The Pun Group consulted both District and Governmental Accounting Standards Board staff in regards to the presentation of District and Plant financial statements. Based on feedback received from all parties, it was determined that the most transparent presentation format would be Financial Statements that combine District and Plant operations. To accomplish this, transactions between the District and the Plant that allow each to maintain proper cost allocation need to be eliminated

¹ Includes Cielo and San Dieguito pump stations and other assets for raw water conveyance

to avoid overstating portions of the financial statements. These eliminating entries are shown in the Notes to the Financial Statements.

The Financial Statements include the following:

- The Statements of Net Position present financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The Statements of Revenues, Expenses and Changes in Net Position accounts for the District's activities during the last two years. It provides the basis for measuring the relative success in recovering operational costs.
- The Statements of Cash Flows report the District's cash receipts and disbursements during the periods, classified into operating, financing, and investing categories.
- 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 visible in the financial statements. The notes immediately follow the statements.

Supplementary Schedules include the following, among other items:

- The Combining Schedule of Net Position & Combining Schedule of Revenues, Expenses, and Changes in Net Position Schedule, both of which detail eliminating duplicative entries between District and Plant operations to show accurate revenues, expenditures, assets, and liabilities for combined operations.
- The Supplementary Reconciliation of Billings—R. E. Badger Filtration Plant reconciles the operating and capital amounts billed to the District and SDWD to the filtration revenue and capital contributions of the Plant.

FY21 is restated in the auditor's financial statements for comparability purposes to FY22 due to the implementation of GASB 87's requirement on accounting for leases in FY22. However, FY20 figures are not restated in this management and discussion analysis & are presented for comparison purposes prior to the implementation impacts from GASB 87.

Financial Highlights

Total operating revenues of \$29,347,198 is a decrease of \$4,427,864 or 13.1% from FY21 due to a decrease in filtration revenues. While nonoperating revenues increased by \$3,235,094 or 524.3% due to a change in the R.E. Badger loss – undivided interest. Total operating expenditures of \$32,867,916 is an increase of \$3,089,611 or 10.4% from FY21 due to an increase in water purchases due to a reduction in local water from Lake Hodges and due to one-time payments to CalPERS.

During the year, the District's overall financial position (change in net position) improved by \$2,269,225 to \$93,456,946, compared to \$91,187,721 as of June 30, 2021. The increase in net position is how the District annually generates sufficient net income to then spend on capital improvement projects on a pay-go basis in the same fiscal year.

Financial Analysis

Santa Fe Irrigation District

Statement of Net Position

Fiscal Year Ending June 30, 2022 / 2021 / 2020

	FYE 2022	FYE 2021	FYE 2020
Cash and investments	37,620,529	36,625,967	33,587,609
Accounts receivable	5,637,778	9,237,695	4,585,896
Other	1,010,477	738,229	732,955
Current assets	\$ 44,268,784	\$ 46,601,891	\$ 38,906,460
Non current assets	2,035,363	1,174,966	427,651
Capital assets	93,638,060	90,609,316	81,408,521
Total assets	\$ 139,942,207	\$ 138,386,173	\$ 120,742,632
Deferred outflow of resources	\$ 5,379,432	\$ 3,845,131	\$ 3,412,908
Accounts payable	3,752,471	5,738,548	2,870,430
Other	746,103	971,553	1,203,032
Current liabilities	\$ 4,498,574	\$ 6,710,101	\$ 4,073,462
Net pension liability	9,205,925	14,353,263	13,364,298
Net OPEB liability	1,305,738	3,080,407	3,620,450
Undivided interest - San Dieguito Water District	25,506,955	24,731,437	19,021,922
Other	481,216	468,202	328,144
Non current liabilities	\$ 36,798,784	\$ 42,633,309	\$ 36,334,814
Total liabilities	\$ 41,297,358	\$ 49,343,410	\$ 40,408,276
Deferred inflow of resources	10,567,335	1,700,173	819,159
Net investment in capital assets	68,131,105	65,877,879	62,386,599
Unrestricted	24,465,439	25,309,842	20,541,506
Total Net Position	\$ 93,456,946	\$ 91,187,721	\$ 82,928,105

Statement of Net Position – FY22 compared to FY21

Assets and Deferred Outflow of Resources

Current assets are \$44,268,784, which is a \$2,333,107 or 5.0% decrease from FY21, which is due to a \$3,599,917 decrease in accounts receivable and \$994,562 increase in cash and investments. The increase in cash and investments is due the decrease in accounts receivable, despite a reduction in accounts payable (listed in liabilities).

Total assets are \$139,942,207, which is a \$1,556,034 or 1.1% increase from FY21. In addition to the aforementioned increase in cash and receivables and decrease in accounts receivable, there was a

\$3,028,744 increase in capital assets. This represents the increase in capital spending on District and joint facilities, net of depreciation. This increase is offset by SDWD's undivided interest in joint facilities as shown the liabilities. Deferred outflows, which represents contributions to the District OPEB and pension after the measurement date is \$5,379,432, an increase of \$1,534,301 or 39.9% from FY21 due primarily to an increase in mandatory employer contributions and timing differences.

Liabilities and Deferred Inflow of Resources

Current liabilities are \$4,498,574, which is a \$2,211,527 or 13.7% decrease from FY21, which is due to a \$1,986,077 or 34.6% decrease in accounts payable, which was due to an increase in vendor invoices on capital projects at the joint facilities at year-end FY21, which did not occur in FY22.

Non-current liabilities are \$36,798,784, which is a \$5,834,525 or 13.7% decrease from FY21, which is due to a \$5,174,338 decrease in pension obligations and \$1,774,669 in OPEB liability, both due primarily to increase in investment gains in FY21. SDWD's undivided interest in joint facilities increased by \$775,518 in FY22 due to their contribution to capital investments in these facilities in FY22.

Total liabilities are \$41,297,358, which is a decrease of \$8,046,052 or 16.3% from FY21. Deferred inflows, which represents the District's portion of required contributions to pension and OPEB plans post valuation dates, are \$10,567,335 which is an increase of \$8,867,162 or 521.5% from FY21 due primarily to one-time payments to CalPERS. This increase can also be attributed to the changes in actuarial assumptions and historical plan experience verses projections.

Net Position

The District's net investment in capital assets (capital assets net of the District's undivided interest) increased \$2,253,226 or 3.4% to \$68,131,105 from FY21. The District's unrestricted assets totaled \$24,465,439, which is a decrease of \$844,403 or 3.3% from FY21. The total of net investment in capital assets and unrestricted assets gives the District's current total net position of \$93,456,946, a \$2,269,225 or 2.5% increase from FY21.

Statement of Net Position – FY21 compared to FY20

Assets and Deferred Outflow of Resources

Current assets are \$46,601,891, which is a \$7,695,431 or 19.8% increase from FY20, which is due to a \$3,038,358 increase in cash and investments and \$4,651,799 in accounts receivable (primarily due to an increase in water sales receivables due to dryer weather in FY21). The increase in cash and investments is due to an increase in accounts payable (listed in liabilities) from payments due to vendors for capital projects that were submitted at the end of the fiscal year. As noted in the FY20 ACFR, there were a number of capital projects that were delayed to receive grant funding. This cash balance was subsequently spent on these capital projects and grant revenue received.

Total assets are \$138,386,173, which is a \$17,643,541 or 14.6% increase from FY20. In addition to the aforementioned increase in cash and receivables, there was a \$9,200,795 increase in capital assets. This represents the increase in capital spending on District and joint facilities, net of depreciation. This increase is offset by SDWD's undivided interest in joint facilities as shown the liabilities. Deferred outflows, which represents contributions to the District OPEB and pension after the measurement date of June 30, 2020 is \$3,845,131, an increase of \$432,223 or 12.7% from FY20 due primarily to an increase in mandatory employer contributions and timing differences.

Liabilities and Deferred Inflow of Resources

Current liabilities are \$6,710,101, which is a \$2,636,639 or 64.7% increase from FY20, which is due to a \$2,868,118 or 99.9% increase in accounts payable from an increase in vendor invoices on capital projects at the joint facilities at year-end.

Non-current liabilities are \$42,633,309, which is a \$6,298,495 or 17.3% increase from FY20, which is due to an increase in retiree obligations and SDWD's undivided interest in joint facilities. The District's combined net pension and OPEB liabilities are \$17,433,670, which is an increase of \$448,922 or 2.6% from FY20 due to a decline in investment returns from CalPERS projected levels, among others. The District continues to make its full payment on the actuarial determined contribution for both its pension and OPEB obligations. SDWD's undivided interest in joint facilities increased by \$5,709,515 in FY21 due to their contribution to capital investments in these facilities in FY21.

Total liabilities are \$49,343,410, which is an increase of \$8,935,134 or 22.1% from FY20. Deferred inflows, which represents the District's portion of required contributions to pension and OPEB plans post valuation dates, are \$1,700,173 which is an increase of \$881,014 or 107.6% from FY20. This increase can be attributed again to the changes in actuarial assumptions and historical plan experience verses projections.

Net Position

The District's net investment in capital assets (capital assets net of the District's undivided interest) increased \$3,491,280 or 5.6% to \$65,877,879 from FY20. The District's unrestricted assets totaled \$25,309,842, which is an increase of \$4,768,336 or 23.2% from FY20. The total of net investment in capital assets and unrestricted assets gives the District's current total net position of \$91,187,721, a \$8,259,616 or 10.0% increase from FY20.

FY22 Investments

Balances in cash and investment accounts increased by \$994,562 from FY21 due to a \$2,868,118 increase in accounts payable. The District's portfolio consists solely of pooled investments funds with average maturities of less than 12 months. The three pooled funds are the California Local Agency Investment Fund (LAIF), the San Diego County Treasurer's Pooled Money Fund, and the California Asset Management Program (CAMP). The pools provide a flexible, liquid source of funds for the District's operating and capital expenses, and comply with all California Government Code requirements for investment of public entity funds. Average yields on each of the three pooled investment funds were between 0.1% and 1.5% for FY22 and each pooled investment fund invests in various fixed income securities. These pooled returns are reflective of the continued low interest rate environment and high level of demand for fixed income securities.

It should be noted that cash gains of approximately \$170,000 was offset by a decline of \$560,000 in mark-to-market declines in FY22. The Federal Reserve has increased the federal funds rate by 2.25% between March and July of 2022. As these increases occurred, the fixed income investments that the District is primarily invested in had a decrease in their yield-to-maturity, which reduced the market value of these portfolio investments. However, the pools that the District invests in holds these securities to maturity and do not change their anticipated yield (just market value). However, per GASB requirements, the financial statements must include a mark-to-market adjustment, which totaled \$520,000 in negative yield. Additionally, the District's market value in the pension Section 115 Trust administered by Public Agency

Retirement Services (PARS) declined by approximately \$170,000 in FY22, resulting in an overall decline of \$520,000 in investment income.

FY22 Infrastructure & Capital Assets

The District spent \$3,707,215 on capital improvement projects (CIP), which is a continuation of the implementation of the District and joint facilities (R.E. Badger Filtration Plant and other jointly owned assets with San Dieguito Water District) current ten-year capital improvement program. The District's total CIP projects were \$281,132, which includes \$107,105 on office building renovations, \$52,390 for the sixth phase of the Automated Meter Infrastructure project, \$48,978 for a new pipeline replacement project, \$40,265 on vehicles and equipment and \$32,394 spent on other smaller projects. The District share of joint facility expenditures totaled \$3,426,083, which included \$2,851,230 for improvements for the mechanical dewatering / wash water tank project; \$287,841 on treatment plant building and equipment improvements, \$167,370 on San Dieguito reservoir improvements, \$93,025 on vehicles and equipment and \$26,617 spent on other smaller projects.

The District finalized the new District and joint facilities asset management master program (AMMP), in the winter of 2021. This new AMMP after thorough review and input by the Board was adopted by the Board and resulted in a new 10-year capital plan that determines spending plans, and consequently, impact District rates.

See Note 6 in the Notes to the Financial Statements for a summary of capital asset activity.

Santa Fe Irrigation District
Statement of Revenues, Expenses, and Change in Net Position
Fiscal Year Ending June 30, 2022 / 2021 / 2020

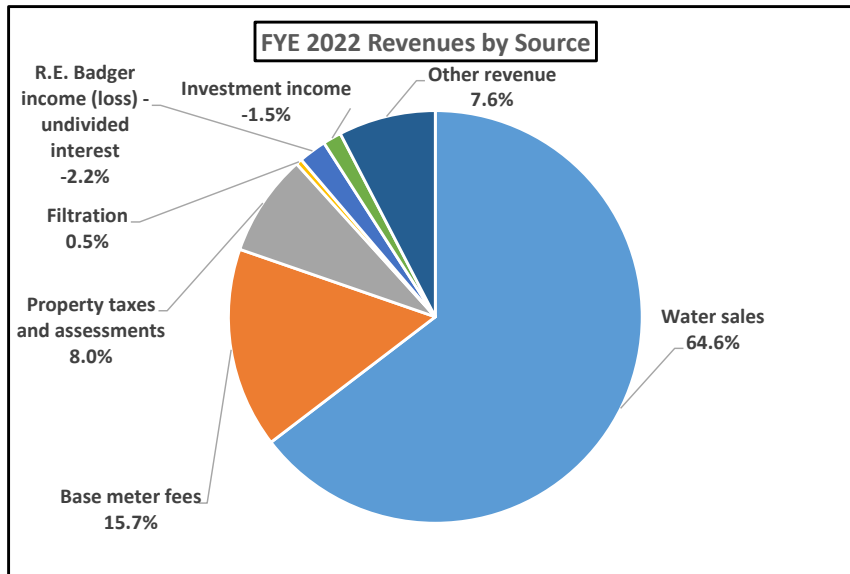
	FYE 2022	FYE 2021	FYE 2020
Water sales	\$ 23,122,259	\$ 22,956,425	\$ 18,865,808
Base meter fees	5,621,633	5,388,296	5,507,678
Filtration Revenues	174,555	5,112,807	3,017,595
Other	428,751	317,534	477,037
Total operating revenues	\$ 29,347,198	\$ 33,775,062	\$ 27,868,118
Water purchased	\$ 13,421,962	\$ 11,805,372	\$ 9,908,066
Water treatment	4,593,864	4,821,055	4,850,871
Admin / engineering / transmission / distribution	11,599,323	9,989,884	10,018,991
Depreciation & amortization	3,252,777	3,162,004	3,278,660
Total operating expenses	\$ 32,867,926	\$ 29,778,315	\$ 28,056,588
Operating income (loss)	\$ (3,520,728)	\$ 3,996,747	\$ (188,470)
Property taxes and assessments	\$ 2,858,547	\$ 2,742,685	\$ 2,645,623
Investment income	(519,091)	43,528	750,509
R.E. Badger income (loss) - undivided interest	(775,518)	(5,709,515)	751,329
Other	2,288,202	3,540,348	252,244
Total nonoperating revenues (expenses)	\$ 3,852,140	\$ 617,046	\$ 4,399,705
Income (Loss) before capital contributions	\$ 331,412	\$ 4,613,793	\$ 4,211,235
Capital contributions	1,937,813	3,645,823	380,762
Changes in net position	2,269,225	8,259,616	4,591,997
Net Position, Beginning of year	\$ 91,187,721	\$ 82,928,105	\$ 78,336,108
Net Position, End of year	\$ 93,456,946	\$ 91,187,721	\$ 82,928,105

Statement of Revenues, Expenses, and Change in Net Position – FY22 compared to FY21

Revenues

The District's three main sources of revenue — water sales, base meter fees, and property taxes — fund operating expenses and replacement of the treatment and distribution systems. Since the District's service area is essentially built out, capital contributions for construction in the form of capacity fees from development activity are comparatively small to other District's that may continue to have single family residential building and other activity.

The decline in operating of revenues of 13.1% is due to the reduction in filtration revenues. These revenues are reimbursements received from San Dieguito Water District (SDWD) as their proportionate share of operating and capital expenses incurred on their behalf. These expenditures are reconciled monthly &



SDWD provides payment two weeks after month end close. Additionally, an annual reconciliation is completed to ensure that final adjustments are made to all expenditures and appropriate cost sharing is ensured. However, just like the District's annual budget, these reconciliations are done on a cash basis, where these financial statements are completed on a full accrual basis.

The District received approximately \$3.7 million in grant awards from CalOES / FEMA for seismic retrofits at the R.E. Badger Filtration Plant. Approximately \$1.6 million is for SDWD's proportionate share of grant proceeds. The District's FY21 financial statements included approximately \$1.8 million in CalOES grant proceeds included in non-operating revenues, while SDWD was not given any billing credit due to timing of when these disbursements were received. Additionally, an additional \$1.8 million was received in FY22. With timing of these disbursements of grant revenue, approximately \$1.6 million in credit was given to SDWD to offset their proportionate costs for Joint Facilities in FY22, leaving only \$180,000 of expenditures requiring to be reimbursed. SDWD's total share of operating expenditures in FY22 was 36.9%.

Total water sales increased by \$400,000 (water sales and base meter fees, combined) or 1.4% due to a small decrease in overall potable water demand that was offset by the 3.0% increase in District water rates effective January 1, 2022. FY22 & FY21 comparative water sales are as follows:

Acre Feet of Water Sold FY22 v. FY21			
	Potable	Recycled	Total
FY 22	9,485	665	10,150
FY 21	9,670	640	10,310
Variance	(185)	25	(160)

** No accrual impacts, just water used in FY*

Total potable water sales decrease by approximately 185AF or 1.9%, while recycled water sales increased by 25AF or 3.9%.

Net non-operating revenues increased by \$3,235,094 or 524.3.0% due to a \$4,933,997 year-over-year change in SDWD's undivided interest in joint facilities from their capital investment. As previously outlined, beginning in 2019, the District financial statements began to treat all Joint Facilities as a department of the District due to its operational control, staffing, and oversight. The financial statements recognize all Joint Facilities' assets as the Districts on the statement of net position, with an offsetting liability recognizing SDWD's proportionate ownership. Any increase in SDWD's proportionate share due to their investment in the Joint Facilities is recognized as an offsetting expense on the statement of revenues,

expenses, and net position to properly recognize the District's net position. In this instance, for FY22, the increase in SDWD's interest in Joint Facilities is \$775,518, which is \$4,933,997 lower than the FY21 increase of \$5,709,515 due to less capital investment occurring in FY22.

Property tax increased by \$115,862 or 4.2%, which is consistent with Proposition 13 maximum increases of 2%, with additional revenue coming from new assessed valuation bases due to increases in home sales / prices. This gain was offset by a decline of \$562,619 in investment income for FY22. Investment income (cash) in FY22 totaled approximately \$170,000, which was due to the low interest rate environment for much of the fiscal year. However, the Federal Reserve has increased the federal funds rate by 2.25% between March and July of 2022. As these increases occurred, the fixed income investments that the District is primarily invested in had a decrease in their yield-to-maturity, which reduced the market value of these portfolio investments. However, the pools that the District invests in holds these securities to maturity and do not change their anticipated yield (just market value). However, per GASB requirements, the financial statements must include a mark-to-market adjustment, which totaled \$520,000 in negative yield. Additionally, the District's market value in the pension Section 115 Trust administered by Public Agency Retirement Services (PARS) declined by approximately \$170,000 in FY22, resulting in an overall decline of approximately \$520,000 in investment income.

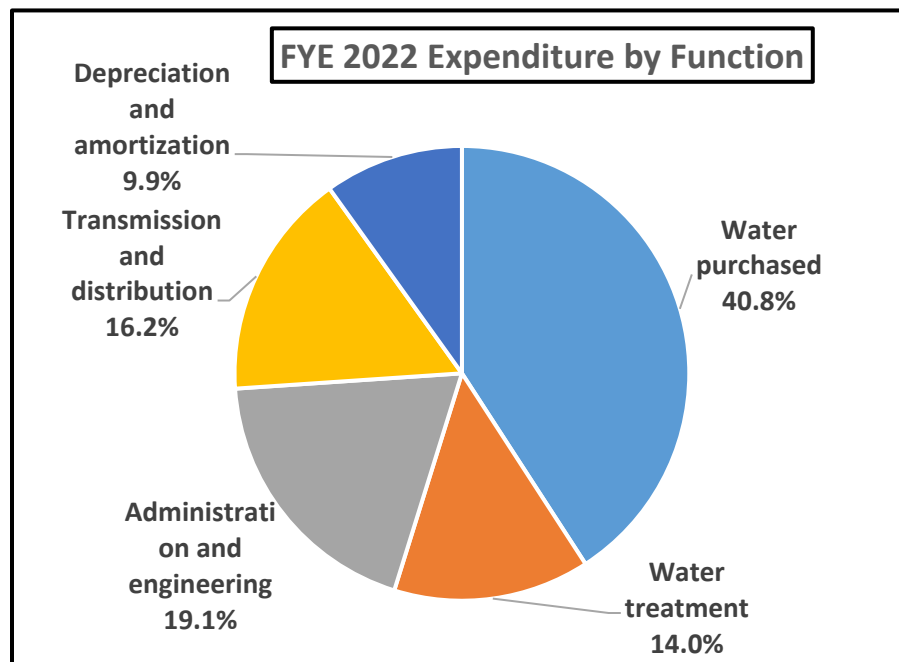
Other non-operating income decreased by \$1,252,146 or 35.4%. This was due to the District receiving \$1.4 million in San Diego County Water Authority litigation settlement refunds in FY21; however, only \$200,000 was received in FY22, resulting in an approximate \$1.2 million decline in revenues. Additionally, there was a \$100,000 decrease in the level of CalOES / FEMA grants received in FY22 as compared to FY21, which also contributed to this decline.

The FY22 Revenues by Sources pie chart shows the sources of District revenue and highlights the fact that the District relies heavily on water sales and fixed meter charges for its income. Total revenues are \$34,373,047, which is an increase of \$2,105,224 or 6.5% from FY20 due to water sales, reimbursements, and other revenues.

The following table lists the major revenues by source for FY22 and FY21 (basis for FY22 Revenues by Source pie chart).

Revenues by Source	FYE 2022	FYE 2021	\$ Change	% Change
Water sales	\$ 23,122,259	\$ 22,956,425	\$ 165,834	0.7%
Base meter fees	5,621,633	5,388,296	233,337	4.3%
Property taxes and assessments	2,858,547	2,742,685	115,862	4.2%
Filtration	174,555	5,112,807	(4,938,252)	-96.6%
R.E. Badger income (loss) - undivided interest	(775,518)	(5,709,515)	4,933,997	-
Investment income	(519,091)	43,528	(562,619)	-1292.5%
Other revenue	2,716,953	3,857,882	(1,140,929)	-29.6%
Total Revenues	\$ 33,199,338	\$ 34,392,108	\$ (1,192,770)	-3.5%

Expenses



The FY22 Expenditures by Function pie chart shows a summary of expenses by category for FY22. As can be seen, District expenditures are primarily for the purchase of imported water to meet demands, treatment expenditures for imported and local water sources, operating department costs, and depreciation / amortization. Total expenditures are \$32,867,926, which is an increase of \$3,089,611 or 10.4% from FY21. Water

purchases are \$13,421,962 and account for 40.8% of total expenditures, and is a \$1,616,590 or a 13.7% increase from FY21. As shown in the following table, the total amount of untreated water purchased from SDCWA increased 1,261AF, while treated water purchased declined by 383AF from FY21. This increase in untreated water was due to a reduction of 1,073AF from Lake Hodges. With the reduction in storage capacity in Lake Hodges due to the Department of Safety of Dam level restriction and variability in precipitation (discussed in the intro letter and known facts and conditions in this section), it is unknown what local water yield will be in FY22 and upcoming years.

Acre Feet of Water Sources FY22 v. FY21

	Untreated	Treated	Local	Recycled	Total
FY 22	7,451	317	2,141	665	10,574
FY 21	6,190	700	3,214	640	10,744
Variance	1,261	(383)	(1,073)	25	(170)

The following table provides a comparison of expenses over the prior fiscal year for each operating department.

	FYE 2022	FYE 2021	FYE 2020
Water Treatment	\$ 4,593,864	\$ 4,821,055	4,850,871
Salaries	1,585,607	1,622,623	1,622,156
Personnel Benefits	1,567,097	1,100,141	1,038,944
Plant Electricity	162,338	226,905	21,100
Repairs, Parts, and Maintenance	345,745	307,599	238,886
Chemicals	665,105	908,383	1,077,295
Other Non-Personnel	267,972	655,404	852,489
	FYE 2022	FYE 2021	FYE 2020
Administration & Engineering	\$ 6,282,465	\$ 5,046,793	4,955,372
Salaries	2,060,334	1,984,822	1,794,636
Personnel Benefits	2,364,059	1,354,699	1,586,609
Legal / Consulting	459,787	738,952	564,175
Charges to Joint Facilities	498,413	453,945	425,144
Other Non-Personnel	899,872	514,375	584,808
	FYE 2022	FYE 2021	FYE 2020
Transmission & Distribution	\$ 5,316,858	\$ 4,943,091	5,063,619
Salaries	1,527,313	1,423,272	1,473,781
Personnel Benefits	1,428,992	842,906	1,138,666
Pumping (Electric / Repairs)	562,509	1,059,102	1,110,329
Pipes, Paving, Traffic Control	616,660	635,186	503,075
Valves, Meters, Equipment, Fuel, Hydrants	298,656	290,675	203,147
Other Non-Personnel	882,728	691,950	634,621
	FYE 2022	FYE 2021	FYE 2020
COMBINED DEPARTMENTAL EXPENSES	\$ 16,193,187	\$ 14,810,939	14,869,862
Salaries	5,173,254	5,030,717	4,890,573
Personnel Benefits	5,360,148	3,297,746	3,764,219
Non-Personnel	5,659,785	6,482,476	6,215,069

Water treatment expenditures are \$4,593,864, which is a \$227,191 or 4.7% reduction from FY21, and is mainly attributable to reduced chemical utilization and GASB 68 adjustments, among other items. Administration and Engineering expenditures are \$6,282,465, which is a \$1,235,672 or 24.5% increase from FY21, and is mainly due attributable to the \$2.0 million one-time discretionary payment to CalPERS to reduce the District's unfunded liability (discussed further in the known facts and conditions included in this section). Transmission and Distribution expenditures are \$5,316,858, which is a \$373,767 or 7.6% increase from FY21, primarily due to the department's proportionate share of the \$2.0 million payment to CalPERS, offset by savings in pumping due to the reduction in local water. As can be seen, combined departmental expenditures increased by \$1,382,248 or 9.3% from FY21. This was due to the \$2,062,402 increase in personnel benefit expenditures due to the \$2.0 million payment to CalPERS. Excluding this payment, total combined departmental expenditures declined by \$617,752 or 4.2% due to cost controls implemented by District Staff.

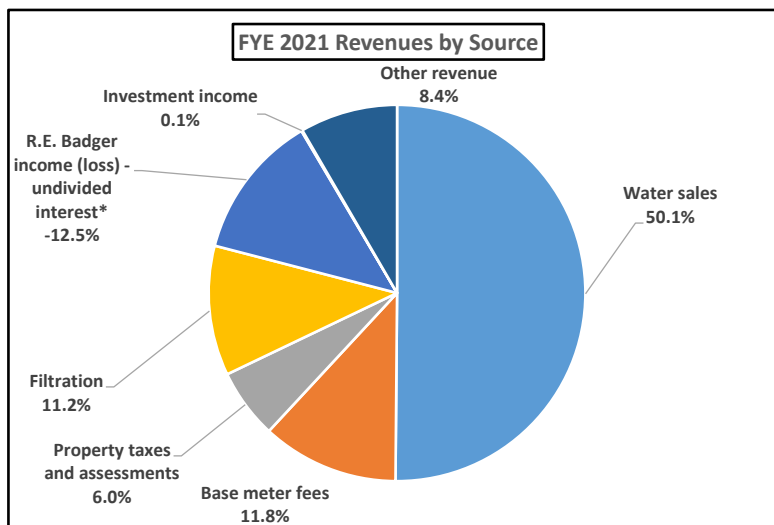
The following table lists expenditures by function for FY22 and FY21 (basis for FY22 Expenditures by Function pie chart).

Expenditures by Function	FYE 2022	FYE 2021	\$ Change	% Change
Water purchased	\$ 13,421,962	\$ 11,805,372	\$ 1,616,590	13.7%
Water treatment	4,593,864	4,821,055	(227,191)	-4.7%
Administration and engineering	6,282,465	5,046,793	1,235,672	24.5%
Transmission and distribution	5,316,858	4,943,091	373,767	7.6%
Depreciation and amortization	3,252,777	3,162,004	90,773	2.9%
Total Expenditures	\$ 32,867,926	\$ 29,778,315	\$ 3,089,611	10.4%

Statement of Revenues, Expenses, and Change in Net Position – FY21 compared to FY20

Revenues

The District's three main sources of revenue — water sales, base meter fees, and property taxes — fund operating expenses and replacement of the treatment and distribution systems. Since the District's service area is essentially built out, capital contributions for construction in the form of capacity fees from development activity are comparatively small to other District's that may continue to have single family residential building and other activity.



Operating revenues from water sales, base meter fees, and other operating revenues (which include filtration revenues, which are the proportional share of treatment expenses incurred by SDWD at the Plant) totaled \$33,775,062, an increase of \$5,906,944, due to increased water sales from a drier year than FY20 and SDWD reimbursements for operating and capital expenditures.

The \$4,090,617 increase in water sales can be attributed to the following:

1. As shown in the following table, total potable water volume sold increased by approximately 13.3% or 1,125 acre feet (AF) due to demand changes from weather and other factors;
2. As shown in the following table, total recycled water volume sold increased by approximately 16.7% or 82 AF, as its use is directly correlated to potable water;
3. Recycled water rate increase from \$3.63 per hundred cubic feet (HCF) to \$3.77 on July 1, 2020;

Acre Feet of Water Sold FY21 v. FY20

	Potable	Recycled	Total
FY 21	9,607.1	573.9	10,181.0
FY 20	8,481.7	491.6	8,973.3
Variance	1,125.4	82.3	1,207.7

** No accrual impacts, just water used in FY21*

Filtration revenues of \$5,112,807 is an increase of \$2,095,212 or 69.4% from FY20 due to an increase in capital expenditures at joint facilities, which were reimbursed by SDWD based on their proportionate contractual ownership.

Net non-operating revenues decreased by \$3,782,659 or 86.0% due to a \$6,460,844 year-over-year change in SDWD's undivided interest in joint facilities from their capital investment. This was offset by the \$3,288,104 increase in other non-operating revenues due primarily to \$1,664,110 in additional grant revenues (for seismic retrofit expenditures at the R.E. Badger Filtration Plant) and \$1,395,114 in litigation settlement funds from the San Diego County Water Authority's (SDCWA) lawsuit against the Metropolitan Water District of Southern California

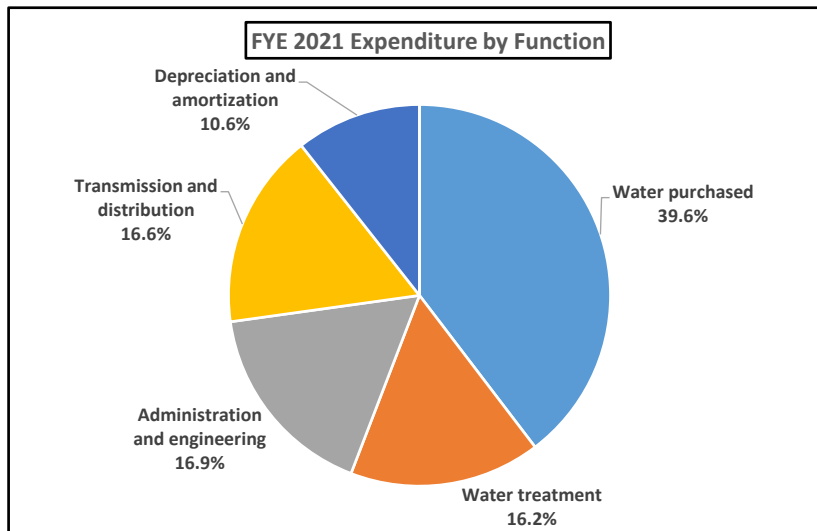
The FY22 Revenues by Sources pie chart shows the sources of District revenue and highlights the fact that the District relies heavily on water sales and fixed meter charges for its income. Total revenues are \$34,392,108, which is an increase of \$2,124,285 or 6.6% from FY20 due to water sales, reimbursements, and other revenues.

The following table lists the major revenues by source for FY21 and FY20 (the basis of FY21 Revenues by Source pie chart).

Revenues by Source	FYE 2021	FYE 2020	\$ Change	% Change
Water sales	\$ 22,956,425	\$ 18,865,808	\$ 4,090,617	21.7%
Base meter fees	5,388,296	5,507,678	(119,382)	-2.2%
Property taxes and assessments	2,742,685	2,645,623	97,062	3.7%
Filtration	5,112,807	3,017,595	2,095,212	69.4%
R.E. Badger income (loss) - undivided interest*	(5,709,515)	751,329	(6,460,844)	-
Investment income	43,528	750,509	(706,981)	-94.2%
Other revenue	3,857,882	729,281	3,128,601	429.0%
Total Revenues	\$ 34,392,108	\$ 32,267,823	\$ 2,124,285	6.6%

The decline in base meter fees is attributable to the new potable water rate structure the District implemented in February 2020. Though there was an increase of 3% in the overall District revenue requirement / rates, the Board adopted a lower fixed base meter fee to reflect conservation pricing, which reduced FY21 revenues.

Expenses



The FY21 Expenditures by Function pie chart shows a summary of expenses by category for FY21. As can be seen, District expenditures are primarily for the purchase of imported water to meet demands, treatment expenditures for imported and local water sources, operating department costs, and depreciation / amortization. Total expenditures are \$29,778,315, which is an increase of \$1,558,041 or 5.5% from FY20. Water purchases are \$11,805,372 and account for

39.6% of total expenditures, and is a \$1,897,306 or a 19.1% increase from FY20. As shown in Table 5, the total amount of untreated and treated water purchased from SDCWA increased 773AF and 443AF from FY20, respectively. This increase was due to drier weather and increased demands in FY21, in addition to a reduction in local yield of 190AF from Lake Hodges. With the reduction in storage capacity in Lake Hodges due to the Department of Safety of Dam level restriction and variability in precipitation, it is unknown what local water yield will be in FY22 and upcoming years.

Acre Feet of Water Sources FY21 v. FY20

	Untreated	Treated	Local	Recycled	Total
FY 21	6,189.6	700.3	3,214.0	639.9	10,743.8
FY 20	5,416.6	257.6	3,403.5	512.7	9,590.4
Variance	773.0	442.7	(189.5)	127.2	1,153.4

The following table provides a comparison of expenses over the prior fiscal year for each operating department.

	FYE 2022	FYE 2021	FYE 2020
Water Treatment	\$ 4,593,864	\$ 4,821,055	4,850,871
Salaries	1,585,607	1,622,623	1,622,156
Personnel Benefits	1,567,097	1,100,141	1,038,944
Plant Electricity	162,338	226,905	21,100
Repairs, Parts, and Maintenance	345,745	307,599	238,886
Chemicals	665,105	908,383	1,077,295
Other Non-Personnel	267,972	655,404	852,489
	FYE 2022	FYE 2021	FYE 2020
Administration & Engineering	\$ 6,282,465	\$ 5,046,793	4,955,372
Salaries	2,060,334	1,984,822	1,794,636
Personnel Benefits	2,364,059	1,354,699	1,586,609
Legal / Consulting	459,787	738,952	564,175
Charges to Joint Facilities	498,413	453,945	425,144
Other Non-Personnel	899,872	514,375	584,808
	FYE 2022	FYE 2021	FYE 2020
Transmission & Distribution	\$ 5,316,858	\$ 4,943,091	5,063,619
Salaries	1,527,313	1,423,272	1,473,781
Personnel Benefits	1,428,992	842,906	1,138,666
Pumping (Electric / Repairs)	562,509	1,059,102	1,110,329
Pipes, Paving, Traffic Control	616,660	635,186	503,075
Valves, Meters, Equipment, Fuel, Hydrants	298,656	290,675	203,147
Other Non-Personnel	882,728	691,950	634,621
	FYE 2022	FYE 2021	FYE 2020
COMBINED DEPARTMENTAL EXPENSES	\$ 16,193,187	\$ 14,810,939	14,869,862
Salaries	5,173,254	5,030,717	4,890,573
Personnel Benefits	5,360,148	3,297,746	3,764,219
Non-Personnel	5,659,785	6,482,476	6,215,069

Water treatment expenditures are \$4,821,055, which is a \$29,816 or 0.6% reduction from FY20, and is mainly attributable to reduced chemical utilization and GASB 68 adjustments, among other items. Administration and Engineering expenditures are \$5,046,793, which is a \$91,421 or 1.8% increase from FY20, and is mainly due attributable to an increase in salaries due to a vacant position being filled and from an increase in consultant expenditures to complete one-time requirements (Urban Water Management Plan, Asset Management Plan, Energy Management Plan, etc.). Transmission and Distribution expenditures are \$4,946,091, which is a \$120,528 or 2.4% decrease from FY20, primarily due to GASB 68 adjustments and one vacant Utility Worker position left vacant, among others. As can be seen, combined departmental expenditures decreased marginally by FY20, which is a testament to Staff's cost control.

The following table lists expenditures by function for FY21 and FY20 (the basis for the FY21 Expenditures by Function pie chart).

Expenditures by Function	FYE 2021	FYE 2020	\$ Change	% Change
Water purchased	\$ 11,805,372	\$ 9,908,066	\$ 1,897,306	19.1%
Water treatment	4,821,055	4,850,871	(29,816)	-0.6%
Administration and engineering	5,046,793	4,955,372	91,421	1.8%
Transmission and distribution	4,943,091	5,063,619	(120,528)	-2.4%
Depreciation and amortization	3,162,004	3,278,660	(116,656)	-3.6%
Interest expense, net	-	163,686	(163,686)	-100.0%
Total Expenditures	\$ 29,778,315	\$ 28,220,274	\$ 1,558,041	5.5%

Debt Administration

The District currently does not have any outstanding debt obligations & does not anticipate issuing any in the near future. Current capital project financing is accomplished through a pay-go basis, primarily funded through property tax revenues and expensing amortization & depreciation.

Currently Known Facts, Conditions, or Decisions

Water Rates and Charges

With the current District cost-of-service expiring on December 31, 2022, the Board of Directors has been holding public workshops since March to provide themselves and the public with a solid foundation of cost-of-service principles, potential rate structure options for customers, the District's revenue requirements based on long-range planning, and associated customer impacts. The Board has been working on a projected timeline of new rate structure and rate implementation effective March 2023.

During the process (and discussed in greater detail later in this section), the District learned that one of the most significant portions of the long-range financial plan, local water, was eliminated. This was a large change that the Board has accommodated through planning for no local water and for a two-year cost-of-service to allow time for Staff to work on finding out what the long-term option(s) are for local water. This elimination of local water has a significant impact on customers who utilized a lower amount of water on a bi-monthly basis (regardless of meter size). To potentially reduce this impact, the Board has directed the District's cost-of-service consultant to return in a public workshop with options including utilization of reserves, reduction of pay-go capital spending, reduced fixed charges, and the utilization of property tax revenues (and potential combination of some or all of these options).

Prior to a public hearing to adopt new rates and / or structure, the District still retains the rights established under the 2019 Proposition 218 notice. This includes the ability to pass through all SDCWA wholesale cost increases from CY20 through CY23, and also CY24 through CY25, in addition to the ability to implement drought rates if necessary. Though these pieces the Board retains the ability to implement are all based on the assumption of 2,500 AF of local water per year, which is not reflecting the current situation at Lake Hodges.

Drought and State Legislation

The continued severe drought in the Southwest United States has had a deleterious impact on numerous water agencies and the availability of imported water. Numerous agencies that depend on the Colorado River and / or the California State Water Project have implemented drought restrictions on their customers, including a reduction on water use. SDCWA has implemented numerous drought mitigating capital investments over the past decade, which included construction of the Claud Lewis Desalination Plant and completion of the emergency storage project (ESP). The ESP included construction of the Olivenhain Dam and raising of the San Vicente Dam, among other projects. These investments have placed the District and other SDCWA member agencies in a better current water condition than other agencies in the Southwest.

The State of California may impose mandated water restrictions if the drought were to continue to persist into CY23; however, SDCWA has noted they would advocate from a deferral or reduction in these potential mandates due to these investments. However, if these mandates would occur, the District would need to determine how best to implement, including a broad communication plan to customers. There are a number of options that the Board of Directors may take to ameliorate any reduction in revenues from a potential mandate, including the implementation of drought rates and / or utilization of District reserves. As shown in the ACFR, the District's cash and net positions are healthy, which provides the ability to potentially offset any reduction in revenues from a mandate on a short-term basis. Additionally, the District is looking to construct and implement drought rates under the new cost-of-service, which would temporarily increase potable water rates to offset any reduction in revenues (or a combination of both). Though the potential for future water restrictions or mandate is currently unknown, District Staff continues to work on understanding potential impacts and their associated solutions. Staff is also continuing to track and evaluate State legislation that may impact customer potable water habits, including indoor residential water use standards (SB 1157).

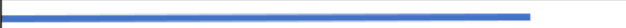




Lake Hodges Known Condition and Impacts

In March 2022, a City of San Diego underwater condition assessment of the Lake Hodges dam identified certain defects of the dam that required immediate / emergency repairs. Despite these emergency repairs, it was originally anticipated by the City of San Diego that the operating level of 295 feet under the existing Division of Safety of Dams (DSOD) restriction would be able to be once again accommodated by October 2022. However, in late August, City of San Diego staff informed District Staff of new defects that were discovered during continued inspections. This included a hole in the dam at 285 feet, which was communicated to DSOD. Based on these new defects, the DSOD has mandated that the City of San Diego can temporarily increase the water in Lake Hodges from 275 to 285 feet to make necessary repairs but must return the lake level to 275 feet by November 30, 2022. At the same time, the City of San Diego must work to produce a consequence of failure model / structural analysis for Lake Hodges dam to be provided to DSOD. City of San Diego staff are not anticipating this modeling to be completed until at least November, with discussions with DSOD going to require additional time beyond this. It is unknown what, if any, additional storage capacity DSOD might allow above the current restriction of 275 feet & there is an unknown time frame for DSOD to make this decision.

If DSOD were to restrict the capacity to 275 feet or lower, the ability for the District to draw water from Lake Hodges will be significantly, if not completely, curtailed. The last inlet for local water is at 265 feet; however, there is significant concern what water quality would be at this level due to its proximity to the sediment line. Additionally, the District had previously obtained local water from the City of San Diego in the initial draw-down to 275 feet & from utilization of the District's share of dead-pool storage. The District

will be required to replace this local water, approximately 800 AF, before we have the ability to draw any additional local water from Lake Hodges. The District is also anticipated to assist in the draw down of water to 275 feet by November 30, 2022 as required by DSOD, which is anticipated to yield approximately 600 AF (under the current cost-of-service). This will also need to be repaid to the City of San Diego at 75% at some point in the future, or approximately 450 AF. This brings the total “deficit” of local water the District will have in Lake Hodges to approximately 1,250 AF.

These different timeframes are shown as follows. Please note that there is no definite timeframe for the discussions between the City and DSOD on the final height restriction for Lake Hodges to be finalized.

	2022			2023		
	OCT	NOV	DEC	JAN	FEB	MAR
Emergency Repairs on Dam						
Height at 285						
Height at 275						
Consequence of Failure / Structure Study						
City / DSOD Negotiate Height Restriction						

The amount of local water yielded from Lake Hodges is one of, if not the most significant financial driver for Santa Fe Irrigation District. Historically, the total cost per acre foot (AF) of local water delivered to the R.E. Badger Filtration Plant is between \$250 - \$300, as compared to an AF of untreated water from San Diego County Water Authority costing \$1,268 per AF (as of January 1, 2023). This cost differential of nearly \$1,000 per AF is a significant cost avoidance and reduces rates charged to customers.

Based on the current restrictions, the unknown timeframe to determine if any storage will be allowed by DSOD, the “deficit” of local water the District has, and what the time frame will be to complete all repairs (including the emergency & short-term repairs) mean that the probability for any yield of local water to be included in a new cost-of-service is minimal if not zero. The financial impact of not including any local water in the cost-of-service is approximately \$2.4 million per year, or \$202,000 per month, shown as follows. Total cost to purchase 2,500 AF from DSCWA is approximately \$3.2 million; however, there are approximately \$750,000 in avoided pumping and maintenance costs for local water, yielding a net \$2.4 million in additional cost per year.

2,500 AF	}	\$ 3,170,000
\$ 1,268 Per AF		
<hr/>		
		(750,000) Local Water @ \$300 / AF Avoided Expense
<hr/>		
		\$ 2,420,000 Extra Expense / Yr
		\$ 201,667 Extra Expense / Mo

The City of San Diego, as the owner of the dam, is / was solely responsible for the operation and maintenance of Lake Hodges and Lake Hodges Dam. The District pays their proportionate share of all operation and maintenance & capital expenditures (14.33%).

CalPERS Pre-Payment

In FY22, the District made a one-time \$2.0 million pre-payment to CalPERS to reduce the unfunded liability on pension obligations. With the one-time payment and the 21.3% investment returns realized by CalPERS in FY20, the total unfunded liability for the District's pension obligations has been reduced and the funded percentage has increased, as shown as follows.

	FY22	FY23	Variance
Total Pension Liability	\$ 53,285,935	\$ 56,053,313	\$2,767,378
Market Value of Assets	37,833,081	47,568,368	9,735,287
Unfunded Actuarial Liability	15,452,854	8,484,945	(6,967,909)
Funded Ratio	71.00%	84.86%	13.86%

These funded ratios do not match up as compared to the GASB 68 valuation utilized in the FY22 financial statements, as GASB 68 is one-year in arrears. Though the funded ratio for the District's pension obligations increase to 84.9% in FY23 from FY22, the total funded ratio is anticipated to decline in FY24 due to a -6.1% return for CalPERS in FY22.

Procurement

The District continues to have difficulty in procuring certain items for operations & maintenance in addition to capital items due to the continued impacts from the pandemic. Though operations have not been materially impacted by this, the procurement issues have created increasing prices for all items utilized by the District.

Requests for Information

This financial report is designed to provide a general overview of Santa Fe Irrigation District's finances for stakeholders, elected officials, investors, and creditors. Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to Santa Fe Irrigation District, Administrative Department, PO Box 409, Rancho Santa Fe, California 92067.

BASIC FINANCIAL STATEMENTS

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Santa Fe Irrigation District
Statements of Net Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021 (as restated)</u>
ASSETS		
Current assets:		
Cash and investments	\$ 37,620,529	\$ 36,625,967
Accounts receivable - water sales, net	4,958,471	4,870,687
Accounts receivable - other	679,307	4,367,008
Property taxes and assessments collectible	14,318	9,891
Interest receivable	76,997	33,442
Inventories	847,832	573,425
Prepaid expenses and deposits	71,330	121,471
Total current assets	<u>44,268,784</u>	<u>46,601,891</u>
Noncurrent assets:		
Capital assets, nondepreciable	11,862,730	14,814,343
Capital assets, depreciable/amortizable, net	<u>81,775,330</u>	<u>75,794,973</u>
Capital assets, net	93,638,060	90,609,316
Lease receivable	758,197	758,197
Restricted investments	860,402	-
Reimbursement agreement receivable - San Elijo JPA	<u>416,764</u>	<u>416,769</u>
Total noncurrent assets	<u>95,673,423</u>	<u>91,784,282</u>
Total assets	<u>139,942,207</u>	<u>138,386,173</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension-related deferred outflows of resources	4,770,516	2,870,792
OPEB-related deferred outflows of resources	<u>608,916</u>	<u>974,339</u>
Total deferred outflows of resources	<u>5,379,432</u>	<u>3,845,131</u>

(Continued)

Santa Fe Irrigation District
Statements of Net Position (Continued)
June 30, 2022 and 2021

	<u>2022</u>	<u>2021 (as restated)</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 3,752,471	\$ 5,738,548
Accrued payroll	165,169	150,437
Deposits, current portion	196,213	464,084
Compensated absences, current portion	384,721	357,032
Total current liabilities	<u>4,498,574</u>	<u>6,710,101</u>
Noncurrent liabilities:		
Deposits	298,950	-
Compensated absences	481,216	468,202
Undivided interest - San Dieguito Water District	25,506,955	24,731,437
Net pension liability	9,205,925	14,353,263
Net OPEB liability	1,305,738	3,080,407
Total noncurrent liabilities	<u>36,798,784</u>	<u>42,633,309</u>
Total liabilities	<u>41,297,358</u>	<u>49,343,410</u>
DEFERRED INFLOWS OF RESOURCES		
Lease-related deferred inflows of resources	777,151	813,580
Pension-related deferred inflows of resources	8,445,806	519,886
OPEB-related deferred inflows of resources	1,344,378	366,707
Total deferred inflows of resources	<u>10,567,335</u>	<u>1,700,173</u>
NET POSITION		
Net investment in capital assets	68,131,105	65,877,879
Restricted for pensions	860,402	-
Unrestricted	24,465,439	25,309,842
Total net position	<u>\$ 93,456,946</u>	<u>\$ 91,187,721</u>

(Concluded)

Santa Fe Irrigation District
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2022 and 2021

	2022	2021 (as restated)
OPERATING REVENUES		
Water sales	\$ 23,122,259	\$ 22,956,425
Filtration	174,555	5,112,807
Base meter fees	5,621,633	5,388,296
Other operating revenues	428,751	317,534
Total operating revenues	29,347,198	33,775,062
OPERATING EXPENSES		
Water purchased	13,421,962	11,805,372
Water treatment	4,593,864	4,821,055
Administration and engineering	6,282,465	5,046,793
Transmission and distribution	5,316,858	4,943,091
Depreciation and amortization	3,252,777	3,162,004
Total operating expenses	32,867,926	29,778,315
Operating income (loss)	(3,520,728)	3,996,747
NONOPERATING REVENUES (EXPENSES)		
Property taxes and assessments	2,858,547	2,742,685
Investment income (loss)	(519,091)	43,528
Rental and lease revenue	85,300	82,400
Other revenue	260,755	1,614,991
Grant revenue	1,773,367	1,842,957
R.E. Badger (loss) - undivided interest	(775,518)	(5,709,515)
Net gain on disposal of assets	168,780	-
Total nonoperating revenues (expenses)	3,852,140	617,046
Income before capital contributions	331,412	4,613,793
Capital contributions	1,937,813	3,645,823
Changes in net position	2,269,225	8,259,616
Net position, beginning of year	91,187,721	82,928,105
Net position, end of year	\$ 93,456,946	\$ 91,187,721

Santa Fe Irrigation District
Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	2022	2021 (as restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers for water sales and service	\$ 32,250,493	\$ 28,811,268
Payments to vendors and suppliers for materials and services	(21,119,180)	(15,360,588)
Payments for employee wages, benefits and related costs	(10,203,594)	(8,387,164)
Other revenue	738,377	1,973,847
Net cash provided by operating activities	1,666,096	7,037,363
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Property taxes and benefit assessments received	2,854,120	2,758,762
Grant revenue received	1,773,367	1,842,957
Net cash provided by noncapital financing activities	4,627,487	4,601,719
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(6,281,521)	(12,362,799)
Proceeds from sale of capital assets	168,780	-
Cash contributions for capital-related purposes	1,937,813	3,645,823
Net cash (used in) capital and related financing activities	(4,174,928)	(8,716,976)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from reimbursement agreement receivable - San Elijo JPA	5	10,882
Purchase of investments	(1,000,000)	-
Investment income (loss)	(124,098)	105,371
Net cash provided by (used in) investing activities	(1,124,093)	116,253
Net increase in cash and cash equivalents	994,562	3,038,359
Cash and cash equivalents, beginning of year	36,625,967	33,587,608
Cash and cash equivalents, end of year	\$ 37,620,529	\$ 36,625,967

(Continued)

Santa Fe Irrigation District
Statements of Cash Flows (Continued)
For the Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021 (as restated)</u>
RECONCILIATION OF OPERATING (LOSS) TO		
NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (3,520,728)	\$ 3,996,747
Adjustments to reconcile operating (loss) to		
net cash provided by operating activities:		
Depreciation and amortization	3,252,777	3,162,004
Changes in operating assets and liabilities:		
Rental and lease revenue	85,300	82,400
Other revenue	260,755	1,614,991
Accounts receivable - water sales	(87,784)	(847,958)
Accounts receivable - other	3,687,701	(3,803,840)
Lease receivable	-	-
Inventories	(274,407)	(26,681)
Prepaid expenses and deposits	50,141	(51,864)
Pension-related deferred outflows of resources	(1,899,724)	(255,446)
OPEB-related deferred outflows of resources	365,423	(176,777)
Accounts payable	(1,986,077)	2,868,118
Accrued payroll	14,732	(117,026)
Compensated absences	40,703	111,879
Customer deposits	(267,871)	5,538
Net pension liability	(5,147,338)	988,965
Net OPEB liability	(1,774,669)	(540,043)
Lease-related deferred inflows of resources	(36,429)	(41,078)
Pension-related deferred inflows of resources	7,925,920	(137,470)
OPEB-related deferred inflows of resources	977,671	204,904
Net cash provided by operating activities	<u><u>\$ 1,666,096</u></u>	<u><u>\$ 7,037,363</u></u>
NONCASH INVESTING AND FINANCING ACTIVITIES:		
Unrealized gain (loss) on investments	<u><u>\$ (506,576)</u></u>	<u><u>\$ 21,323</u></u>

(Concluded)

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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Santa Fe Irrigation District
Index to the Notes to the Basic Financial Statements
For the Years Ended June 30, 2022 and 2021

NOTE	DESCRIPTION
1	Reporting Entity
2	Summary of Significant Accounting Policies
3	Cash, Cash Equivalents, and Investments
4	Lease Receivable
5	Reimbursement Agreement Receivable – San Elijo JPA
6	Capital Assets
7	Undivided Interest - San Dieguito Water District
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11	Risk Management
12	Net Investment in Capital Assets
13	Commitments
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Santa Fe Irrigation District
Notes to the Basic Financial Statements
For the Years Ended June 30, 2022 and 2021

Note 1 – Reporting Entity

The Santa Fe Irrigation District, (“District”) was formed February 26, 1923 under the California Irrigation District Act. The District provides water and related services to residential and commercial customers in the San Diego County communities of Rancho Santa Fe and Fairbanks Ranch, and the City of Solana Beach.

The District and the San Dieguito Water District (SDWD) entered into an agreement for joint construction and operation of water treatment, storage and transmission facilities. This facility is known as the R.E. Badger Filtration Plant (“Plant”). The District and SDWD provide revenue to the Plant to fund operations (exclusive of depreciation) based on their respective usage of treated water. Effective July 1, 1977 the District was designated as the Contracting Authority for the Plant, and the Administering Agency. The Plant is not a separate legal entity. SDWD’s undivided share of the investment in capital assets of the Plant has been included in the consolidated statement of net position of the District as an Undivided Interest – San Dieguito Water District in the amounts of \$24,878,883 and \$24,731,437 at June 30, 2022 and 2021, respectively.

The District entered into a joint exercise of powers agreement dated September 22, 1999, with SDWD, creating the R.E. Badger Water Facilities Financing Authority (“Authority”). The Authority was formed to provide financing in connection with the acquisition, construction and improvement of public capital infrastructure. In order to provide working capital necessary for certain capital improvements, the Authority is authorized by the Installment Purchase Agreements to issue water revenue bonds. The District and SDWD are each responsible for their respective share of the net costs of the revenue bonds. Amounts due from and to the Authority by the District have been included in these financial statements as Due from R.E. Badger Water Facilities Financing Authority and R.E. Badger Water Facilities Financing Authority - Installment Purchase Agreement, respectively. These financial statements do not include the net position of the Authority. The separate financial statements of the Authority can be obtained upon request from the District.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Cod. Sec. 2100 *“Defining the Financial Reporting Entity”*. The District is the primary government unit. Component units are those entities which are financially accountable to the primary government, either because the District appoints a voting majority of the component unit’s board, or because the component unit will provide a financial benefit or impose a financial burden on the District. The District has no component units.

Note 2 – Summary of Significant Accounting Policies

The basic financial statements of the Santa Fe Irrigation District have been prepared in conformity 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. The more significant of the District’s accounting policies are described below:

A. Financial Statement

The financial statements (i.e., the statement of net position, the statement of revenues, expenses and changes in net position, and statement of cash flows) report information on all of the activities of the District. The statement of revenues, expenses, and changes in net position demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment.

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Measurement Focus, Basis of Accounting, and Financial Statements Presentation

The financial statements are reported using the “*economic resources*” measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

In accordance with GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, the Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

Deferred Outflows of Resources represent outflows of resources (consumption of net assets) that apply to future periods and that, therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources (acquisition of net assets) that apply to future periods and that, therefore, are not recognized as revenue until that time.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering water in connection with the District’s principal ongoing operations. The principal operating revenues of the District 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.

C. Use of Restricted/Unrestricted Assets

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

D. Cash, Cash Equivalents, and Investments

Cash and cash equivalents – For purposes of the statement of cash flows, cash and cash equivalents include petty cash, demand deposits with financial institutions, deposits in money market mutual funds (SEC registered), and deposits in external investment pools, and marketable securities that mature within 90 days of purchase. Such marketable securities and deposits in money market funds are carried at fair value. Investment pool deposits are carried at the District’s proportionate share of the fair value of each pool’s underlying portfolio.

Risk Disclosures – Certain disclosure requirements, if applicable for deposit and investment risk, are specified for the following areas:

- Interest Rate Risk
- Credit Risk
 - Overall
 - Custodial Credit Risk
 - Concentration of Credit Risk

E. Water Sales

Water sales revenue is recorded when water is delivered and service is rendered, including an estimated amount for unbilled service.

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

F. Accounts Receivable

Management believes that all receivables are fully collectible based on historical trends; therefore allowance for doubtful accounts were estimated as \$0 as of June 30, 2022 and 2021.

G. Inventories

Inventory consists of water stored in the San Dieguito Reservoir as well as materials used in the construction and maintenance of capital assets which is valued at cost using the first-in, first-out (FIFO) method.

H. Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

I. Leases

Lessor

The District is a lessor for a lease of land for the use of cell phone towers. The District recognizes leases receivable and deferred inflows of resources in the financial Statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenue over the life of the lease term in a systematic and rational method.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

J. Capital Assets, Depreciation and Amortization

Capital assets purchased or acquired with a cost exceeding \$7,500 and an estimated useful life of at least two years are reported at historical cost. Contributed assets are recorded at acquisition value as of the date received. Donated capital assets, donated works of art and similar assets, and capital assets received in a service concession arrangement are reported at acquisition value. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation or amortization on capital assets in service, excluding land, is computed using the straight-line method over the estimated useful lives of such assets and is reported as an operating expense.

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

J. Capital Assets, Depreciation and Amortization (Continued)

The ranges of estimated useful lives of capital assets are as follows:

<u>Asset Type</u>	<u>Years</u>
Intangible assets	51
Land improvements	15-50
Transmission and distributions systems	15-50
Reservoirs	15-50
Buildings	5-40
Shop equipment	3-10
Office furniture and equipment	3-10
Autos and trucks	5-10

K. Capital Contributions

Capital contributions are recorded when the District receives cash contributions or accepts contributions of capital assets in kind or when governmental construction grants are earned. Capital contributions are reported as a separate line item in the Statement of Revenues, Expenses, and Changes in Net Position.

L. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation time up to a maximum of 400 hours. Sick pay may be accumulated without limitation; however, at time of voluntary termination, payment will be made for twenty-five percent of accumulated unused sick leave up to a maximum of 600 hours; upon termination due to retirement or death, payment will be made for fifty percent of accumulated unused sick leave up to a maximum of 600 hours. All personal leave time may not accumulate from one year to the next, and there is no payout for unused personal leave.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 10). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

	<u>2022</u>	<u>2021</u>
Valuation date	June 30, 2020	June 30, 2019
Measurement date	June 30, 2021	June 30, 2020
Measurement period	July 1, 2020 to June 30, 2021	July 1, 2019 to June 30, 2020

N. Other Postemployment Benefits (OPEB)

For purposes of measuring the Net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 11).

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

N. Other Postemployment Benefits (OPEB) (Continued)

The following timeframes are used for OPEB reporting:

	2022	2021
Valuation date	June 30, 2021	June 30, 2019
Measurement date	June 30, 2021	June 30, 2020
Measurement period	July 1, 2020 to June 30, 2021	July 1, 2019 to June 30, 2020

O. Property Taxes

The County of San Diego (the “County”) bills and collects property taxes on behalf of the District. The County’s tax calendar year is July 1 to June 30. Property taxes attach as a lien on property on January 1. Taxes are levied on July 1 and are payable in two equal installments on November 1 and February 1, and become delinquent after December 10 and April 10, respectively.

P. 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 borrowing that are attributable to the acquisition of the asset, construction, or improvement of those assets and the Undivided interest - San Dieguito Water District. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

Restricted Net Position – This component of net position consists of net position with constrained use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or 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”.

Q. Economic Dependency

The District purchases water from the Metropolitan Water District through the San Diego County Water Authority. Interruption of this source would negatively impact the District.

R. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

S. Implementation of New GASB Pronouncements for the Year Ended June 30, 2022

The requirements of the following accounting standards are effective for the purpose of implementation, if applicable to the District, for the year ended June 30, 2022. The financial statements included herein apply the requirements and provisions of these statements, including necessary retroactive adjustments to financial statement classifications and presentations.

GASB Statement No. 87

In June 2017, GASB issued Statement No. 87, *Leases* (GASB Statement No. 87), to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Retrospective application is required for prior years under GASB 87 by restating financial statements for all periods presented. Implementation of this Statement retrospectively had significant effects on the District's financial statements for the years ended June 30, 2022 and 2021.

GASB Statement No. 89

In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Application of this statement did not have a material effect on the District's financial statements for the fiscal year ended June 30, 2022.

GASB Statement No. 92

In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Application of this statement did not have a material effect on the District's financial statements for the fiscal year ended June 30, 2022.

GASB Statement No. 93

In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Application of this statement did not have a material effect on the District's financial statements for the fiscal year ended June 30, 2022.

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

S. Implementation of New GASB Pronouncements for the Year Ended June 30, 2022 (Continued)

GASB Statement No. 97

In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Application of this statement did not have a material effect on the District's financial statements for the fiscal year ended June 30, 2022.

T. Upcoming Government Accounting Standards Implementations

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

GASB Statement No. 91

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Application of this statement is effective for the District's fiscal year ending June 30, 2023.

GASB Statement No. 94

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Application of this statement is effective for the District's fiscal year ending June 30, 2023.

GASB Statement No. 96

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Application of this statement is effective for the District's fiscal year ending June 30, 2023.

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 2 – Summary of Significant Accounting Policies (Continued)

T. Upcoming Government Accounting Standards Implementations (Continued)

GASB Statement No. 99

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Application of this statement is effective for the District's fiscal year ending June 30, 2023.

GASB Statement No. 100

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Application of this statement is effective for the District's fiscal year ending June 30, 2024.

GASB Statement No. 101

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Application of this statement is effective for the District's fiscal year ending June 30, 2025.

Note 3 – Cash, Cash Equivalents, and Investments

Cash and investments are presented in the accompanying financial statements at June 30, 2022 and 2021 as follows:

	2022	2021
Statement of Net Position:		
Current assets:		
Cash and investments	\$ 37,620,529	\$ 36,625,967
Noncurrent assets:		
Restricted investments	860,402	-
Total cash and investments	<u>\$ 38,480,931</u>	<u>\$ 36,625,967</u>

Cash and investments at June 30, 2022 and 2021 consist of the following:

	2022	2021
Cash and investments consist of the following:		
Cash on hand	\$ 1,500	\$ 1,500
Deposits with financial institutions	2,244,488	1,643,443
Investments	36,234,943	34,981,024
Total cash and investments	<u>\$ 38,480,931</u>	<u>\$ 36,625,967</u>

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 3 – Cash, Cash Equivalents, and Investments (Continued)

A. Demand Deposits

As of June 30, 2022, the carrying amount of demand deposits was \$2,244,488 and the bank balance was \$3,008,064 compared to \$1,643,443 and the bank balance was \$2,693,606 at June 30, 2021, of which the total amount was collateralized or insured with securities held by the pledging financial institutions in the District's name as discussed below under *Disclosures Relating Custodial Credit Risk*.

B. 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 that address interest rate risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provision of the California Government Code or the District's investment policy:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Quality Requirements (S & P Rating)
U.S. Treasury Obligations	5 years	None	None	None
Federal Agencies	5 years	None	GNMA (only)	None
Federal Instrumentalities	5 years	None	FHLB, FNMA, FFCB, FHLMC (only)	None
State and Local Agencies:				
District's own Bonds	5 years	20%	None	AA
State Instruments	5 years	20%	None	AA or A-1+
Other Local Agency (within CA only)	5 years	20%	None	AA or F-1+
Repurchase Agreements	1 year	20%	None	A - short-term or A long-term
Prime Commercial Paper	270 Days	25%	10%	A or A-1
Bankers' Acceptances	180 Days	15%	30%	A
Medium-Term Notes	5 years	20%	None	AA-
Local Agency Investment Fund (LAIF)	N/A	\$65 Million	N/A	None
San Diego County Treasurer's Pooled Money Fund	N/A	20% or \$5 Million	N/A	None
California Asset Management Program	N/A	20% or \$5 Million	N/A	None
Money Market Funds	5 years	20%	10%	AAAm

The District's investment policy is more restrictive than the California Government code. The policy restricts the maximum percentage of the portfolio in various investment types beyond the limits prescribed by the California Government code, as well as the maximum percentage in any one issuer. The District's policy also restricts investment to only certain federal instrumentalities.

C. 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.

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 3 – Cash, Cash Equivalents, and Investments (Continued)

C. 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 at June 30, 2022.

Investment Type	Total	Remaining Maturity (in Months)
		12 Months or Less
Local Agency Investment Fund (LAIF)	\$ 30,229,430	\$ 30,229,430
Investments Held in PARS Trust	860,402	860,402
California Asset Management Program (CAMP)	712,030	712,030
San Diego County Treasurer's Pooled Money Fund	4,433,081	4,433,081
Total	<u>\$ 36,234,943</u>	<u>\$ 36,234,943</u>

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 at June 30, 2021.

Investment Type	Total	Remaining Maturity (in Months)
		12 Months or Less
Local Agency Investment Fund (LAIF)	\$ 29,746,723	\$ 29,746,723
California Asset Management Program (CAMP)	710,179	710,179
San Diego County Treasurer's Pooled Money Fund	4,524,122	4,524,122
Total	<u>\$ 34,981,024</u>	<u>\$ 34,981,024</u>

D. 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 (where applicable) the California Government Code, the District's Investment Policy, or debt agreements, and the Moody's rating for each investment type at June 30, 2022.

Investment Type	Total	Minimum Legal Rating	Rating as of Year End	
			AAA	Not Rated
Local Agency Investment Fund (LAIF)	\$ 30,229,430	Not Rated	\$ -	\$ 30,229,430
Investments Held in PARS Trust	860,402	N/A	-	860,402
California Asset Management Program (CAMP)	712,030	AAA	712,030	-
San Diego County Treasurer's Pooled Money Fund	4,433,081	N/A	4,433,081	-
Total	<u>\$ 36,234,943</u>		<u>\$ 5,145,111</u>	<u>\$ 31,089,832</u>

Presented below is the minimum rating required by (where applicable) the California Government Code, the District's Investment Policy, or debt agreements, and the Moody's rating for each investment type at June 30, 2021.

Investment Type	Total	Minimum Legal Rating	Rating as of Year End	
			AAA	Not Rated
Local Agency Investment Fund (LAIF)	\$ 29,746,723	Not Rated	\$ -	\$ 29,746,723
California Asset Management Program (CAMP)	710,179	AAA	710,179	-
San Diego County Treasurer's Pooled Money Fund	4,524,122	N/A	4,524,122	-
Total	<u>\$ 34,981,024</u>		<u>\$ 5,234,301</u>	<u>\$ 29,746,723</u>

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 3 – Cash, Cash Equivalents, and Investments (Continued)

E. Disclosures Relating to Concentration of Credit Risk

The investment policy of the District is in accordance with limitations on the amount that can be invested in any one issuer as stipulated by the California Government Code. The District is in compliance with the investment policy with respect to investment type percentages for the total portfolio.

F. Disclosures Relating to Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value 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, 2022 and 2021, \$2,607,621 and \$2,182,466, respectively, of the District's deposits with financial institutions in excess of the Federal insurance limits were held in collateralized accounts.

G. Local Agency Investment Fund (LAIF)

The District's investments with Local Agency Investment Fund (LAIF) include a portion of the pool funds invested in structured notes and asset-backed securities. These investments include the following:

Structured Notes - debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options. They are issued by corporations and by government-sponsored enterprises.

Asset-Backed Securities - entitle their purchaser to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMO's), small business loans or credit card receivables.

LAIF is overseen by the Local Investment Advisory Board, which consists of five members, in accordance with State statute. The fair value of our position in the pool is the same as the value of the pool shares.

As of June 30, 2022, the District had \$30,229,430 invested in LAIF, which had invested 1.88% of the pool investment funds in structured notes and asset-backed securities compared to \$29,746,723 and 1.10% at June 30, 2021. LAIF is part of the State's Pooled Money Investment Account (PMIA). The District valued its investments in LAIF as of June 30 by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate fair value by total aggregate amortized cost resulting in a factor of 0.987125414 and 1.00008297 as of June 30, 2022 and 2021, respectively.

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 3 – Cash, Cash Equivalents, and Investments (Continued)

H. California Asset Management Program (CAMP)

The District is a voluntary participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act for the purpose of exercising the common power of its Participants to invest funds. The investments are limited to investments permitted by California Government Code. The total amount invested by all public agencies in CAMP at June 30, 2022 and 2021 was \$6.6 billion and \$6.6 billion, respectively. A board of five trustees who are officials or employees of public agencies has oversight responsibility for CAMP. The value of the pool shares in CAMP, which may be withdrawn at any time, is determined on an amortized cost basis, which is different from the fair value of the District's position in the pool. At June 30, 2022 and 2021 the amortized cost approximated is the District's cost. At June 30, 2022 and 2021, the District had \$712,030 and \$710,179 invested in the California Asset Management Program, respectively.

I. San Diego County Investment Pool

The District is a participant in the San Diego County Treasury Pool (County Pool) which is regulated under the oversight of the Treasurer of the County of San Diego. The fair value of the District's investment in the County Pool is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by the County Pool for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the Pool. Included in the County Pool's investment portfolio are collateralized and negotiable certificates of deposit, floating rate securities issued by federal agencies and corporations, money market funds, repurchase agreements and commercial paper. The value of the pool shares in the County Pool, which may be withdrawn at any time, is determined on an amortized cost basis, which is different from the fair value of the District's position in the pool. At June 30, 2022 and 2021 the amortized cost approximated is the District's cost. At June 30, 2022 and 2021, the District had \$4,433,081 and \$4,524,122 invested in the San Diego County Investment Pool, respectively.

J. Investments Held in Public Agencies Retirement Services (PARS) Trust

During the year ended June 30, 2022, the District established an irrevocable trust with PARS for the purpose of accumulating additional resources restricted for retirement benefits. PARS is the trust administrator while the District, as the plan administrator, is responsible to provide direction on the usage and distribution of the funds held in the PARS Trust. During the year ended June 30, 2022, the District contributed \$1,000,000 to the PARS Trust. At June 30, 2022 and 2021, the District had \$860,402 and \$0 invested in the PARS Trust, respectively.

Note 4 – Lease Receivable

Lease receivable consists of an agreement with a cellular network company for the right to use land owned by the District. Lease receivable consists of agreements with other for the right-to-use of the underlying assets at a location owned by the District. The terms of the arrangement is for 30 years. The lease is prepaid at the beginning of each 10-year term and the lease prepayment is recorded as unearned revenue with a portion of the revenue earned each year. The calculated interest rate of 1.517% was based on the length of the lease. The balance of unearned rent converted to deferred inflows related to leases at June 30, 2021 was \$64,298.

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 4 – Lease Receivable (Continued)

For the fiscal year ended June 30, 2022, the District recognized \$36,429 in lease revenue and \$20,291 in interest revenue, and the outstanding receivable amount was \$758,197. For the fiscal year ended June 30, 2021, the District recognized \$36,429 in lease revenue and \$10,145 in interest revenue, and the outstanding receivable amount was \$758,197. At June 30, 2022 and 2021, the District had \$20,291 and \$10,145 of accrued interest receivable on leases, respectively.

A summary of changes in lease receivable for the fiscal year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due within One Year	Due in More Than One Year
Leases receivable	\$ 758,197	\$ -	\$ -	\$ 758,197	\$ -	\$ 758,197

A summary of changes in lease receivable for the fiscal year ended June 30, 2021 is as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due within One Year	Due in More Than One Year
Leases receivable	\$ 758,197	\$ -	\$ -	\$ 758,197	\$ -	\$ 758,197

As of June 30, 2022, the required payments for these leases, including interest, are:

Year Ending June 30,	Principal
2024	\$ 356,992
2034	412,707
Total	\$ 769,699

As of June 30, 2022, the amounts reported as deferred inflows of resources will be recognized as lease revenue as follows:

Year Ending June 30,	Amortization Schedule
2023	\$ 36,429
2024	36,429
2025	36,429
2026	36,429
2027	36,429
2028-2032	182,145
2033-2037	182,145
2038-2042	182,145
2043-2044	48,571
Total	\$ 777,151

Note 5 – Reimbursement Agreement Receivable – San Elijo JPA

The District constructed a recycled water distribution pipeline extension of 3,400 linear feet to the San Elijo JPA (SEJPA) recycled water distribution system in order to extend SEJPA's existing recycled water distribution system and enable the District to serve new recycled water customers. SEJPA agreed to reimburse the District for the cost of design and construction of the extension in the amount of \$526,149 and the District agreed to convey ownership of the extension to SEJPA. Under the terms of the agreement, the reimbursement amount shall be increased each July 1st by adding interest at the rate equivalent to the average LAIF rate for the past four quarters, but not less than 1% nor greater than 2.5% calculated on the unpaid monthly balance. SEJPA shall reimburse the District at a monthly rate of \$450 per acre foot of recycled water delivered through the extension including water delivered to purveyors other than the District. In addition, SEJPA made an initial down payment of \$50,000. SEJPA will further make a lump sum payment of all remaining principal and interest due after completion of the 20th year of this agreement if the average annual delivery volume of the extension from year 13 through year 15 exceeds 50 acre feet annually to all purveyors.

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 5 – Reimbursement Agreement Receivable – San Elijo JPA (Continued)

Reimbursement Agreement receivable activity consists of the following for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Payments	Interest	Balance June 30, 2022
Reimbursement Agreement:					
Receivable - San Elijo JPA	\$ 416,769	\$ -	\$ (3,779)	\$ 3,774	\$ 416,764

Reimbursement Agreement receivable activity consists of the following for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Payments	Interest	Balance June 30, 2021
Reimbursement Agreement:					
Receivable - San Elijo JPA	\$ 427,651	\$ -	\$ (15,468)	\$ 4,586	\$ 416,769

Note 6 – Capital Assets

Summary of changes in capital assets for the year ended June 30, 2022, were as follows:

	Balance July 1, 2021	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2022
Capital assets, not being depreciated:					
Land	\$ 1,533,105	\$ -	\$ -	\$ -	\$ 1,533,105
Construction in progress	13,281,238	5,630,180	-	(8,581,793)	10,329,625
Total capital assets, not being depreciated	14,814,343	5,630,180	-	(8,581,793)	11,862,730
Capital assets, being depreciated/amortized:					
Land improvements	163,215	-	-	-	163,215
Transmission and distribution system	51,009,496	-	-	834,054	51,843,550
Treatment Facilities	72,997,571	258,650	(965,015)	7,117,098	79,408,304
Reservoirs	1,646,540	-	(12,735)	-	1,633,805
Buildings	3,305,873	107,104	(23,720)	-	3,389,257
Shop equipment	1,216,283	25,311	(330,339)	-	911,255
Office furniture and equipment	2,346,185	66,163	(74,008)	630,641	2,968,981
Autos and trucks	2,101,522	194,113	(325,319)	-	1,970,316
Total capital assets, being depreciated/amortized	134,786,685	651,341	(1,731,136)	8,581,793	142,288,683
Accumulated depreciation/amortization:					
Land improvements	(105,372)	(3,993)	-	-	(109,365)
Transmission and distribution system	(20,733,793)	(1,082,933)	-	-	(21,816,726)
Treatment Facilities	(31,014,551)	(1,498,525)	965,015	-	(31,548,061)
Reservoirs	(1,591,825)	(2,362)	12,735	-	(1,581,452)
Buildings	(1,876,599)	(277,888)	23,720	-	(2,130,767)
Shop equipment	(801,088)	(242,097)	330,339	-	(712,846)
Office furniture and equipment	(1,909,627)	(75,688)	74,008	-	(1,911,307)
Autos and trucks	(1,335,895)	(54,210)	325,319	-	(1,064,786)
Total accumulated depreciation	(59,368,750)	(3,237,696)	1,731,136	-	(60,875,310)
Total capital assets, being depreciated, net	75,417,935	(2,586,355)	-	8,581,793	81,413,373
Intangible assets, being amortized	980,052	-	-	-	980,052
Less accumulated amortization	(603,014)	(15,081)	-	-	(618,095)
Total intangible assets, net	377,038	(15,081)	-	-	361,957
Total capital assets, being depreciated/amortized, net	75,794,973	(2,601,436)	-	8,581,793	81,775,330
Total capital assets, net	\$ 90,609,316	\$ 3,028,744	\$ -	\$ -	\$ 93,638,060

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 6 – Capital Assets (Continued)

Summary of changes in capital assets for the year ended June 30, 2021, were as follows:

	Balance July 1, 2020	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2021
Capital assets, not being depreciated:					
Land	\$ 1,533,105	\$ -	\$ -	\$ -	\$ 1,533,105
Construction in progress	3,316,513	11,337,970	-	(1,373,245)	13,281,238
Total capital assets, not being depreciated	4,849,618	11,337,970	-	(1,373,245)	14,814,343
Capital assets, being depreciated/amortized:					
Land improvements	163,215	-	-	-	163,215
Transmission and distribution system	49,636,251	-	-	1,373,245	51,009,496
Treatment Facilities	72,592,370	405,201	-	-	72,997,571
Reservoirs	1,646,540	-	-	-	1,646,540
Buildings	3,213,456	92,417	-	-	3,305,873
Shop equipment	1,224,784	-	-	(8,501)	1,216,283
Office furniture and equipment	2,151,402	194,783	-	-	2,346,185
Autos and trucks	1,760,593	332,428	-	8,501	2,101,522
Total capital assets, being depreciated/amortized	132,388,611	1,024,829	-	1,373,245	134,786,685
Accumulated depreciation/amortization:					
Land improvements	(104,292)	(1,080)	-	-	(105,372)
Transmission and distribution system	(19,506,665)	(1,227,128)	-	-	(20,733,793)
Treatment Facilities	(29,447,760)	(1,566,791)	-	-	(31,014,551)
Reservoirs	(1,582,226)	(9,599)	-	-	(1,591,825)
Buildings	(1,860,602)	(15,997)	-	-	(1,876,599)
Shop equipment	(782,370)	(18,718)	-	-	(801,088)
Office furniture and equipment	(1,722,345)	(187,282)	-	-	(1,909,627)
Autos and trucks	(1,215,568)	(120,327)	-	-	(1,335,895)
Total accumulated depreciation	(56,221,828)	(3,146,922)	-	-	(59,368,750)
Total capital assets, being depreciated, net	76,166,783	(2,122,093)	-	1,373,245	75,417,935
Intangible assets, being amortized	980,052	-	-	-	980,052
Less accumulated amortization	(587,932)	(15,082)	-	-	(603,014)
Total intangible assets, net	392,120	(15,082)	-	-	377,038
Total capital assets, being depreciated/amortized, net	76,558,903	(2,137,175)	-	1,373,245	75,794,973
Total capital assets, net	\$ 81,408,521	\$ 9,200,795	\$ -	\$ -	\$ 90,609,316

Depreciation expense for depreciable capital assets was \$3,237,696 and \$3,146,922 for the years ended June 30, 2022 and 2021, respectively. Amortization expense for amortizable capital assets was \$15,081 and \$15,082 for the years ending 2022 and 2021, respectively.

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 7 – Undivided Interest - San Dieguito Water District

Pursuant to an agreement for joint construction and operation of water treatment, storage, and transmission facilities between the District and the San Dieguito Water District (SDWD), the District is the Contracting Authority and the Administering Agency for the R.E. Badger Water Treatment Facilities (Plant). The Plant is not a separate legal entity. SDWD's interest in the Plant is reflected in the statement of net position of the District as an Undivided Interest in the amount of \$24,878,883 and \$24,731,437 at June 30, 2022 and 2021, respectively. SDWD is billed for its share of the operating expenses (exclusive of depreciation). In addition, SDWD is billed for its share of any capital assets. As such, SDWD's undivided interest is adjusted each year by its share of the capital assets and its share of the depreciation expense. The financial statements of the Plant for the year ended June 30, 2022, are presented as supplementary information to these financial statements.

Based on various agreements, the operating costs of the Plant are allocated based on annual usage of treated water, except for the operating costs of the San Dieguito Reservoir & Dam, Flume, 30" line, Cielo Pump station and Pipeline which is allocated based on ownership and the Hydroelectric Generator which is based on CWA raw water purchases.

Capital expenditures are based on ownership percentages of the various components as follows:

	Santa Fe Irrigation District	San Dieguito Water District
Filtration Plant	55.00%	45.00%
Filtered Water Reservoir (Clearwell)	69.00%	31.00%
Filtered Water Treatment Main (Old 54" line)	61.00%	39.00%
Filtered Water Treatment Main (New 54" line)	57.33%	42.67%
CWA Filtered Water Connection	55.00%	45.00%
Wash Water Reclamation System (Backwash recovery)	57.33%	42.67%
Hydroelectric Facility	53.50%	46.50%
San Dieguito Reservoir, Dam, Flume and 30" Line	57.33%	42.67%
Rancho Cielo Pump Station and Pipeline	57.33%	42.67%
San Dieguito Pump Station	55.00%	45.00%

Note 8 – Compensated Absences

Vested or accumulated vacation and sick leave is recorded as an expense and liability as benefits accrue to employees. Summary of changes in compensated absences for the year ended June 30, 2022, were as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due within One Year	Due in More Than One Year
Compensated absences	\$ 825,234	\$ 568,675	\$ (527,972)	\$ 865,937	\$ 384,721	\$ 481,216

Vested or accumulated vacation and sick leave is recorded as an expense and liability as benefits accrue to employees. Summary of changes in compensated absences for the year ended June 30, 2021, were as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due within One Year	Due in More Than One Year
Compensated absences	\$ 713,355	\$ 493,665	\$ (381,786)	\$ 825,234	\$ 357,032	\$ 468,202

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 9 – Pension Plans

A. General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in one of the District's following plans: 2.7% at 55 (Miscellaneous Plan), 2.0% at 60 (Tier 2 Miscellaneous Plan), or 2% at 62 (PEPRA Miscellaneous Plan). All plans are cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

At June 30, 2021 and 2020, measurement dates, the following employees were covered by the benefit terms for the plan:

	Measurement Date	
	2021	2020
Active employees	47	47
Inactive employees or beneficiaries currently receiving benefits	56	56
Inactive employees entitled to, but not yet receiving benefits	22	22
Total	125	125

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2022, are summarized as follows:

	Miscellaneous Plan	Tier 2 Misc Plan	PEPRA Misc Plan
	Prior to	On or After	On or After
Hire Date	January 1, 2013	January 1, 2013	January 1, 2013
Benefit formula	2.7% @ 55	2% @ 60	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life	Monthly for life
Retirement age	50 - 55	52 - 67	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.092% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8.00%	7.000%	6.250%
Required employer contribution rates	14.020%	8.650%	7.590%
Final average compensation period	1 year	3 years	3 years

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 9 – Pension Plans (Continued)

A. General Information about the Pension Plans (Continued)

Contributions

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

For the years ended June 30, 2022 and 2021, the contributions recognized as part of pension expense for each Plan were as follows:

	2022	2021
Contributions - employer	\$ 3,738,170	\$ 1,478,590

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

As of June 30, 2022 and 2021 respectively, the District reported net pension liabilities for its proportionate shares of the net pension liability as follows:

	2022	2021
Proportionate share of net pension liability	\$ 9,205,925	\$ 14,353,263

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

The District's proportionate share of the net pension liability for each Plan as of the measurement date ended June 30, 2020 and 2021 was as follows:

	2022
Proportion - June 30, 2020	0.340280%
Proportion - June 30, 2021	0.484828%
Change - Increase/(Decrease)	0.144548%
	2021
Proportion - June 30, 2019	0.333732%
Proportion - June 30, 2020	0.340280%
Change - Increase/(Decrease)	0.006548%

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 9 – Pension Plans (Continued)

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

For the year ended June 30, 2022, the District recognized pension expense of \$4,617,029. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022	
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 3,738,170	\$ -
Difference between expected and actual experience	1,032,346	-
Net difference between projected and actual earnings on pension plan investments	-	8,036,286
Employer contributions in excess/(under) proportionate share of contributions	-	368,420
Adjustments due to difference in proportions	-	41,100
Total	<u>\$ 4,770,516</u>	<u>\$ 8,445,806</u>

For the year ended June 30, 2021, the District recognized pension expense of \$2,074,638. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021	
	Deferred outflows of Resources	Deferred inflows of Resources
Contribution made after the measurement date	\$ 1,478,590	\$ -
Difference between expected and actual experience	739,666	-
Changes of assumptions	-	102,373
Net difference between projected and actual earnings on pension plan investments	426,386	-
Employer contributions in excess/(under) proportionate share of contributions	-	417,513
Adjustments due to difference in proportions	226,150	-
Total	<u>\$ 2,870,792</u>	<u>\$ 519,886</u>

For the District's plans \$3,738,170 was reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date and will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2023	\$ (1,619,867)
2024	(1,703,803)
2025	(1,868,972)
2026	(2,220,818)
2027	-
Thereafter	-
Total	<u>\$ (7,413,460)</u>

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 9 – Pension Plans (Continued)

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

For the District's plans \$1,478,590 was reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date and will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2022	\$ 17,715
2023	350,336
2024	299,761
2025	204,504
2026	-
Thereafter	-
Total	<u>\$ 872,316</u>

Actuarial Assumptions

For the measurement period ended June 30, 2021 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2020 total pension liability determined in the June 30, 2020 actuarial accounting valuation. The June 30, 2021 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2019 valuation were based on the results of a January 2015 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

In determining the long-term expected rate of return, CalPERS took into account, both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 9 – Pension Plans (Continued)

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

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

Asset Class	New Strategic Allocation	Real Return Years 1 - 10 ¹	Real Return Years 11 + ²
Global equity	50.00%	4.80%	5.98%
Global fixed income	28.00%	1.00%	2.62%
Inflation sensitive 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%

¹ An expected inflation of 2.00% was used for this period.

² An expected inflation of 2.92% was used for this period.

The discount rate used to measure the total pension liability was 7.15% for the plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB 68 Section.

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the District’s proportionate share of the net pension liability for the Plan, calculated using the discount rate for each Plan, as well as what the District’s proportionate share of the Net Pension Liability/(Asset) would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	2022	2021
1% Decrease	6.15%	6.15%
Net Pension Liability	\$ 16,149,791	\$ 21,035,885
Current Discount Rate	7.15%	7.15%
Net Pension Liability	\$ 9,205,925	\$ 14,353,263
1% Increase	8.15%	8.15%
Net Pension Liability	\$ 3,465,531	\$ 8,831,623

Pension Plan Fiduciary Net Position

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

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 9 – Pension Plans (Continued)

C. Payable to the Pension Plan

The District had no outstanding amount of contributions to the pension plan required for the years ending June 30, 2022 and 2021.

Note 10 – Other Postemployment Benefits

A. General Information about OPEB

Plan Description

The District provides postemployment health care benefits established by District resolution to all qualifying employees. The plan is part of the Public Agency portion of the California Employers' Retiree Benefit Trust Fund (CERBT), an agent multiple-employer plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. Eligible active employees are offered a choice of medical (including prescription drug coverage) plans through the CalPERS Health Program under the Public Employees' Medical and Hospital Care Act (PEMHCA), an agent multiple-employer plan. The District offers the same medical plans to eligible retirees, except once a retiree is eligible for Medicare, the retiree must join a Medicare HMO or Supplement Plan with Medicare being the primary payer and the District's Plan being the secondary payer.

Eligibility for retiree health benefits requires retirement from the District and PERS on or after age 50 with at least 5 years of District eligible service. Directors are not eligible to continue health benefits at retirement. For employees hired prior to September 20, 2007, the District's contribution is equal to the benefit paid for active employees and their dependents at the time of their retirement. For employees hired on or after September 20, 2007, the District's contribution is the CalPERS statutory minimum employer contribution. Surviving spouses and/or dependents of the eligible retiree are also eligible for the District's contributions. Retirees are not eligible for dental or vision benefits at retirement other than COBRA continuation.

Contribution

The District's plan and its contribution requirements are established by District policy and may be amended by the Board of Directors. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2022 and 2021, the District's contributions were \$479,911 and \$686,468, respectively, in payments to the trust.

Employees Covered

As of the June 30, 2021 actuarial valuation, the following current and former employees were covered by the benefit terms:

Active employees	46
Inactive employees or beneficiaries currently receiving benefits	42
Inactive employees entitled to, but not yet receiving benefits	-
Total	<u>88</u>

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 10 – Other Postemployment Benefits (Continued)

B. Net OPEB Liability

The District's net OPEB liability at June 30, 2022, was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's net OPEB liability at June 30, 2021, was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions

The total OPEB liability, measured as of June 30, 2021 and 2020, was determined using the following actuarial assumptions:

Actuarial Assumptions (measurement date June 30, 2021)

Actuarial Valuation Date	July 1, 2021
Actuarial Cost Method	Early Age Normal, Level Percentage of Pay
Amortization Method	Level Percent
Amortization Period (years)	16 years
Asset Valuation Method	Market Value
Inflation	2.30%
Payroll Growth	2.80% Plus Merit
Discount Rate	6.80%

The actuarial assumptions used in the June 30, 2021 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the District.

Actuarial Assumptions (measurement date June 30, 2020)

Actuarial Valuation Date	July 1, 2019
Actuarial Cost Method	Early Age Normal, Level Percentage of Pay
Amortization Method	Level Percent
Asset Valuation Method	Market Value
Inflation	2.75%
Payroll Growth	2.75% Plus Merit
Discount Rate	7.00%

The actuarial assumptions used in the June 30, 2019 valuation were based on a standard set of assumptions the actuary has used for similar valuations, modified as appropriate for the District.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Investment Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	59.00%	n/a
Global Debt Securities	25.00%	n/a
Inflation Assets	5.00%	n/a
Commodities	3.00%	n/a
REITs	8.00%	n/a
Total	100.00%	
Long-term expected rate of return		6.80%

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 10 – Other Postemployment Benefits (Continued)

B. Net OPEB Liability (Continued)

Discount Rate

At the June 30, 2021 and 2020, measurement dates, the discount rate used to measure the total OPEB liability was 6.80% and 7.00%, respectively. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the District plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Change in Net OPEB Liability

Summary of changes in net OPEB liability for the year ended June 30, 2022, were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021 (Measurement Date)	\$ 8,241,951	\$ 5,161,544	\$ 3,080,407
Changes Recognized for the Measurement Period:			
Service cost	128,145	-	128,145
Interest on the total OPEB liability	568,283	-	568,283
Changes in benefit terms	(94,171)	-	(94,171)
Difference between expected and actual experience	(259,710)	-	(259,710)
Changes in assumptions	-	-	-
Contribution from the employer	-	686,468	(686,468)
Net investment income	-	1,432,727	(1,432,727)
Administrative expenses	-	(1,979)	1,979
Benefit payments	(512,203)	(512,203)	-
Net changes during July 1, 2021 to June 30, 2022	(169,656)	1,605,013	(1,774,669)
Balance at June 30, 2022 (Measurement Date)	<u>\$ 8,072,295</u>	<u>\$ 6,766,557</u>	<u>\$ 1,305,738</u>

Summary of changes in net OPEB liability for the year ended June 30, 2021, were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020 (Measurement Date)	\$ 8,467,016	\$ 4,846,566	\$ 3,620,450
Changes Recognized for the Measurement Period:			
Service cost	129,492	-	129,492
Interest on the total OPEB liability	582,771	-	582,771
Changes in benefit terms	(56,271)	-	(56,271)
Difference between expected and actual experience	(329,297)	-	(329,297)
Changes in assumptions	-	-	-
Contribution from the employer	-	698,557	(698,557)
Net investment income	-	172,410	(172,410)
Administrative expenses	-	(4,229)	4,229
Benefit payments	(551,760)	(551,760)	-
Net changes during July 1, 2020 to June 30, 2021	(225,065)	314,978	(540,043)
Balance at June 30, 2021 (Measurement Date)	<u>\$ 8,241,951</u>	<u>\$ 5,161,544</u>	<u>\$ 3,080,407</u>

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 10 – Other Postemployment Benefits (Continued)

D. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District, as well as what the net 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, for the measurement periods ended June 30, 2021 and 2020:

	2022		2021
1% Decrease	5.80%		6.00%
Net OPEB Liability	\$ 2,232,040	\$	4,072,877
Current Discount Rate	6.80%		7.00%
Net OPEB Liability	\$ 1,305,738	\$	3,080,407
1% Increase	7.80%		8.00%
Net OPEB Liability	\$ 527,066	\$	2,251,345

The following presents the net OPEB liability of the District, as well as what the net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates, for the measurement periods ended June 30, 2021 and 2020:

	2022		2021
1% Decrease	\$ 479,085	\$	2,139,011
Current Trend Rate	\$ 1,305,738	\$	3,080,407
1% Increase	\$ 2,297,357	\$	4,217,804

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

For the year ended June 30, 2022 and 2021, OPEB expense in the amount of \$392,783 and \$390,731, respectively is included in the accompanying statement of activities.

At June 30, 2022 and 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2022		2021	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after measurement date	\$ 479,911	\$ -	\$ 686,468	\$ -
Differences between expected and actual experience	-	515,997	-	366,707
Changes in assumptions	129,005	82,400	172,007	-
Net difference between projected and actual earnings of OPEB Plan investments	-	745,981	115,864	-
	<u>\$ 608,916</u>	<u>\$ 1,344,378</u>	<u>\$ 974,339</u>	<u>\$ 366,707</u>

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 10 – Other Postemployment Benefits (Continued)

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

For the District's OPEB plan \$479,911 was reported as deferred outflows of resources related to OPEB resulting from District's contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2023	\$ (259,488)
2024	(253,025)
2025	(257,938)
2026	(312,216)
2027	(44,235)
Thereafter	(88,471)
Total	<u>\$ (1,215,373)</u>

For the District's OPEB plan \$686,468 was reported as deferred outflows of resources related to OPEB resulting from District's contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2022	\$ (25,502)
2023	(2,155)
2024	4,308
2025	(605)
2026	(54,882)
Thereafter	-
Total	<u>\$ (78,836)</u>

Note 11 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority ("Insurance Authority"). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq.

The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

At June 30, 2022, the District participated in the self-insurance programs of the Insurance Authority and the Authority provides coverage as follows:

Property Program - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$500,000,000 (total insurable value \$60,989,124). The District has a \$25,000 deductible for buildings, personal property and fixed equipment, a \$5,000 deductible on mobile equipment, a \$500 deductible for licensed vehicles, and a \$1,000 deductible for Crime.

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 11 – Risk Management (Continued)

General Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage up to \$60,000,000, subject to various aggregate limits.

Auto Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage up to \$60,000,000, subject to various aggregate limits.

Public Officials' Liability - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage up to \$60,000,000, subject to various aggregate limits.

Crime - The Insurance Authority has pooled self-insurance up to \$100,000. The District has a \$1,000 deductible.

Workers' Compensation - Insured for statutory limits. Workers' compensation is self-insured up to \$2,000,000 and excess insurance coverage has been purchased.

The District pays annual premiums for this coverage. They are subject to retrospective adjustments based on claims experience. The nature and amounts of these adjustments cannot be estimated and are charged to expense as invoiced. There were no instances in the past three years where a settlement exceeded the District's coverage.

Note 12 – Net Investment in Capital Assets

Net Investment in Capital Assets at June 30 consisted of the following:

	<u>2022</u>	<u>2021</u>
Net investment in capital assets:		
Capital assets, nondepreciable	\$ 11,862,730	\$ 14,814,343
Capital assets, depreciable/amortizable, net	81,775,330	75,794,973
Undivided interest - San Dieguito Water District	(25,506,955)	(24,731,437)
Total net investment in capital assets	<u>\$ 68,131,105</u>	<u>\$ 65,877,879</u>

Note 13 – Commitments and Contingencies

A. Contracts

The District has entered into various contracts for the purchase of material, and construction of facilities. The amounts contracted for are based on the contractor's estimated cost of construction. The total outstanding commitments on these contracts were \$1,135,113 and \$5,286,803 at June 30, 2022 and 2021, respectively.

B. Litigation

Management is of the opinion that there are no legal litigations that would have a material effect on the basic financial statements.

C. Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Santa Fe Irrigation District
Notes to the Basic Financial Statements (Continued)
For the Years Ended June 30, 2022 and 2021

Note 14 – Restatements

As a result of the District’s retrospective implementation of Governmental Accounting Standards Board (“GASB”) Statement No. 87, *Leases* during the year, certain account balances were restated as of June 30, 2021. The restatements as of June 30, 2021, were as follows:

	Previously Reported	Restatements	Restated as of June 30, 2021
ASSETS			
Current assets:			
Interest receivable	23,297	10,145	33,442
Noncurrent assets:			
Lease receivable, net of current portion	-	758,197	758,197
LIABILITIES			
Current liabilities:			
Unearned revenue	64,299	(64,299)	-
DEFERRED INFLOWS OF RESOURCES			
Pension-related deferred inflows of resources	-	813,580	813,580
OPERATING REVENUES			
Other operating revenues	298,473	19,061	317,534

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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Santa Fe Irrigation District
Schedule of Proportionate Share of the Net Pension Liability and Related Ratios
Last Ten Years*

	Miscellaneous Plan							
	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014 ¹
Plan's proportion of the net pension liability	0.4848280%	0.3402800%	0.3337320%	0.3277343%	0.3181480%	0.3141870%	0.2931300%	0.2630800%
Plan's proportionate share of the net pension liability	\$ 9,205,925	\$14,353,263	\$13,364,298	\$12,351,366	\$12,541,558	\$10,914,488	\$ 8,566,324	\$ 6,501,904
Plan's covered payroll	\$ 4,784,874	\$ 4,840,771	\$ 4,269,661	\$ 4,399,153	\$ 4,173,185	\$ 4,103,213	\$ 3,719,325	\$ 3,855,463
Plan's proportionate share of the net pension liability as a percentage of covered payroll	192.40%	296.51%	313.01%	280.77%	300.53%	266.00%	230.32%	168.64%
Plan's fiduciary net position	\$43,386,805	\$35,863,470	\$34,939,432	\$33,196,300	\$31,394,784	\$29,195,811	\$30,358,307	\$31,049,358
Plan's fiduciary net position as a percentage of the total pension liability	82.50%	71.42%	72.33%	72.88%	71.46%	72.79%	77.99%	82.69%
Plan's proportionate share of aggregate employer contributions	\$ 1,478,590	\$ 1,316,260	\$ 1,131,392	\$ 1,013,764	\$ 917,461	\$ 832,671	\$ 628,467	\$ 650,656

¹ Information only presented from the implementation year

Santa Fe Irrigation District
Schedule of Contributions – CalPERS Pension Plan
Last Ten Years*

	Miscellaneous Plan							
	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15 ¹
Contractually determined contribution (actuarially determined)	\$ 1,738,170	\$ 1,478,590	\$ 1,316,260	\$ 1,131,392	\$ 1,013,764	\$ 917,461	\$ 832,671	\$ 628,467
Contributions in relation to the actuarially determined contributions	(3,738,170)	(1,478,590)	(1,316,260)	(1,131,392)	(1,013,764)	(917,461)	(832,671)	(628,467)
Contribution deficiency (excess)	\$ (2,000,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 4,825,964	\$ 4,784,874	\$ 4,840,771	\$ 4,269,661	\$ 4,399,153	\$ 4,173,185	\$ 4,103,213	\$ 3,719,325
Contributions as a percentage of covered payroll	77.46%	30.90%	27.19%	26.50%	23.04%	21.98%	20.29%	16.90%

Notes to Schedule

Methods and assumptions used to determine contribution rates:

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2022 and 2021 were derived from the June 30, 2019 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2019 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2017 Funding Valuation Report.
Inflation	2.63%
Salary increases	Varies by entry age and service
Payroll growth	2.875%
Investment rate of return	7.00% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period from
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

¹ Information only presented from the implementation year

Santa Fe Irrigation District
Schedule of Changes in Net OPEB Liability and Related Ratios
Last Ten Years

	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017 ¹
Total OPEB Liability:					
Service cost	\$ 128,145	\$ 129,492	\$ 144,347	\$ 140,143	\$ 130,975
Interest on the total OPEB liability	568,283	582,771	562,756	548,559	534,737
Changes in benefit terms	-	(56,271)	-	-	-
Difference between expected and actual experience	(259,710)	(329,297)	(138,439)	-	-
Changes in assumptions	(94,171)	-	258,011	-	-
Benefit payments including refunds of member contributions	(512,203)	(551,760)	(509,360)	(470,834)	(484,002)
Net changes in total OPEB liability	(169,656)	(225,065)	317,315	217,868	181,710
Beginning of year	8,241,951	8,467,016	8,149,701	7,931,833	7,750,123
End of year	\$ 8,072,295	\$ 8,241,951	\$ 8,467,016	\$ 8,149,701	\$ 7,931,833
Plan Fiduciary Net Position:					
Employer contribution	\$ 686,468	\$ 698,557	\$ 729,112	\$ 680,316	\$ 725,486
Employee contributions	-	-	-	-	-
Net investment income	1,432,727	172,410	287,004	307,635	351,945
Benefit payments including refunds of member contributions	(512,203)	(551,760)	(509,360)	(470,834)	(484,002)
Administrative expenses	(1,979)	(4,229)	(2,203)	(2,092)	(1,778)
Other	-	-	-	(5,069)	-
Net changes in fiduciary net position	1,605,013	314,978	504,553	509,956	591,651
Beginning of year	5,161,544	4,846,566	4,342,013	3,832,057	3,240,406
End of year	\$ 6,766,557	\$ 5,161,544	\$ 4,846,566	\$ 4,342,013	\$ 3,832,057
Net OPEB liability	\$ 1,305,738	\$ 3,080,407	\$ 3,620,450	\$ 3,807,688	\$ 4,099,776
Fiduciary net position as a percentage of total OPEB liability	83.82%	62.63%	57.24%	53.28%	48.31%
Covered-employee payroll	\$ 4,681,931	\$ 4,738,275	\$ 4,611,430	\$ 4,173,185	\$ 4,173,185
Net OPEB liability as a percentage of covered-employee payroll	27.89%	65.01%	78.51%	91.24%	98.24%

¹ Information only presented from the implementation year

Santa Fe Irrigation District
Schedule of Contributions – Other Postemployment Benefits Plan
Last Ten Years

	<u>2021-2022</u>	<u>2020-2021</u>	<u>2019-2020</u>	<u>2018-2019</u>	<u>2017-2018</u>	<u>2016-2017¹</u>
Actuarially Determined Contributions	\$ 535,745	\$ 531,716	\$ 579,646	\$ 509,360	\$ 660,194	\$ 646,183
Contributions in relation to the actuarially determined contribution	<u>(479,911)</u>	<u>(686,468)</u>	<u>(698,557)</u>	<u>(729,112)</u>	<u>(680,316)</u>	<u>(725,486)</u>
Contribution deficiency (excess)	<u>\$ 55,834</u>	<u>\$ (154,752)</u>	<u>\$ (118,911)</u>	<u>\$ (219,752)</u>	<u>\$ (20,122)</u>	<u>\$ (79,303)</u>
Covered-employee payroll	<u>\$ 4,822,389</u>	<u>\$ 4,681,931</u>	<u>\$ 4,738,275</u>	<u>\$ 4,611,430</u>	<u>\$ 4,173,185</u>	<u>\$ 4,173,185</u>
Contributions as a percentage of covered-employee payroll	-9.95%	-14.66%	-14.74%	-15.81%	-16.30%	-17.38%

¹ Information only presented from the implementation year

SUPPLEMENTARY INFORMATION

Santa Fe Irrigation District
Combining Schedule of Net Position
June 30, 2022

	District	Plant	Eliminations	Total
ASSETS				
Current assets:				
Cash and investments	\$ 33,623,434	\$ 3,997,095	\$ -	\$ 37,620,529
Accounts receivable - water sales, net	4,958,471	-	-	4,958,471
Accounts receivable - R.E. Badger Filtration Plant	1,326,829	-	(1,326,829)	-
Accounts receivable - other	85,059	594,248	-	679,307
Property taxes and assessments collectible	14,318	-	-	14,318
Interest receivable	56,257	20,740	-	76,997
Inventories	705,173	142,659	-	847,832
Prepaid expenses and deposits	44,325	27,005	-	71,330
Total current assets	40,813,866	4,781,747	(1,326,829)	44,268,784
Noncurrent assets:				
Capital assets, nondepreciable	421,236	11,441,494	-	11,862,730
Capital assets, depreciable/amortizable, net	32,721,793	49,053,537	-	81,775,330
Capital assets, net	33,143,029	60,495,031	-	93,638,060
Lease receivable	-	758,197	-	758,197
Restricted cash and investments	860,402	-	-	860,402
Reimbursement agreement receivable - San Elijo JPA	416,764	-	-	416,764
Deposit in the R.E.Badger Water Treatment Facilities	291,000	-	(291,000)	-
Investment in the R.E.Badger Water Treatment Facilities	31,059,680	-	(31,059,680)	-
Total noncurrent assets	65,770,875	61,253,228	(31,350,680)	95,673,423
Total assets	106,584,741	66,034,975	(32,677,509)	139,942,207
DEFERRED OUTFLOWS OF RESOURCES				
Pension-related deferred outflows of resources	3,171,612	1,598,904	-	4,770,516
OPEB-related deferred outflows of resources	439,574	169,342	-	608,916
Total deferred outflows of resources	3,611,186	1,768,246	-	5,379,432

(Continued)

Santa Fe Irrigation District
Combining Schedule of Net Position (Continued)
June 30, 2022

	District	Plant	Reclassifications/ Eliminations	Total
LIABILITIES				
Current liabilities:				
Accounts payable - District	\$ -	\$ 1,326,829	\$ (1,326,829)	\$ -
Accounts payable	1,620,782	2,131,689	-	3,752,471
Accrued payroll	104,290	60,879	-	165,169
Deposits, current portion	196,213	-	-	196,213
Compensated absences, current portion	258,979	125,742	-	384,721
Total current liabilities	2,180,264	3,645,139	(1,326,829)	4,498,574
Noncurrent liabilities:				
Deposits - District	-	291,000	(291,000)	-
Deposits	-	298,950	-	298,950
Compensated absences	320,149	161,067	-	481,216
Undivided interest - San Dieguito Water District	-	-	25,506,955	25,506,955
Net pension liability	6,120,433	3,085,492	-	9,205,925
Net OPEB liability	942,606	363,132	-	1,305,738
Total noncurrent liabilities	7,383,188	4,199,641	25,215,955	36,798,784
Total liabilities	9,563,452	7,844,780	23,889,126	41,297,358
DEFERRED INFLOWS OF RESOURCES				
Lease-related deferred inflows of resources	-	777,151	-	777,151
Pension-related deferred inflows of resources	5,615,079	2,830,727	-	8,445,806
OPEB-related deferred inflows of resources	970,500	373,878	-	1,344,378
Total deferred inflows of resources	6,585,579	3,981,756	-	10,567,335
NET POSITION				
Net investment in capital assets	33,143,029	60,495,031	(25,506,955)	68,131,105
Restricted for pensions	860,402	-	-	860,402
Unrestricted (deficit)	60,043,465	(4,518,346)	(31,059,680)	24,465,439
Total net position	<u>\$ 94,046,896</u>	<u>\$ 55,976,685</u>	<u>\$ (56,566,635)</u>	<u>\$ 93,456,946</u>

(Concluded)

Santa Fe Irrigation District
Combining Schedule of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2022

	District	Plant	Eliminations	Total
OPERATING REVENUES				
Water sales	\$ 22,817,255	\$ 305,004	\$ -	\$ 23,122,259
Filtration	-	6,088,922	(5,914,367)	174,555
Base meter fees	5,621,633	-	-	5,621,633
Other operating revenues	292,311	136,440	-	428,751
Total operating revenues	28,731,199	6,530,366	(5,914,367)	29,347,198
OPERATING EXPENSES				
Water purchased	13,116,958	305,004	-	13,421,962
Water treatment	8,298,825	4,593,864	(8,298,825)	4,593,864
Administration and engineering	4,878,211	1,404,254	-	6,282,465
Transmission and distribution	4,754,349	562,509	-	5,316,858
Depreciation and amortization	1,661,219	1,591,558	-	3,252,777
Total operating expenses	32,709,562	8,457,189	(8,298,825)	32,867,926
Operating income (loss)	(3,978,363)	(1,926,823)	2,384,458	(3,520,728)
NONOPERATING REVENUES (EXPENSES)				
Property taxes and assessments	2,858,547	-	-	2,858,547
Investment (loss)	(516,709)	(2,382)	-	(519,091)
Rental and lease revenue	40,800	44,500	-	85,300
Other revenue	260,755	-	-	260,755
Grant revenue	-	1,773,367	-	1,773,367
Investment in R.E. Badger income	3,957,790	-	(3,957,790)	-
R.E. Badger (loss) - undivided interest	-	-	(775,518)	(775,518)
Net gain on disposal of assets	131,965	36,815	-	168,780
Total nonoperating revenues (expenses)	6,733,148	1,852,300	(4,733,308)	3,852,140
Income (loss) before capital contributions	2,754,785	(74,523)	(2,348,850)	331,412
Capital contributions	123,451	4,198,820	(2,384,458)	1,937,813
Changes in net position	2,878,236	4,124,297	(4,733,308)	2,269,225
Net position, beginning of year, as restated	91,168,660	51,852,388	(51,833,327)	91,187,721
Net position, end of year	\$ 94,046,896	\$ 55,976,685	\$ (56,566,635)	\$ 93,456,946

Santa Fe Irrigation District
Supplementary Schedule of Net Position
R.E. Badger Filtration Plant
June 30, 2022

ASSETS

Current assets:

Cash and investments	\$ 3,997,095
Accounts receivable:	
San Dieguito Water District receivable	91,289
Other receivables	502,959
Interest receivable	20,740
Inventory	142,659
Prepaid expense	27,005
Total current assets	<u>4,781,747</u>

Noncurrent assets:

Capital assets, nondepreciable	11,441,494
Capital assets, depreciable, net of accumulated depreciation	<u>49,053,537</u>
Total capital assets, net	60,495,031
Lease receivable	758,197
Total noncurrent assets	<u>61,253,228</u>
Total assets	<u>66,034,975</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension-related deferred outflows of resources	1,598,904
OPEB-related deferred outflows of resources	<u>169,342</u>
Total deferred outflows of resources	<u>1,768,246</u>

LIABILITIES

Current liabilities:

Accounts payable:	
Santa Fe Irrigation District payable	1,326,829
San Dieguito Water District payable	1,081,907
Other payables	1,049,782
Accrued payroll	60,879
Compensated absences, current portion	<u>125,742</u>
Total current liabilities	<u>3,645,139</u>

Noncurrent liabilities:

Deposits:	
Santa Fe Irrigation District deposits	291,000
San Dieguito Water District deposits	291,000
Other	7,950
Compensated absences	161,067
Net pension liability	3,085,492
Net OPEB liability	363,132
Total noncurrent liabilities	<u>3,609,691</u>
Total liabilities	<u>7,254,830</u>

DEFERRED INFLOWS OF RESOURCES

Lease-related deferred inflows of resources	777,151
Pension-related deferred inflows of resources	2,830,727
OPEB-related deferred inflows of resources	<u>373,878</u>
Total deferred inflows of resources	<u>3,981,756</u>

NET POSITION

Net position - San Dieguito Water District	25,506,955
Net position - Santa Fe Irrigation District	<u>31,059,680</u>
Total net position	<u>\$ 56,566,635</u>

Santa Fe Irrigation District
Supplementary Schedule of Revenues, Expenses and Changes in Net Position
R.E. Badger Filtration Plant
For the Year Ended June 30, 2022

OPERATING REVENUES

Filtration	\$ 6,088,922
Water sales	305,004
Miscellaneous	136,440
	<hr/>
Total operating revenues	6,530,366
	<hr/>

OPERATING EXPENSES

Transmission and distribution	562,509
Water purchased	305,004
Water treatment:	
Chemicals	665,105
Salaries	1,585,607
Operations and maintenance	1,103,109
Employee retirement and other benefits	1,240,043
Administration and general:	
Salaries	165,883
Employee retirement and other benefits	295,876
Administrative	740,005
Insurance	92,345
Professional fees	110,145
Depreciation	1,591,558
	<hr/>
Total operating expenses	8,457,189
	<hr/>
Operating (loss)	(1,926,823)
	<hr/>

NONOPERATING REVENUES (EXPENSES)

Investment (loss)	(2,382)
Rental and lease revenue	44,500
Grant revenue	1,773,367
Net gain on disposal of assets	36,815
	<hr/>
Total nonoperating revenues (expenses)	1,852,300
	<hr/>
Loss before capital contributions	(74,523)
	<hr/>
Capital contributions	4,198,820
	<hr/>
Changes in net position	4,124,297

Net position, beginning of year	51,852,388
	<hr/>
Net position, end of year	\$ 55,976,685
	<hr/> <hr/>

Santa Fe Irrigation District
Supplementary Reconciliation of Billings
R.E. Badger Filtration Plant
For the Year Ended June 30, 2022

	Operations			Capital			Total		
	SFID	SDWD	Total	SFID	SDWD	Total	SFID	SDWD	Total
July	\$ 657,779	\$ 359,106	\$ 1,016,885	\$ 741,182	\$ 565,706	\$ 1,306,888	\$ 1,398,961	\$ 924,812	\$ 2,323,773
August	396,356	212,219	608,575	793,072	605,784	1,398,856	1,189,428	818,003	2,007,431
September	251,594	138,224	389,818	606,475	467,202	1,073,677	858,069	605,426	1,463,495
October	337,599	207,167	544,766	463,942	359,191	823,133	801,541	566,358	1,367,899
November	219,056	126,966	346,022	12,815	62,036	74,851	231,871	189,002	420,873
December	150,360	122,687	273,047	192,158	144,557	336,715	342,518	267,244	609,762
January	503,558	379,672	883,230	282,371	200,558	482,929	785,929	580,230	1,366,159
February	206,630	144,121	350,751	114,745	85,169	199,914	321,375	229,290	550,665
March	303,443	194,993	498,436	28,841	22,455	51,296	332,284	217,448	549,732
April	248,749	147,531	396,280	306,890	248,613	555,503	555,639	396,144	951,783
May	248,490	157,604	406,094	160,308	128,460	288,768	408,798	286,064	694,862
June	347,040	188,705	535,745	(156,719)	(108,261)	(264,980)	190,321	80,444	270,765
	3,870,654	2,378,995	6,249,649	3,546,080	2,781,470	6,327,550	7,416,734	5,160,465	12,577,199
Year End Capital									
Reconciliation	(45,927)	(114,798)	(160,725)	(1,161,622)	(967,109)	(2,128,731)	(1,207,549)	(1,081,907)	(2,289,456)
Total	\$ 3,824,727	\$ 2,264,197	\$ 6,088,924	\$ 2,384,458	\$ 1,814,361	\$ 4,198,819	\$ 6,209,185	\$ 4,078,558	\$ 10,287,743

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Statistical Section

The following pages of statistical information are intended to help the reader understand the information presented in the Financial Statements, Notes to the Financial Statements, and required supplementary information by providing additional data and context.

Financial Trends 90

These schedules contain trend information for understanding how the District's financial performance and well-being have changed over time.

Revenue Capacity 92

These schedules are intended to aid in assessing the District's largest revenue source, water rates, and its property tax revenue.

Debt Capacity 96

These schedules present information on the affordability of any District's outstanding debt and its ability to issue additional debt.

Demographic and Economic Indicators 98

These schedules contain information related to the environment in which the District operates.

Operating Information 100

These schedules present historical data on the District's infrastructure and services to the community.



Net Position
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019 ¹	2020 ¹	2021 ¹	2022 ¹
ASSETS										
Current Assets	\$ 30,106,279	\$ 34,052,713	\$ 30,211,137	\$ 27,324,118	\$ 22,671,870	\$ 28,396,139	\$ 32,001,482	\$ 38,906,460	\$ 46,601,891	\$ 44,268,784
Other Noncurrent Assets	24,011,579	23,857,307	22,317,144	25,412,170	27,379,521	26,281,444	1,930,837	427,651	1,174,966	2,035,363
Capital Assets	28,723,300	29,998,134	32,471,117	32,299,863	34,920,910	34,796,885	82,130,569	81,408,521	90,609,316	93,638,060
Total Assets	82,841,158	87,908,154	84,999,398	85,036,151	84,972,301	89,474,468	116,062,888	120,742,632	138,386,173	139,942,207
DEFERRED OUTFLOWS OF RESOURCES										
Deferred Amounts on Pensions	-	-	476,021	894,516	1,991,124	2,896,672	3,142,917	3,412,908	3,845,131	5,379,432
LIABILITIES										
Current Liabilities	3,221,980	5,493,624	3,423,269	4,630,656	4,118,568	4,363,043	4,053,868	4,073,462	6,710,101	4,498,574
Noncurrent Liabilities	7,439,577	6,347,677	9,460,928	9,612,571	10,236,691	13,050,478	36,213,261	36,334,814	42,633,309	36,798,784
Total Liabilities	10,661,557	11,841,301	12,884,197	14,243,227	14,355,259	17,413,521	40,267,129	40,408,276	49,343,410	41,297,358
DEFERRED INFLOWS OF RESOURCES										
Deferred Amounts on Pension & OPEB	-	-	1,577,661	676,616	528,167	624,474	602,568	819,159	1,700,173	10,567,335
NET POSITION										
Investment in Capital Assets	28,696,088	29,558,493	32,462,069	32,299,863	34,920,910	34,817,964	61,032,318	62,386,599	65,877,879	68,131,105
Restricted						127,234	139,296			860,402
Unrestricted	43,483,513	46,508,360	38,551,492	38,710,961	37,159,089	39,515,181	17,303,790	20,541,506	25,309,842	24,465,439
TOTAL NET POSITION	\$ 72,179,601	\$ 76,066,853	\$ 71,013,561	\$ 71,010,824	\$ 72,079,999	\$ 74,460,379	\$ 78,475,404	\$ 82,928,105	\$ 91,187,721	\$ 93,456,946

Source: Santa Fe Irrigation District

¹Beginning in FY19 reporting includes the consolidation of the District and R.E. Badger Filtration Plant per Auditor and GASB recommendations.

**Changes in Net Position
Last Ten Fiscal Years**

	2013	2014	2015	2016	2017	2018	2019 ¹	2020 ¹	2021 ¹	2022 ¹
OPERATING REVENUES										
Water Sales	\$ 18,166,721	\$ 19,899,004	\$ 17,598,000	\$ 13,755,595	\$ 16,548,196	\$ 20,864,372	\$ 18,472,415	\$ 18,865,808	\$ 22,956,425	\$ 23,122,259
Fixed Charges	3,582,598	3,661,918	3,672,959	3,700,610	4,895,700	5,352,584	5,535,582	5,507,678	5,388,296	5,621,633
Other	119,581	126,179	243,020	338,752	349,789	245,188	2,581,047	3,494,632	5,430,341	603,306
Total Operating Revenues	21,868,900	23,687,101	21,513,979	17,794,957	21,793,685	26,462,144	26,589,044	27,868,118	33,775,062	29,347,198
OPERATING EXPENSES										
Water Purchased	7,715,504	11,804,846	11,339,922	8,726,055	10,767,457	9,855,760	10,459,108	9,908,066	11,805,372	13,421,962
Water Treatment	4,267,793	3,443,310	3,290,620	3,524,262	3,796,508	5,040,433	4,239,608	4,850,871	4,821,055	4,593,864
Transmission and Distribution	2,649,696	2,745,603	2,712,079	2,959,956	3,577,141	3,653,614	4,633,305	4,955,372	4,943,091	5,316,858
Administration and Engineering	2,689,500	2,716,725	2,920,762	3,568,376	3,623,753	3,745,485	4,486,328	5,063,619	5,046,793	6,282,465
Depreciation and Amortization	1,203,775	1,157,728	1,286,139	1,294,022	1,372,239	1,359,335	3,243,425	3,278,660	3,162,004	3,252,777
Total Operating Expenses	18,526,268	21,868,212	21,549,522	20,072,671	23,137,098	23,654,627	27,061,774	28,056,588	29,778,315	32,867,926
Operating Income (Loss)	3,342,632	1,818,889	(35,543)	(2,277,714)	(1,343,413)	2,807,517	(472,730)	(188,470)	3,996,747	(3,520,728)
NONOPERATING REVENUES (EXPENSES)										
Property Taxes	1,937,730	1,983,907	2,080,791	2,190,932	2,285,521	2,406,427	2,518,010	2,645,623	2,742,685	2,858,547
Investment Income	(9,103)	265,601	213,087	225,566	114,260	260,625	646,817	750,509	43,528	(519,091)
Gain (Loss) on Sale of Assets	1,500	5,740	4,883	(65,710)	10,955	6,968	31,465	(14,711)	-	168,780
Other Revenue	87,610	65,233	55,425	86,277	64,667	98,264	817,514	1,003,123	(4,012,124)	(429,463)
Grant Revenue	6,272	2,589	12,321	26,700	57,349	44,758	66,827	178,847	1,842,957	1,773,367
Interest Expense	(432,120)	(311,164)	(264,546)	(224,073)	(178,973)	(115,188)	(53,341)	(163,686)	-	-
Total Nonoperating Revenues	1,591,889	2,011,906	2,101,961	2,239,692	2,353,779	2,701,854	4,027,292	4,399,705	617,046	3,852,140
Capital Contributions	21,425	56,457	145,852	35,285	58,809	215,428	448,401	380,762	3,645,823	1,937,813
Changes in Net Position	\$ 4,955,946	\$ 3,887,252	\$ 2,212,270	\$ (2,737)	\$ 1,069,175	\$ 5,724,799	\$ 4,002,963	\$ 4,591,997	\$ 8,259,616	\$ 2,269,225

Source: Santa Fe Irrigation District

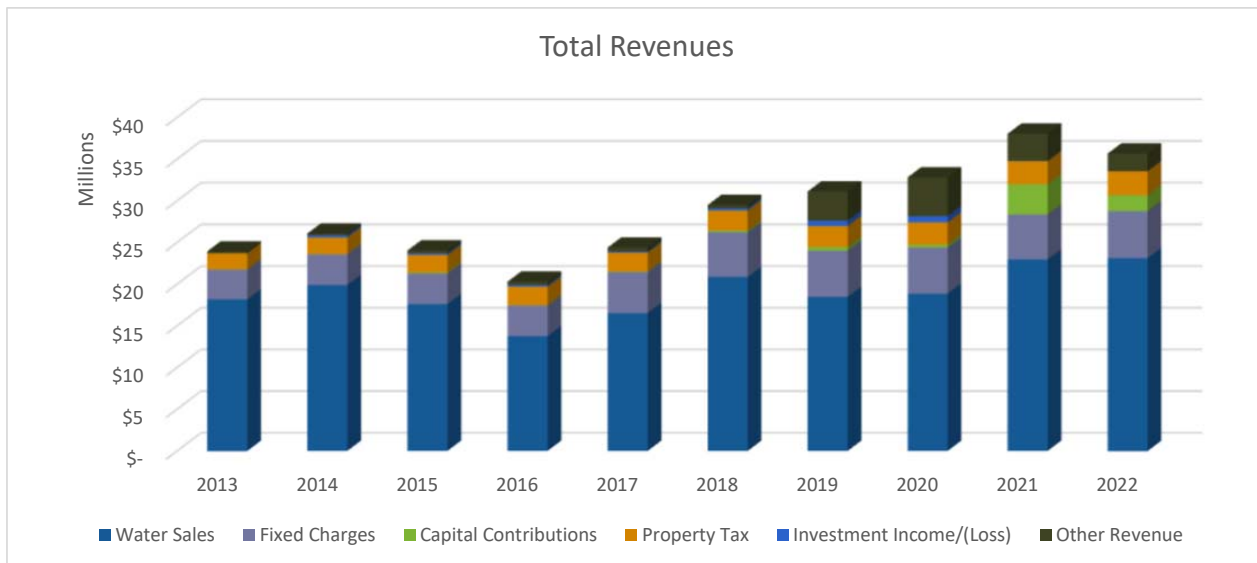
¹Beginning in FY19 reporting includes the consolidation of the District and R.E. Badger Filtration Plant per Auditor and GASB recommendations.

Revenues by Source Last Ten Fiscal Years

Fiscal Year	Water Sales	Fixed Charges	Capital Contributions	Property Tax	Investment Income/(Loss)	Other Revenue	Total Revenues
2013	\$ 18,166,721	\$ 3,582,598	\$ 21,425	\$ 1,937,730	\$ (9,103)	\$ 214,963	\$ 23,914,334
2014	19,899,004	3,661,918	56,457	1,983,907	265,601	199,741	26,066,628
2015	17,598,000	3,672,959	145,852	2,080,791	213,087	315,649	24,026,338
2016	13,755,595	3,700,610	35,285	2,190,932	225,566	386,019	20,294,007
2017	16,548,196	4,895,700	58,809	2,285,521	114,260	482,760	24,385,246
2018	20,864,372	5,352,584	215,428	2,406,427	260,625	395,178	29,494,614
2019 ¹	18,472,415	5,535,582	448,401	2,518,010	646,817	3,496,853	31,118,078
2020 ¹	18,865,808	5,507,678	380,762	2,645,623	750,509	4,661,891	32,812,271
2021 ¹	22,956,425	5,388,296	3,645,823	2,742,685	43,528	3,261,174	38,037,931
2022 ¹	23,122,259	5,621,633	1,937,813	2,858,547	(519,091)	2,115,990	35,137,151

¹The District has made accounting changes and reclassifications regarding the R. E. Badger Filtration Plant (Plant) and began consolidating the Plant and the District financials beginning in FY19. Water Sales includes local water sales (revenue derived from the Plant from San Dieguito Water District (SDWD)) and Other Revenue includes filtration revenue from reimbursement of Plant expenditures from SDWD.

Source: Santa Fe Irrigation District



Water Sales by Customer Classification Last Ten Fiscal Years

Fiscal Year	Domestic & Commercial		Agricultural		Recycled Water		Total		
	Sales	Acre Feet	Sales	Acre Feet	Sales	Acre Feet	Sales	Acre Feet	Direct Rate ¹
2013	\$ 17,357,718	10,562.7	\$ 68,850	43.0	\$ 740,353	519.8	\$ 18,166,921	11,125.5	\$ 1,633
2014	19,101,985	11,257.2	n/a	n/a ²	797,019	563.1	19,899,004	11,820.3	1,683.46
2015	16,866,347	10,687.4	n/a	n/a	731,653	552.6	17,598,000	11,240.0	1,572.26
2016	12,976,620	7,029.9	n/a	n/a	778,975	490.9	13,755,595	7,520.8	1,829.01
2017	15,677,994	8,269.1	156,817	76.0 ³	713,386	477.8	16,548,196	8,822.9	1,875.60
2018	20,008,276	9,446.1	122,458	54.8	733,638	524.8	20,864,372	10,025.7	2,081.09
2019	17,554,567	8,218.8	214,462	93.6	703,386	459.4	18,472,415	8,771.8	2,105.89
2020	17,836,924	8,372.1	268,044	109.6	760,840	491.6	18,865,808	8,973.3	2,102.44
2021	21,733,273	9,506.8	264,572	98.2	958,580	584.5	22,956,425	10,189.5	2,252.95
2022	21,863,654	9,437.2	233,990	85.4	1,024,615	601.3	23,122,259	10,123.9	2,283.93

¹ Average rate of water sold per acre foot

² MWD Agricultural program ended 12/31/12

³ SFID Agricultural Classification created

Source: Santa Fe Irrigation District

Water Rate History Last Ten Fiscal Years

Fiscal Year	Rates per Hundred Cubic Feet at Fiscal Year End							
	Residential	Non-Residential	Agricultural		Recycled	Temp Construction	Irrigation/Commercial	
			1-52 HCF ¹	Over 52 HCF ¹			Agriculture ²	Commercial
2013	\$ 3.84	\$ 3.71	\$ 3.62	\$ 3.57	\$ 3.19	\$ 4.39	\$ 4.04	
2014	3.84	3.71	n/a	n/a	3.19	4.39	4.04	
2015	3.84	3.71	n/a	n/a	3.19	4.39	4.04	
2016	3.84	3.71	n/a	n/a	3.19	4.39	4.24	
2017	4.66	4.38	n/a	n/a	3.32	5.19	5.00	
2018	4.60	4.62	n/a	n/a	3.45	5.46	5.26	
2019	4.60	4.62	n/a	n/a	3.45	5.46	5.26	
2020	5.19	4.85	n/a	n/a	3.63	6.06	6.11	
2021	5.34	4.99	n/a	n/a	3.77	6.22	6.29	
2022	5.50	5.13	n/a	n/a	3.77	6.39	6.47	

¹The Interim Agricultural Water Program was discontinued by MWD as of 1/1/2013

²Commercial Agriculture classification was established in FY17

Principal Water Customers Current and Tenth Prior Fiscal Year

FISCAL YEAR 2022			FISCAL YEAR 2013		
Customer	Sales in Acre Feet ¹	Percent of Water Sold	Customer	Sales in Acre Feet ¹	Percent of Water Sold
Golf Course	253.3	2.3%	Golf Course	329.8	3.0%
Golf Course	224.5	2.0%	Golf Course	242.2	2.2%
Golf Course	82.3	0.7%	Commercial	85.5	0.8%
Commercial	57.5	0.5%	Golf Course	80.0	0.7%
Commercial	40.6	0.4%	Residence	57.8	0.5%
Public Agency	38.9	0.3%	Commercial	36.5	0.3%
Residence	35.4	0.3%	Residence	32.8	0.3%
Golf Course	34.9	0.3%	Golf Course	32.3	0.3%
Residence	32.2	0.3%	Residence	30.0	0.3%
Public Agency	29.5	0.3%	Residence	30.0	0.3%
Residence	28.9	0.3%	Residence	27.2	0.2%
Residence	25.6	0.2%	Commercial	26.8	0.2%
Public Agency	25.1	0.2%	Public Agency	26.6	0.2%
Residence	24.4	0.2%	Residence	24.0	0.2%
Commercial	23.3	0.2%	Commercial	23.7	0.2%
Total Top Fifteen Customers	956.4	8.6%	Total Top Fifteen Customers	1,085.2	9.7%
All Others	9,167.5	91.4%	All Others	10,040.3	90.3%
Total Water Billed	10,123.9	100.0%	Total Water Billed	11,125.5	100.0%

¹Generally Accepted Accounting Principles (GAAP) require amounts delivered but not billed by year end be included as revenue in the basic financial statements. The Figures in this table do not include adjustments for that accrual.

Source: Santa Fe Irrigation District

Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year	Total Levies ¹	Collected During the Year		Net Delinquent at Year-End	
		Amount	Percent	Amount	Percent
2013	\$ 2,010,326	\$ 1,983,202	98.7%	\$ 27,124	1.3%
2014	2,058,031	2,028,139	98.5%	29,892	1.5%
2015	2,151,195	2,123,527	98.7%	27,668	1.3%
2016	2,253,376	2,225,236	98.8%	28,140	1.2%
2017	2,347,699	2,316,802	98.7%	30,897	1.3%
2018	2,456,569	2,428,364	98.9%	28,205	1.1%
2019	2,593,717	2,559,723	98.7%	33,994	1.3%
2020	2,682,341	2,648,725	98.7%	33,616	1.3%
2021	2,792,473	2,755,093	98.7%	37,380	1.3%
2022	2,928,587	2,875,162	98.2%	53,425	1.8%

¹Total amount levied by the County of San Diego on behalf of the District prior to deduction of administrative fees by the County.

Source: County of San Diego, Office of the Auditor and Controller

Assessed Valuation of Taxable Property Last Ten Fiscal Years

Fiscal Year	Local Secured Property	State Secured Property	Exemptions ¹	Total Assessed Value	Secured Tax Rate ²
2013	\$ 5,123,844,802	-	-	\$ 5,123,844,802	-
2014	5,191,855,070	-	-	5,191,855,070	-
2015	5,525,587,841	-	-	5,525,587,841	-
2016	5,845,259,490	-	-	5,845,259,490	-
2017	6,114,075,282	-	-	6,069,608,102	-
2018	6,475,273,651	-	-	6,475,273,651	-
2019	6,860,002,562	-	-	6,860,002,562	-
2020	7,170,184,528	-	-	7,170,184,528	-
2021	7,486,729,629	-	-	7,486,729,629	-
2022	7,779,643,109	-	-	7,779,643,109	-

¹Irrigation district taxes are levied on land values only and are not allowed exemptions

²The District does not assess a tax rate. It receives a proportionate share of property taxes levied by the County of San Diego.

Source: County of San Diego, Office of the Auditor & Controller

**Computation of Direct and Overlapping Debt
As of June 30, 2022**

2021-22 Assessed Valuation: \$7,779,643,109

	Debt Outstanding 6/30/2022	% Applicable ²	Share of Overlapping Debt 6/30/2022
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT¹</u>			
Metropolitan Water District	\$ 20,175,000	0.380%	\$ 76,665
Mira Costa Community College District	291,380,000	10.351%	30,160,744
Encinitas Union School District	44,196,583	0.031%	13,701
Rancho Santa Fe School District	29,371,595	72.553%	21,309,973
Solana Beach School District School Facilities Improvement District No. 2016-1	90,570,000	42.059%	38,092,836
San Dieguito Union High School District	424,285,000	17.082%	72,476,364
Santa Fe Irrigation District	0	100%	-
Olivenhain Municipal Water District Assessment District No. 96-1	5,470,000	0.054%	2,954
San Dieguito Union High School District Community Facilities District No. 95-1	26,700,000	1.351%	360,717
City of Solana Beach 1915 Act Bonds	2,150,000	100%	2,150,000
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			164,643,954
<u>OVERLAPPING GENERAL FUND DEBT¹</u>			
San Diego County General Fund Obligation Bonds	\$ 245,340,000	2.128%	\$ 5,220,835
San Diego County Pension Obligations	340,825,000	2.128%	7,252,756
San Diego County Superintendent of School Obligations	7,780,000	2.128%	165,558
San Dieguito Union High School District General Fund Obligations	12,730,000	17.082%	2,174,539
City of Solana Beach General Fund Obligations	145,000	97.286%	141,065
TOTAL OVERLAPPING GENERAL FUND DEBT			14,954,753
OVERLAPPING TAX INCREMENT DEBT (Successor Agency)	\$ 2,165,000	100%	\$ 2,165,000
TOTAL DIRECT DEBT			\$0
TOTAL OVERLAPPING DEBT			\$ 181,763,707
COMBINED TOTAL DEBT			\$ 181,763,707 ³

¹Based on 2021-22 All Property Assessed Valuation of \$12,897,212,921.

²The percentage of overlapping debt applicable to the district is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the irrigation district divided by the district's total taxable assessed value.

³Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to Land Only Assessed Valuation:

Direct Debt 0.00%

Ratios to All Property Assessed Valuation:

Total Direct and Overlapping Tax and Assessment Debt 1.28%

Combined Total Debt 1.41%

Ratios to All Property Redevelopment Successor Agency Incremental Valuation (\$122,660,244)

Total Overlapping Tax Increment Debt 1.77%

Source: California Municipal Statistics, Inc.

Outstanding Long-Term Revenue Bonds and Debt Service Coverage
Last Ten Fiscal Years

	2013	2014	2015	2016	2017	2018	2019 ³	2020 ⁴	2021 ⁴	2022 ⁴
Gross Revenues	\$ 23,914,334	\$ 26,066,628	\$ 24,026,338	\$ 20,359,717	\$ 24,385,246	\$ 29,494,614	\$ 31,118,078	\$ 32,812,271	\$ 38,037,931	\$ 35,137,151
Less Expenses ¹	\$ 17,322,493	\$ 20,710,484	\$ 20,263,383	\$ 18,778,649	\$ 21,764,859	\$ 22,295,292	\$ 23,818,349	\$ 24,777,928	\$ 26,616,311	\$ 29,615,149
Net Revenue Available for Debt Service	\$ 6,591,841	\$ 5,356,144	\$ 3,762,955	\$ 1,581,068	\$ 2,620,387	\$ 7,199,322	\$ 7,299,729	\$ 8,034,343	\$ 11,421,620	\$ 5,522,002
Debt Service Requirements										
Principal	\$ 1,005,000	\$ 1,045,000	\$ 1,085,000	\$ 1,135,000	\$ 1,175,000	\$ 1,220,000	\$ 1,270,000			
Interest	345,950	305,150	260,250	206,150	172,750	126,575	76,875			
Total Debt Service Requirements	\$ 1,350,950	\$ 1,350,150	\$ 1,345,250	\$ 1,341,150	\$ 1,347,750	\$ 1,346,575	\$ 1,346,875			
Debt Service Coverage Ratio	488%	397%	280%	118%	194%	535%	542%			
Total Outstanding Long-Term Revenue Bonds	\$ 8,255,000	\$ 7,210,000	\$ 6,125,000	\$ 4,990,000	\$ 3,815,000	\$ 2,595,000	\$ 1,325,000			
Ratio of Net Bonded Debt to Assessed Value ²	0.16%	0.14%	0.12%	0.08%	0.06%	0.04%	0.02%			
Net Bonded Debt Per Capita ²	\$ 426	\$ 372	\$ 312	\$ 257	\$ 193	\$ 130	\$ 66			
Unrestricted Days Cash	537	510	485	484	323	375	416			

No Debt Outstanding at Fiscal Year-End

No Debt Outstanding at Fiscal Year-End

No Debt Outstanding at Fiscal Year-End

¹Includes all operating expenses except depreciation, amortization, and bond interest.

²This information takes the place of a separate table for "Ratio of General Bonded Debt Outstanding".

³The District has made accounting changes and reclassifications regarding the R. E. Badger Filtration Plant and began consolidating the Plant and the District financials beginning in FY19.

⁴ No outstanding indebtedness as of FY20

Source: Santa Fe Irrigation District

Demographic and Economic Indicators As of June 30, 2022

Service Areas - SFID only	Solana Beach, Rancho Santa Fe, Fairbanks Ranch	
Service Areas - SDWD only	Cardiff, Encinitas, Leucadia	
SFID Service Area (square miles)	15.9	
Plant Service Area (square miles)	25.2	
Miles of Water Main ¹	157	
Number of Reservoirs ¹	2	
Number of Customer Service Connections ¹	7,641	
District Estimated Population Served ²	20,000	
Plant Approximate Population Served ²	58,000	
Unemployment Rate ³ (San Diego County)	2.7%	
Current Year Water Delivered (acre feet) ¹ (1 acre foot = 325,853 gallons)	9,816.8	
Current Year Water Supply (acre feet) - SFID only ¹		
Imported Treated	317.5	3.0%
Imported Raw	7,444.1	70.8%
Local Raw	2,147.2	20.4%
Recycled	598.2	5.7%
Total	10,507.0	100.0%
Current Year Water Use (acre feet) - SFID only ¹		
Residential	8,367.4	82.6%
Commercial/Industrial	357.7	3.5%
Irrigation	565.4	5.6%
Agricultural	85.4	0.8%
Public and Other	149.8	1.5%
Recycled	598.2	5.9%
Total	10,123.9	100.0%
Current Year Water Production by Source (acre feet) - SFID & SDWD ^{4,5}		
Imported Treated Water	451.6	2.9%
Imported Untreated Water	11,501.3	73.3%
Local Untreated Water	3,745.4	23.9%
Total	15,698.3	100.0%
Current Year Water Production by District (acre feet) - SFID & SDWD ^{4,5}		
Santa Fe Irrigation District	9,908.8	63.1%
San Dieguito Water District	5,789.5	36.9%
Total	15,698.3	100.0%

¹ Source: Santa Fe Irrigation District, difference between water supply and use is due to non-revenue water and timing differences

² Source: San Diego Association of Governments

³ Source: California Employment Development Department

⁴ One Acre Foot = 325,851 gallons. SDWD = San Dieguito Water District

⁵ Source: R.E. Badger Filtration Plant, difference between current year water supply and production are due to local interconnects

Demographics on Personal Income, Per Capital Income: Because the District's boundaries include unincorporated areas of San Diego County, as well as one city, it would be difficult to collect any meaningful data for these demographics from existing data sources. Therefore, this information is not being included in the CAFR statistical section.

**Principal Employers
San Diego County
2022 and Ten Years Prior**

2022			2013		
Employer Name	Employees ¹	% of Total County Employment ²	Employer Name	Employees ¹	% of Total County Employment ²
University of California, San Diego	26,000	1.66%	State of California	40,800	2.73%
County of San Diego	20,500	1.31%	University of California, San Diego	27,832	1.86%
United States Navy, San Diego	20,000	1.28%	County of San Diego	16,011	1.07%
City of San Diego	19,500	1.25%	Sharp Health Care	15,960	1.07%
San Diego Unified School District	15,881	1.01%	Scripps Health	14,381	0.96%
Sharp Health Care	14,390	0.92%	Qualcomm	13,400	0.90%
Scripps Health	12,700	0.81%	City of San Diego	10,306	0.69%
Qualcomm	9,444	0.60%	Kaiser Permanente	7,800	0.52%
Kaiser Permanente	7,608	0.49%	General Atomics	7,668	0.51%
San Diego State University	6,939	0.44%	UC San Diego Health System	6,132	0.41%
Total Top Ten County Employers	152,962	9.77%	Total Top Ten County Employers	160,290	10.73%
All Other Employers	1,412,738	90.23%	All Other Employers	1,333,559	89.27%
Total Employment - San Diego County	1,565,700	100.00%	Total Employment - San Diego County	1,493,849	100.00%

¹ San Diego Business Journal - 2020 & 2011 Book of Lists - list based off of responses received by Business Journal – may not represent all San Diego County employers

² California EDD - Labor Market Info

**Operating Indicators
Last Ten Fiscal Years**

	2013	2014	2015	2016	2017	2018	2019 ¹	2020 ¹	2021 ¹	2022 ¹
Full-Time Equivalent Employees	30.5	30.0	29.8	31.0	33.5	32.0	45.0	48.0	48.0	47.0
Average Years of Employment	12.4	13.4	10.4	8.4	9.4	10.6	11.4	10.9	11.0	11.5
Employee Turnover	6.30%	0.00%	18.50%	8.50%	11.10%	0.03%	8.89%	9.43%	12.50%	4.00%
Percentage of Water Losses	6.99%	3.31%	5.80%	6.56%	3.35%	6.10%	4.90%	5.20%	5.20%	2.40%
Demand for Services										
New Connections	1	6	12	7	3	15	6	4	8	3
New Fire line Connections	18	22	34	47	38	51	47	41	33	37
Water Main Breaks	13	9	12	13	16	11	13	8	4	6
Average Daily Consumption (acre feet)	33.1	35.5	30.8	20.6	24.6	27.5	23.4	24.9	27.7	27.1
Capital Assets										
Water Mains (miles of pipe)	144	148	148	148	157	157	157	157	157	157
Fire Hydrants	1,258	1,261	1,260	1,267	1,269	1,283	1,283	1,283	1,295	1,284
Maximum Daily Capacity ²	23.71	18.67	16.39	12.32	14.33	13.16	14.4	14.4	14.4	14.4
(millions of gallons)										
Water Production by District (acre feet)										
Santa Fe Irrigation District	11,472.60	12,365.70	10,691.10	7,999.40	9,396.30	10,462.20	8,533.90	9,098.90	10,104.40	9,908.80
San Dieguito Water District	6,594.90	6,719.20	6,329.20	5,238.40	5,429.90	6,109.40	5,246.50	5,682.50	6,212.30	5,789.50
Totals	18,067.50	19,084.90	17,020.30	13,237.80	14,826.20	16,571.60	13,780.40	14,781.40	16,316.70	15,698.30
Water Production by Source (acre Feet)										
Imported Water	8,391.70	16,417.20	15,601.50	9,957.60	11,469.00	8,486.40	9,896.60	8,793.10	10,709.90	11,952.90
Local Water	10,662.10	2,661.90	1,413.20	3,280.20	3,357.10	8,085.20	3,883.80	5,988.30	5,606.80	3,745.40
Totals	19,053.80	19,079.10	17,014.70	13,237.80	14,826.10	16,571.60	13,780.40	14,781.40	16,316.70	15,698.30

Source: Santa Fe Irrigation District & R.E. Badger Filtration Plant

¹The District has made accounting changes and reclassifications regarding the R. E. Badger Filtration Plant and began consolidating the Plant and the District figures beginning in FY19.

²The Maximum Daily Capacity includes only the SFID portion only.

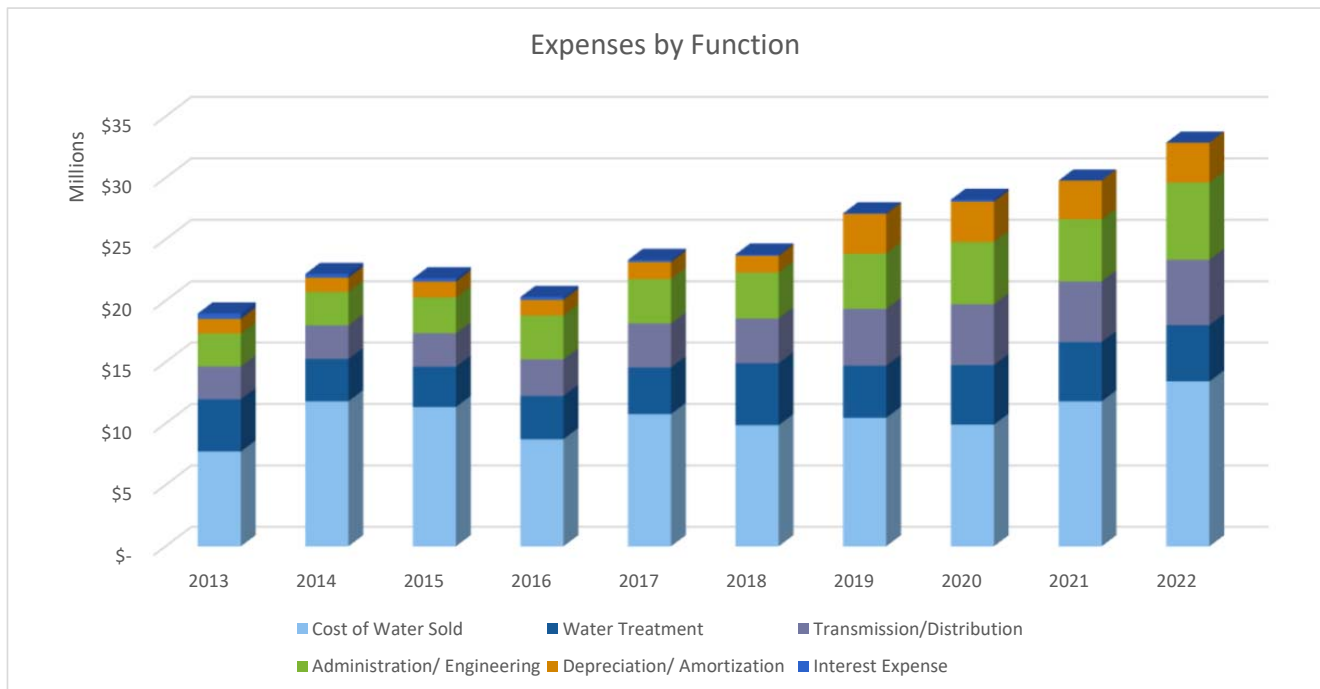
Expenses by Function Last Ten Fiscal Years

Fiscal Year	Cost of Water Sold	Water Treatment	Transmission/Distribution	Administration/Engineering	Depreciation/Amortization	Interest Expense	Total Expenses
2013	\$ 7,715,504	\$ 4,267,793	\$ 2,649,696	\$ 2,689,500	\$ 1,203,775	\$ 432,120	\$ 18,958,388
2014	11,804,846	3,443,310	2,745,603	2,716,725	1,157,728	311,164	22,179,376
2015	11,339,922	3,290,620	2,712,079	2,920,762	1,286,139	264,546	21,814,068
2016	8,726,055	3,524,262	2,959,956	3,568,376	1,294,022	224,073	20,296,744
2017	10,767,457	3,796,508	3,577,141	3,623,753	1,372,239	178,973	23,316,071
2018	9,855,760	5,040,433	3,653,614	3,745,485	1,359,335	115,188	23,769,815
2019 ¹	10,459,108	4,239,608	4,633,305	4,486,328	3,243,425	53,341	27,115,115
2020 ¹	9,908,066	4,850,871	4,955,372	5,063,619	3,278,660	163,686	28,220,274
2021 ¹	11,805,372	4,821,055	4,943,091	5,046,793	3,162,004	-	29,778,315
2022 ¹	13,421,962	4,593,864	5,316,858	6,282,465	3,252,777	-	32,867,926

Note: Fluctuations from year to year in various expenditure categories are generally a function of changes in the organizational structure, purchase and treatment of water, or capital financing. Readers should refer to the specific fiscal year financial statements and MD&As for further explanation of such variances.

¹The District has made accounting changes and reclassifications regarding the R. E. Badger Filtration Plant and began consolidating the Plant and the District financials beginning in FY19.

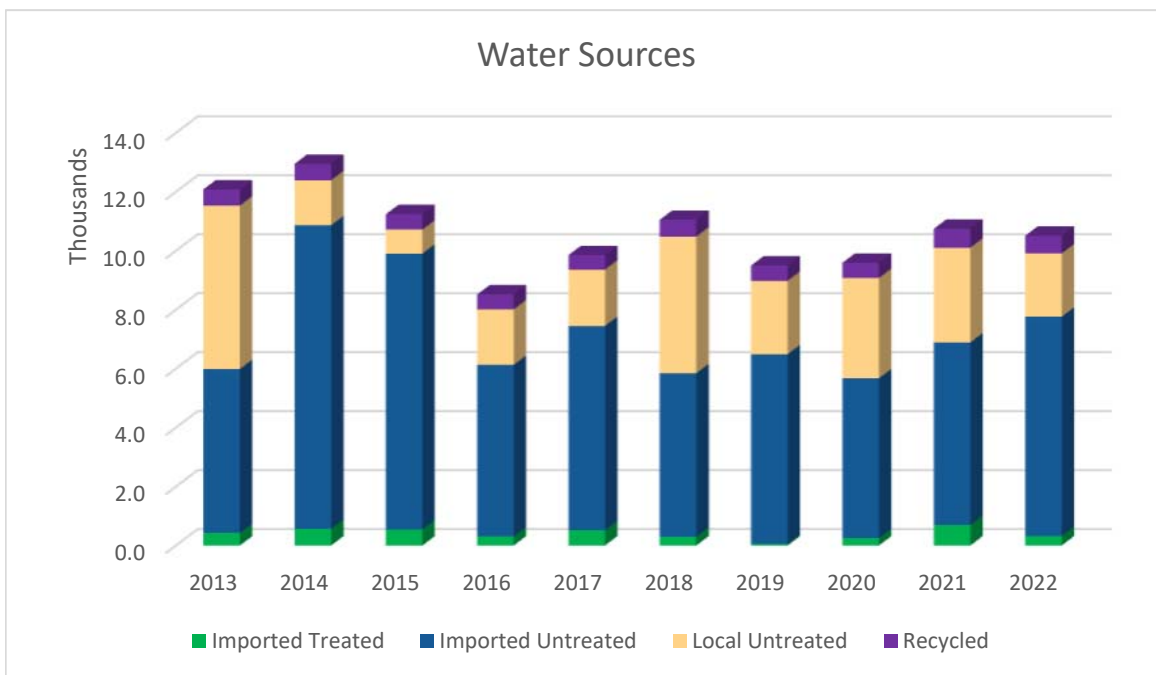
Source: Santa Fe Irrigation District



Water Supply Sources (in Acre Feet) Last Ten Fiscal Years

Fiscal Year	Imported Treated	Imported Untreated	Local Untreated	Recycled	Total
2013	429.8	5,557.0	5,544.6	547.2	12,078.6
2014	568.7	10,295.3	1,526.3	557.5	12,947.8
2015	542.4	9,362.2	811.6	522.8	11,239.0
2016	312.8	5,815.0	1,880.7	508.9	8,517.4
2017	518.0	6,931.0	1,911.1	489.6	9,849.7
2018	299.4	5,547.0	4,635.5	568.1	11,050.0
2019	56.6	6,432.9	2,492.3	517.7	9,499.5
2020	257.6	5416.6	3403.5	512.7	9,590.4
2021	700.3	6189.6	3214.0	639.9	10,743.8
2022	317.5	7444.1	2147.2	598.2	10,507.0

Source: Santa Fe Irrigation District

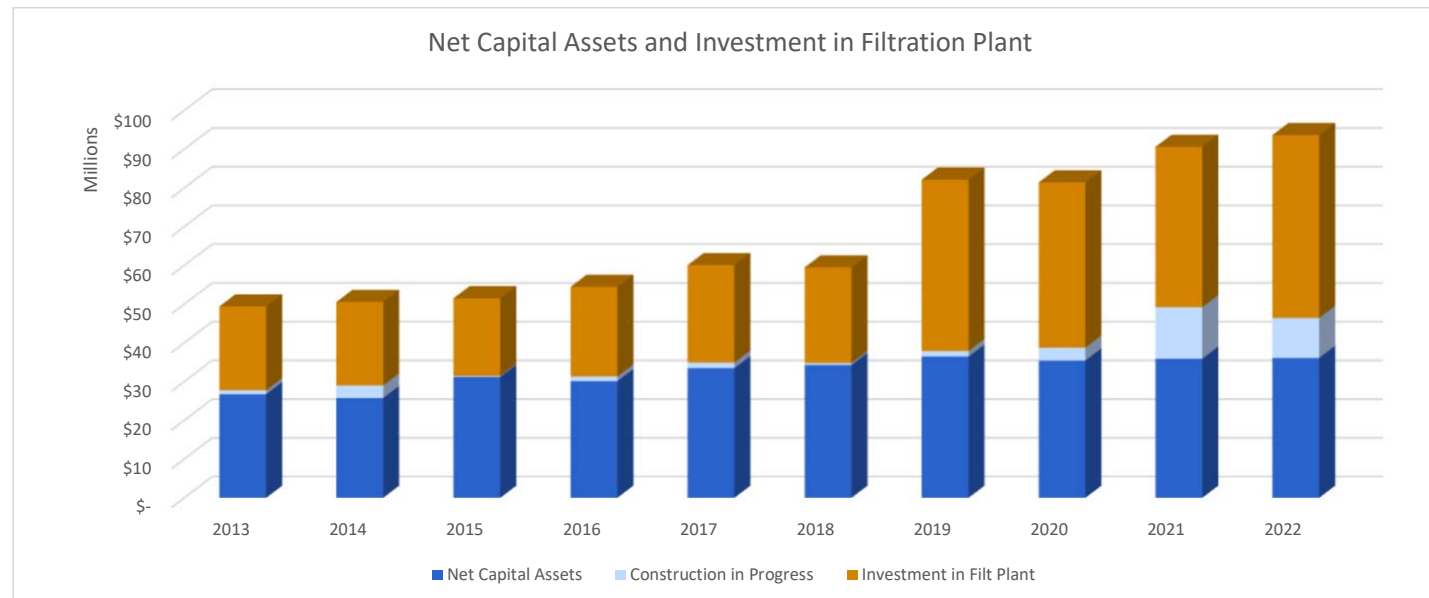


Net Capital Assets and Investment in Filtration Plant Last Ten Fiscal Years

Fiscal Year ¹	Land & Imprvmts	Buildings	Distrib System	Reservoirs	Misc Equipment	Gross Capital Assets	Accumulated Depreciation	Net Capital Assets	Construction in Progress	Investment in Filt Plant	Total Net Capital Assets
2013	319,555	3,062,387	36,561,388	1,618,072	2,980,588	44,541,990	(17,782,697)	26,759,293	983,957	21,666,819	49,410,069
2014	319,555	3,062,387	36,656,363	1,618,071	3,033,534	44,689,910	(18,910,647)	25,779,263	3,238,819	21,539,867	50,557,949
2015	319,555	3,062,387	43,242,246	1,618,071	3,072,418	51,314,677	(20,099,174)	31,215,503	275,562	20,026,372	51,517,437
2016	319,555	3,003,823	43,175,427	1,620,731	3,110,173	51,229,709	(21,117,469)	30,112,240	1,207,571	23,146,050	54,465,861
2017	319,555	3,036,599	46,776,681	1,620,731	4,202,289	55,955,855	(22,489,708)	33,466,147	1,454,763	25,139,648	60,060,558
2018	319,555	3,036,599	48,687,635	1,620,731	4,462,256	58,126,776	(23,832,759)	34,294,017	502,867	24,688,286	59,485,170
2019	1,696,320	3,153,876	49,636,251	1,636,307	5,512,174	61,634,928	(25,183,915)	36,451,013	1,457,769	44,221,787	82,130,569
2020	1,696,320	3,213,456	49,636,251	1,646,540	6,116,209	62,308,776	(26,843,176)	35,465,600	3,318,260	42,641,120	81,424,980
2021	1,696,320	3,305,873	51,009,497	1,646,540	6,644,043	64,302,273	(28,386,019)	35,916,254	13,282,985	41,411,826	90,611,065
2022	1,696,320	3,389,257	51,843,551	1,633,805	6,830,606	65,393,539	(29,291,401)	36,102,138	10,331,373	47,206,300	93,639,811

Source: Santa Fe Irrigation District

¹The District has made accounting changes and reclassifications regarding the R. E. Badger Filtration Plant and began consolidating the Plant and the District financials beginning in FY19. The Investment in the Filtration Plant was eliminated on the financial statements and the Filtration Plant fixed assets were combined with the District.



**Schedule of Water Rates and Charges
As of June 30, 2022**

Single Family Residential

Schedule below based on meter size

METER SIZE		3/4"		1"		1.5"		2"+	
Tier #	Price	Beg. HCF ¹	End HCF	Beg. HCF	End HCF	Beg. HCF	End HCF	Beg. HCF	End HCF
Tier 1	\$ 2.57	0	10	0	10	0	10	0	10
Tier 2	\$ 3.46	11	32	11	32	11	32	11	32
Tier 3	\$ 5.03	33	41	33	66	33	123	33	214
Tier 4	\$ 5.47	42	87	67	140	124	261	215	453
Tier 5	\$ 6.60	88 +		141 +		262 +		454 +	

Multi-Family Residence	\$	5.34
Non-Residential	\$	4.99
Irrigation/Commercial Agriculture	\$	6.29
Temporary Construction Use	\$	6.22
Fire Line Use	\$	6.22
Recycled	\$	3.91

**Bi-Monthly Meter System Access Charges
June 30, 2022**

Meter Size	Potable Meter Fees (Bi- Monthly)	Agriculture / Irrigation (Bi- Monthly)	Private Fire Service (Bi- Monthly)	Recycled Meter Fees (Monthly)
5/8" and 3/4"	\$ 85.69	\$ 76.94	\$ 10.22	\$ 38.30
1"	135.32	121.31	16.34	59.55
1 1/2"	251.11	224.86	30.64	109.12
2"	433.08	387.58	53.10	187.03
3"	797.00	713.00		342.83
4"	1,359.43	1,215.93		583.62
6"	2,484.28	2,221.78		1,065.20
8"	4,303.90	3,848.90		1,844.22
10"	6,454.36	5,771.86		2,764.88

¹ HCF is one hundred cubic feet = 748 gallons

Source: Santa Fe Irrigation District

**Historic Service Connections
Last Ten Fiscal Years**

Fiscal Year	Service Connections	Percent Change
2013	7,290	0.3%
2014	7,297	0.1%
2015	7,382	1.2%
2016	7,467	1.2%
2017	7,517	0.7%
2018	7,520	0.0%
2019	7,606	1.1%
2020	7,641	0.5%
2021	7,652	0.1%
2022	7,641	-0.1%

**Historic Water Revenue
Last Ten Fiscal Years**

Fiscal Year	Water Sales	Percent Change	Fixed Charges	Percent Change
2013	\$ 18,166,721	15.7%	\$ 3,582,598	6.0%
2014	19,899,004	9.5%	3,661,918	2.2%
2015	17,598,000	-11.6%	3,672,959	0.3%
2016	13,755,595	-21.8%	3,700,610	0.8%
2017	16,548,196	20.3%	4,895,700	32.3%
2018	20,864,372	26.1%	5,352,584	9.3%
2019	18,472,415	-11.5%	5,535,582	3.4%
2020	18,865,808	2.1%	5,507,678	-0.5%
2021	22,956,425	21.7%	5,388,296	-2.2%
2022	23,122,259	0.7%	5,621,633	4.3%

Source: Santa Fe Irrigation District

Schedule of Pension and OPEB Contributions
Last Ten Fiscal Years

Fiscal Year	Pension Contributions	OPEB Contributions	Total Contributions
2022	\$ 3,738,170	\$ 479,911	\$ 4,218,081
2021	1,478,590	686,468	2,165,058
2020	1,316,260	582,553	1,898,813
2019	1,131,392	574,832	1,706,224
2018	1,013,764	660,194	1,673,958
2017	917,461	646,183	1,563,644
2016	832,671	554,215	1,386,886
2015	628,467	540,700	1,169,167
2014	650,656	585,413	1,236,069
2013	683,471	634,988	1,318,459

¹ FY 2013 was most recent fiscal year information available

Source: Santa Fe Irrigation District