

Yuima Municipal Water District

Pauma Valley, California



Comprehensive Annual Financial Report

for the fiscal year ending June 30, 2020

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2020



Prepared By: Yuima Municipal Water District's Finance Department
Amy Reeh, Interim General Manager
Abigail Champaco, Accountant
Lynette Brewer, Utility Billing Specialist
Pauma Valley, California

OUR MISSION AND VISION



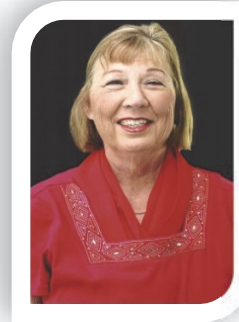
Roland
Simpson
President



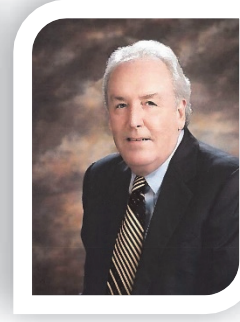
Stephen H.
Wehr
Vice-President



Don Broomell
*Secretary
Treasurer*



Lynne "Laney"
Villalobos
Director



Richard
Fontane
Director

Yuima Municipal Water District is committed to providing a diversified, sustainable water supply for water service to our Pauma Valley customers; exceeding all standards of quality and reliability at fair, reasonable and equitable rates.

We hope to be known and respected in our community as being good stewards of the public resources, and responsibilities entrusted to us.

The Dedicated Staff of Yuima Municipal Water District

Lynette Brewer

Abigail Champaco

Mitch Davis

Breona Easley

Allen Simon

Matt Munaco

Mark Quinn

Amy Reeh

Noel Ruiz

Yuima Municipal Water District
Comprehensive Annual Financial Report
Year Ended June 30, 2020

TABLE OF CONTENTS

	PAGE
I. INTRODUCTORY SECTION	
Letter of Transmittal	i - viii
Organizational Chart	ix
Principal Officials	x
Government Finance Officers Association Certificate of Achievement	xi
 II. FINANCIAL SECTION	
Independent Auditors' Report	1 - 2
Management's Discussion and Analysis	3 - 11
 Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13 - 14
Fund Financial Statements:	
Balance Sheet - Governmental Fund	15
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund	16
Statement of Net Position - Proprietary Fund	17
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	18
Statement of Cash Flows - Proprietary Fund	19
Notes to Financial Statements	20 - 51
 Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability	
CalPERS Pension Plan	52
Schedule of Changes in Net OPEB Liability (Asset) and Related Ratios	
Schedule of Contributions	
CalPERS Pension Plan	54
Retiree Health Benefit Plan	55
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Governmental Fund Type - Fire Protection	
	56
Notes to Required Supplementary Information	57
 III. STATISTICAL SECTION	
Net Position by Component	58 - 59
Changes in Net Position	60 - 61
Fund Balances of Governmental Funds	62
Changes in Fund Balances of Governmental Funds	63 - 64
Commodity Charges and Base Charges	65
Water Sold by Type of Customer	66
Water Purchased and Produced	67
Principal Water Consumers	68

**Yuima Municipal Water District
Comprehensive Annual Financial Report
Year Ended June 30, 2020**

TABLE OF CONTENTS - CONTINUED

	PAGE
STATISTICAL SECTION - Continued	
Property Tax and Assessment Levies	69
Assessed Value of Taxable Property	70
Ratios of Outstanding Debt by Type	71
Revenue Debt Coverage	72 - 73
Computation of Direct and Overlapping Debt	74
San Diego County Demographic and Economic Statistics	75
San Diego County Employment by Industry	76
San Diego County Principal Employers	77
District Employees and Operational Information	78
Capital Assets	79 - 80
Operating and Capital Indicators	81 - 82

Introductory Section



Comprehensive Annual Financial Report



Board of Directors
Roland Simpson - President
Steve Wehr - Vice-President
Don Broomell - Secretary/ Treasurer
Laney Villalobos - Director
Bruce Knox - Director

December 30, 2020

Roland Simpson, President
Members of the Board of Directors
Yuima Municipal Water District
34928 Valley Center Road
Pauma Valley, CA 92061-0177

We are pleased to present the Comprehensive Annual Financial Report (CAFR) for the Yuima Municipal Water District (hereinafter referred to as “the District”) for the fiscal year ended June 30, 2020. The purpose of the report is to provide the Board of Directors, our customers, creditors, investors, and other interested parties with transparent financial information about the District.

The CAFR was prepared by the District’s Finance Department following the guidelines set forth by the Government Accounting Standards Board (GASB) and in accordance with Generally Accepted Accounting Principles (GAAP). Responsibility for both the accuracy of the data presented, and the completeness and fairness of the presentation, including all disclosures, rests with District management. We believe the data, as presented, is accurate in all material respects and that it is presented in a manner that provides a fair representation of the financial position and results of operation of the District and includes all disclosures necessary to enable readers to gain the maximum understanding of the District’s financial activity.

The District’s policy requires that an independent certified public accounting firm, selected by the Board, audit the basic financial statements on an annual basis. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2020, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statements presentation. The independent auditor, Teaman, Ramirez and Smith Inc. have issued an unmodified (“clean”) opinion on the District’s financial statements for the fiscal year ended June 30, 2020. The independent auditor’s report is presented as the first component of the financial section of this report.

Management’s Discussion & Analysis (MD&A) immediately follows the independent auditor’s report in the Financial Section and provides an overview, summary, and analysis of the basic financial statements.

YUIMA MUNICIPAL WATER DISTRICT

P.O. Box 177 • 34928 Valley Center Road • Pauma Valley, CA 92061
(760) 742-3704 • (760) 742-2069 • www.yuimamwd.com • e-mail yuima@yuimamwd.com

DISTRICT FORMATION, ORGANIZATION AND HISTORY

The District was incorporated on January 19, 1963 as a California special district by the State Legislature, with an entitlement to import water under the provisions of the *California Municipal Water District Act of 1911, section 71000 et.seq.* of the *California Water Code* as amended. The District was formed to import Colorado River water to augment local water supplies.

The District is governed by a five-member Board of Directors (the “Board”), elected by geographical location. Prior to the District’s formation, the sole source of water was local ground water on the alluvial fan and the San Luis Rey River basin. Following a period of drought extending back to 1949, coupled with increased agricultural water demands, the water table fell drastically, and overdrafts of the underlying water basin lowered the basin's level as much as 85 feet, forcing the abandonment of some wells and giving rise to increased pumping costs. This condition also prompted the filing of the *Strub vs. Palomar Mutual Water Company* suit to which the District is successor in interest and which limits



the withdrawal of water for use within the boundaries of Improvement District "A" (IDA) from the San Luis Rey River upstream of Cole Grade Road to no more than 1,350-acre feet annually. Yuima, as successor in interest to Palomar Mutual continues to operate the former Palomar Mutual system and properties (now known as Improvement District A) as an independent water system. Yuima is responsible for administering IDA's compliance with *Strub et al.*

The District’s ordinances, policies, taxes, and rates for service are set by the five-member Board of Directors, who are elected by voters in their respective geographic divisions, to serve staggered four-year terms on its Governing Board. The Board of Directors (Board) governs the District. The Board manages the District through an appointed General Manager. The District's management team also includes the Finance & Administrative Services Manager. There are currently 8 full-time and 1 part-time employees working for the District.

The financial data presented herein includes information for activities and entities that are significantly controlled by the District and for which the Board is primarily financially accountable.

THE REPORTING ENTITY AND ITS SERVICES

The District is a “revenue neutral” public agency, meaning that rates are set based on projections so that each end-user pays his or her fair share of the District’s costs of water acquisition, operation and maintenance, betterment, renewal and replacement of the public water facilities. The district is an “Enterprise” district, in that operations are financed and operated in a manner similar to private business enterprises – where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis is to be financed or recovered primarily through user charges; or where periodic determination of revenues earned, expenses incurred, and/or net income is deemed appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Since the District is in the business of selling water and rendering services to an end user, it is

required by the State of California to follow the enterprise type of fund accounting. All proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities (whether current, non-current or restricted) associated with the activity are included in the balance sheet.

The District provides water and fire protection services. The District has established and maintains various self-balancing groups of accounts to enhance internal control and to further the attainment of other management objectives. These groups of accounts, which are funds and sub-funds of the reporting entity, are identified in the District’s books and records as:

- ✓ General Fund
- ✓ Improvement District A Fund
- ✓ Fire Fund

The General Fund accounts for all activity related to water operations as well as the general operations of the District’s water operations. Improvement District A Fund accounts for water operations, capital assets, and construction-in-progress transactions related exclusively to that geographically defined area. The Fire Fund acts as a pass-through mechanism for revenues collected on behalf of the California Department of Forestry and Fire Protection (CalFire), to fund the fire protection operations.

CURRENT ECONOMIC CONDITIONS AND OUTLOOK

The current economy for FY 20/21 is currently on an upswing from the effects of the U shaped recession due to the Novel Coronavirus pandemic. Although 2019 had started with the highest ratings in two decades, the result of the Novel Coronavirus has impacted the United States dramatically. This is significantly higher than June 2019’s 3.4%. Home values continued to increase and hit a high of \$634,000

in July. That represented a 9.3 percent price increase over a year earlier, its highest annual jump in nearly two years according to Norada Real Estate Investments. Consumer Confidence dropped to 100.9 as of October 2020. Consumers do not see the US economy gaining momentum in the coming months as cases for the Coronavirus are now on the rise. San Diego had an unemployment rate of 13.09% as of June 30, 2020 due to the effects of the COVID-19 pandemic. However, this is below the State of California’s unemployment rate of 15.1%. San Diego civilian jobs lost increased by 166, 400 jobs since June of 2019; most of these in the services, tourism and hospitality sectors according to the Employment Development Department.



Over the last 55 years, the District has grown to be a strong agricultural community. Today the District serves a population of 1,830 through 346 service connections provided within approximately 21 square miles of northern San Diego County. The District operates 44.1 miles of water main, 24 productive wells, 10 potable water tanks, and 2 Ag only reservoirs. It appears unlikely that population growth will be a significant factor within the next five years. No major housing developments are planned, and even if a project were initiated today, it would take at least five years to obtain the appropriate zoning changes and complete construction. Currently, there are two active annexation projects in progress at the District, with one annexation expected to be completed by the end of the 2021-22 Fiscal Year. These annexations are comprised of both new population and existing population needing a more dependable source of water. It is estimated that these projects will bring an addition 142 domestic meters. However, because these are domestic meters the District estimates only a 40- acre foot per year increase in water sales. It is estimated that population growth will not exceed 0.5% per year over the next five years. Considering that only about 3% OF TOTAL District demand is residential, the increase in population growth is expected to be negligible with respect to overall water demand during the next few years.



In fiscal year 2019-20 the District purchased approximately 67% of its water from the San Diego County Water Authority (SDCWA or the “Authority”), at a cost of \$9.6 million, or 67.5% of the District’s total operating expenses. The Authority imports most of its water from Metropolitan Water District of Southern California (MET). For the fiscal year ended June 30, 2020 the District billed 346 customers for 6,727-acre feet of water, representing an increase in sales from the prior year of 376-acre feet.

Water sales for the past ten years have ranged from 4,959 to 8,819-acre feet. Because a large portion of our sales are due to agriculture, sales are greatly affected by weather conditions, making sales projections difficult. The Pauma Valley area received only 19.3 inches of rainfall in fiscal year 2019-20; a 29% decrease from the previous year. However, due to two shutdowns from the San Diego County Water Authority for repairs Yuima only realized a 6% increase in water sales from the prior fiscal year.

As the chart to the right depicts, our agricultural customers purchased 91% of the District's total water sales in fiscal year 2019-20, while Wholesale and Domestic sales make up the remaining 9%. As water is one of the largest production costs for farmers in San Diego County, rapidly increasing wholesale water rates have the potential to severely affect the profitability of agriculture. The significant price increases for imported water along with fluctuating water sales have made it difficult to project long-term sales demand forecasts.



LONG-TERM FINANCIAL PLANNING

The past several years has been focused on rebuilding our reserves after the implementation of GASB 68. This fiscal year the District has turned its focus to the development and implementation of a facility improvement plan. The 2019-20 fiscal year the District began several major capital improvement projects. The facility improvement plan will also be part of the District's Strategic Plan that, while in it's infancy, is also being developed as recommended by the Government Finance Officers Association.

Dependence on imported water supplies have increased due to increased demands that cannot be met by our local supply. Water sales for Fiscal Year 2019-20 saw a slight increase of 6%. Although the District's local production increased by 6 %, demand was such that the District's imported water purchases only realized a 1.5% reduction. The District still strives to find ways to increase their local supply but must remain cognizant of weather conditions (reduce rainfall) and the future implications of the Sustainable Ground Water Management Act. While any restrictions imposed from this act are in the distant future, the District must begin addressing the reduction of local supply when planning facility improvement now. The San Diego County Water Authority has begun the design and construction of an emergency flow control facility to provide an alternative source of water for both Yuima and the Valley Center Municipal Water District for use during a North County emergency storage event.

ACCOMPLISHMENTS IN FISCAL YEAR 2019-20

The 2019-20 fiscal year focused mainly on the construction of the District's new Forebay Pump Station. The original pumpstation had been in operation since 1964; and, although still functioning, the older station struggled to keep up with the increasing demands of customers. This pump station is the District's only connection to the imported water supply from the San Diego County Water Authority. The increase in the dependency of imported water made the rehabilitation of the facility a necessity for operational reliability. The pump station rehabilitation included replacing four smaller pumps only capable of a combined 750 horsepower with soft start pumps utilizing a combined 1600 horsepower. Additionally, this fiscal year the District completed Phase 2 of the SCADA System upgrade including the incorporation of the new pump station into the system. The District SCADA System monitors the District's operational infrastructure such as wells, tank levels, chlorine and nitrate analyzers and pump stations. The system notifies Operations staff members of any malfunctions operationally to ensure that water service is uninterrupted.



FINANCIAL INFORMATION AND INTERNAL CONTROLS

District management is responsible for establishing and maintaining a system of internal controls designed to ensure that the District's assets are protected from loss, theft, or misuse, and to ensure that adequate

accounting data is compiled to allow for the presentation of its Financial Statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable assurance that these objectives are met as effectively as possible. The concept of reasonable assurance recognizes that the cost of maintaining the system of internal controls should not exceed benefits likely to be derived, and that the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework.

Management believes that activities presented within this report comply with financial, legal, and contractual obligations, as prudent fiduciary responsibility requires. In addition, we believe that the District's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions. During the year, additional internal control improvements to the accounting software have been made, and we continue to identify ways in which we can strengthen our procedures.

ACCOUNTING SYSTEM

The Finance department is responsible for providing financial and administrative services for the District, including financial accounting and reporting, payroll and accounts payable disbursement functions, cash, investments and debt management, budgeting, grant administration, purchasing, data processing, customer billing, processing of customer payment, customer service, internal auditing, administrative services, human resources, and special financial analyses. The District reports its activities as an enterprise fund, which is used to account for operations like business enterprises, where the provision of services is financed or recovered primarily through user charges.

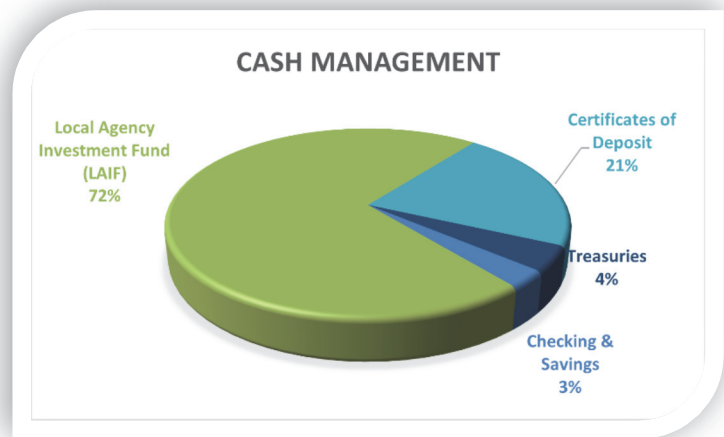
BUDGETING CONTROLS

The District views the budget as an essential tool for proper financial management. The District adopts a budget annually to outline major elements of the forthcoming year's operating and capital plans and to allocate funding required for those purposes. It is designed and presented for the general needs of the District, its staff, and its customers. It is a comprehensive and, for the most part, a balanced financial plan that features District services, resources and their allocation, financial policies, and other useful information to allow users to gain a general understanding of the District's financial status and future. The District's operating and capital budgets are approved by the Board of Directors. Board approval is required for any increase in appropriations. Actual expenditures are then compared to these appropriations each month and are distributed to all department heads monthly and to the Board quarterly. Annual operating water user rates and charges are derived from the annual operating budget and are based on historical seasonal demand, and other internal and external factors impacting the budget. The District maintains two sets of user rates and charges to account for the differing entitlement of the respective geographic areas to local water. One set is for the General District and the other for Improvement District A. Higher pumping charges apply in higher elevations throughout the District.

CASH MANAGEMENT

The District is regulated by State law (primarily California Government Code Section 53600 et seq.) as to the types of securities in which it can invest its cash assets. In addition, the Board of Directors annually adopts an investment policy that is generally more restrictive than the State codes. The District's investment policy governs the cash management and investment of all District funds. The standard practice of the District is to maintain an appropriate balance between safety, liquidity, and yield of its investments while meeting required expenditures, and conforming to all applicable State laws, the District's investment policy, and prudent cash management principles.

For the fiscal year 2020-21, the District's fixed income investment portfolio consisted primarily of short-term securities with an average maturity of 365 days or 12 months. These securities included the State-managed Local Agency Investment Fund (LAIF) and various Certificates of Deposit (CD's).



At June 30, 2020, the District's cash assets totaled \$6.9 million dollars. The diversification of the portfolio is shown in the chart to the above. These cash balances are allocated to various restricted funds.

RISK MANAGEMENT

In 1996, the District became a member of the Joint Powers Insurance Authority (JPIA), a pooled insurance program developed by the Association of California Water Agencies that provides the District's coverage for general liability insurance, property insurance, employee bonds, and other blanket coverage. In 2003 the District added the worker's compensation coverage under JPIA. During fiscal year 2019-20, the District continued its proactive liability risk management role through careful monitoring of losses and designing and implementing programs to minimize risks. In addition, management analyzes workers' compensation issues by monitoring work conditions, and organizing and implementing safety training programs to reduce employee exposure to hazards. The District proudly maintains an excellent low loss history in all JPIA programs.

PENSION AND DEFERRED COMPENSATION PLANS

The District provides two complementary retirement plan programs for employees. The first is a defined benefit pension plan through the California Public Employees' Retirement System (CalPERS). Upon retirement, District employees are entitled to a specified retirement benefit. The plan is more fully described in Note 6 to the Financial Statements.

In addition, the District has adopted a Deferred Compensation Plan in accordance with Section 457(b) of the Internal Revenue Code. All contributions to the Deferred Compensation Plan are employee contributions. The employees are not liable for income taxes on amounts deferred until the funds are withdrawn. The deferred compensation plan was amended May 26, 2009, in accordance with recent changes in the Internal Revenue code. In accordance with these and previous Internal Revenue code revisions, all assets in the Plans are held in trust for the exclusive benefit of the participants and their beneficiaries and therefore are not recognized in the accompanying financial statements. As of June 30, 2020, 4 current employees were participating in the 457(b) Plan with accumulated assets from past and current employees totaling \$332,099.

AWARDS

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Yuima Municipal Water District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2019. This is the twelfth year that the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a District must publish an easy to read and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are respectfully submitting it to the GFOA to determine its eligibility for another certificate.

CONTACTING THE DISTRICT'S FINANCE DEPARTMENT

This financial report is designed to provide the Board, customers, creditors, and investors with a general overview of the District's financial condition. Should you have any questions regarding the content of this report, please contact Amy Reeh, Interim General Manager, at (760) 742-3704 or Amy@Yuimamwd.com.

ACKNOWLEDGMENTS

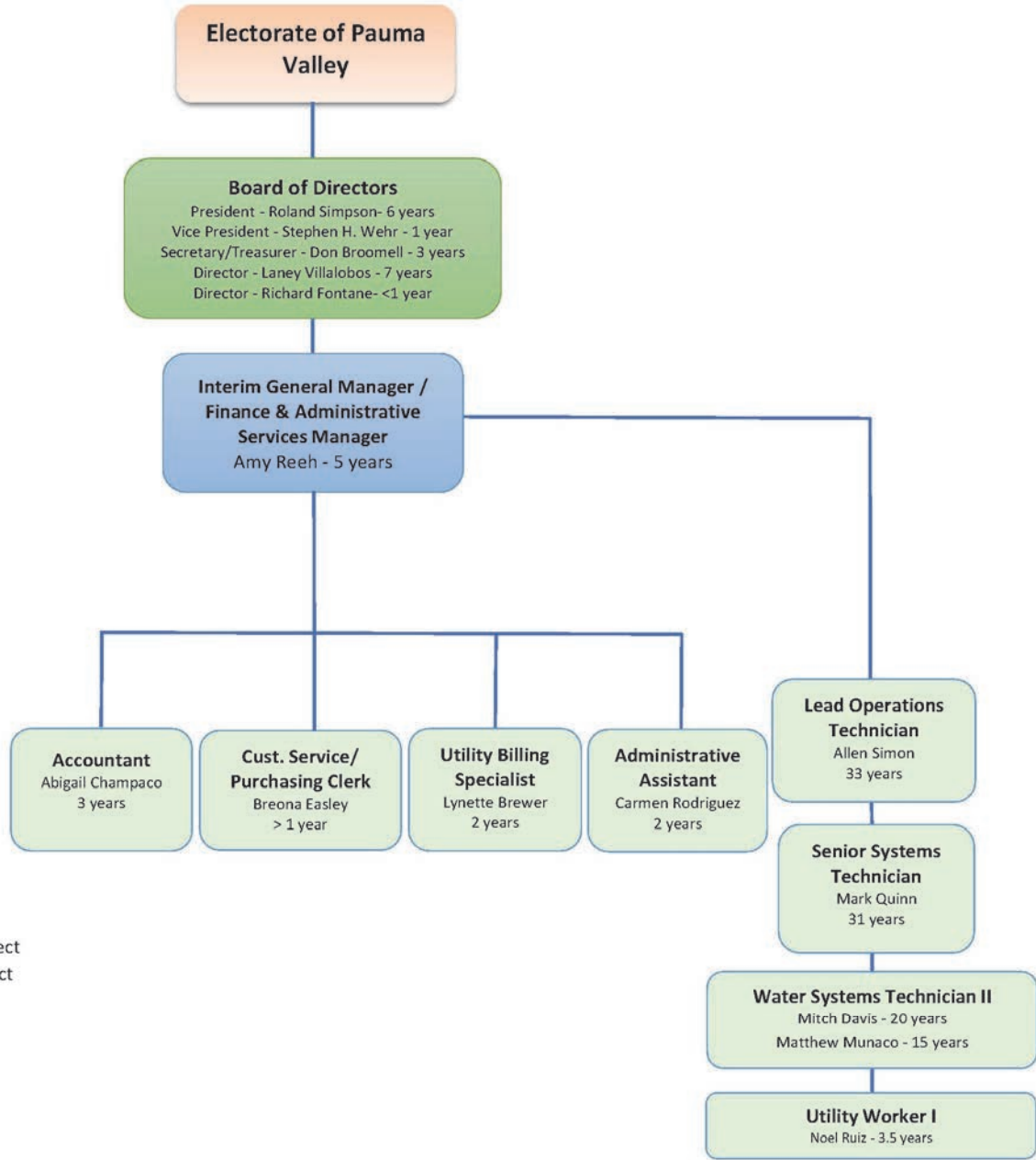
The preparation of this report could not have been accomplished without the contribution of the Finance Department and our independent auditor, Teaman, Ramirez and Smith, Inc. We would also like to particularly to thank the Board of Directors for their continued dedication supporting the highest level of prudent fiscal management.

Respectfully Submitted:



Amy Reeh
Interim General Manager

**Yuima Municipal Water District
Organizational Chart**



PRINCIPAL OFFICIALS

Fiscal Year Ended June 30, 2020

BOARD OF DIRECTORS

Roland Simpson, President
Stephen H. Wehr, Vice President
Don Broomell, Director
Lynne “Laney” Villalobos, Director
Richard Fontane, Director

INTERIM GENERAL MANAGER

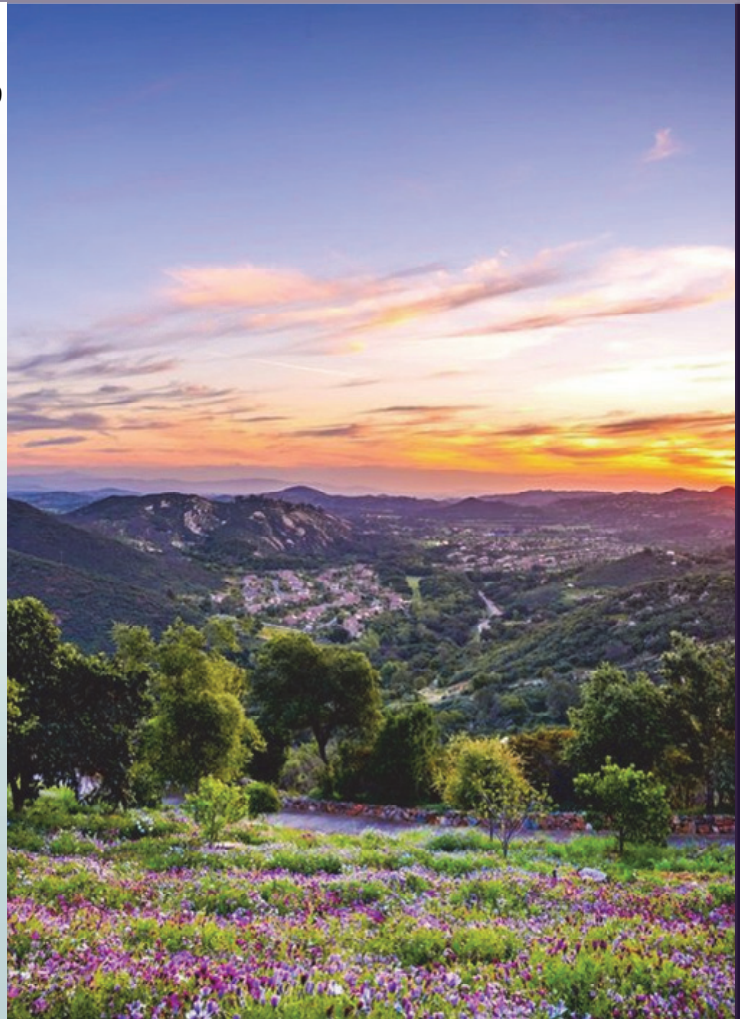
Amy Reeh

GENERAL COUNSEL

Rutan & Tucker, LLP

INDEPENDENT AUDITOR

TEAMAN, RAMIREZ & SMITH, INC.

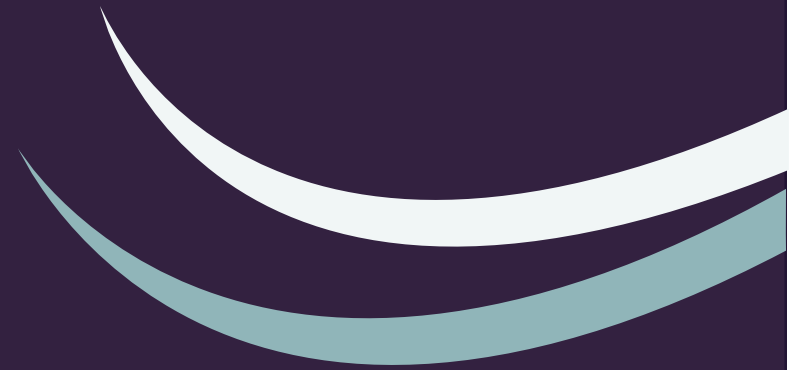


Yuima Municipal Water District

34928 Valley Center Road,
Pauma Valley, CA 92061

760.742.3704 ph
760.742.2069 fax

www.Yuimamwd.com





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Yuima Municipal Water District
California**

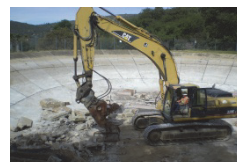
For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

This page was intentionally left blank



Financial Section



Comprehensive Annual Financial Report

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Yuima Municipal Water District
Yuima, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Yuima Municipal Water District (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the District, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

As described in Note 1B to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 3-11 and 52-57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.



Riverside, California
December 30, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2020

This section of the Yuima Municipal Water District's Comprehensive Annual Financial Report (CAFR) presents Management's Discussion and Analysis of the District's financial performance for fiscal year ended June 30, 2020 and includes the Governmental Accounting Standard Board's (GASB) enhanced financial reporting requirements. We offer readers of the Yuima Municipal Water District's financial statements this narrative overview and analysis of the financial position and results of operations for the fiscal year ended June 30, 2020.

Included in this section are:

- Financial Statement Overview;
- Analysis of Financial Position and Results of Operations;
- Overview of the Accompanying Basic Financial Statements;

The Letter of Transmittal can be found on pages i-vi and should be read in conjunction with the audited financial statements. The audited financial statements are located in the section following the MD&A. All amounts, unless otherwise indicated, are expressed in dollars.

FINANCIAL STATEMENTS OVERVIEW - FISCAL YEAR ENDED JUNE 30, 2020

Statement of Net Position - The Statement of Net Position presents the District's financial position relating to assets, liabilities, and deferred outflows/inflows of resources. Assets and deferred outflows in excess of liabilities and deferred inflows (Net Position) for fiscal year 2019-20 increased \$500,654 over fiscal year 2018-2019, from \$16,390,240 to \$16,915,321 which correlates to the increase as presented on the Statements of Revenues, Expenses, and Changes in Net Position. Of this amount, \$4,224,815 may be used to meet the District's ongoing obligation to citizens and creditors.

Yuima Municipal Water District Net Position						
	Governmental		Business-type		Total	
	Activities (Fire Protection)		Activities (Water Operations)			
	2020	2019	2020	2019		
Current and other assets	\$ -	\$ 223,553	\$ 8,758,725	\$ 6,358,797	\$ 8,758,725	\$ 6,582,350
Capital assets	-	-	17,869,144	13,972,459	17,869,144	13,972,459
Total Assets	\$ -	\$ 223,553	\$ 26,627,869	\$ 20,331,256	\$ 26,627,869	\$ 20,554,809
Deferred Outflows of Resources	\$ -	\$ -	\$ 678,362	\$ 1,044,497	\$ 678,362	\$ 1,044,497
Long-term liabilities outstanding	\$ -	\$ -	\$ 8,446,336	\$ 3,630,795	\$ 8,446,336	\$ 3,630,795
Other liabilities	-	-	1,521,675	1,301,276	1,521,675	1,301,276
Total liabilities	\$ -	\$ -	\$ 9,968,011	\$ 4,932,071	\$ 9,968,011	\$ 4,932,071
Deferred Inflows of Resources	\$ -	\$ -	\$ 422,899	\$ 276,995	\$ 422,899	\$ 276,995
Net Position:						
Net Investment in Capital Assets	\$ -	\$ -	\$ 12,690,506	\$ 12,508,865	\$ 12,690,506	\$ 12,508,865
Restricted	-	223,553	-	-	-	223,553
Unrestricted	-	-	4,224,815	3,657,822	4,224,815	3,657,822
Total net position	\$ -	\$ 223,553	\$ 16,915,321	\$ 16,166,687	\$ 16,915,321	\$ 16,390,240

Statement of Activities and Changes in Net Position - The Statement of Activities and Changes in Net Position accounts for all activities during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave). This statement measures the success of the District's operations during the reporting period and can be used to assess whether or not the District has successfully recovered all of its costs through its user fees and other charges. This statement also measures the District's solvency and ability to meet its financial commitments.

ANALYSIS OF FINANCIAL POSITION AND RESULT OF OPERATIONS

The District's overall financial position continues to be affected by the implementation of the GASB 68 requirement to begin recording the Unfunded Accrued Liability of the District's pension plan, as well as the sometimes-unpredictable water sales. Increased water sales and continued implementation of several cost saving measures the District managed to increase our reserve balance in the 2019-20 fiscal year.

Analysis of Net Position – Net Position is the difference between assets acquired, owned, and operated by the District and amounts owed (liabilities). In accordance with Generally Accepted Accounting Principles (GAAP), capital assets acquired through purchase, or construction by the District, are recorded at historical cost. Capital assets contributed by developers are recorded at developers' construction cost. Net Position represents the District's net worth including, but not limited to, capital contributions received to date and all investment in capital assets since formation. Net Position helps answer the following question: "Is the District, as a whole, better or worse off as a result of this year's activities?" As reported in the Statements of Net Position, the net position increased between fiscal years ending 2019 and 2020 from \$16,390,640 to \$16,915,321. Net investment in capital assets increased \$181,641, and unrestricted net position increased \$566,993.

Yuima Municipal Water District Change in Net Position						
	Governmental Activities (Fire Protection)		Business-type Activities (Water Operations)		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for Services	\$ 14,490	\$ 53,131	\$ 14,420,981	\$ 13,075,487	\$ 14,435,471	\$ 13,128,618
Operating Grants and Contributions	7,142	6,816	-	82,244	7,142	89,060
Capital Grants and Contributions	-	-	30,992	-	30,992	-
General Revenues:						
Property Taxes	-	-	460,536	447,498	460,536	447,498
Investment Earnings	19	80	194,582	140,140	194,601	140,220
Other	-	-	8,951	58,192	8,951	58,192
Total Revenues	21,651	60,027	15,116,042	13,803,564	15,137,693	13,863,588
Expenses:						
Fire Protection	229,098	63,764	-	-	229,098	63,764
Water Enterprise	-	-	14,383,514	13,502,605	14,383,514	13,502,605
Total Expenses	229,098	63,764	14,383,514	13,502,605	14,612,612	13,566,369
Increase (Decrease) in Net Position						
Before Transfers	(207,447)	(3,737)	732,528	300,959	525,081	297,222
Transfers	(16,106)	-	16,106	-	-	-
Increase (Decrease) in Net Position	(223,553)	(3,737)	748,634	300,959	525,081	297,222
Net Position - Beginning	223,553	227,290	16,166,687	15,865,728	16,390,240	16,093,018
Net Position - Ending	\$ -	\$ 223,553	\$ 16,915,321	\$ 16,467,646	\$ 16,915,321	\$ 16,687,462

ANALYSIS OF GOVERNMENTAL FUND AND GOVERNMENTAL ACTIVITIES – FIRE FUND

The District's fire protection fund to the government-wide financial statements has no reconciling items from the modified accrual to a full accrual basis. The information below provides an analysis of the increases or decreases in the activities for the governmental fund and governmental activities since the information on both the government-wide and fund statements reflect the same reported figures.

The key factors in the decrease of the Fire Protection Activities net assets and fund balance is as follows:

- The Fire Protection District was consolidated with the County of San Diego's Fire Protection CSA 135, all financial responsibility, net assets and fund balances were transferred to the County.

ANALYSIS OF PROPRIETARY FUND AND BUSINESS-TYPE ACTIVITIES – WATER OPERATIONS

The District’s proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Below is an analysis of the increases or decreases in the activities for the proprietary fund and business-type activities.

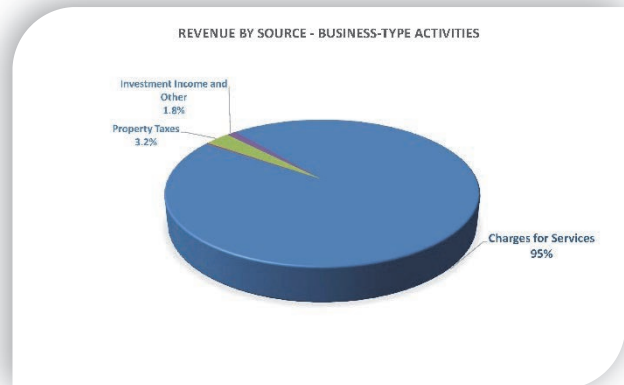
Statement of Revenues, Expenses, and Changes in Net Position - The Statement of Revenues, Expenses, and Changes in Net Position summarizes the District’s operations during the year. In accordance with Generally Accepted Accounting Principles (GAAP), revenues are recognized (recorded) when services are provided, and expenses are recognized when incurred. Operating revenues and expenses are related to the District’s core activities. Non-operating revenues and expenses are not directly related to the core activities of the District (e.g. interest income, property taxes, and interest expenses). The operating margin for the year ended June 30, 2020 of (\$137,655) is combined with total non-operating revenues of \$981,624 non-operating expenses of \$142,433, capital contributions of \$30,992 and transfers of \$16,106 to arrive at the increase in net position of \$748,634. The increase in net position is added to the adjusted beginning net position of \$16,166,687 to arrive at the ending net position total of \$16,915,321 as of June 30, 2020.

Change in Net Position & Analysis of Statement of Revenues, Expenses, and Changes in Net Position

The District’s total revenues of \$15,085,050 for the 2019-20 fiscal year is comprised of \$14,103,426 for Operating and \$981,624 for Non-Operating Revenues. The annual revenue increased \$1,363,730 or 9.9% from the prior fiscal year due to multiple factors. The largest increase was within the Operating Revenues category and is directly associated with increased water sales.

Details of the total increase in revenues are as follows:

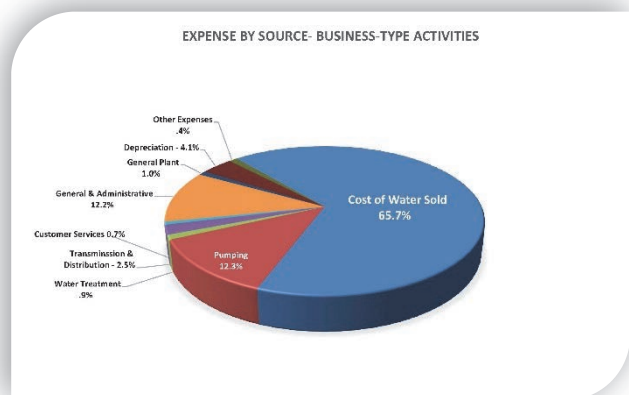
- Water Sales including associated customer fees and charges increased by \$1,282,082, or 10% for the fiscal year ended June 30, 2020.
- Other Non-Operating Revenues increased by \$81,648 or 9.1%, from 2018-19 to 2019-20.



The District’s total expenses increased by \$880,909 or 6.5% in 2019-20, from \$13,502,605 to \$14,383,514. The largest increase occurred within the Operating Expenses; specifically, the categories of Cost of Water Sold and Water Treatment.

Details of the total increase in expenses are as follows:

- The Cost of Water Sold realized an increase \$753,423 or 8.5%. This increase was specifically due to the cost increase of water purchased from the San Diego County Water Authority.
- The Water Treatment costs only realized an increase of \$18,783; however, this small amount equates to a 15.1% increase due to the fact that Water Treatment costs are a small percentage of the total cost of water service.



Schedule of Revenues, Expenses and Change in Net Position

Yuima General District and IDA - Combined

	Proprietary Fund		Increase/	Percent
	2020	2019	(Decrease)	Change
Operating revenues:				
Water sales & Pumping charges	\$13,269,823	\$11,991,270	\$1,278,553	10.7%
Other customer fees and charges	833,603	830,074	3,529	0.4%
Total operating revenues	<u>14,103,426</u>	<u>12,821,344</u>	<u>1,282,082</u>	<u>10.0%</u>
Operating expenses:				
Cost of water sold	9,619,463	8,866,040	753,423	8.5%
Pumping and energy costs	1,774,896	1,687,290	87,606	5.2%
Water Treatment	142,970	124,187	18,783	15.1%
Transmission and distribution	299,274	349,031	(49,757)	-14.3%
Customer services	92,859	91,723	1,136	1.2%
General Plant	127,923	130,523	(2,600)	-2.0%
General and administrative	1,628,936	1,650,301	(21,365)	-1.3%
Depreciation	554,760	551,211	3,549	0.6%
Total operating expenses	<u>14,241,081</u>	<u>13,450,306</u>	<u>790,775</u>	<u>5.9%</u>
Operating income (loss)	<u>(137,655)</u>	<u>(628,962)</u>	<u>491,307</u>	<u>-78.1%</u>
Non-operating revenues:				
Investment earnings	194,582	140,140	54,442	38.8%
Property taxes, assmts, conn fees & leases	646,560	701,644	(55,084)	-7.9%
Other non-operating revenues	140,482	58,192	82,290	141.4%
Total non-operating revenues	<u>981,624</u>	<u>899,976</u>	<u>81,648</u>	<u>9.1%</u>
Non-operating expenses:				
Other non-operating expenses	23,186	14,374	8,812	61.3%
Interest on long term debt	119,247	37,924	81,323	214.4%
Total non-operating expenses	<u>142,433</u>	<u>52,298</u>	<u>90,135</u>	<u>172.3%</u>
Revenues over/(under) Expenditures	701,536	218,717	482,820	220.8%
Capital Contributions	30,992	82,244	(51,252)	100.0%
Transfers	16,106	-	16,106	100.0%
Change in net position	748,634	300,961	447,674	148.7%
Net position, Beginning	<u>16,166,687</u>	<u>15,865,728</u>	<u>300,959</u>	<u>1.9%</u>
Total Net Position, End of year	<u>\$ 16,915,321</u>	<u>\$ 16,166,689</u>	<u>\$ 748,633</u>	<u>4.6%</u>

Schedule of Revenues, Expenses and Change in Net Position

Yuima - General District

	Proprietary Fund		Increase/ (Decrease)	Percent Change
	2020	2019		
Operating revenues:				
Water sales & Pumping charges	\$7,704,306	\$7,311,248	\$393,058	5.4%
Other customer fees and charges	373,156	369,610	3,546	1.0%
Total operating revenues	8,077,462	7,680,858	396,604	5.2%
Operating expenses:				
Cost of water sold	6,268,424	6,149,195	119,229	1.9%
Pumping and energy costs	408,442	478,643	(70,201)	-14.7%
Water Treatment	33,897	28,105	5,792	20.6%
Transmission and distribution	144,777	155,882	(11,105)	-7.1%
Customer services	36,434	38,420	(1,986)	-5.2%
General Plant	64,375	90,158	(25,783)	-28.6%
General and administrative	758,710	823,200	(64,490)	-7.8%
Depreciation	183,114	182,192	922	0.5%
Total operating expenses	7,898,173	7,945,795	(47,622)	-0.6%
Operating income (loss)	179,289	(264,937)	444,226	-167.7%
Non-operating revenues:				
Investment earnings	138,888	84,742	54,146	63.9%
Property taxes, assmts, conn fees & leases	527,457	507,201	20,256	4.0%
Other non-operating revenues	8,600	57,674	(49,074)	-85.1%
Total non-operating revenues	674,945	649,617	25,328	3.9%
Non-operating expenses:				
Other non-operating expenses	353	699	(346)	49.5%
Interest on long term debt	85,787	-	85,787	0.0%
Total non-operating expenses	86,140	699	85,441	12223.3%
Revenues over/(under) Expenditures	768,094	383,981	384,113	100.0%
Capital Contributions	-	82,244	(82,244)	-100.0%
Transfers	16,106	-	16,106	100.0%
Change in net position	784,200	466,225	317,975	68.2%
Net position, Beginning of year	5,349,019	4,882,794	466,225	9.5%
Total Net Position, End of year	\$6,133,219	\$5,349,019	\$784,200	14.7%

**Schedule of Revenues, Expenses and Change in Net Position
Improvement District A**

	Proprietary Fund		Increase/ (Decrease)	Percent Change
	2020	2019		
Operating revenues:				
Water sales & Pumping charges	\$5,565,517	\$4,680,022	\$885,495	18.9%
Other customer fees and charges	460,446	460,464	(18)	0.0%
Total operating revenues	<u>6,025,963</u>	<u>5,140,486</u>	<u>885,477</u>	<u>17.2%</u>
Operating expenses:				
Cost of water sold	3,351,038	2,716,845	634,193	23.3%
Pumping and energy costs	1,366,455	1,208,647	157,808	13.1%
Water Treatment	109,073	96,082	12,991	13.5%
Transmission and distribution	154,497	193,149	(38,652)	-20.0%
Customer services	56,425	53,303	3,122	5.9%
General Plant	63,548	40,365	23,183	57.4%
General and administrative	870,226	827,101	43,125	5.2%
Depreciation	371,646	369,019	2,627	0.7%
Total operating expenses	<u>6,342,908</u>	<u>5,504,511</u>	<u>838,397</u>	<u>15.2%</u>
Operating income (loss)	<u>(316,945)</u>	<u>(364,025)</u>	<u>47,080</u>	<u>-12.9%</u>
Non-operating revenues:				
Investment earnings	55,694	55,398	296	0.5%
Property taxes, assmts, conn fees & leases	119,100	194,443	(75,343)	-38.7%
Other non-operating revenues	131,882	518	131,364	100.0%
Total non-operating revenues	<u>306,676</u>	<u>250,359</u>	<u>56,317</u>	<u>22.5%</u>
Non-operating expenses:				
Other non-operating expenses	22,833	13,675	9,158	67.0%
Interest on long term debt	33,460	37,925	(4,465)	-11.8%
Total non-operating expenses	<u>56,293</u>	<u>51,600</u>	<u>4,693</u>	<u>9.1%</u>
Revenues over/(under) Expenditures	(66,562)	(165,266)	98,704	-59.7%
Capital Contributions	30,992	-	30,992	100.0%
Transfers	-	-	-	0.0%
Change in net position	(35,570)	(165,266)	129,696	-78.5%
Net position, Beginning of year	<u>10,817,668</u>	<u>10,982,934</u>	<u>(165,266)</u>	<u>-1.5%</u>
Total Net Position, End of year	<u>10,782,098</u>	<u>\$10,817,668</u>	<u>(\$35,570)</u>	<u>-0.3%</u>

Statement of Cash Flows- The Statements of Cash Flows present the amounts of cash provided or used by the District's operating, financing, and investment activities during the reporting period. Every cash flow has been categorized as one of the following activities: operating, noncapital financing, capital and related financing, or investing. The primary purpose of this report is to provide information to the general readers about cash inflows and outflows which occurred during the reporting fiscal year. The Cash Flow statement helps the readers to answer the following questions: "Where did cash come from; what was cash used for and what was the change in cash during the fiscal year?" The total of these categories for the year ended June 30, 2020, represents an increase in cash and cash equivalents of \$1,657,491 which is combined with beginning cash and cash equivalents of \$3,542,635 to arrive at ending cash and cash equivalents of \$5,200,126.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20 - 51 of this report. The government-wide financial statements can be found on pages 12 - 14 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Yuima Municipal Water District's progress in funding its obligation to provide pension and OPEB benefits to its employees. Also included is the required budget to actual schedule of the fire protection fund. Required supplementary information can be found on pages 52 - 57 of this report.

CAPITAL ASSETS AND CAPITAL PROJECTS

The District's Capital Assets in service at June 30, 2020 totaled \$29,368,033 less \$12,069,017 of accumulated depreciation, for a net book value of \$17,299,016. Additional information on capital assets can be found in Note 4 to the financial statements. Capital Asset additions being depreciated totaled \$308,773 and included the following:

Capital Asset Additions			
	Yuima	IDA	Total
Annexation Fees	\$ -	\$ -	\$ -
Source of Supply	-	-	-
General Plant Additions	69,533	-	69,533
Pumping Plant	-	218,603	218,603
Water Treatment	-	-	-
Pipelines (Transmission & Distribution)	-	20,637	20,637
Total	\$ 69,533	\$ 239,240	\$ 308,773

Deletions of Capital Assets being depreciated totaled \$37,005 for retirement of equipment replacements. Also included in the total reported on the Statement of Net Position is \$4,489,890 in construction-in-progress, which reflects capital projects in various stages of completion. As of June 30, 2020, the following capital projects were in progress.

Construction in Progress	
<u>Yuima</u>	
GIS Mapping Project	\$ 6,373
SCADA Upgrade Project - CIP	176,873
Forebay Rehab Project	<u>3,859,392</u>
Total	<u>\$ 4,042,638</u>
<u>IDA</u>	
GIS Mapping Project	\$ 12,460
Rincon Ranch Road Pipeline	43,771
New IDA Well #51	281,457
SCADA Upgrade Project - CIP	<u>109,564</u>
Total	<u>\$ 337,688</u>
Total	<u>\$ 4,380,326</u>

The District's capital assets were financed through a combination of current revenues, available reserves from the capital fund and capacity (connection fee) fund, and debt issuances. The District collects capacity fees from new development. These fees are restricted and used exclusively to provide capacity to service new development and fund future construction of facilities identified in the District's Master Plan. As of June 30, 2020, all capacity fees collected in prior years have been used for this purpose. Growth in the area is slow to none. The District does not expect any change in growth in the area for the next few years. The District's CIP is expected to fluctuate from year to year depending on the construction cost of infrastructure projects that are currently under construction or are in the planning stages.

LONG-TERM DEBT

At the end of the current fiscal year, the Yuima Municipal Water District had total debt outstanding of \$8,446,335 including \$315,422 which is the portion that is due within one year. Also included in the total amount is \$136,219 of Compensated Absences. The District issued new debt in 2019/20 in the amount of \$5,000,000 to finance the design and construction of the replacement Forebay Pump Station. The additional debt associated with Capital Projects was incurred to finance the replacement of several tanks which includes Reservoir 8 with a capacity of 1.7 million gallons and pump station as well as the Zone 4 Tank with a capacity of 1.2 million gallons. The remaining debt was incurred as a result of the required implementation of GASB 68. Additional information on long-term debt can be found in Notes 1 & 5 to the financial statements.

The District's outstanding bond indebtedness as of June 30, 2020 is as follows:

Fiscal Year Ended June 30, 2020								
Long-term Debt								
Description	District	Year Issued	Total Debt	Final Maturity Date	Fixed Interest Rate	Debt Outstanding (Audited)		
						As of June 30, 2020		Total
						Current	Long Term	
Compensated Absences	Yuima/IDA					\$ 34,055	\$ 102,164	\$ 136,219
Net Pension Liability	Yuima/IDA					\$ -	\$ 2,279,573	\$ 2,279,573
Tank 8 and Pump Station	IDA	2007	\$ 1,500,000	2022	2.65%	\$ 121,783	\$ 188,791	\$ 310,574
Zone 4 Tank	IDA	2013	\$ 900,000	2033	3.55%	\$ 39,670	\$ 633,870	\$ 673,540
Station 1 SDG&E On-Bill	IDA	2013	\$ 111,364	2022	0.00%	\$ 12,039	\$ 14,046	\$ 26,085
Station 4 SDG&E On-Bill	IDA	2013	\$ 75,125	2023	0.00%	\$ 7,875	\$ 12,469	\$ 20,344
Forebay Pump Station	Yuima	2019	<u>\$ 5,000,000</u>	2039	2.66%	<u>\$ 100,000</u>	<u>\$ 4,900,000</u>	<u>\$ 5,000,000</u>
Total			<u>\$ 7,586,489</u>			<u>\$ 315,422</u>	<u>\$ 8,130,913</u>	<u>\$ 8,446,335</u>

FUTURE INFRASTRUCTURE PLANNING

The future water supply of the District is primarily secured through the importation of water purchased from the San Diego County Water Authority (“SDCWA”). Approximately seventy percent (70%) of the District’s water supply was provided through the intertie with the SDCWA for imported water. Groundwater production will continue to be a challenge for the District, and most water agencies in the State that have access to groundwater, as the recently enacted Sustainable Groundwater Management Act (“SGMA”) is being implemented and will require water agencies in basins which are not in balance to reduce their pumping in conformance with the SGMA objective of realizing sustainable groundwater basins; the primary effect being the reduction in the utilization of groundwater wells to achieve and maintain the balance between groundwater recharge and withdraws. The District is working with the SDCWA and the Valley Center Municipal Water District to provide for the six to eight (6-8) cubic feet per second of additional supply to the YMWD service area for use as needed to supplement current supplies through the present intertie to the SDCWA. The additional imported water supply will be available for the summer, 2021.

Additionally, the District will be updating its Facility Master Plan in the 2020/21 year. As part of the Master Plan development the District intends to research ways to reduce costs through the development of solar power to offset the ever-increasing cost of operating the potable water system. The District is continually committed to providing safe, reliable, sustainable supplies of water for the customers it serves.

ECONOMIC FACTORS

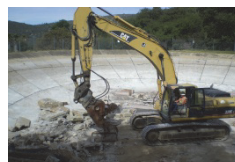
The District derives funding for operations from customer rates, fees, and charges. To the extent required, the District has the ability to generate additional funding resources through rate adjustments to cover the costs for providing water services. The District sets its rates annually based upon anticipated consumption. A significant reduction in consumption could have an adverse effect on the District’s financial position. Listed below are a few highlights of the economic factors that impact our District.

- The District sold 31.98% of total water delivered during the fiscal year 2019-20 to one customer. This same customer has been one of the top ten water consumers in the District for the last 22 years.
- The District realized a \$748,634 operating gain during fiscal year 2019-20 as compared to a \$300,959 operating gain during fiscal year 2018-19.
- In fiscal year 2019-20, the District purchased 67% of its water sold from the San Diego County Water Authority, this is a 6% decrease compared to fiscal year 2018-19.
- The District has invested significantly in upgrading its aging infrastructure to improve the reliability of water delivery to its customers as the District becomes more dependable on imported water supply from the San Diego County Water Authority. Keeping the District’s financial position strong will be critical in the future as increased capital spending will be required. The District will also seek to enter into possible well agreements with customers to increase local production while possibly reducing imported supply at no cost to the District.
- The District has implemented several cost containment strategies to mitigate pension burdens on the District. Yuima MWD employees are now paying 100% of the employee’s portion (8%) of the District’s pension costs. Additionally, through attrition, and job description redevelopment the district has been able to eliminate or replace higher paying positions to realize costs savings.

CONTACTING THE DISTRICT’S FINANCIAL MANAGEMENT

This financial report is designed to provide the District’s rate payers, bond investors and other interested parties with a general overview of the District’s finances, and to demonstrate the District’s accountability for the money it received and the stewardship of the facilities it maintains. If you have any questions about this report or need additional financial information, contact the Yuima Municipal Water District’s Finance Department, Amy Reeh, Interim General Manager / Finance Manager, 34928 Valley Center Road, Pauma Valley, Ca. 92061, or call (760) 742-3704, or send inquiries to our website at www.yuimamwd.com.

This page was intentionally left blank



Yuima Municipal Water District
Statement of Net Position
June 30, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Investments	\$	\$ 5,556,112	\$ 5,556,112
Restricted Cash		1,422,034	1,422,034
Accounts Receivable		1,323,427	1,323,427
Taxes Receivable		5,759	5,759
Interest Receivable		23,478	23,478
Inventories		416,375	416,375
Prepays		11,540	11,540
Net OPEB Asset		570,128	570,128
Capital Assets, Not Being Depreciated:			
Land and Improvements		1,301,457	1,301,457
Construction in Progress		4,489,890	4,489,890
Capital Assets, Net of Depreciation:			
General Plant		513,905	513,905
Source of Supply		6,372,280	6,372,280
Pumping Plant		1,908,608	1,908,608
Water Treatment Plant		111,001	111,001
Transmission and Distribution Plant		2,601,875	2,601,875
Total Assets	<u>0</u>	<u>26,627,869</u>	<u>26,627,869</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Items		669,023	669,023
OPEB Related Items		9,339	9,339
Total Deferred Outflows of Resources	<u>0</u>	<u>678,362</u>	<u>678,362</u>
LIABILITIES			
Accounts Payable		1,409,714	1,409,714
Deposits and Other Accrued Liabilities		36,177	36,177
Interest Payable		75,784	75,784
Long-term Liabilities:			
Due Within One Year		315,422	315,422
Due in More Than One Year		8,130,914	8,130,914
Total Liabilities	<u>0</u>	<u>9,968,011</u>	<u>9,968,011</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Items		268,659	268,659
OPEB Related Items		154,240	154,240
Total Deferred Inflows of Resources	<u>0</u>	<u>422,899</u>	<u>422,899</u>
NET POSITION			
Net Investment in Capital Assets		12,690,506	12,690,506
Unrestricted		4,224,815	4,224,815
Total Net Position	<u>\$ 0</u>	<u>\$ 16,915,321</u>	<u>\$ 16,915,321</u>

The accompanying notes are an integral part of this statement.

Yuima Municipal Water District
Statement of Activities
Year Ended June 30, 2020

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental Activities:				
Fire Protection	\$ 229,098	\$ 14,490	\$ 7,142	\$
Business-type Activities:				
Water Enterprise	<u>14,383,514</u>	<u>14,420,981</u>		<u>30,992</u>
Total Primary Government	<u>\$ 14,612,612</u>	<u>\$ 14,435,471</u>	<u>\$ 7,142</u>	<u>\$ 30,992</u>

General Revenues:
 Unrestricted Intergovernmental
 Investment Earnings
 Other
 Transfers

Total General Revenues and Transfers

Change in Net Position

Total Net Position - Beginning

Total Net Position - Ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (207,466)	\$	\$ (207,466)
	68,459	68,459
(207,466)	68,459	(139,007)
	460,536	460,536
19	194,582	194,601
	8,951	8,951
(16,106)	16,106	0
(16,087)	680,175	664,088
(223,553)	748,634	525,081
223,553	16,166,687	16,390,240
\$ 0	\$ 16,915,321	\$ 16,915,321

The accompanying notes are an integral part of this statement.

Yuima Municipal Water District
Balance Sheet
Governmental Fund
June 30, 2020

	Fire Protection
ASSETS	
Cash and Investments	\$ 0
Total Assets	\$ 0
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts Payable	\$ 0
Total Liabilities	0
Fund Balance:	
Restricted for Fire Protection	0
Total Fund Balance	0
Total Liabilities and Fund Balance	\$ 0
Fund Balance of Governmental Fund	\$ 0
Amounts reported for Governmental Activities in the Statement of Net Position are different because:	
Reconciling items to the Statement of Net Position	0
Net Position of Governmental Activities	\$ 0

The accompanying notes are an integral part of this statement.

Yuima Municipal Water District
Statement of Revenues, Expenditures and Changes in Fund Balance -
Governmental Fund
Year Ended June 30, 2020

	Fire Protection
REVENUES	
Fire Protection Special Tax	\$ 11,730
Mitigation Fees	2,760
Investment Earnings	19
Miscellaneous Revenues	7,142
Total Revenues	21,651
EXPENDITURES	
General and Administrative	180,456
Fire Protection	48,642
Total Expenditures	229,098
Excess (Deficiency) of Revenues Over Expenditures	(207,447)
OTHER FINANCING SOURCES (USES)	
Transfers Out	(16,106)
Total Other Financing Sources (Uses)	(16,106)
Net Change in Fund Balance	(223,553)
Fund Balance, Beginning	223,553
Fund Balance, Ending	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ (223,553)
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Reconciling items to the Statement of Activities	0
Changes in Net Position of Governmental Activities	\$ (223,553)

The accompanying notes are an integral part of this statement.

Yuima Municipal Water District
Statement of Net Position
Proprietary Fund
June 30, 2020

ASSETS

Current Assets:

Cash and Cash Equivalents	\$	3,778,092
Restricted Cash		1,422,034
Investments		1,778,020
Accounts Receivable		1,323,427
Taxes Receivable		5,759
Interest Receivable		23,478
Inventories		416,375
Prepays		11,540
		8,758,725
Total Current Assets		8,758,725

Noncurrent Assets:

Net OPEB Asset		570,128
Capital Assets, Not Being Depreciated		5,791,347
Capital Assets, Net of Depreciation		11,507,669
		17,869,144
Total Noncurrent Assets		17,869,144
Total Assets		26,627,869

DEFERRED OUTFLOWS OF RESOURCES

Pension Related Items		669,023
OPEB Related Items		9,339
		678,362
Total Deferred Outflows of Resources		678,362

LIABILITIES

Current Liabilities:

Accounts Payable		1,409,714
Deposits and Other Accrued Liabilities		36,177
Interest Payable		75,784
Compensated Absences - Current Portion		34,055
Notes Payable - Current Portion		281,367
		1,837,097
Total Current Liabilities		1,837,097

Noncurrent Liabilities:

Compensated Absences		102,164
Net Pension Liability		2,279,573
Notes Payable		5,749,177
		8,130,914
Total Noncurrent Liabilities		8,130,914
Total Liabilities		9,968,011

DEFERRED INFLOWS OF RESOURCES

Pension Related Items		268,659
OPEB Related Items		154,240
		422,899
Total Deferred Inflows of Resources		422,899

NET POSITION

Net Investment in Capital Assets		12,690,506
Unrestricted		4,224,815
		16,915,321
Total Net Position		\$ 16,915,321

The accompanying notes are an integral part of this statement.

Yuima Municipal Water District
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
Year Ended June 30, 2020

OPERATING REVENUES	
Water Sales and Pumping Charges	\$ 13,269,823
Other Services	833,603
	<u>833,603</u>
Total Operating Revenues	<u>14,103,426</u>
 OPERATING EXPENSES	
Purchased Water	9,619,463
Pumping	1,774,896
Water Treatment	142,970
Transmission and Distribution	299,274
Customer Accounts	92,859
General Plant	127,923
General and Administrative	1,628,936
Depreciation	554,760
	<u>554,760</u>
Total Operating Expenses	<u>14,241,081</u>
Operating Income (Loss)	<u>(137,655)</u>
 NON-OPERATING REVENUES (EXPENSES)	
Property Taxes and Assessments	464,663
Availability Charges	181,897
Lease Income	131,531
Investment Earnings	194,582
Other Non-Operating Revenues	8,951
Interest Expense	(119,247)
Net Gain (Loss) on Sale of Capital Assets	(22,833)
Other Non-Operating Expenses	(353)
	<u>(353)</u>
Total Non-Operating Revenues (Expenses)	<u>839,191</u>
Income (Loss) before Capital Contributions and Transfers	<u>701,536</u>
CAPITAL CONTRIBUTIONS	30,992
TRANSFERS IN	16,106
	<u>16,106</u>
Change in Net Position	748,634
Net Position - Beginning	16,166,687
	<u>16,166,687</u>
Net Position - Ending	<u><u>\$ 16,915,321</u></u>

The accompanying notes are an integral part of this statement.

Yuima Municipal Water District
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 13,474,799
Cash from Other Operating Activities	8,951
Cash Payments to Employees	(1,013,564)
Cash Payments to Suppliers	(12,319,308)
	<u>150,878</u>
Net Cash Provided by (Used for) Operating Activities	<u>150,878</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

Property Taxes and Assessments	465,424
Availability Charges	181,897
Lease Income	131,531
Transfers from Other Funds	16,106
	<u>794,958</u>
Net Cash Provided by (Used for) Non-Capital Financing Activities	<u>794,958</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Capital Capacity Fees	30,992
Proceeds from Note Payable	5,000,000
Acquisition of Capital Assets	(4,159,712)
Principal Payments on Capital Debt	(177,488)
Interest Payments on Capital Debt	(60,279)
	<u>633,513</u>
Net Cash Provided by (Used for) Capital and Related Financing	<u>633,513</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Investments	(1,273,761)
Proceeds from the Sale of Investments	1,201,767
Investment Earnings	150,136
	<u>78,142</u>
Net Cash Provided by (Used for) Investing Activities	<u>78,142</u>

Net Increase (Decrease) in Cash and Cash Equivalents	1,657,491
Cash and Cash Equivalents - Beginning of Year	3,542,635
	<u>5,200,126</u>
Cash and Cash Equivalents - End of Year (Includes \$1,422,034 of Restricted Cash)	<u>\$ 5,200,126</u>

Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:

Net Operating Income (Loss)	\$ (137,655)
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used for) Operating Activities:	
Depreciation	554,760
Miscellaneous Revenues	8,951
Miscellaneous Expenses	(353)
(Increase) Decrease in Accounts Receivable	(643,717)
(Increase) Decrease in Inventories and Prepaids	16,959
(Increase) Decrease in Net OPEB Asset (Liability)	(314,566)
(Increase) Decrease in Pension Related Deferred Outflows of Resources	350,020
(Increase) Decrease in OPEB Related Deferred Outflows of Resources	16,115
Increase (Decrease) in Accounts Payable	192,446
Increase (Decrease) in Compensated Absences	(9,433)
Increase (Decrease) in Deposits and Other Accrued Liabilities	(31,015)
Increase (Decrease) in Net Pension Liability	2,462
Increase (Decrease) in Pension Related Deferred Inflows of Resources	(8,336)
Increase (Decrease) in OPEB Related Deferred Inflows of Resources	154,240
	<u>150,878</u>
Total Cash Provided by (Used for) Operating Activities	<u>\$ 150,878</u>

The accompanying notes are an integral part of this statement.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

<u>NOTE</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
1	Reporting Entity and Significant Accounting Policies	21 - 32
2	Cash and Investments	32 - 34
3	Fair Value Measurements	35
4	Capital Assets	36
5	Long-term Liabilities	37 - 39
6	Pension Plans	39 - 44
7	Postemployment Benefits Other than Pensions (OPEB)	44 - 49
8	Deferred Compensation Plan	49
9	Transfers	49
10	Fire Mitigation Fee Program	50
11	Net Position - Designated	50
12	Joint Venture	50
13	Risk Management	50 - 51
14	Commitments and Contingencies	51

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

A) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

A) Reporting Entity

The Yuima Municipal Water District (the “District”) was formed in January 1963 pursuant to Section 8 of the California Municipal Water District Act of 1911 to improve the delivery of agricultural and domestic water services, and to facilitate the acquisition of a supplemental water supply from the Metropolitan Water District of California within its boundaries. The District is governed by an elected, five-member Board of Directors (the “Board”). The 1963 General Obligation Bonds financed the construction of the necessary pipelines, pumping and storage facilities to bring Colorado River water from the aqueducts owned by the Metropolitan Water District and the San Diego County Water Authority to serve the properties within its boundaries, which cover about 13,460 acres in northeastern San Diego County, California; the District maintains, develops and manages such water distribution system. The District offices are located in Pauma Valley, California.

The area now known as “Improvement District A” (IDA) was originally known as Rossmoyne Villages (“Rossmoyne”). The Palomar Mutual Water Company (“Palomar Mutual”) became Rossmoyne’s successor in interest through an agreement dated February 11, 1948. In turn, Palomar Mutual transferred all of its water rights, lands and water system, together with its functions and obligations, to the District in April, 1968.

Among the transferred obligations was a stipulated judgment (*Strub et al. v Palomar* or “*Strub et al.*”), filed November 10, 1953 and later modified, that provides for the net delivery to IDA of no more than 1,350 acre-feet of water per calendar year from the San Luis Rey River upstream of Cole Grade Road.

The District, as successor in interest to Palomar Mutual, continues to operate IDA as an independent water system (California State System No. 3700938). While the District is responsible for administering IDA’s compliance with *Strub et al.*, that stipulated judgment does not affect or bind the 70% of the District which is outside of IDA and which operates under a separate system permit (California State System No. 3701408).

The District added another 351 acres, Annexation #1, in November 1967, and another 63 acres, Annexation #2, in November 1969, by revising its boundaries pursuant to the Reorganization Act of 1965 as amended by LAFCO. The District added another six acres, Fitzsimmons Annexation, on March 26, 1991, and de-annexed 27 acres, Adams De-annexation, on March 29, 1991. Hence the District boundaries total 13,460 acres.

The Board of Directors and officers of the District at June 30, 2020 are as follows:

Name	Title	Term Expiration
Roland Simpson	President	December 2020
Steve Wehr	Vice President	December 2022
Don Broomell	Secretary/Treasurer	December 2020
Laney Villalobos	Director	December 2022
Richard Fontane	Director	December 2020

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements

Governmental Accounting Standard Board Statement No. 84

In January of 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement was issued to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes. This Statement establishes the criteria for identifying fiduciary activities which should be reported in a fiduciary fund in the basic financial statements. The fiduciary funds that should be reported, if applicable: a) pensions trust funds, b) investment trust funds, c) private purpose trust funds, d) custodial funds. Statement No. 84 is effective for reporting periods beginning after December 15, 2018. Due to the COVID-19 pandemic, GASB No. 95 delayed the implementation of this Statement by one year for reporting periods beginning after December 15, 2019. The District has elected not to early implement GASB No. 84 and has not determined its effect on the District's financial statements.

Governmental Accounting Standard Board Statement No. 87

In June of 2017, GASB issued Statement No. 87, *Leases*. The intent of this Statement is to improve accounting and financial reporting for government leases by requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This Statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement is effective for reporting periods beginning after December 15, 2019. Due to the COVID-19 pandemic, GASB No. 95 delayed the implementation of this Statement for reporting periods beginning after June 15, 2021. The District has elected not to early implement GASB No. 87 and has not determined its effect on the District's financial statements.

Governmental Accounting Standard Board Statement No. 89

In June of 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement was issued to (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Statement No. 89 is effective for fiscal years beginning after December 15, 2019. Due to the COVID-19 pandemic, GASB No. 95 delayed the implementation of this Statement by one year for reporting periods beginning after December 15, 2020. The District has elected not to early implement GASB No. 89 and has not determined its effect on the District's financial statements.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements - Continued

Governmental Accounting Standard Board Statement No. 90

In August of 2018, GASB issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*. This Statement was issued to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This Statement defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. Statement No. 90 is effective for fiscal years beginning after December 15, 2018. Due to the COVID-19 pandemic, GASB No. 95 delayed the implementation of this Statement by one year for reporting periods beginning after December 15, 2020. The District has elected not to early implement GASB No. 90 and has not determined its effect on the District's financial statements.

Governmental Accounting Standard Board Statement No. 91

In May of 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This statement was issued to improve financial reporting for certain debt obligations. It allowed entities 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. Statement No. 91 is effective for fiscal years beginning December 15, 2020. Due to the COVID-19 pandemic, GASB No. 95 delayed the implementation of this Statement by one year for reporting periods beginning after December 15, 2021. The District has elected not to early implement GASB No. 91 and has not determined its effect on the District's financial statements.

Governmental Accounting Standard Board Statement No. 92

In January of 2020, GASB issued Statement No. 92, *Omnibus 2020*. This statement was issued to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This includes GASB Statement No. 87, GASB Statement No. 73, GASB Statement No. 74, GASB Statement No. 84 and the measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition as well as other specific provisions. The requirements related to GASB Statement No. 87 are effective upon the issuance date of Statement No. 92. All other requirements are effective for reporting periods beginning after June 15, 2020. Due to the COVID-19 pandemic, GASB Statement No. 95 delayed the implementation of this GASB Statement for paragraphs 6-10 and 12 for reporting periods beginning after June 15, 2021. The District has elected not to early implement GASB No. 92 and has not determined its effect on the District's financial statements.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements - Continued

Governmental Accounting Standard Board Statement No. 93

In March of 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this statement is to address those and other accounting and financial reporting implications that results from the replacement of an Interbank Offered Rates (IBOR). The removal of the London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements are effective for reporting periods beginning after June 15, 2020. Due to the COVID-19 pandemic, GASB Statement No. 95 delayed the implementation of this GASB Statement for paragraphs 13 and 14 for fiscal years beginning after June 15, 2021, and all reporting periods thereafter. The District has elected not to early implement GASB No. 93 and has not determined its effect on the District's financial statements.

Governmental Accounting Standard Board Statement No. 94

In March of 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). Statement No. 94 is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The District has elected not to early implement GASB No. 94 and has not determined its effect on the District's financial statements.

Governmental Accounting Standard Board Statement No. 95

In May of 2020, GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The objective of this statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides which are as follows:

- a. Statement 83 - Reporting periods beginning after June 15, 2019.
- b. Statement 84 and Implementation Guide 2019-2 - Reporting periods beginning after December 15, 2019.
- c. Statement 87 and Implementation Guide 2019-3 - Fiscal years beginning after June 15, 2021, and all reporting periods thereafter.
- d. Statement 88 - Reporting periods beginning after June 15, 2019.
- e. Statement 89 - Reporting periods beginning after December 15, 2020.
- f. Statement 90 - Reporting periods beginning after December 15, 2019.
- g. Statement 91 - Reporting periods beginning after December 15, 2021.
- h. Statement 92, paragraphs 6 and 7 - Fiscal years beginning after June 15, 2021.
- i. Statement 92, paragraphs 8, 9, and 12 - Reporting periods beginning after June 15, 2021.
- j. Statement 92, paragraph 10 - Government acquisitions occurring in reporting periods beginning after June 15, 2021.
- k. Statement 93, paragraphs 13 and 14 - Fiscal years beginning after June 15, 2021, and all reporting periods thereafter.
- l. Implementation Guide 2017-3, Questions 4.484 and 4.491 - The first reporting period in which the measurement date of the (collective) net OPEB liability is on or after June 15, 2019.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

B) Implementation of Governmental Accounting Standards Board (GASB) Pronouncements - Continued

Governmental Accounting Standard Board Statement No. 95 - Continued

- m. Implementation Guide 2017-3, Questions 4.85, 4.103, 4.108, 4.109, 4.225, 4.239, 4.244, 4.245, and 5.1-5.4 - Actuarial valuations as of December 15, 2018, or later.
- n. Implementation Guide 2018-1 - Reporting periods beginning after June 15, 2019.
- o. Implementation Guide 2019-1- Reporting periods beginning after June 15, 2020.

Statement No. 95 is effective immediately. The City has elected to delay certain provisions in the GASB Statements as allowed by GASB Statement No. 95.

Governmental Accounting Standard Board Statement No. 96

In May of 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 arrangement (SBITAs) for government end users (governments). Statement No. 96 is effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The District has elected not to early implement GASB No. 96 and has not determined its effect on the District's financial statements.

Governmental Accounting Standard Board Statement No. 97

In June of 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The objective of this statement is to (1) increase consistency and comparability related to the reporting of fiduciary component units; (2) mitigate costs associated with the reporting of certain defined pension and OPEB plans as fiduciary component units; and (3) enhance the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans. The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, are effective immediately. All other requirements are effective for fiscal years beginning after June 15, 2021. The District has elected not to early implement GASB No. 97 and has not determined its effect on the District's financial statements.

C) Basis of Presentation

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

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued

C) Basis of Presentation - Continued

These statements require that the financial statements described below be presented:

Government-wide Statements: The Government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements except for interfund services provided and used. Elimination of these amounts would distort the direct costs and program revenues reported for various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are expenses that are clearly identifiable with a specific program, project, function or segment. Program revenues of the District include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items that are properly not included among program revenues are reported instead as general revenues.

Fund Financial Statements: Separate financial statements are provided for the governmental fund and proprietary fund.

D) Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide 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.

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred outflows/inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds of the primary government are grouped, in the financial statements in this report, into two generic fund types and two broad fund categories as follows:

Proprietary Funds are accounted for on the flow of *economic resources measurement focus* and use the *accrual basis of accounting*. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The District has one type of Proprietary Fund, which is an Enterprise Fund.

Enterprise Funds are used to account for operations where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The District maintains one Enterprise Fund, the Water Department, to account for the operations of the District's utility services.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued

D) Measurement Focus, Basis of Accounting and Financial Statement Presentation - Continued

Proprietary Funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Funds are used to account for the District's Fire activities. Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Taxes, intergovernmental revenues, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual, and are therefore recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District has one Special Revenue Governmental Fund, which is the Fire Protection Fund. The Fire Protection Fund is used to account for all financial resources and expenditures used to provide fire protection services within the boundaries of the District. On September 11, 2019, the San Diego County Local Agency Formation Commission (LAFCO) approved for the County of San Diego to take over these services provided by the District.

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

E) Reconciliation Between the Governmental Fund Financial Statements and Government-wide Statements

The District has one governmental fund that provides fire protection services through the California Department of Forestry. These services are paid for through special assessments. The District currently has no capital assets, long-term debt or other reconciling items necessary to reconcile between the Governmental fund financial statements and the Government-wide statements.

F) Cash, Cash Equivalents and Restricted Cash

For purposes of the statement of cash flows, cash and cash equivalents consists of short-term highly liquid investments with maturities of 90 days or less at the date of purchase. Restricted cash represents unspent proceeds from the 2019 Installment Note payable required to be used on the Forebay Pump Station project.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued

G) Investments

As a governmental entity other than an external investment pool in accordance with GASB 31, the District's investments are stated at fair value.

In applying GASB 31, the District utilized the following methods and assumptions:

- 1) Fair value is based on quoted market prices as of the valuation date;
- 2) The portfolio did not hold investments in any of the following:
 - a) Items required to be reported at amortized cost,
 - b) Items in external pools that are not SEC-registered (excluding government sponsored pools),
 - c) Items subject to involuntary participation in an external pool,
 - d) Items associated with a fund other than the fund to which the income is assigned;
- 3) Any unrealized gain/loss resulting from the valuation will be recognized within the related fund to the extent its cash and investments' balance exceeds the cumulative value of those investments subject to GASB 31;
- 4) The gain/loss resulting from valuation will be reported within the revenue account "investment earnings" on the Statement of Activities and the Statement of Revenues, Expenditures and Changes in Fund Balance for Governmental Funds. For Proprietary Fund Types the gain/loss from valuation will be reported within the "investment earnings" account on the Statement of Activities and the Statement of Revenues, Expenses and Changes in Net Position for Proprietary Funds.

H) Water Sales and Accounts Receivable

Water sales revenue is recorded and billed monthly when the service is rendered. During the year ended June 30, 2020, the District reported water sales to one customer which totaled approximately 31.98% as a percentage of consumption. Management has not incurred any additional expense to serve this customer, and the District has more than one source of supply to meet its needs.

I) Allowance for Uncollectible Accounts

The District does not provide an allowance for uncollectible accounts. Based upon prior experience and management's assessment of the collectability of existing specific accounts all past due accounts have been paid. When accounts become past due, they are transferred to the tax roll and eventually collected.

J) Inventories and Prepaids

Inventory consists of parts, materials and supplies needed to keep the plant and equipment owned by the District in efficient operating condition to supply water to their customers without interruption of such service. It is valued at cost, and when it is used, it is charged out on the first in, first out basis. Water inventory is stated at its purchase cost using first in, first out method.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued

J) Inventories and Prepaids - Continued

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaids in the financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

K) Capital Assets

Capital assets of the District are recorded at cost, or if donated, valued at their estimated acquisition value rather than fair market value on the date contributed. Contributed assets are recorded at the developer's cost or at the value determined by the developer at the date of contribution. The District does not capitalize interest costs incurred on the construction of capital assets. Capital assets purchased in excess of \$2,000 are capitalized if they have an expected useful life greater than one year.

Assets are depreciated using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
General Plant	5-30
Source of Supply	10-50
Pumping Plant	25
Water Treatment Plant	33 ^{1/3}
Transmission and Distribution	33 ^{1/3}

L) Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation, sick, comp and other leave benefits. Sick leave, upon termination, separation or retirement will be paid out at a rate of 50% of the accumulated balance. All other leave balances are paid 100% upon termination, separation or retirement. The accrued liabilities for compensated absences are reflected in the government-wide and proprietary fund financial statements. Currently, there are no compensated absences associated with the governmental activities.

M) Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has deferred outflows related to pensions and other postemployment benefits. This includes pension contributions subsequent to the measurement date of the net pension liability, other postemployment benefits contributions subsequent to the measurement date of the net OPEB liability (asset), and other amounts (see Notes 6 and 7), which are amortized by an actuarial determined period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has deferred inflows related to pensions and other postemployment benefits. These amounts (see Notes 6 and 7) are amortized by an actuarial determined period.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued

N) Pensions

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

O) Other Postemployment Benefits (OPEB)

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

Generally accepted accounting principles require that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used.

Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Measurement Period	July 1, 2018 to June 30, 2019

P) Net Position

GASB No. 63 requires that the difference between assets, liabilities and deferred outflows/inflows of resources be reported as net position. Net position is classified as either net investment in capital assets, restricted, or unrestricted.

Net position classified as net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding principal of related debt. Restricted net position is the net position that has external constraints placed on them by creditors, grantors, contributors, laws, or regulations of other governments, or through constitutional provisions, or enabling legislation. Unrestricted net position consists of net position that does not meet the definition of net investment in capital assets or restricted net position.

Q) Fund Equity

Fund balance in governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then use unrestricted resources as they are needed. Similarly, when an expenditure is incurred for purposes for which amounts in any of the unrestricted classifications of fund balance could be used, the District considers committed amounts to be reduced first, followed by assigned amounts and then unassigned amounts.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued

Q) Fund Equity - Continued

Nonspendable Fund Balance - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact.

Restricted Fund Balance - Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed Fund Balance - Amounts that can only be used for specific purposes because of a formal action (ordinance) by the government's highest level of decision-making authority. The Board of Directors is the highest level of decision-making authority for the District that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Assigned Fund Balance - Amounts that are constrained by the District's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body, or by an official to whom the authority has been given. The Board of Directors has by resolution the authority to assign fund balance. However, unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned Fund Balance - These are either residual positive net resources of the General Fund in excess of what can properly be classified in one of the other categories, or negative balances in all other funds.

R) Property Tax

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date	January	
Levy Year	July 1 to June 30	
Due Dates	November 1	1 st Installment
	February 1	2 nd Installment
Delinquent Dates	December 10	1 st Installment
	April 10	2 nd Installment

Under California law, property taxes and other charges (such as assessments) are assessed and collected by counties up to 1% of assessed value, plus other increases approved by voters. Property tax revenues are pooled and then allocated to entities based on complex formulas prescribed by state statutes.

S) Capitalized Expenses

Certain administrative and general expenses, relating to assets under construction, are charged to construction in progress until the assets are ready for their intended use. Upon completion of major utility plant additions, the capitalized cost is recorded as part of the asset to which it is related and is depreciated over the estimated useful life of the related asset.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

1) REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES - Continued

T) Use of Estimates

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America and necessarily include amounts based on estimates and assumptions by Management. Actual results could differ from those estimates.

2) CASH AND INVESTMENTS

Cash and Investments

Cash and Investments are classified in the accompanying financial statements as follows:

Statement of Net Position:	
Cash and Investments	\$ 5,556,112
Restricted Cash	<u>1,422,034</u>
Total Cash and Investments	<u>\$ 6,978,146</u>

Cash and investments consist of the following:

Cash on Hand	\$ 500
Deposits with Financial Institutions	1,681,350
Investments	<u>5,296,296</u>
Total Cash and Investments	<u>\$ 6,978,146</u>

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

The table below identifies the investment types that are authorized by the District's investment policy. The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio ⁽¹⁾	Maximum Investment In One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Negotiable Certificates of Deposit	1 year	30%	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (Other Investment Pools)	N/A	None	None

⁽¹⁾ Excluding amounts held by bond trustee that are not subject to California Government Code Restrictions.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

2) CASH AND INVESTMENTS - Continued

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 as necessary to provide the cash flow and liquidity needed for operations.

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

		<u>Maturity Date</u>	<u>Weighted Average Maturity (Years)</u>
State Investment Pool (LAIF)	\$ 4,996,554	N/A	0.67
U.S. Agency Securities	<u>299,742</u>	9/10/2024	5.0
Total	<u>\$ 5,296,296</u>		

* The District has various non-negotiable Certificates of Deposit with various maturity dates; however, these amounts are considered to be deposits with institutions rather than investments.

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 or the District's investment policy, or debt agreements, and the actual rating as of year end for each investment type.

<u>Investment Type</u>		<u>Minimum Legal Rating</u>	<u>Exempt From Disclosure</u>	<u>Rating as of Year End</u>		
				<u>AAA</u>	<u>Aa</u>	<u>Not Rated</u>
State Investment Pool (LAIF)	\$ 4,996,554	N/A	\$	\$	\$	\$ 4,996,554
U.S. Agency Securities	<u>299,742</u>	N/A	<u>299,742</u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>\$ 5,296,296</u>		<u>\$ 299,742</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,996,554</u>

Concentration of Credit Risk

The investment policy of the District contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
FFCB Bond	U.S. Agency Securities	\$ 299,742

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

2) CASH AND INVESTMENTS - Continued

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, 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 risk 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 provisions for deposits and investments: 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 District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. Negotiable certificates of deposits must be fully insured and have a rating of satisfactory or better.

As of June 30, 2020, none of the District's deposits with financial institutions that were in excess of federal depository insurance limits were held in uncollateralized accounts.

Local Agency Investment Fund (LAIF)

The yield of LAIF for the quarter ended June 30, 2020 was 1.47%. The estimated amortized cost and fair value of the LAIF Pool at June 30, 2020 was \$101,110,343,833 and \$101,607,078,218, respectively. The District's share of the Pool at June 30, 2020 was approximately 0.005213 percent.

The LAIF is a special fund of the California State Treasury through which local governments may pool investments. It is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. Each district may invest up to \$75,000,000 in the Fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest. Investments in LAIF are secured by the full faith and credit of the State of California. The fair value of the District's investment in this Pool is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes totaling \$1,725,000,000 and asset-backed securities totaling \$1,675,408,000. LAIF's (and the District's) exposure to risk (credit, market or legal) is not currently available.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

3) FAIR VALUE MEASUREMENTS

Governmental Accounting Standards Board (GASB) Statement No. 72, Fair Value Measurements and Application, provides the framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value with Level 1 given the highest priority and Level 3 the lowest priority. The three levels of the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the organization has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within *Level 1* that are observable for the asset or liability, either directly or indirectly. *Level 2* inputs include the following:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets or liabilities in markets that are not active.
- c. Inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates).
- d. Inputs that are derived principally from or corroborated by observable market data by correlation or other means (market-corroborated inputs).

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

Fair value of assets measured on a recurring basis, are as follows:

	<u>Fair Value</u>	<u>Uncategorized</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Investments:			
State Investment Pool (LAIF)	\$ 4,996,554	\$ 4,996,554	\$
U.S. Agency Securities	<u>299,742</u>	<u></u>	<u>299,742</u>
Total Investments	<u>\$ 5,296,296</u>	<u>\$ 4,996,554</u>	<u>\$ 299,742</u>

The State Investment Pool (LAIF) is exempt under GASB No. 72 fair value measurements. The District uses the market approach for Level 2 investments by using information generated by market transactions involving identical or similar assets, liabilities, or groups of assets and liabilities. Less actively traded securities use valuation models, such as a matrix pricing technique, by comparing the securities' relationship to other benchmark quoted securities or the most recent price obtained from the market.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

4) CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Business-type Activities:				
Capital Assets, Not Depreciated:				
Land and Improvements	\$ 1,301,457	\$	\$	\$ 1,301,457
Construction in Progress	<u>638,951</u>	<u>3,946,785</u>	<u>95,846</u>	<u>4,489,890</u>
Total Capital Assets Not Depreciated	<u>1,940,408</u>	<u>3,946,785</u>	<u>95,846</u>	<u>5,791,347</u>
Capital Assets, Being Depreciated:				
General Plant	2,136,464	69,533		2,205,997
Source of Supply	9,032,538			9,032,538
Pumping Plant	3,655,939	218,603	37,005	3,837,537
Water Treatment Plant	199,226			199,226
Transmission and Distribution Plant	<u>8,280,751</u>	<u>20,637</u>	<u> </u>	<u>8,301,388</u>
Total Capital Assets, Being Depreciated	<u>23,304,918</u>	<u>308,773</u>	<u>37,005</u>	<u>23,576,686</u>
Less Accumulated Depreciation:				
General Plant	(1,610,680)	(81,412)		(1,692,092)
Source of Supply	(2,486,405)	(173,853)		(2,660,258)
Pumping Plant	(1,824,183)	(118,918)	(14,172)	(1,928,929)
Water Treatment Plant	(83,426)	(4,799)		(88,225)
Transmission and Distribution Plant	<u>(5,523,735)</u>	<u>(175,778)</u>	<u> </u>	<u>(5,699,513)</u>
Total Accumulated Depreciation	<u>(11,528,429)</u>	<u>(554,760)</u>	<u>(14,172)</u>	<u>(12,069,017)</u>
Total Capital Assets, Being Depreciated, Net	<u>11,776,489</u>	<u>(245,987)</u>	<u>22,833</u>	<u>11,507,669</u>
Business-type Activities Capital Assets, Net of Depreciation	<u>\$ 13,716,897</u>	<u>\$ 3,700,798</u>	<u>\$ 118,679</u>	<u>\$ 17,299,016</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Business-type Activities:	
Water Enterprise	\$ 554,760

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

5) LONG-TERM LIABILITIES

The following is a summary of changes in Business-type Activities Long-term liabilities for the year:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated Absences (Note 1)	\$ 145,652	\$ 26,980	\$ 36,413	\$ 136,219	\$ 34,055
Net Pension Liability (Note 6)	2,277,111	427,607	425,145	2,279,573	
Direct Borrowings - Note Payable:					
2013 Station 1 Note	38,124		12,039	26,085	12,039
2013 Station 4 Note	28,876		8,532	20,344	7,875
2013 Installment Note	1,141,032		156,917	984,115	161,453
2019 Installment Note	<u>0</u>	<u>5,000,000</u>		<u>5,000,000</u>	<u>100,000</u>
Total	<u>\$ 3,630,795</u>	<u>\$ 5,454,587</u>	<u>\$ 639,046</u>	<u>\$ 8,446,336</u>	<u>\$ 315,422</u>

Direct Borrowing - Notes Payable - 2013 Station 1 Note - In August 2012, the District entered into an On-Bill Financing agreement with San Diego Gas & Electric Company for \$120,393 with no interest. The imputed interest on the loan was not significant to the note payable. The agreement is to provide financing for Station 1 IDA improvements that will provide energy efficiency savings. In the event of default, the District will be required to repay the unpaid loan balance within 30 days. The payments are due in monthly installments on the District's utility bills from San Diego Gas & Electric Company of \$1,003, commencing September 4, 2012 through September 4, 2022.

For the Year Ended June 30,	Payment
2021	\$ 12,039
2022	12,039
2023	<u>2,007</u>
Total	<u>\$ 26,085</u>

Direct Borrowing - Notes Payable - 2013 Station 4 Note - In January 2013, the District entered into an On-Bill Financing agreement with San Diego Gas & Electric Company for \$78,753 with no interest. The imputed interest on the loan was not significant to the note payable. The agreement is to provide financing for Station 4 IDA improvements that will provide energy efficiency savings. In the event of default, the District will be required to repay the unpaid loan balance within 30 days. The payments are due in monthly installments on the District's utility bills from San Diego Gas & Electric Company of \$656, commencing February 1, 2013 through February 1, 2023.

For the Year Ended June 30,	Payment
2021	\$ 7,875
2022	7,875
2023	<u>4,594</u>
Total	<u>\$ 20,344</u>

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

5) LONG-TERM LIABILITIES - Continued

Direct Borrowing - Notes Payable - 2013 Installment Note - In July 2013, the District entered into a Loan and Installment Sale agreement with City National Bank for \$2,420,000 with interest rate of 2.35% - 3.55%. The agreement is to provide financing for the refinancing of two installment sale agreements and for the acquisition and construction of a 1.2 million gallon water storage tank and pump station. In the event of default, any outstanding amounts become immediately due and payable. The payments are due in semiannual installments commencing July 15, 2014 through July 15, 2033. The District only borrowed \$2,372,463 of the \$2,420,000 Installment Note since it made an additional debt service payment on the 2007 Installment Note before it was refinanced.

For the Year Ended June 30,	2007 Refunding Installment Agreement			Construction		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 121,783	\$ 7,429	\$ 129,212	\$ 39,670	\$ 23,562	\$ 63,232
2022	125,031	4,180	129,211	41,091	22,141	63,232
2023	63,761	845	64,606	42,562	20,669	63,231
2024				44,087	19,145	63,232
2025				45,666	17,566	63,232
2026-2030				254,065	62,093	316,158
2031-2034				206,399	14,912	221,311
Total	\$ 310,575	\$ 12,454	\$ 323,029	\$ 673,540	\$ 180,088	\$ 853,628

For the Year Ended June 30,	Total		
	Principal	Interest	Total
2021	\$ 161,453	\$ 30,991	\$ 192,444
2022	166,122	26,321	192,443
2023	106,323	21,514	127,837
2024	44,087	19,145	63,232
2025	45,666	17,566	63,232
2026-2030	254,065	62,093	316,158
2031-2034	206,399	14,912	221,311
Total	\$ 984,115	\$ 192,542	\$ 1,176,657

Pledged Revenues

The District has pledged a portion of future water activities revenues to repay its 2013 Installment Note payable to City National Bank under the agreement with Municipal Finance Corporation. The note payable is secured solely by operating revenues from the proprietary fund. Total principal and interest remaining on the note payable is \$1,176,657 payable through fiscal year 2034. For the current year, principal and interest paid by the operating revenues were \$156,917 and \$35,526, respectively.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

5) LONG-TERM LIABILITIES - Continued

Direct Borrowing - Notes Payable - 2019 Installment Note - In November 2019, the District entered into an Installment Purchase agreement with BBVA USA for \$5,000,000 with an interest rate of 2.66%. The agreement is to provide financing for the acquisition and construction of the Forebay Pump Station. In the event of default, any outstanding amounts become immediately due and payable. The payments are due in semiannual installments commencing January 15, 2020 through July 15, 2039.

For the Year Ended June 30,	Principal	Interest	Total
2021	\$ 100,000	\$ 133,000	\$ 233,000
2022	215,000	128,944	343,944
2023	215,000	123,224	338,224
2024	225,000	117,439	342,439
2025	220,000	111,454	331,454
2026-2030	1,230,000	463,239	1,693,239
2031-2035	1,385,000	290,805	1,675,805
2036-2040	1,410,000	95,095	1,505,095
Total	\$ 5,000,000	\$ 1,463,200	\$ 6,463,200

Pledged Revenues

The District has pledged a portion of future water activities revenues to repay its 2019 Installment Note payable to BBVA USA. The note payable is secured solely by operating revenues from the proprietary fund. Total principal and interest remaining on the note payable is \$6,463,200 payable through fiscal year 2040. For the current year, there was no principal due and interest paid by the operating revenues was \$24,753.

6) PENSION PLANS

A) General Information about the Pension Plans

Plan Descriptions

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. Currently, the District only sponsors rate plans in the miscellaneous risk pools. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding provisions, assumptions and membership information that can be found on the CalPERS website.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

6) PENSION PLANS - Continued

A) General Information about the Pension Plans - Continued

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of fulltime 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 rate plan provisions and benefits in effect at June 30, 2020, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit Formulas	2% at 55 3% at 60	2% at 62
Benefit Vesting Schedule	5 Years Service	5 Years Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 - 63+	50 - 67+
Monthly Benefits, as a % of Eligible Compensation	1.426% - 2.418%	1% - 2.5%
Required Employee Contribution Rates	8%	6.25% - 8%
Required Employer Contribution Rates	14.398%	6.985%

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 both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

The District's contributions to the Plan for the year ended June 30, 2020 were \$225,665.

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

The District reported net pension liability for its proportionate shares of the net pension liability of the Plan of \$2,279,573.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

6) PENSION PLANS - Continued

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

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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 as of June 30, 2018 and 2019 (measurement periods) was as follows:

	CalPERS Pension Plan
Proportion - June 30, 2018	0.06042%
Proportion - June 30, 2019	0.05693%
Change - Increase (Decrease)	(0.00349)%

For the year ended June 30, 2020, the District recognized pension expense of \$569,811. At June 30, 2020, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 225,665	\$
Differences between actual and expected experience	158,325	(12,267)
Changes in assumptions	108,700	(38,533)
Change in employer's proportion and differences between the employer's contributions and the employer's Proportionate share of contributions	176,333	(178,005)
Net differences between projected and actual earnings on plan investments		(39,854)
	\$ 669,023	\$ (268,659)
Total		

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

6) PENSION PLANS - Continued

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

The \$225,665 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflow of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Outflows/Inflows of Resources
2021	\$ 195,987
2022	(43,625)
2023	14,284
2024	8,053

Actuarial Assumptions

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

	CalPERS Pension Plan
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Projected Salary Increase	Varies by Entry Age and Service
Investment Rate of Return	7.15%
Mortality Rate Table ⁽¹⁾	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.5% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter.

⁽¹⁾The Mortality Rate Table was derived based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

6) PENSION PLANS - Continued

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

Discount Rate

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

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates to return by asset class are as followed:

Asset Class ^(a)	Assumed Asset Allocation	Real Return Years 1 - 10 ^(b)	Real Return Years 11+ ^(c)
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	-	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	-	-0.92%
Total	<u>100%</u>		

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

^(b)An expected inflation of 2.0% used for this period.

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

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

6) PENSION PLANS - Continued

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	CalPERS Pension Plan
1% Decrease Net Pension Liability	6.15% \$ 3,659,087
Current Discount Rate Net Pension Liability	7.15% \$ 2,279,573
1% Increase Net Pension Liability	8.15% \$ 1,140,881

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

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

7) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

In May 2000, the District’s Board of Directors approved and adopted a postemployment healthcare plan ("the Retiree Health Benefit Plan" or "RHB Plan") for the benefit of its management employees to be effective July 1, 2000. The plan is permitted under Government Code Section 53200 et. Seq. The Board of Directors establishes and has the authority to amend the plan provisions. The Board of Directors amended the plan on April 25, 2011 to a defined contribution plan effective July 1, 2011 for new management employees. Participants in the plan as of June 30, 2011 will continue to receive benefits under the defined benefit plan’s provisions prior to this amendment. A separate financial report is not prepared for the Retiree Health Benefit Plan.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

7) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - Continued

Plan Description - Continued

In September 2010, the District established an irrevocable trust fund through the California Public Employees' Retiree Benefits Trust (CERBT), an agent multiple-employer postemployment healthcare trust administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. CalPERS issues a separate Comprehensive Annual Financial Report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

Under the defined contribution plan, contributions to the plan are made solely by the District which are established and may be amended by the Board of Directors. The District contributes 100% of the health insurance premiums for an eligible retirement management employee and spouse, not to exceed:

- \$320 per month for retiree and spouse coverage;
- \$200 per month for retiree only coverage; and
- \$160 per month for retiree's spouse only coverage.

The District's contribution toward the health insurance premiums will cease when the retired management employee and spouse reach age 65.

Employees Covered

As of June 30, 2020 actuarial valuation, the following current and former employees were covered by the benefit terms under the RHB Plan:

Active employees	2
Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to, but not yet receiving benefits	0
Total	6

Contributions

The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2020, the District had no cash contributions to the trust and the estimated implied subsidy was \$9,339 resulting in total payments of \$9,339.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

7) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - Continued

Net OPEB Liability (Asset)

The District's net OPEB liability (asset) was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation dated June 30, 2019 based on the following actuarial methods and assumptions:

Actuarial Assumptions

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method	Level Percent of Pay
Amortization Period	20-Year Fixed Period for 2018/19
Asset Valuation Method	Market Value of Assets
Discount Rate	5.50%
Investment Rate of Return	5.50%
General Inflation	2.75%
Salary Increases	Aggregate - 3%
	Merit - CalPERS 1997-2015 Experience Study ⁽¹⁾
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years.
	Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years.
Mortality, Retirement, Disability Termination	CalPERS 1997-2015 Experience Study ⁽¹⁾
Mortality Improvement	Mortality projected fully generational with Scale MP-2019
Participation at Retirement	100% of future eligible retirees will elect coverage.
Surviving Spouse Participation	100% of spouses will continue coverage upon the death of the retiree.

⁽¹⁾ The Experience Study Report may be accessed on the CalPERS website www.calpers.ca.gov under Forms and Publications.

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. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation CERBT-Strategy 3</u>	<u>Long-term Expected Real Rate of Return</u>
Global Equity	22%	4.82%
Fixed Income	49%	1.47%
TIPS	16%	1.29%
Commodities	5%	0.84%
REITs	8%	3.76%
Total	<u>100%</u>	

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

7) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - Continued

Discount Rate

The discount rate used to measure the total OPEB liability (asset) was 5.50 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability (asset).

Changes in the OPEB Liability (Asset)

The changes in the net OPEB liability (asset) for the Plan are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2019 <i>(Measurement Date June 30, 2018)</i>	\$ 1,216,520	\$ 1,472,082	\$ (255,562)
Changes Recognized for the Measurement Period:			
Service Cost	1,112		1,112
Interest	64,980		64,980
Actual vs. Expected Experience	(259,374)		(259,374)
Changes of Assumptions	(521)		(521)
Contributions - Employer		17,484	(17,484)
Net Investment Income		103,594	(103,594)
Benefit Payments	(72,354)	(72,354)	0
Administrative Expense		(315)	315
Net Changes	(266,157)	48,409	(314,566)
Balance at June 30, 2020 <i>(Measurement Date June 30, 2019)</i>	\$ 950,363	\$ 1,520,491	\$ (570,128)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability (asset) of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	1% Decrease (4.50%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
Net OPEB Liability (Asset)	\$ (455,869)	\$ (570,128)	\$ (665,572)

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

7) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - Continued

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability (asset) of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019:

	1% Decrease ⁽¹⁾	Current Healthcare Cost Trend Rates ⁽²⁾	1% Increase ⁽³⁾
Net OPEB Liability (Asset)	\$ (663,181)	\$ (570,128)	\$ (460,862)

⁽¹⁾ Non-Medicare - 6.25% decreasing to an ultimate rate of 3.0% in 2076 and later years. Medicare - 5.3% decreasing to an ultimate rate of 3.0% in 2076 and later years.

⁽²⁾ Non-Medicare - 7.25% decreasing to an ultimate rate of 4.0% in 2076 and later years. Medicare - 6.3% decreasing to an ultimate rate of 4.0% in 2076 and later years.

⁽³⁾ Non-Medicare - 8.25% decreasing to an ultimate rate of 5.0% in 2076 and later years. Medicare - 7.3% decreasing to an ultimate rate of 5.0% in 2076 and later years.

OPEB Plan Fiduciary Net Position

CERBT issues a publicly available financial report that may be obtained from the California Public Employees Retirement System Executive Office, 400 P Street, Sacramento, California 95814.

Recognition of Deferred Outflows and Deferred Inflows of Resources

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL)

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

7) POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - Continued

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

For the fiscal year ended June 30, 2020, the District recognized OPEB expense (credit) of \$(134,872). As of fiscal year ended June 30, 2020, the District reported deferred outflows/inflows of resources related to OPEB from the following services:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 9,339	\$
Changes in assumptions		284
Differences between expected and actual experience		141,477
Net differences between projected and actual earnings on OPEB plan investments		12,479
Total	\$ 9,339	\$ 154,240

The \$9,339 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the net OPEB liability (asset) during the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Year Ended June 30,	Deferred Outflow/(Inflows) of Resources
2021	\$ (120,871)
2022	(26,365)
2023	(2,366)
2024	(4,638)

8) DEFERRED COMPENSATION PLAN

The District offers their employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan is under two investment group contracts, Valic and CalPERS, which offer a variety of variable rates. The plan permits employees to defer a portion of their salary until future retirement years. Eligibility to participate is after six months of service. The plan requires a minimum of \$25 per month to be allocated for each option preference. The maximum amount that may be deferred under this plan for the calendar year 2020 was \$19,500 per participant and is \$19,000 for the calendar year 2019; or up to 25% of gross compensation.

9) TRANSFERS

The Fire Protection Fund transferred \$16,106 to the Proprietary Fund to close out its remaining activities. The County of San Diego took over the fire protection services from the District during the fiscal year.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

10) FIRE MITIGATION FEE PROGRAM

On March 20, 1987 the Board of Directors of the District passed Resolution Number 404-87 effective July 1, 1987 establishing a Fire Mitigation Fee Program. Since that time, the District has annually re-established participation in the program. The Board resolved to participate in the San Diego County’s Fire Mitigation Fee Program whereby the District requests the County of San Diego to collect 100% of the ceiling amount of the fire mitigation fee on the District’s behalf from applicants for building permits or other permits for development. This percent of ceiling fee is equal to or less than capital facility expansion needs caused by new development. Mitigation fees paid under this program will be used to expand the availability of capital facilities and equipment to serve new development. A separate budget accounting category has been set up on the books of the District to be known as the San Diego County Fire Mitigation Fee Fund.

11) NET POSITION - DESIGNATED

In addition to the regulatory restrictions imposed by state law, the Board of Directors by resolution allocated and designated unrestricted net position balances for business-type activities for the following purposes:

	Beginning of Year	Additions Transfers In	Dispositions Transfers Out	End of Year
Customer Rate Stabilization	\$ 1,301,752	\$ 392,914	\$	\$ 1,694,666
Minimum Operating Reserve	1,474,641		39,687	1,434,954
Continuing Capital Projects	881,429	213,766		1,095,195
Total	\$ 3,657,822	\$ 606,680	\$ 39,687	\$ 4,224,815

12) JOINT VENTURE

On June 18, 1976, the District entered into a joint powers agreement for fire protection services with Pauma Municipal Water District and Mootamai Municipal Water District. The fire protection services are provided by the California Department of Forestry and Fire Protection (CALFIRE). The District under the agreement is responsible for administrating these services and determining each district’s proportionate share. This activity is reflected in the financial statements in the fire protection governmental fund. Separate financial statements of this joint venture, is currently unavailable.

13) 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 Association of California Water Agencies Joint Powers Insurance Authority (JPIA). The JPIA is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage from commercial insurance carriers to reduce its exposure to large losses.

Yuima Municipal Water District
Notes to Financial Statements
Year Ended June 30, 2020

13) RISK MANAGEMENT - Continued

The District pays annual premiums for its liability (auto, general, and public officials), property loss, workers' compensation, and fidelity bond coverage. They are subject to retrospective adjustments based on claims experience. The nature and amounts of these adjustments cannot be estimated and are charged or credited to expense as invoiced. The District's insurance expense for year ended June 30, 2020 was \$37,432. There were no instances in the past three years where a settlement exceeded the District's coverage.

14) COMMITMENTS AND CONTINGENCIES

Legal

The District is involved with various potential litigation matters. In the opinion of management and legal counsel, the disposition of all litigation pending will not have a material effect on the financial condition of the District.

Economic Dependency

For fiscal year ended June 30, 2020, 67% of water sold by the District is purchased from the San Diego Water Authority and 33% is produced or purchased from local groundwater sources. All electricity used by the District for pumping and operations is purchased from San Diego Gas and Electric.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The pandemic continued subsequent to year end with certain restrictions required by the Governor of California, as well as local governments, which may affect revenue sources and also caused subsequent stock market volatility. The duration of the pandemic and the impact of COVID-19 on the District's operational and financial performance is uncertain at this time.

REQUIRED SUPPLEMENTARY INFORMATION

Yuima Municipal Water District
Schedule of the District's Proportionate Share of the Net Pension Liability
CalPERS Pension Plan
Last Ten Years⁽¹⁾
As of June 30, 2020

Fiscal Year	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Covered Payroll	Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2015	0.03407%	\$ 2,120,073	\$ 1,093,443	193.89%	70.93%
2016	0.07695%	\$ 2,111,093	\$ 1,101,073	191.73%	72.19%
2017	0.06785%	\$ 2,356,951	\$ 937,320	251.46%	70.38%
2018	0.06422%	\$ 2,531,736	\$ 889,697	284.56%	71.66%
2019	0.06042%	\$ 2,277,111	\$ 1,010,367	225.37%	76.68%
2020	0.05693%	\$ 2,279,573	\$ 1,070,567	212.93%	77.77%

Notes to Schedule:

Benefit Changes. In 2020, there was no benefit terms modified.

Changes in Assumptions. In 2018, the discount rate reduced from 7.65 % to 7.15%.

⁽¹⁾ Fiscal year 2015 was the 1st year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Yuima Municipal Water District
Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios
For the Measurement Periods Ended June 30
As of June 30, 2020

Measurement Period	2017	2018	2019
Total OPEB Liability			
Service Cost	\$ 1,049	\$ 1,080	\$ 1,112
Interest on the Total OPEB Liability	64,078	64,757	64,980
Actual and Expected Experience Difference	0	0	(259,374)
Changes in Assumptions	0	0	(521)
Changes in Benefit Terms	0	0	0
Benefit Payments	(54,290)	(51,306)	(72,354)
Net Change in Total OPEB Liability	10,837	14,531	(266,157)
Total OPEB Liability - Beginning	1,191,152	1,201,989	1,216,520
Total OPEB Liability - Ending (a)	\$ 1,201,989	\$ 1,216,520	\$ 950,363
Plan Fiduciary Net Position			
Contributions - Employer	\$ 67,384	\$ 146,183	\$ 17,484
Net Investment Income	70,090	62,540	103,594
Benefit Payments	(54,290)	(51,306)	(72,354)
Administrative Expense	(654)	(2,439)	(315)
Net Change in Plan Fiduciary Net Position	82,530	154,978	48,409
Plan Fiduciary Net Position - Beginning	1,234,574	1,317,104	1,472,082
Plan Fiduciary Net Position - Ending (b)	\$ 1,317,104	\$ 1,472,082	\$ 1,520,491
Net OPEB Liability (Asset) - Ending (a)-(b)	\$ (115,115)	\$ (255,562)	\$ (570,128)
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	109.6%	121.0%	160.0%
Covered Payroll	137,234	334,712	348,380
Net OPEB Liability as a Percentage of Covered Payroll	(83.9)%	(76.4)%	(163.7)%

Notes to Schedule:

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

**Yuima Municipal Water District
Schedule of Contributions
CalPERS Pension Plan
Last Ten Years⁽¹⁾
As of June 30, 2020**

Fiscal Year	Contractually Required Contribution (Actuarially Determined)	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
2015	\$ 378,037	\$ (378,037)	\$ 0	\$ 1,101,073	34.33%
2016	\$ 362,982	\$ (362,982)	\$ 0	\$ 937,320	38.73%
2017	\$ 386,160	\$ (386,160)	\$ 0	\$ 889,697	43.40%
2018	\$ 386,811	\$ (386,811)	\$ 0	\$ 1,010,367	38.28%
2019	\$ 425,145	\$ (425,145)	\$ 0	\$ 1,070,567	39.71%
2020	\$ 225,665	\$ (225,665)	\$ 0	\$ 916,528	24.62%

⁽¹⁾ Fiscal year 2015 was the 1st year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

**Yuima Municipal Water District
Schedule of Contributions
Retiree Health Benefit Plan
Last Ten Fiscal Years⁽¹⁾
As of June 30, 2020**

Fiscal Year Ended June 30,	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially Determined Contribution (ADC)	\$ 0	\$ 0	\$ 0
Contributions in Relation to the ADC	(146,183)	(17,484)	(9,339)
Contribution Deficiency (Excess)	<u>\$ (146,183)</u>	<u>\$ (17,484)</u>	<u>\$ (9,339)</u>
Covered Payroll	334,712	348,380	130,860
Contributions as a Percentage of Covered Payroll	43.7%	5.0%	7.1%

Notes to Schedule:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2020 were from the June 30, 2019 actuarial valuation.

Methods and assumptions used to determine contributions:

Actuarial Cost Method	Entry Age Normal, Level Percentage of Payroll
Amortization Method/Period	Level Percent of Pay over a 19 Year Fixed Period
Asset Valuation Method	Market Value of Assets
Discount Rate	5.50%
Investment Rate of Return	5.50%
General Inflation	2.75%
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years. Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years.
Mortality	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019

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

Yuima Municipal Water District
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual - Governmental Fund Type - Fire Protection
Year Ended June 30, 2020

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Fire Protection Special Tax	\$ 51,272	\$ 51,272	\$ 11,730	\$ (39,542)
Mitigation Fees			2,760	2,760
Contributions	195,061	195,061		(195,061)
Investment Earnings			19	19
Miscellaneous Revenues	225	225	7,142	6,917
Total Revenues	246,558	246,558	21,651	(224,907)
EXPENDITURES				
General and Administrative	250	250	180,456	(180,206)
Fire Protection	398,953	398,953	48,642	350,311
Total Expenditures	399,203	399,203	229,098	170,105
Excess of Revenues Over Expenditures	(152,645)	(152,645)	(207,447)	(54,802)
OTHER FINANCING SOURCES (USES)				
Transfers Out			(16,106)	
Total Other Financing Sources (Uses)	0	0	(16,106)	
Net Change in Fund Balance	<u>\$ (152,645)</u>	<u>\$ (152,645)</u>	(223,553)	<u>\$ (54,802)</u>
Fund Balance, Beginning			223,553	
Fund Balance, Ending			<u>\$ 0</u>	

Yuima Municipal Water District
Notes to Required Supplementary Information
Year Ended June 30, 2020

1. BUDGETARY DATA

The budget process begins in March with input from staff with a series of goals and objectives in mind. The General Manager and Department Heads discuss the budget process and departments submit budget requests. Budget requests are refined by the Department Heads and approved by the General Manager. Following a series of Finance Committee meetings with the Board of Directors a program is presented that is fiscally sound, prudent, and necessary for the continued efficient operation of the District during the coming year. The proposed budget is then presented to the Board of Directors for review and ultimate approval in June.

The appropriated budget is prepared by fund and object which is reflected in the budget to actual schedule on page 56. The General Manager may make transfers of appropriations within the fund up to \$15,000. Any other changes, requires the approval of the Board of Directors. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is at the fund level.

Statistical Section



Comprehensive Annual Financial Report

STATISTICAL SECTION

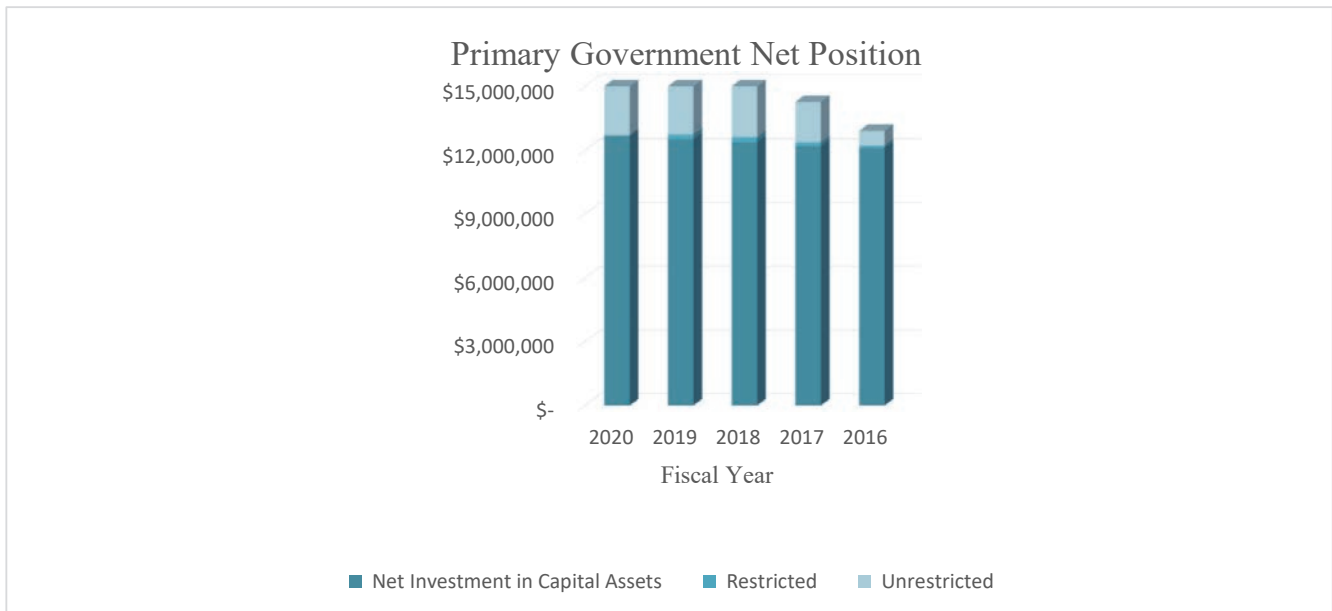
This part of the Yuima Municipal Water District comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

CONTENTS	PAGES
Financial Trends These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	58 - 64
Revenue Capacity These schedules contain information to help the reader assess the District's most significant local revenue source, water sales.	65 - 70
Debt Capacity These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	71 - 74
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	75 - 77
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	78 - 82

**Yuima Municipal Water District
Net Position by Component
Last Ten Fiscal Years**

Page 1 of 2

	Fiscal Year				
	2020	2019	2018	2017	2016
Governmental Activities:					
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	223,553	227,290	177,620	120,050
Unrestricted	-	-	-	-	-
Total Governmental Activities Net Position	\$ -	\$ 223,553	\$ 227,290	\$ 177,620	\$ 120,050
Business - type Activities					
Net Investment in Capital Assets	\$ 12,690,506	\$ 12,508,865	\$ 12,376,977	\$ 12,192,571	\$ 12,100,947
Restricted	-	-	-	-	-
Unrestricted	4,224,815	3,657,822	3,488,751	1,896,073	681,845
Total Business-type Activities Net Position	\$ 16,915,321	\$ 16,166,687	\$ 15,865,728	\$ 14,088,644	\$ 12,782,792
Primary Government					
Net Investment in Capital Assets	\$ 12,690,506	\$ 12,508,865	\$ 12,376,977	\$ 12,192,571	\$ 12,100,947
Restricted	-	223,553	227,290	177,620	120,050
Unrestricted	4,224,815	3,657,822	3,488,751	1,896,073	681,845
Total Primary Government Net Position	\$ 16,915,321	\$ 16,390,240	\$ 16,093,018	\$ 14,266,264	\$ 12,902,842



Source: Yuima Municipal Water District

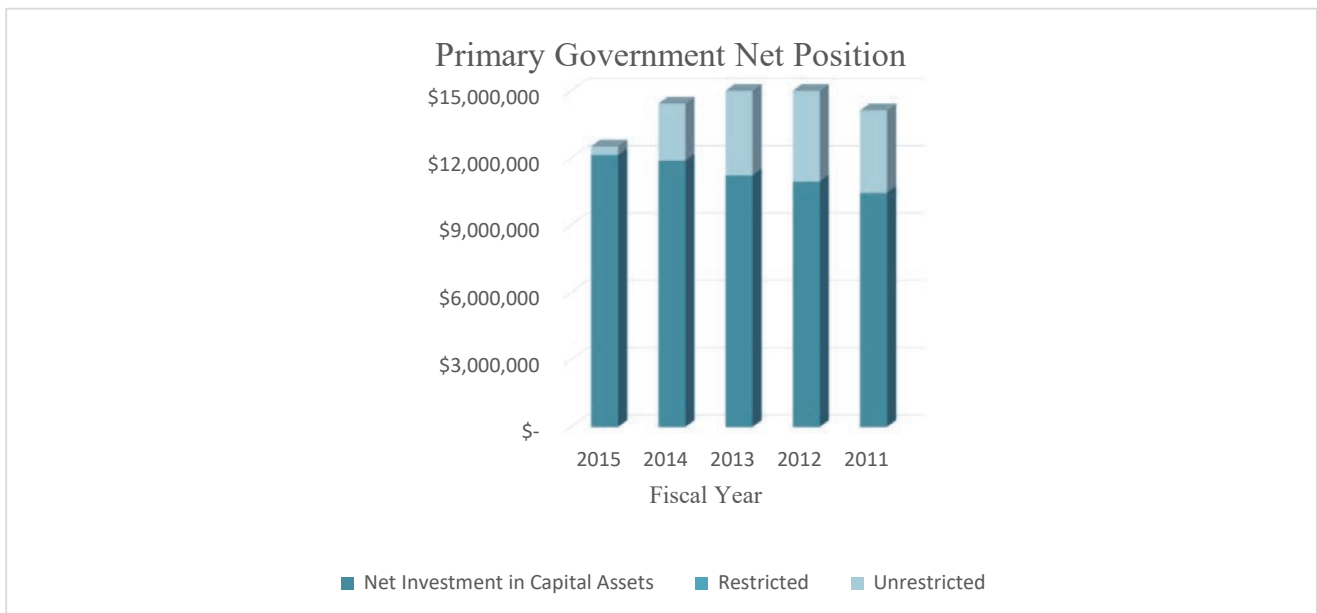
Notes: (1) The District's assets consist primarily of water treatment and distribution facilities.

(2) The Fire Protection District (Governmental Activities) was consolidated with the County of San Diego's Fire Protection CSA 135, all financial responsibility, net assets and fund balances were transferred to the County in fiscal year 2020.

**Yuima Municipal Water District
Net Position by Component
Last Ten Fiscal Years**

Page 2 of 2

	Fiscal Year				
	2015	2014	2013	2012	2011
Governmental Activities:					
Net Investment in Capital Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Unrestricted	115,483	60,942	1,512	(141)	7,628
Total Governmental Activities Net Position	\$ 115,483	\$ 60,942	\$ 1,512	\$ (141)	\$ 7,628
Business - type Activities					
Net Investment in Capital Assets	\$ 12,120,332	\$ 11,878,249	\$ 11,224,659	\$ 10,954,646	\$ 10,441,399
Restricted	-	-	-	-	-
Unrestricted	283,989	2,488,978	4,491,741	4,503,571	3,673,419
Total Business-type Activities Net Position	\$ 12,404,321	\$ 14,367,227	\$ 15,716,400	\$ 15,458,217	\$ 14,114,818
Primary government					
Net Investment in Capital Assets	\$ 12,120,332	\$ 11,878,249	\$ 11,224,659	\$ 10,954,646	\$ 10,441,399
Restricted	-	-	-	-	-
Unrestricted	399,472	2,549,920	4,493,253	4,503,430	3,681,047
Total Primary Government Net Position	\$ 12,519,804	\$ 14,428,169	\$ 15,717,912	\$ 15,458,076	\$ 14,122,446



Source: Yuima Municipal Water District

Notes: (1) The District's assets consist primarily of water treatment and distribution facilities.

(2) The Fire Protection District (Governmental Activities) was consolidated with the County of San Diego's Fire Protection CSA 135, all financial responsibility, net assets and fund balances were transferred to the County in fiscal year 2020.

Yuima Municipal Water District
Changes in Net Position
Last Ten Fiscal Years

Page 1 of 2

	Fiscal Year				
	2020	2019	2018	2017	2016
Expenses					
Governmental Activities:					
Fire Protection	\$ 229,098	\$ 63,764	\$ 21,057	\$ 288	\$ 117,154
Total Governmental Activities Expenses	<u>229,098</u>	<u>63,764</u>	<u>21,057</u>	<u>288</u>	<u>117,154</u>
Business-type activities:					
Water Activities	14,383,514	13,502,605	16,643,497	11,559,426	9,992,584
Interest on Long-term Debt	-	-	-	-	-
Total Business-type Activities Expenses	<u>14,383,514</u>	<u>13,502,605</u>	<u>16,643,497</u>	<u>11,559,426</u>	<u>9,992,584</u>
Total Primary Government Expenses	<u>\$14,612,612</u>	<u>\$13,566,369</u>	<u>\$16,664,554</u>	<u>\$11,559,714</u>	<u>\$10,109,738</u>
Program Revenues					
Governmental Activities:					
Charges for Services - Fire Protection	\$ 14,490	\$ 53,131	\$ 64,260	\$ 52,512	\$ 59,165
Operating Grants & Contributions - Fire Protection	7,142	6,816	6,421	5,316	62,537
Capital Grants and Contributions - Fire Protection	-	-	-	-	-
Total Governmental Activities Program Revenues	<u>21,632</u>	<u>59,947</u>	<u>70,681</u>	<u>57,828</u>	<u>121,702</u>
Business-type Activities:					
Charges for Services - Water Activities	14,420,981	13,075,490	17,520,725	12,408,319	9,928,163
Operating Grants & Contributions - Water Activities	-	-	-	-	-
Capital Grants & Contributions - Water Activities	30,992	82,244	177,837	-	-
Total Business-type Activities Program Revenues	<u>14,451,973</u>	<u>13,157,734</u>	<u>17,698,562</u>	<u>12,408,319</u>	<u>9,928,163</u>
Total Primary Government Program Revenues	<u>\$14,473,605</u>	<u>\$13,217,681</u>	<u>\$17,769,243</u>	<u>\$12,466,147</u>	<u>\$10,049,865</u>
Net (Expense)/Revenue					
Governmental Activities	\$ (207,466)	\$ (3,817)	\$ 49,624	\$ 57,540	\$ 4,548
Business-type Activities	68,459	(344,871)	1,055,065	848,893	(64,421)
Total Primary Government Net (Expense)/Revenue	<u>\$ (139,007)</u>	<u>\$ (348,688)</u>	<u>\$ 1,104,689</u>	<u>\$ 906,433</u>	<u>\$ (59,873)</u>
General Revenues and Other					
Changes in Net Position					
Governmental Activities:					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	19	80	46	30	19
Other	-	-	-	-	-
Transfers In (Out)	(16,106)	-	-	-	-
Total Governmental Activities	<u>(16,087)</u>	<u>80</u>	<u>46</u>	<u>30</u>	<u>19</u>
Business-type Activities:					
Property Taxes	460,536	447,498	429,867	416,525	390,735
Investment Income	194,582	140,140	51,431	29,495	22,222
Other	8,951	58,192	124,642	10,939	29,935
Transfers In (Out)	16,106	-	-	-	-
Special Item	-	-	-	-	-
Total Business-type Activities	<u>680,175</u>	<u>645,830</u>	<u>605,940</u>	<u>456,959</u>	<u>442,892</u>
Total Primary Government	<u>\$ 664,088</u>	<u>\$ 645,910</u>	<u>\$ 605,986</u>	<u>\$ 456,989</u>	<u>\$ 442,911</u>
Change in Net Position					
Governmental Activities	\$ (223,553)	\$ (3,737)	\$ 49,670	\$ 57,570	\$ 4,567
Business-type Activities	748,634	300,959	1,661,005	1,305,852	378,471
Total Primary Government	<u>\$ 525,081</u>	<u>\$ 297,222</u>	<u>\$ 1,710,675</u>	<u>\$ 1,363,422</u>	<u>\$ 383,038</u>

Source: Yuima Municipal Water District

Yuima Municipal Water District
Changes in Net Position
Last Ten Fiscal Years

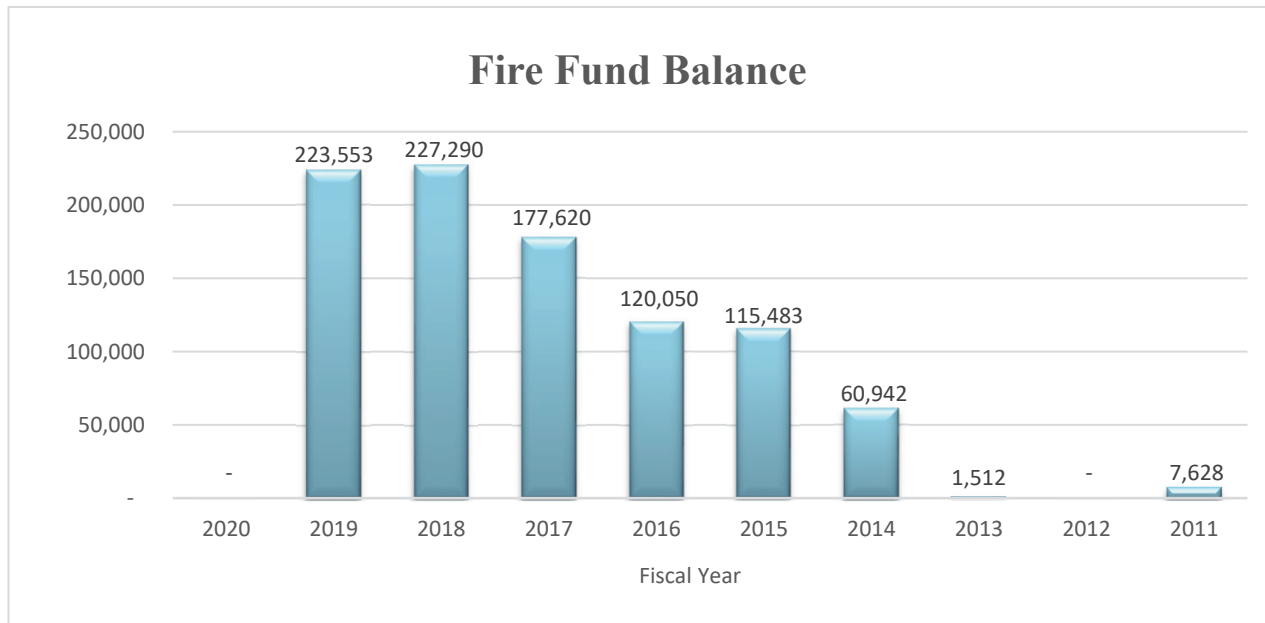
Page 2 of 2

	Fiscal Year				
	2015	2014	2013	2012	2011
Expenses					
Governmental Activities:					
Fire Protection	\$ 81,806	\$ 5,486	\$ 149,968	\$ 214,549	\$ 235,432
Total Governmental Activities Expenses	<u>81,806</u>	<u>5,486</u>	<u>149,968</u>	<u>214,549</u>	<u>235,432</u>
Business-type activities:					
Water Activities	11,625,791	12,972,013	8,462,595	6,312,177	6,535,139
Interest on Long-term Debt	-	-	-	-	-
Total Business-type Activities Expenses	<u>11,625,791</u>	<u>12,972,013</u>	<u>8,462,595</u>	<u>6,312,177</u>	<u>6,535,139</u>
Total Primary Government Expenses	<u>\$11,707,597</u>	<u>\$12,977,499</u>	<u>\$ 8,612,563</u>	<u>\$ 6,526,726</u>	<u>\$ 6,770,571</u>
Program Revenues					
Governmental Activities:					
Charges for Services	\$ 56,838	\$ 55,052	\$ 51,288	\$ 51,406	\$ 49,763
Operating Grants and Contributions	79,495	1,650	92,842	146,859	174,094
Capital Grants and Contributions	-	-	-	-	-
Total Governmental Activities Program Revenues	<u>136,333</u>	<u>56,702</u>	<u>144,130</u>	<u>198,265</u>	<u>223,857</u>
Business-type Activities:					
Charges for Services	11,260,495	11,177,486	8,438,943	7,196,652	6,763,277
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	-	-	-	-	-
Total Business-type Activities Program Revenues	<u>11,260,495</u>	<u>11,177,486</u>	<u>8,438,943</u>	<u>7,196,652</u>	<u>6,763,277</u>
Total Primary Government Program Revenues	<u>\$11,396,828</u>	<u>\$11,234,188</u>	<u>\$ 8,583,073</u>	<u>\$ 7,394,917</u>	<u>\$ 6,987,134</u>
Net (Expense)/Revenue					
Governmental Activities	\$ 54,527	\$ 51,216	\$ (5,838)	\$ (16,284)	\$ (11,575)
Business-type Activities	(365,296)	(1,794,527)	(23,652)	884,475	228,138
Total Primary Government Net (Expense)/Revenue	<u>\$ (310,769)</u>	<u>\$ (1,743,311)</u>	<u>\$ (29,490)</u>	<u>\$ 868,191</u>	<u>\$ 216,563</u>
General Revenues and Other					
Changes in Net Assets					
Governmental Activities:					
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Investment Income	14	11	11	13	22
Other	-	8,203	7,480	8,502	8,905
Transfers In (Out)	-	-	-	-	-
Total Governmental Activities	<u>14</u>	<u>8,214</u>	<u>7,491</u>	<u>8,515</u>	<u>8,927</u>
Business-type Activities:					
Property Taxes	396,037	378,146	372,995	388,271	381,507
Investment Income	22,582	34,020	44,587	39,395	46,694
Other	71,076	33,188	3,477	31,258	12,251
Transfers In (Out)	-	-	-	-	-
Special Item	-	-	(139,224)	-	-
Total Business-type Activities	<u>489,695</u>	<u>445,354</u>	<u>281,835</u>	<u>458,924</u>	<u>440,452</u>
Total Primary Government	<u>\$ 489,709</u>	<u>\$ 453,568</u>	<u>\$ 289,326</u>	<u>\$ 467,439</u>	<u>\$ 449,379</u>
Change in Net Position					
Governmental Activities	\$ 54,541	\$ 59,430	\$ 1,653	\$ (7,769)	\$ (2,648)
Business-type Activities	124,399	(1,349,173)	258,183	1,343,399	668,590
Total Primary Government	<u>\$ 178,940</u>	<u>\$ (1,289,743)</u>	<u>\$ 259,836</u>	<u>\$ 1,335,630</u>	<u>\$ 665,942</u>

Source: Yuima Municipal Water District

**Yuima Municipal Water District
Fund Balances of Governmental Funds
Last Ten Years**

Fiscal Year Ended	GOVERNMENTAL FUNDS			Total Unassigned Balance	Total Restricted Balance
	General ⁽¹⁾ Fund	Fire Fund	Total Balance		
2020	\$ -	\$ -	\$ -	\$ -	\$ -
2019	-	223,553	223,553	-	223,553
2018	-	227,290	227,290	-	227,290
2017	-	177,620	177,620	-	177,620
2016	-	120,050	120,050	-	120,050
2015	-	115,483	115,483	-	115,483
2014	-	60,942	60,942	-	60,942
2013	-	1,512	1,512	-	1,512
2012	-	(141)	(141)	(141)	-
2011	-	7,628	7,628	-	7,628



Source: Yuima Municipal Water District

Notes: (1) The District does not have a governmental type general fund.

(2) The Fire Mitigation Fee project consisted of building a Fire Apparatus Bay at the Cal Fire CDF location. The project was completed at a total cost of \$268,000. It was funded as a joint project with Yuima, Pauma, and Mootamai Municipal Water Districts.

(3) The Fire Protection District (Fire Fund) was consolidated with the County of San Diego's Fire Protection CSA 135, all financial responsibility, net assets and fund balances were transferred to the County in fiscal year 2020.

Yuima Municipal Water District
Changes in Fund Balances of Governmental Fund
Last Ten Fiscal Years

Page 1 of 2

	Fiscal Year				
	2020	2019	2018	2017	2016
Revenues					
Fire Protection Special Tax	\$ 11,730	\$ 51,306	\$ 52,663	\$ 51,073	\$ 51,564
Mitigation Fees	2,760	1,825	11,597	1,439	7,601
Contributions	-	-	-	-	55,844
Investment Earnings	19	80	46	30	19
Miscellaneous (EMS Funds)	7,142	6,816	6,421	5,316	6,693
Total Revenues	<u>21,651</u>	<u>60,027</u>	<u>70,727</u>	<u>57,858</u>	<u>121,721</u>
Expenditures					
General and Administrative	180,456	706	250	288	4,567
Capital Expenditures	-	-	-	-	-
Fire Protection	48,642	63,058	20,807	-	112,587
Total Expenditures	<u>229,098</u>	<u>63,764</u>	<u>21,057</u>	<u>288</u>	<u>117,154</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(207,447)</u>	<u>(3,737)</u>	<u>49,670</u>	<u>57,570</u>	<u>4,567</u>
Other Financing Sources (Uses)					
Transfers Out	<u>(16,106)</u>	-	-	-	-
Total Other Financing Sources (Uses)	<u>(16,106)</u>	-	-	-	-
Net Change in Fund Balances	<u>\$ (223,553)</u>	<u>\$ (3,737)</u>	<u>\$ 49,670</u>	<u>\$ 57,570</u>	<u>\$ 4,567</u>

Source: CAFR - Statement of Revenues, Expenditures and Changes in Fund Balance - Government Funds

- Notes:
- (1) In the 2019-20 Fiscal Year the Fire District Consolidated with the County of San Diego for fire protection. The Special Fire tax was transferred to the County in addition to the remaining balance of the Fire Fund.
 - (2) CalFire did not call a "Non-Fire Season" in Fiscal Year 2017-18, therefore no fire contract charges were incurred during this reporting period.
 - (3) Although Cal Fire called a regular fire season during the 2016-17 Fiscal Year, the State of California chose 10 Cal Fire Stations to fund during the non-fire season. The District's Cal Fire Station was one of the ten chosen. Therefore, no fire contract charges or contributions were incurred during this reporting period.
 - (4) CalFire called an early fire season in the 2015-16 Fiscal Year. This resulted in a reduced amount for the fire contract charges that were incurred during this reporting period.
 - (5) The Fire Protection District (Fire Fund) was consolidated with the County of San Diego's Fire Protection CSA 135, all financial responsibility, net assets and fund balances were transferred to the County in fiscal year 2020.

Yuima Municipal Water District
Changes in Fund Balances of Governmental Fund
Last Ten Fiscal Years

Page 2 of 2

	Fiscal Year				
	2015	2014	2013	2012	2011
Revenues					
Fire Protection Special Tax	\$ 54,663	\$ 50,715	\$ 50,715	\$ 50,688	\$ 48,968
Mitigation Fees	2,175	4,337	573	718	795
Contributions	72,000	1,650	92,842	146,859	174,094
Investment Earnings	14	11	11	13	22
Miscellaneous (EMS Funds)	7,495	8,203	7,480	8,502	8,905
Total Revenues	<u>136,347</u>	<u>64,917</u>	<u>151,621</u>	<u>206,780</u>	<u>232,784</u>
Expenditures					
General and Administrative	3,567	3,835	2,431	2,591	3,800
Capital Expenditures	-	-	-	-	-
Fire Protection	78,239	1,651	147,537	211,958	231,632
Total Expenditures	<u>81,806</u>	<u>5,486</u>	<u>149,968</u>	<u>214,549</u>	<u>235,432</u>
Excess (Deficiency) of Revenues					
Over Expenditures	<u>54,541</u>	<u>59,431</u>	<u>1,653</u>	<u>(7,769)</u>	<u>(2,648)</u>
Other Financing Sources (Uses)					
Transfers Out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ 54,541</u>	<u>\$ 59,431</u>	<u>\$ 1,653</u>	<u>\$ (7,769)</u>	<u>\$ (2,648)</u>

Source: CAFR - Statement of Revenues, Expenditures and Changes in Fund Balance - Government Funds

Notes: The Fire Fund has no related debt, therefore no debt expenditures or ratio is presented.

- (6) CalFire did not call a "Non-Fire Season in Fiscal Year 2014-15, therefore no fire contract charges were incurred during this reporting period.

Yuima Municipal Water District
Commodity Charges and Base Charges
Last Ten Fiscal Years

Commodity Charges

Fiscal Year Ended	Agricultural Water Rate (per acre foot)		Domestic Water Rate (per acre foot)		Average Annual Increase	Pumping Charge			Average Annual Increase
	Yuima	IDA	Yuima	IDA		Yuima	IDA (Range)		
2020	\$ 1,420	\$ 1,077	\$ 1,851	\$ 1,077	2%	\$ 103	\$ 74	\$ 355	0%
2019	\$ 1,388	\$ 1,052	\$ 1,809	\$ 1,052	0%	\$ 103	\$ 74	\$ 355	6%
2018 ^{2,3}	\$ 1,388	\$ 1,052	\$ 1,809	\$ 1,052	3%	\$ 99	\$ 70	\$ 338	1%
2017 ^{3,4}	\$ 1,316	\$ 1,052	\$ 1,715	\$ 1,052	18%	\$ 96	\$ 70	\$ 338	0%
2016 ⁵	\$ 1,225	\$ 867	\$ 1,401	\$ 867	1%	\$ 96	\$ 70	\$ 338	0%
2015 ⁶	\$ 1,203	\$ 867	\$ 1,358	\$ 867	13%	\$ 96	\$ 70	\$ 338	0%
2015	\$ 1,046	\$ 777	\$ 1,202	\$ 777	7%	\$ 96	\$ 70	\$ 338	0%
2014	\$ 978	\$ 727	\$ 1,123	\$ 727	4%	\$ 96	\$ 70	\$ 338	5%
2013	\$ 966	\$ 715	\$ 982	\$ 722	0%	\$ 91	\$ 67	\$ 321	0%
2012	\$ 966	\$ 715	\$ 982	\$ 722	-4%	\$ 91	\$ 67	\$ 321	0%
2011	\$ 966	\$ 727	\$ 1,066	\$ 776	28%	\$ 91	\$ 67	\$ 321	5%

Base Charges

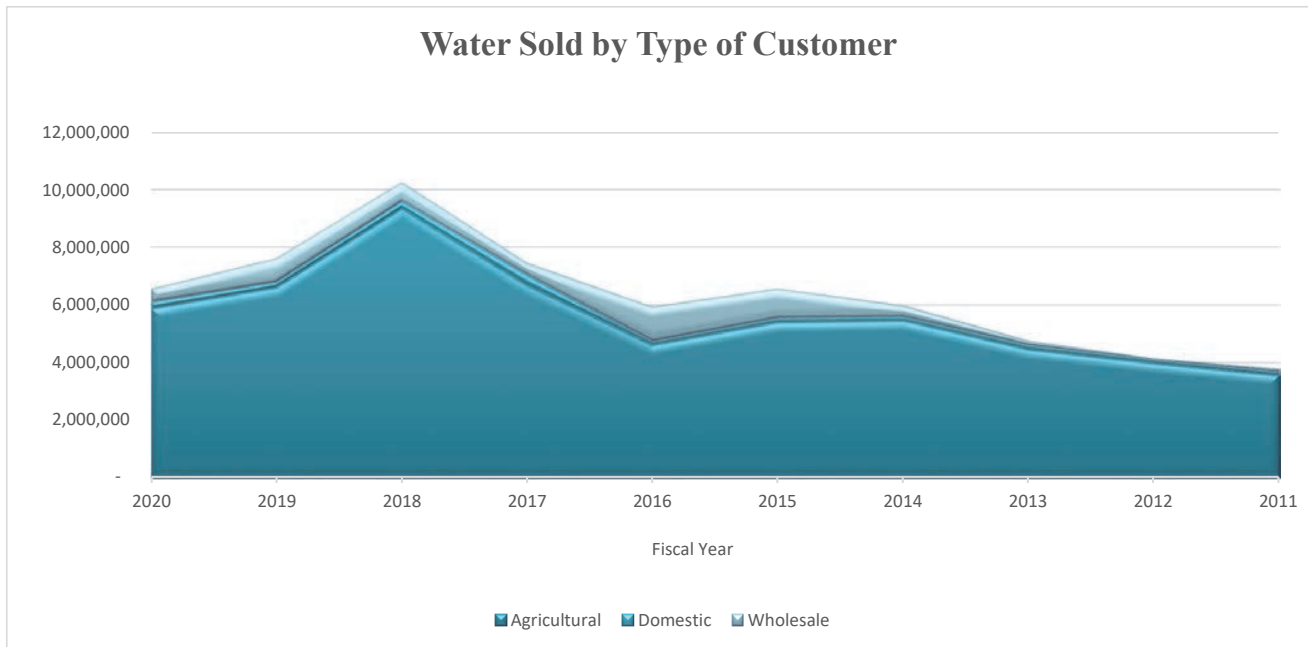
Fiscal Year Ended	Monthly Meter Charge by Meter Size									Average Annual Increase
	5/8"	1"	1¼" & 1½"	2"	3"	4"	5"	6"	8"	
2020	\$ 37	\$ 59	\$ 111	\$ 192	\$ 354	\$ 604	\$ 855	\$ 1,105	\$ 1,915	0%
2019	\$ 37	\$ 59	\$ 111	\$ 192	\$ 354	\$ 604	\$ 855	\$ 1,105	\$ 1,915	0%
2018 ²	\$ 37	\$ 59	\$ 111	\$ 192	\$ 354	\$ 604	\$ 855	\$ 1,105	\$ 1,915	15%
2017	\$ 32	\$ 51	\$ 96	\$ 167	\$ 307	\$ 525	\$ 743	\$ 961	\$ 1,665	-9%
2016	\$ 35	\$ 56	\$ 106	\$ 183	\$ 338	\$ 578	\$ 817	\$ 1,057	\$ 1,831	15%
2015	\$ 31	\$ 49	\$ 92	\$ 159	\$ 294	\$ 502	\$ 711	\$ 919	\$ 1,593	7%
2014	\$ 29	\$ 46	\$ 86	\$ 149	\$ 275	\$ 469	\$ 664	\$ 859	\$ 1,488	0%
2013	\$ 29	\$ 46	\$ 86	\$ 149	\$ 275	\$ 469	\$ 664	\$ 859	\$ 1,488	7%
2012	\$ 27	\$ 43	\$ 80	\$ 139	\$ 257	\$ 439	\$ 621	\$ 803	\$ 1,391	7%
2011	\$ 25	\$ 40	\$ 75	\$ 130	\$ 240	\$ 410	\$ 580	\$ 744	\$ 1,300	14%

Source: Yuima Municipal Water District

- Notes:
- (1) Effective July 1, 2018, the Board approved a 5% increase to the pump zone charge
 - (2) Effective July 1, 2017, the Board approved an increase between 5.5% and 7.1% to the base water rate and a 15% increase to the monthly meter fee.
 - (3) Effective January 1, 2017, the Board approved an increase between .07% and 18% in the base water rate and 9% decrease to the monthly meter fee.
 - (4) Effective July 1, 2016, the Board approved an increase of .02% and .03% increase in the base water rate while increasing the meter charge by 15%.
 - (5) Effective July 1, 2015, the Board approved an increase between 1.57% and 3.16% in the base water rate and 15% the monthly meter fee.
 - (6) Effective January 1, 2015, the Board approved a 13-15% increase in the base water rate.

**Yuima Municipal Water District
Water Sold by Type of Customer
Last Ten Fiscal Years**

Fiscal Year Ended	Yuima and IDA Combined								Total Rainfall ⁽³⁾ (inches)	Average District Rate ⁽⁴⁾
	Agricultural		Domestic		Wholesale Ag/Dom		Total Water Sales ⁽¹⁾⁽²⁾			
	Value	Acre Feet	Value	Acre Feet	Value	Acre Feet	Value	Acre Feet		
2020	\$ 5,879,057	6,272	\$ 213,780	150	\$ 460,226	305	\$ 6,553,063	6,727	27.3	\$ 974
2019	6,620,209	5,656	167,250	123	827,956	562	7,615,415	6,341	27.35	1,201
2018	9,361,474	7,256	219,987	166	671,274	1,398	10,252,735	8,819	7.06	1,163
2017	6,700,996	5,370	337,513	184	415,410	824	7,453,919	6,379	29.20	1,169
2016	4,637,000	5,079	102,646	107	1,196,111	701	5,935,757	5,888	19.50	1,008
2015	5,410,989	6,167	125,426	131	1,033,256	877	6,569,670	7,176	14.61	916
2014	5,468,903	6,704	109,031	163	406,854	724	5,984,789	7,591	8.19	788
2013	4,480,984	6,006	119,586	146	152,246	158	4,752,817	6,310	13.51	753
2012	3,998,764	5,318	98,626	119	47,620	50	4,145,011	5,487	17.20	755
2011	3,570,935	4,721	108,655	123	109,128	115	3,788,717	4,959	25.72	764



Source: Yuima Municipal Water District

Notes: (1) Yuima's primary and only significant revenue source is retail water sales. The proportion of customer type that makes up the revenue base has remained relatively unchanged for the time frame presented. Agricultural and Wholesale water customers make up the largest section of the revenue base. Consequently, demand peaks sharply during dry years when irrigation requirements are greatest and drops during wet years. As a result in fiscal years of higher rainfall a corresponding dip in Total Acre Feet Sold can be seen.

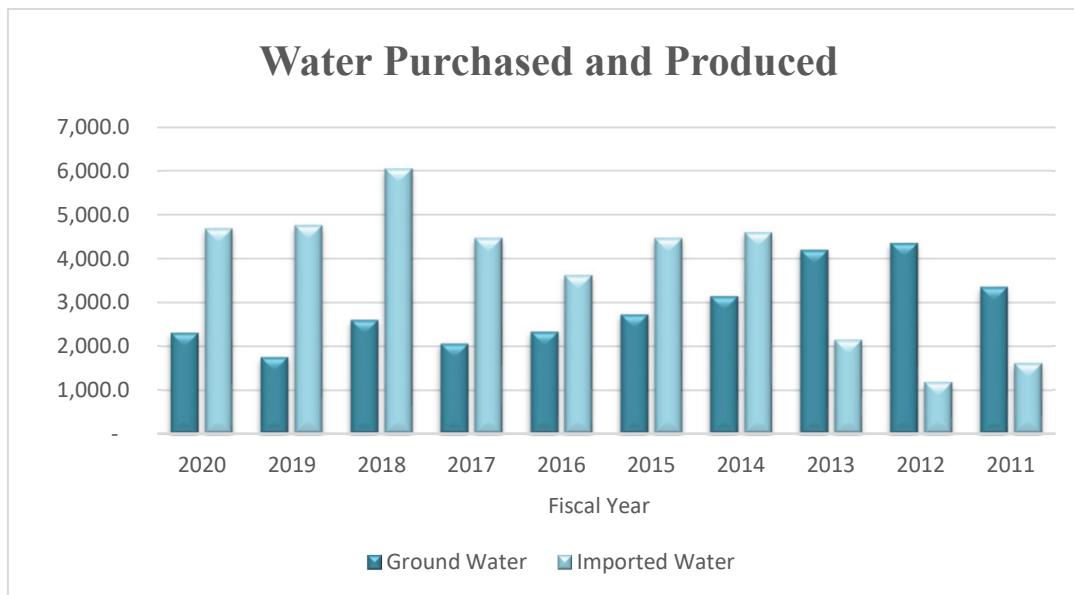
(2) Although revenue by customer type is not presented separately on the face of the financial statements, these revenues are recorded separately in the District's general ledger for tracking purposes.

(3) Rainfall is measured at the "Johnson" property located at the top of Quail Drive, Pauma Valley, California at an elevation of 2,055 ft.

(4) Calculated average rates. See page 65 for actual rates.

Yuima Municipal Water District Water Purchased and Produced Last Ten Fiscal Years

Fiscal Year Ended	Yuima & IDA Combined (Acre Feet)			Percent Ground Water	Percent Imported Water
	Ground Water ⁽¹⁾	Imported Water	Total Water Produced		
2020	2,311.4	4,684.7	6,996.1	33%	67%
2019	1,751.9	4,756.2	6,508.1	27%	73%
2018	2,601.5	6,053.5	8,655.0	30%	70%
2017	2,058.1	4,470.6	6,528.7	32%	68%
2016	2,334.3	3,621.1	5,955.4	39%	61%
2015	2,726.6	4,468.4	7,195.0	38%	62%
2014	3,145.7	4,596.1	7,741.8	41%	59%
2013	4,199.9	2,149.3	6,349.2	66%	34%
2012	4,353.8	1,183.6	5,537.4	79%	21%
2011	3,356.5	1,617.7	4,974.2	67%	33%



Source: Yuima Municipal Water District

Notes: (1) Ground Water figures include production in IDA past the master meter and well agreements.

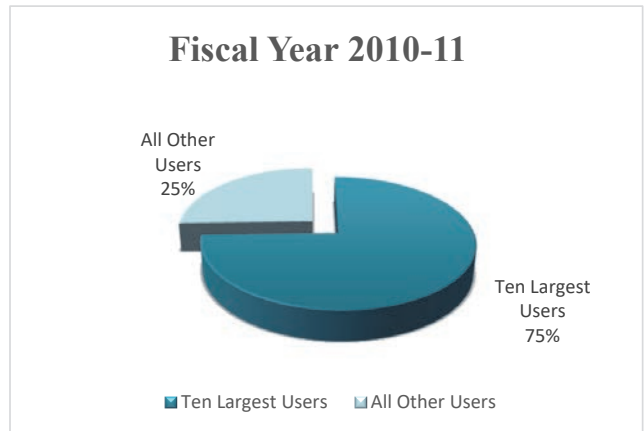
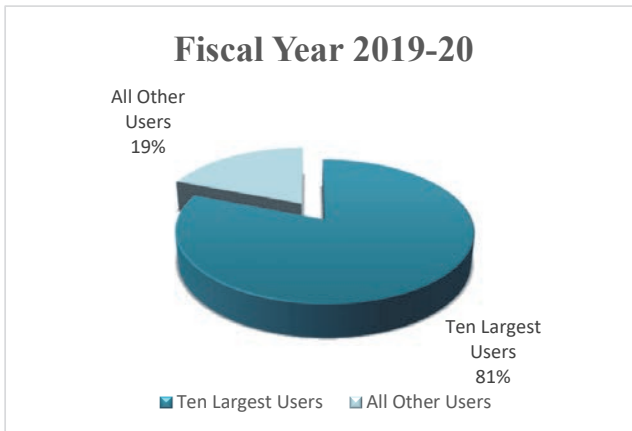
Yuima Municipal Water District Principal Water Consumers For the Fiscal Years 2020 and 2011

Yuima & IDA Customer Accounts FISCAL YEAR ENDED 2020

Customer Name ⁽¹⁾	Usage in Acre Feet	Percent of Water Sold
Pauma Mtn. Ranch/Pauma Ranches/PKB	2,151	31.98%
T-Y Nursery	1,333	19.82%
Jackson Ranches	442	6.57%
Humason / Starbeam	402	5.98%
Rancho Eugenio	322	4.79%
Pauma Ridge MWC	243	3.61%
Borden	163	2.43%
Burge	156	2.31%
House	117	1.74%
Pedro Mercado Et Al	113	1.68%
Total Top Ten Consumers	5,442	80.90%
Other Consumers	1,285	19.10%
Total Water Billed	6,728	100.00%

Yuima & IDA Customer Accounts FISCAL YEAR ENDED 2011

Customer Name ⁽¹⁾	Usage in Acre Feet	Percent of Water Sold
Pauma Mtn. Ranch/Pauma Ranches	1,733	34.95%
Val Vista	372	7.50%
Rancho Eugenio	352	7.10%
Humason	261	5.26%
T-Y Nursery	255	5.14%
Burge	172	3.47%
House	154	3.11%
Metta Forest	144	2.90%
PKB Farms	138	2.78%
Pauma Ridge	114	2.30%
Total Top Ten Consumers	3,695	74.51%
Other Consumers	1,264	25.49%
Total Water Billed	4,959	100.00%



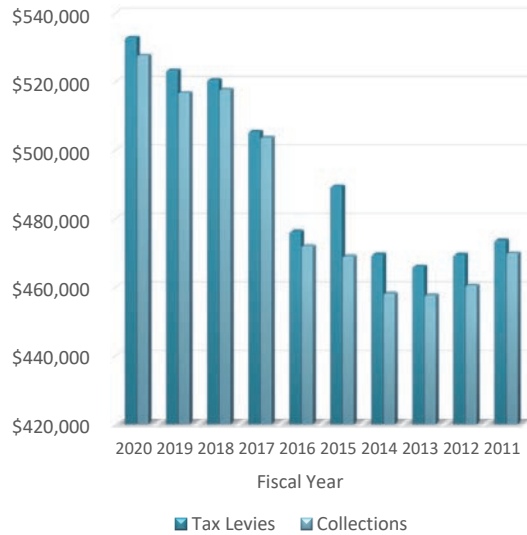
Source: Yuima Municipal Water District

Notes: (1) The District's service area has been established for many years, and with a relatively stable local economy has seen few changes to the customer base. This stability is reflected in the similarities between the current list of the largest water customers and the list from ten years ago.

**Yuima Municipal Water District
Property Tax and Assessment Levies
Last Ten Years**

Fiscal Year Ended	CURRENT YEAR LEVY			Total Collections Thru 6/30	Net Uncollected at 6/30	Percent Uncollected at 6/30
	Property Taxes ⁽¹⁾	Special Assessments ⁽²⁾	Total Levy			
2020	\$ 458,615	\$ 74,163	\$ 532,778	\$ 527,620	\$ 5,158	0.98%
2019	446,790	76,447	523,237	516,716	6,520	1.26%
2018	441,678	78,755	520,433	517,635	2,798	0.54%
2017	427,851	77,471	505,322	503,593	1,729	0.34%
2016	402,372	73,786	476,158	471,898	4,260	0.90%
2015	407,230	82,145	489,375	468,903	20,472	4.37%
2014	390,181	79,287	469,468	458,072	11,396	2.49%
2013	386,568	79,384	465,952	457,602	8,350	1.82%
2012	394,069	75,336	469,405	460,391	9,014	1.96%
2011	392,942	80,628	473,570	469,785	3,785	0.81%

Property Tax Levies and Collections



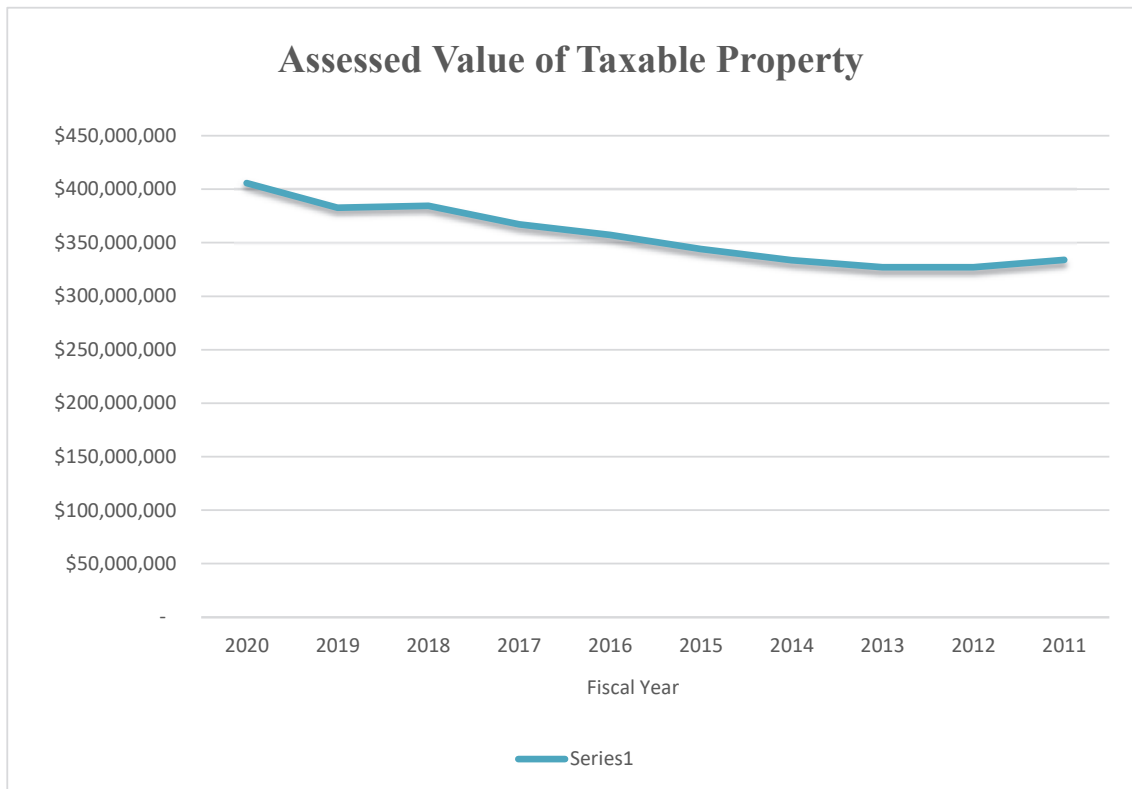
Source: Yuima Municipal Water District and the Office of the Auditor Controller, County of San Diego

Notes:

- (1) Property taxes represent a portion of the county 1% general tax rate.
- (2) Special Assessments represent \$10 per acre water availability charge assessed on all taxable acreage in the District not otherwise deferred.

Yuima Municipal Water District Assessed Value of Taxable Property Last Ten Years

Yuima & IDA Combined					
Fiscal Year Ended	SECURED			Total Assessed Secured Value	Tax Rate ⁽¹⁾
	Real Property	Personal Property	Exemptions		
2020	\$ 414,096,560	\$ -	\$ (8,417,486)	\$ 405,679,074	-
2019	389,535,554	-	(6,880,024)	382,655,530	-
2018	391,453,828	-	(6,997,093)	384,456,735	-
2017	373,794,032	-	(6,722,617)	367,071,415	-
2016	363,633,935	-	(6,392,428)	357,241,507	-
2015	350,573,903	-	(6,342,541)	344,231,362	-
2014	339,012,925	-	(5,447,031)	333,565,894	-
2013	332,486,315	-	(5,381,025)	327,105,290	-
2012	330,909,035	1,186,264	(5,030,895)	327,064,404	-
2011	337,764,210	1,153,515	(5,036,834)	333,880,891	-

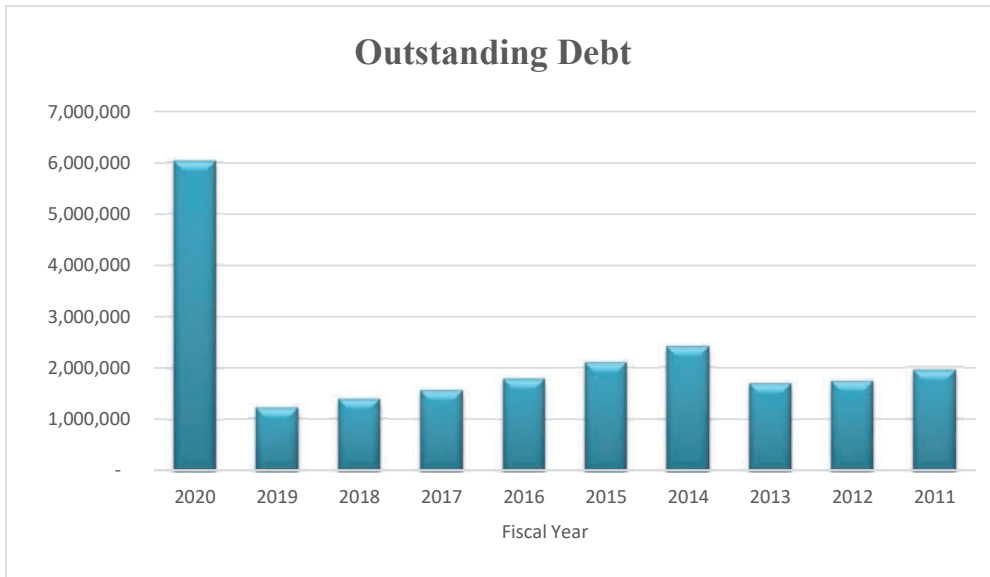


Source: Yuima Municipal Water District and the Office of the Auditor Controller, County of San Diego

Notes: (1) The District does not assess a tax rate. However, the District receives its proportionate share of property taxes levied by the County of San Diego in accordance with Proposition 13.

**Yuima Municipal Water District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year Ended	General		Term Loans	Total	Number of Meters ⁽³⁾	Percentage			
	Obligation Bonds ⁽¹⁾	Revenue Bonds ⁽²⁾				Debt per Meter	of Personal Income ⁽⁴⁾	Population ⁽⁵⁾	Debt per Capita
2020	\$ -	\$ -	\$ 6,030,544	6,030,544	346	\$ 17,429	3%	1,336	\$ 4,514
2019	-	-	1,208,032	1,208,032	341	3,543	1%	1,336	904
2018	-	-	1,379,800	1,379,800	330	4,181	1%	1,336	1,033
2017	-	-	1,547,945	1,547,945	333	4,648	1%	1,336	1,159
2016	-	-	1,788,086	1,788,086	334	5,354	1%	1,336	1,338
2015	-	-	2,097,698	2,097,698	334	6,281	1%	1,336	1,570
2014	-	-	2,401,589	2,401,589	334	7,190	2%	1,336	1,798
2013	-	-	1,689,688	1,689,688	337	5,014	1%	1,336	1,265
2012	-	-	1,726,799	1,726,799	340	5,079	1%	1,336	1,293
2011	-	-	1,941,586	1,941,586	342	5,677	1%	1,336	1,453



Source: Yuima Municipal Water District

- Notes: (1) The District has not issued any General Obligation Bonds to date.
(2) The District has not issued any Revenue Bonds to date.
(3) Yuima Meters = 103; IDA Meters =227
(4) See San Diego County Demographic and Economic Statistics Schedule. Personal Income for San Diego County was used since information for the District is unavailable.
(5) Population data provided by the San Diego Association of Governments (SANDAG), constructed from 2000 and 2010 U.S. Census Bureau.

Yuima Municipal Water District
Revenue Debt Coverage
Last Ten Fiscal Years
Page 1 of 2

Yuima & IDA Combined

Fiscal Year Ended		Operating Revenues		Nonoperating Revenues		Gross Revenues⁽¹⁾		Less: Operating Expenses⁽²⁾		Net Revenue Available for Debt Service
2020	\$	14,103,426	\$	981,624	\$	15,085,050	\$	13,686,321	\$	1,398,729
2019		12,821,344		899,976		13,721,320		12,899,095		822,225
2018		16,771,256		1,355,409		18,126,665		16,024,877		2,101,788
2017		11,745,266		1,120,009		12,865,275		10,942,559		1,922,716
2016		9,670,633		700,422		10,371,055		9,288,141		1,082,914
2015		10,885,303		864,887		11,750,190		10,959,302		790,888
2014 ⁽⁴⁾		10,924,679		698,161		11,622,840		12,151,833		(528,993)
2013		8,192,496		667,506		8,860,002		7,744,637		1,115,365
2012		6,963,428		692,148		7,655,576		5,733,775		1,921,801
2011		6,515,553		688,176		7,203,729		5,955,611		1,248,118

Source: Yuima Municipal Water District

- Notes:
- (1) Computation excludes fire fund revenues.
 - (2) The transactions to record depreciation expense are not included in Total Expenses.
 - (3) Includes Municipal Finance Corporation Loans. See Note 5 to the financial statements.
 - (4) Principal & Interest figures in 2014 are shown net of refinance.
 - (5) 2014 Principal & Interest correction

**Yuima Municipal Water District
Revenue Debt Coverage
Last Ten Fiscal Years**
Page 2 of 2

Yuima & IDA Combined				
DEBT SERVICE REQUIREMENTS				Pledged Revenue
Principal	Interest	Total⁽⁴⁾	Coverage Factor	Debt Limit
\$ 156,917	\$ 60,279	\$ 217,196	644%	115%
152,510	39,933	192,443	427%	115%
148,230	44,213	192,443	1092%	115%
220,226	49,266	269,492	713%	115%
289,697	56,843	346,541	312%	115%
282,317	64,224	346,540	228%	115%
183,766 ⁽⁵⁾	59,179	242,945	-218%	115%
223,600	81,215	304,815	366%	225%
214,787	80,765	295,552	650%	225%
206,325	89,222	295,547	422%	225%

Source: Yuima Municipal Water District

- Notes:
- (1) Computation excludes fire fund revenues.
 - (2) The transactions to record depreciation expense are not included in Total Expenses.
 - (3) Includes Municipal Finance Corporation Loans. See Note 5 to the financial statements.
 - (4) Principal & Interest figures in 2014 are shown net of refinance.
 - (5) 2014 Principal & Interest correction.

**Yuima Municipal Water District
Computation of Direct and Overlapping Debt
June 30, 2020**

2019-20 Assessed Valuation: \$ 406,349,729

	Total Debt		District's Share of
	6/30/2020	% Applicable ⁽¹⁾	6/30/2020
<u>DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:</u>			
Metropolitan Water District	\$ 37,300,000	0.013%	\$ 4,849
Palomar Community College District	610,657,763	0.316%	\$ 1,929,679
Palomar Pomerado Hospital District	422,024,019	0.461%	\$ 1,945,531
Yuima Municipal Water District	0	100.00%	0
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT			\$ 3,880,059
<u>OVERLAPPING GENERAL FUND DEBT</u>			
San Diego County General Fund Obligations	\$ 231,350,000	0.073%	\$ 168,886
San Diego County Pension Obligations	456,040,000	0.073%	\$ 332,909
San Diego County Superintendent of Schools Certificates of Participation	9,350,000	0.073%	\$ 6,826
Palomar Community College District General Fund Obligation	1,675,000	0.316%	\$ 5,293
TOTAL OVERLAPPING GENERAL FUND DEBT			\$ 513,914
TOTAL DIRECT DEBT			\$ -
TOTAL OVERLAPPING DEBT			\$ 4,393,973
COMBINED TOTAL DEBT			\$ 4,393,973 ⁽²⁾

(1) The 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 property value that is within the boundaries of the district divided by the overlapping district's total taxable assessed value.

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

Ratios to Assessed Valuation:

Direct Debt	0.00%
Total Direct and Overlapping Tax and Assessment Debt	0.95%
Combined Total Debt	1.08%

Source: California Municipal Statistics, Inc.

Yuima Municipal Water District
San Diego County Demographic and Economic Statistics ⁽¹⁾
Last Ten Fiscal Years

Year	Population	Per Capita		School Enrollment	Unemployment Rate
		Personal Income (in thousands)	Personal Income (in dollars)		
2020	3,343,355	\$ 173,279,000	\$ 51,828	502,785	3.3%
2019	3,351,786	191,558,000	57,151	506,260	3.3%
2018	3,337,456	194,633,000	58,318	508,169	3.7%
2017	3,316,192	192,107,000	57,930	505,310	4.3%
2016	3,288,612	186,900,000	56,832	504,561	5.0%
2015	3,227,496	179,800,000	55,709	503,848	5.0%
2014	3,194,362	170,300,000	53,313	503,096	6.4%
2013	3,150,178	156,600,000	49,711	499,850	8.1%
2012	3,128,734	155,500,000	49,701	498,263	9.3%
2011	3,115,810	151,539,000	48,635	498,243	10.7%

Source: County of San Diego, Comprehensive Annual Financial Report for the Year Ended June 30, 2020.

Notes: (1) San Diego County, while not an exact representation of the District, is used to obtain the Demographic and Economic data shown above. There is no exact data available for the Pauma Valley area.

Yuima Municipal Water District
San Diego County Employment by Industry⁽¹⁾
Fiscal Year 2020 and 2011

	2020		2011	
	Employment at June 2020	% of Total Employment	Employment at June 2011	% of Total Employment
Agriculture	9,500	1%	10,200	1%
Natural Resources & Mining	400	0%	400	0%
Construction	81,000	5%	53,400	4%
Manufacturing	108,200	7%	93,100	7%
Wholesale Trade	39,600	3%	41,000	3%
Retail Trade	127,000	8%	129,600	10%
Warehousing & Utilities	31,800	2%	28,100	2%
Information	19,800	1%	24,900	2%
Finance Activities	73,300	5%	68,500	5%
Professional & Business Services	252,700	17%	214,700	17%
Educational & Health Services	199,400	13%	152,900	12%
Leisure & Hospitality	148,000	10%	163,200	13%
Repair, Religious, Professional	41,600	3%	47,400	4%
Federal Government	48,500	3%	46,000	4%
State Government	190,700	13%	43,900	3%
Local Government	140,700	9%	139,100	11%
Total, All Industries	1,512,200	100%	1,256,400	100%
Civilian Employment	1,365,100	86.2%	1,402,900	89.6%
Civilian Unemployment	219,300	13.8%	162,500	10.4%
Total Civilian Labor Force	1,584,400	100%	1,565,400	100%
Civilian Unemployment Rate		13.8%		10.4%

Source: California Employment Development Department

Notes: (1) San Diego County, while not an exact representation of the District, is used to obtain the employment profile data shown above. There is no exact data available for the Pauma Valley area.

**Yuima Municipal Water District
San Diego County Principal Employers⁽¹⁾
Current Year and Nine Years Ago**

	2020			2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Federal Government	48,500	1	2.26%	26,823	1	1.91%
State of California	45,200	2	2.24%	45,500	2	1.02%
University of California	35,802	3	1.20%	14,832	3	1.02%
Sharp Healthcare	18,770	4	1.14%	16,415	5	1.22%
County of San Diego	18,025	5	0.98%	13,823	4	0.89%
Scripps Health	15,334	6	0.91%	13,830	6	1.03%
San Diego Unified School District	13,559	7	0.77%	11,847	7	0.70%
Qualcomm, Inc.	13,000	8	0.75%	10,470	8	0.78%
City of San Diego	11,820	9	0.63%	7,404	9	0.54%
Kaiser Permanente	9,630	10	0.59%	8,200	10	1.02%
Total	229,640		11.47%	169,144		10.13%

Source: County of San Diego, Comprehensive Annual Financial Report for the Year Ended June 30, 2020.

Notes: (1) San Diego County, while not an exact representation of the District, is used to obtain the employment profile data shown above. There is no exact data available for the Pauma Valley area. However, the casinos, container nurseries, and schools are the largest employers in our area.

**Yuima Municipal Water District
District Employees and Operational Information⁽¹⁾
Last Ten Fiscal Years**

District Employees

Fiscal Year Ended	Management	Field Operations	Administrative Services	Total Employees⁽²⁾	Average Years of Service
2020	1	5	3.8	9.8	11.20
2019	2	5	3.8	10.8	10.00
2018	2	5	5	12	9.20
2017	2	5	3	10	10.10
2016	1	4	3	8	14.80
2015	3	4	2	9	12.70
2014	3	4	2	9	15.40
2013	3	4	2	9	14.40
2012	3	4	2	9	13.40
2011	3	4	2	9	12.40

Operational Information

Water System - Yuima & IDA Combined

Service Area.....	13,460 acres
Miles of Water Main.....	44.12 miles
Number of Ag Only Open Reservoirs.....	2
Number of Treated Water Tanks.....	10
Total Treated Storage Capacity.....	58.0 ac.ft.
Number of Booster Pump Stations.....	9
Booster Station Total Connected Horsepower.....	4,850hp
Number of Producing Wells.....	23
Daily Production Peak ⁽³⁾	11.87 mgd
Average Daily Production ⁽⁴⁾	6.34 mgd
Number of Service Connections.....	346

Source: Yuima Municipal Water District

- Notes:
- (1) Yuima is an established water district which is reflected in the relatively small changes in employees over this ten year period.
 - (2) The employee count represents the number of full-time employees in each department.
 - (3) Peak and average daily productions based on imported and local water supplies for the fiscal year.
 - (4) Peak and average daily productions based on imported and local water supplies for the fiscal year.

Yuima Municipal Water District Capital Assets Last Ten Years

Page 1 of 2

Yuima & IDA Combined

Fiscal Year Ended	Annexation Fees	Land	Source of Supply	Pumping Plant	Water Treatment Plant
2020	\$ 944,872	\$ 356,585	\$ 9,032,538	\$ 3,837,537	\$ 199,226
2019	944,872	356,585	9,032,538	3,655,939	199,226
2018	944,872	356,585	9,032,538	3,587,888	199,226
2017	944,872	356,585	9,025,684	3,535,095	199,226
2016	944,872	356,585	9,025,684	3,557,628	199,226
2015	944,872	356,585	8,997,463	3,529,009	147,719
2014	944,872	355,835	8,679,135	3,487,527	144,272
2013	944,872	355,835	6,910,384	3,137,779	174,152
2012	944,872	355,835	6,794,878	3,102,425	153,211
2011	944,872	355,835	6,632,141	3,005,434	125,623



Source: Yuima Municipal Water District

Notes: The Fire Protection function has no related capital assets, since such activity is outsourced to the CalFIRE.

**Yuima Municipal Water District
Capital Assets
Last Ten Years**

Page 2 of 2

Yuima & IDA Combined

Fiscal Year Ended	Transmission & Distribution	General Plant	Accumulated Depreciation	Net Capital Assets	Construction in Progress
2020	\$ 8,301,388	\$ 2,205,997	\$ 12,069,017	12,809,126	\$ 4,489,890
2019	8,280,751	2,136,464	11,528,429	13,077,946	638,951
2018	8,280,751	1,872,508	(10,984,263)	13,290,105	466,672
2017	8,021,053	1,837,999	(10,447,831)	13,472,683	267,833
2016	8,021,053	1,709,626	(9,925,642)	13,889,032	-
2015	8,068,929	1,735,080	(9,561,627)	14,218,030	-
2014	8,070,469	1,628,177	(9,119,567)	14,190,721	89,117
2013	7,771,580	1,672,021	(8,668,465)	12,298,157	616,189
2012	7,771,580	1,596,053	(8,124,617)	12,594,236	87,209
2011	7,366,146	1,566,928	(7,673,180)	12,323,798	59,187

Yuima Municipal Water District Operating & Capital Indicators Last Ten Fiscal Years

Page 1 of 2

	Fiscal Year				
	2020	2019	2018	2017	2016
Service Area	13,460	13,460	13,460	13,460	13,460
Total Rainfall (inches)	19.32	27.35	7.06	29.20	19.50
Miles of Water Main (6"+)	44.12	44.12	44.12	44.12	44.12
Number of Treated Water Tanks	10	10	10	10	10
Capacity of Water Tanks (acre feet)	58.0	58.0	58.0	58.0	58.0
Number of Open Reservoirs	-	-	-	-	-
Capacity of Open Reservoirs (acre feet)	-	-	-	-	-
Number of Ag Only Open Reservoirs	2	2	2	2	2
Capacity of Ag Only Open Reservoirs (acre feet)	11.7	11.7	11.7	11.7	11.7
Number of Producing Wells	23	-	24	25	23
Maximum gallons per minute Flows (1)	2,901	2,901	2,901	2,901	2,901
Number of Pump Stations	9	9	9	9	9
Number of Pumps	28	28	28	28	28
Pump Capacity (horsepower)	4,850	4,850	4,850	4,850	4,850
Number of Service Connections (2)	346	341	338	334	330
Production Peak (mgd) (3)(4)	11.87	13.36	10.80	11.80	8.40
Average Annual Production (mgd)	6.34	5.88	7.83	5.90	6.91
Number of Mainline Repairs	1	1	-	1	-

Source: Yuima Municipal Water District

- Notes: (1) Yuima and IDA local wells production including leased wells.
(2) Yuima connections = 114; IDA connections = 232
(3) Peak production month - September 2019.
(4) Local and imported water supplies.

**Yuima Municipal Water District
Operating & Capital Indicators
Last Ten Fiscal Years**

Page 2 of 2

	Fiscal Year				
	2015	2014	2013	2012	2011
Service Area	13,460	13,460	13,460	13,460	13,460
Total Rainfall (inches)	14.61	8.18	13.51	17.20	25.72
Miles of Water Main (8"+)	42.18	42.18	42.26	41.57	41.57
Number of Treated Water Tanks	10	10	10	10	10
Capacity of Water Tanks (acre feet)	58.0	58.0	55.0	55.0	55.0
Number of Open Reservoirs	-	-	-	-	-
Capacity of Open Reservoirs (acre feet)	-	-	-	-	-
Number of Ag Only Open Reservoirs	2	2	2	2	2
Capacity of Ag Only Open Reservoirs (acre feet)	11.7	11.7	11.7	11.7	11.7
Number of Producing Wells	27	27	24	24	22
Maximum gallons per minute Flows	2,901	2,901	3,577	3,240	3,090
Number of Pump Stations	9	9	10	10	10
Number of Pumps	28	28	28	29	31
Pump Capacity (horsepower)	4,850	4,800	4,785	4,820	4,930
Number of Service Connections	330	334	337	340	342
Production Peak (mgd)	10.20	10.20	9.04	6.10	5.90
Average Production (mgd)	6.91	6.91	4.52	4.60	4.45
Number of Mainline Repairs	-	-	-	1	1

Source: Yuima Municipal Water District



Yuima Municipal Water District

34928 Valley Center Road
Post Office Box 177
Pauma Valley, California 92061
(760) 742-3704
www.yuimamwd.com