



# Annual Comprehensive Financial Report

Santa Fe Irrigation District

A Special District of the State of California

For the Fiscal Year Ended June 30, 2023



# Annual Comprehensive Financial Report

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Fiscal Year Ended June 30, 2023



Prepared by the Administrative Department

Albert C. Lau, P.E., General Manager  
Seth M. Gates, Director of Administrative Services  
Robert Masterson, Senior Accountant  
Erica Saenz, Senior Accounting Technician

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Santa Fe Irrigation District  
PO Box 409  
Rancho Santa Fe, CA 92067  
858-756-2424  
[www.sfidwater.org](http://www.sfidwater.org)



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November 15, 2023



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

We are pleased to submit the Annual Comprehensive Financial Report of the Olivenhain Municipal Water District (District) for the fiscal year ended June 30, 2023. The purpose of the report is to provide ratepayers, citizens, and other interested parties with reliable financial information about the District.

This Annual Comprehensive Financial Report was prepared by the District's Finance Department in accordance with Generally Accepted Accounting Principles (GAAP). Responsibility for both the accuracy of the data 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 designed to fairly set forth the financial position and the results of operations of the District, and that all disclosures necessary to enable readers to gain the maximum understanding of the District's financial activity have been included.

The District's financial statements have been audited by The Pun Group, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2023, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ended June 30, 2022, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report. This letter of transmittal is designed to complement the Management's Discussion & Analysis (MD&A) and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditors.

### ***Reporting Entity***

The District was formed in February 1923 under the laws of the state of California for the purpose of delivering water to its service area. It is located in the western central portion of San Diego County, which is in the southwest corner of the state. The District covers an area of 10,300 acres and serves a population of approximately 19,000 in the communities of Rancho Santa Fe and Fairbanks Ranch, and the City of Solana Beach. It is governed by a five-member Board of Directors which is elected for four-year terms on a non-partisan basis by division.

The District's financial accounting is on a proprietary enterprise fund basis, similar to the way a private going-concern business is treated. This means that revenues are recognized in the period they are earned and expensed in the period they are incurred. The District is empowered to fix and collect

charges on its services and to levy and collect a share of property taxes as well as invest its funds in interest-bearing accounts and securities.

Day-to-day operations and strategic policy development is headed by the District's General Manager. Specific autonomous authority is granted to staff at certain levels for purchasing and other operations as outlined in the District's Administrative Code, with Board approval for other specific actions. Operationally, the District has two primary departments: District operations and Joint Facilities operations. District operations are classified as administrative, engineering, distribution, and construction services. Joint Facilities operations are for both the District and San Dieguito Water District (SDWD) with purchase of water that is treated conveyance to each agency's unique distribution system.

### ***General District Background***

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

Raw (untreated) water is delivered to the Plant from three sources: SDR, Lake Hodges, and the San Diego County Water Authority's (SDCWA) raw & treated water aqueducts. At its inception, the District acquired rights to a portion of the water in Lake Hodges, a local water reservoir owned by the City of San Diego. The total storage in Lake Hodges is approximately 30,000 AF of water when the dam was operating without any restrictions. This unrestricted level was referenced as level 315', which is the height of the maximum storage level, measured above sea level. The District and SDWD had 5,000 AF of functional water storage capacity in the lake at this level, which allowed for both annual water yield in addition to carryover storage from year-to-year; allowing the District to appropriately manage this vital water source.

DSOD is the regulatory agency responsible for overseeing the safety of dams in the state of California. It operates within the California Department of Water Resources (DWR), with a primary mandate to ensure that dams in the state are constructed, operated, and maintained in a safe and reliable manner to protect public safety and property. DSOD has the ultimate decision in allowing dams to retain water behind them and what is needed to keep compliance.

In August 2019, DSOD reviewed the condition of the Lake Hodges Dam and determined that its current rating should be downgraded from "fair" to "poor". The DSOD scale for dam rankings from their best condition to the worst condition are as follows: satisfactory, fair, poor, and unsatisfactory. Based on this updated condition assessment, on August 1, 2019 DSOD restricted the water levels in Lake Hodges to an elevation of 295', which represents approximately a storage level of 13,000 AF (17,000 AF below the maximum water capacity of Lake Hodges). Total functional storage for the District was reduced from 5,000 AF to 2,170 AF based on this DSOD action. However, the District worked with the City of San Diego (who also has 5,000 AF storage with no DSOD restriction) to ensure that the City would move their water out of Lake Hodges, using SDCWA facilities, to another reservoir & thereby allowing the District and SDWD to maintain their 5,000 AF of storage. The District also established a separate agreement with the SDCWA to also be able to utilize these facilities and store water in

Olivenhain Reservoir if any excess water would be able to be utilized in years that had significant rainfall and water yield.

In March 2022, the City of San Diego undertook underwater inspection of the condition of the dam and found significant defects in the face of the dam that were shared with DSOD. These defects included concreted spalling, exposed rebar, and actual holes in the dam. Based on these newly found defects & the continued deterioration of the dam, spillway, and other pieces, DSOD downgraded the condition of Lake Hodges Dam from “poor” to “unsatisfactory”, the lowest grading possible for the dam. This will necessitate the complete replacement of the dam in the future to return storage to prior levels in Lake Hodges

In 1948 the District became a member of SDCWA. The following year imported water became available from the SDCWA. The District's current imported water purchases from SDCWA include both raw and treated water, and now provide over 90% of the District's total water. In 2001 the District began distributing recycled (reclaimed) water for non-potable purposes from the San Elijo Joint Powers Authority, a local wastewater agency. Approximately five percent of the District's total water demand is currently met with recycled water.

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

### ***Internal Controls***

District Management is responsible for establishing and maintaining a system of internal controls designed to safeguard District assets from loss, theft, or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in accordance with generally accepted accounting principles. The internal control structure is designed to provide reasonable assurance that these objectives are met. When establishing or reviewing controls, management must recognize that the cost to implement a control should not exceed the benefits likely to be derived, and that in order to assess cost versus benefit, estimates and judgment on the part of management will be required. All internal control evaluations occur within the above framework. Management believes the current system of internal controls adequately safeguards District assets and provides reasonable assurance that accounting transactions are properly recorded.

### ***Financial Policies***

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

be reviewed regularly and modified as necessary. All changes to the financial policies must be approved by the Board of Directors.

#### **Budget Policy**

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

#### **Capitalization Policy**

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

#### **Debt Management Policy**

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

#### **Investment Policy**

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

#### **Reserve Funds Policy**

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

#### **Pension Funding Policy**

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

***Certificate of Achievement for Excellence in Financial Reporting***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Santa Fe Irrigation District for its comprehensive annual financial report for the fiscal year ended June 30, 2022. This is the seventeenth consecutive year the District has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

***Acknowledgements***

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

Respectfully submitted,



Albert C. Lau, P.E. General Manager



Seth M. Gates, Director of Administrative Services



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Santa Fe Irrigation District  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*  
Executive Director/CEO

## **DISTRICT OFFICIALS**

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



**Michael T. Hogan – President**  
Division 4, Term Expires 12/2026

**Dana Frieauf – Vice President**  
Division 2, Term Expires 12/2024



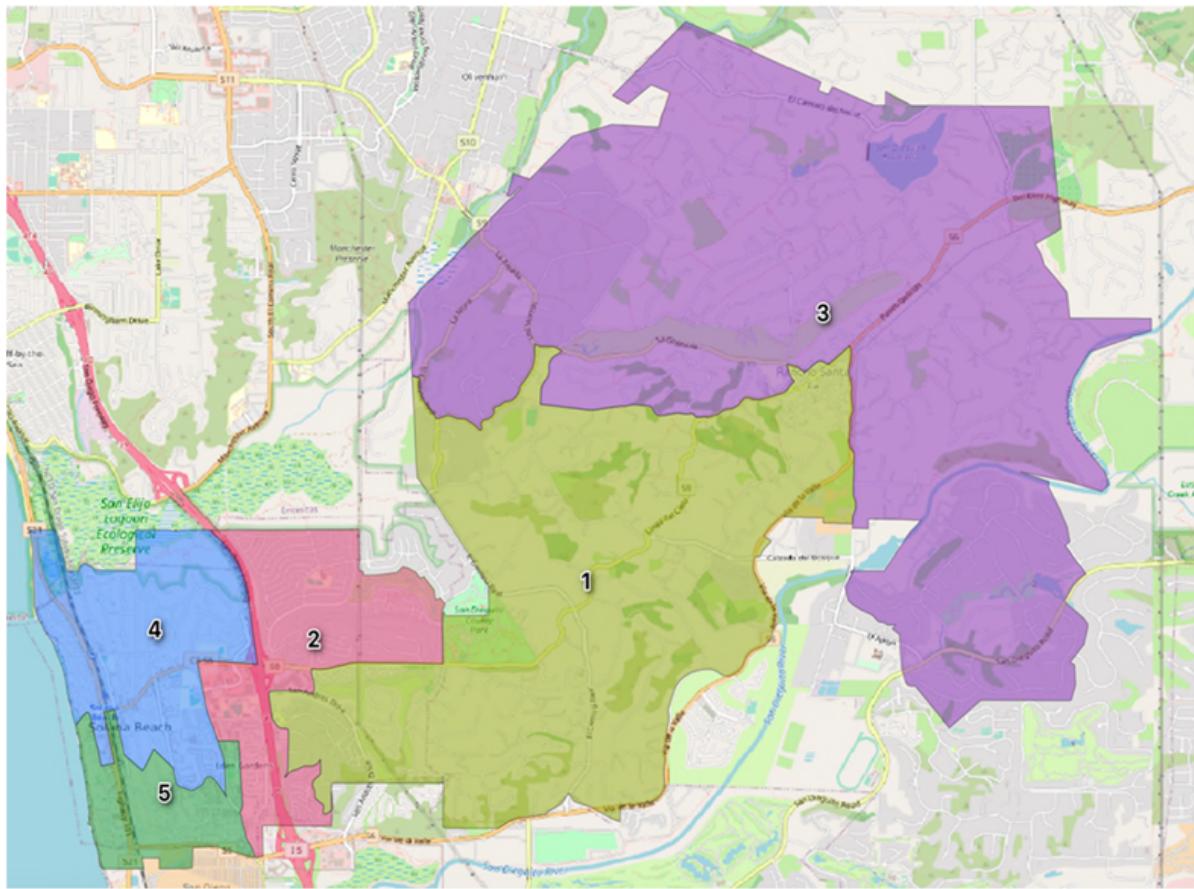
**Sandra D. Johnson**  
Division 3, Term Expires 12/2026

**Ron Magnaghi**  
Division 1, Term Expires 12/2024

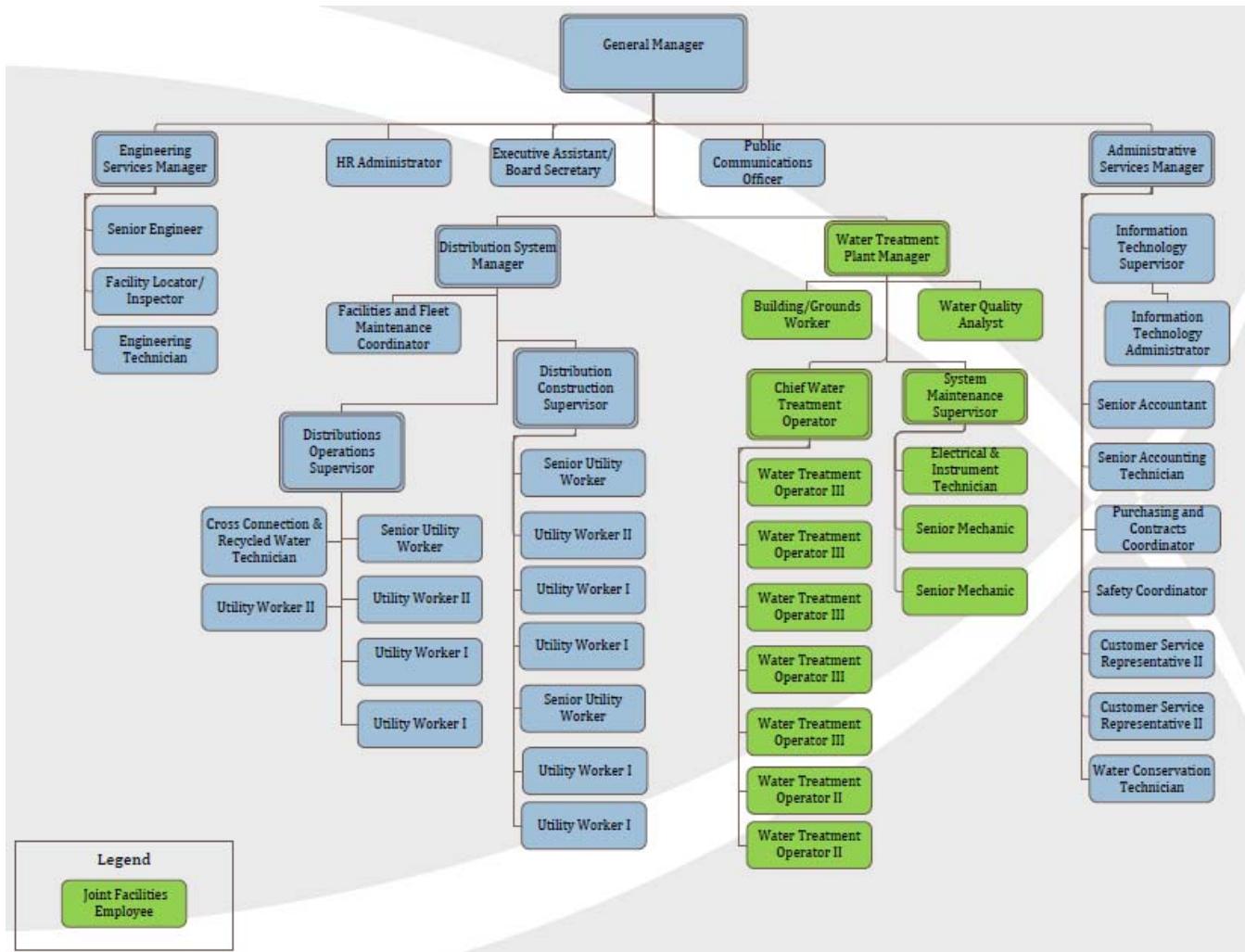
**Andrew Menshek**  
Division 5, Term Expires 12/2026

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

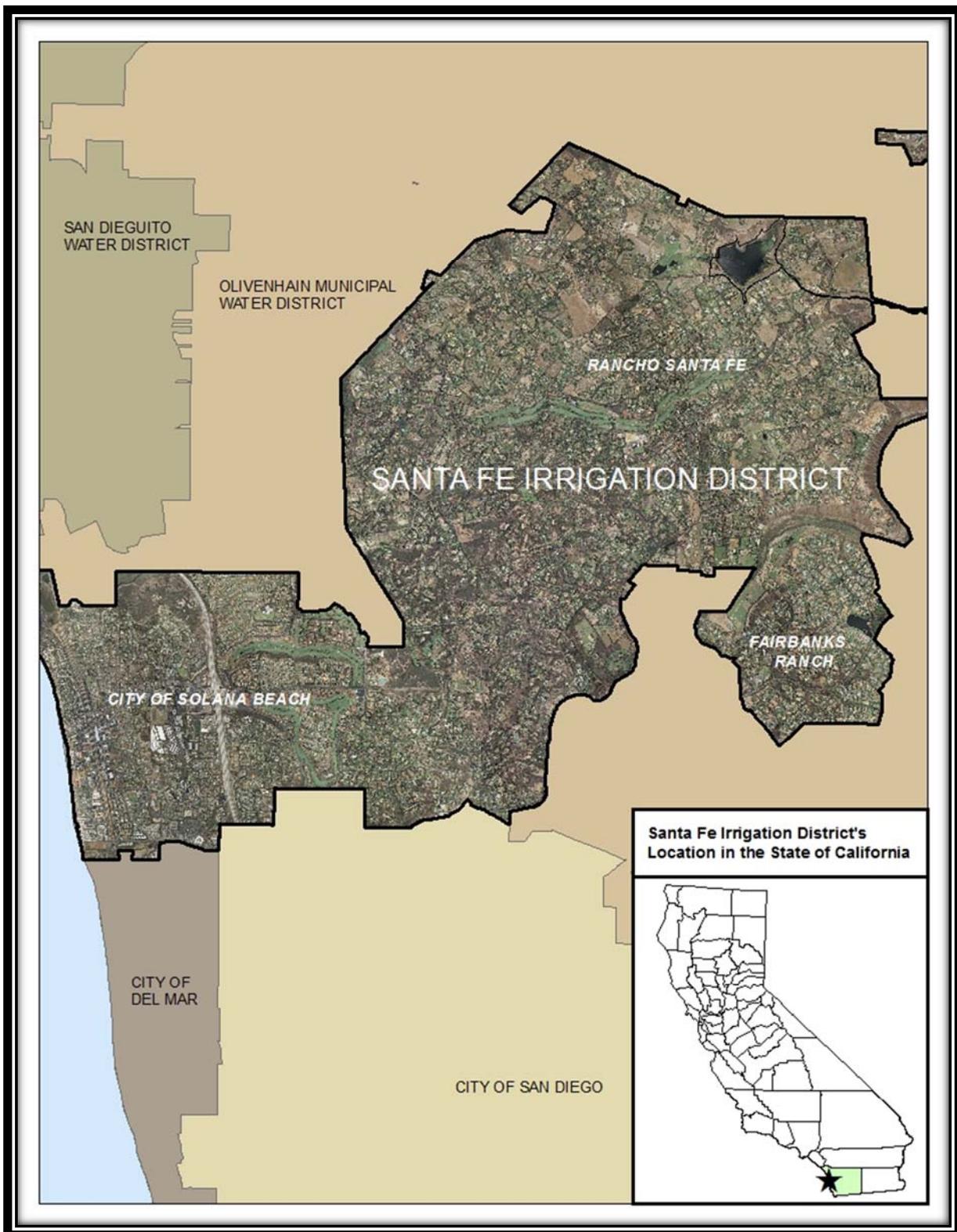
## SFID BOUNDARIES Adopted 03-17-22



# SANTA FE IRRIGATION DISTRICT ORGANIZATIONAL CHART



## SERVICE AREA MAP



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



## INDEPENDENT AUDITORS' REPORT

[www.pungroup.cpa](http://www.pungroup.cpa)



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

### Report on Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the Santa Fe Irrigation District, California (the "District"), which comprise the statements of net position as of June 30, 2023 and 2022 and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the District, as of June 30, 2023 and 2022, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise District's basic financial statements. The Combining Schedule of Net Position, Combining Schedule of Revenues, Expenses and Changes in Net Position, Schedule of Net Position – R.E. Badger Filtration Plan, Schedule of Revenues, Expenses and Changes in Net Position – R.E. Badger Filtration Plan, Reconciliation of Billings – R.E. Badger Filtration Plan, and Statistical Section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinion on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2023, on our consideration of District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.



San Diego, California  
November 14, 2023

# Management's Discussion and Analysis

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This section of the Santa Fe Irrigation District's (District) Annual Comprehensive Financial Report (ACFR) presents management's discussion and analysis of the District's financial performance during the fiscal year ending June 30, 2023. Topics covered in this section are:

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

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

## ***Financial Statements Overview***

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

The District's financial statements are presented in the same format as FY22, with comparative statements included. The District budgets and operates the R.E Badger Filtration Plant & facilities (Joint Facilities)<sup>1</sup> as a separate department from District operations due to the joint interest with San Dieguito Water District (SDWD). The District and SDWD pay their proportional share of expenditures (as determined through contractual agreements) monthly, which are then reconciled at fiscal year-end. Conversely, any expenditure incurred by the District for Joint Facilities operations are netted from these proportional payments to ensure proper cost allocation. To accomplish proper cost allocation, transactions between the District and the Plant need to be eliminated to avoid overstating portions of the financial statements. These eliminating entries are shown in the Notes to the Financial Statements.

The Financial Statements include the following:

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

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<sup>1</sup> Includes Cielo and San Dieguito pump stations and other assets for raw water conveyance

- The Statements of Revenues, Expenses and Changes in Net Position accounts for the District's activities during the last two years. It provides the basis for measuring the relative success in recovering operational costs.
- The Statements of Cash Flows report the District's cash receipts and disbursements during the periods, classified into operating, financing, and investing categories.
- The Notes to the Financial Statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise visible in the financial statements. The notes immediately follow the statements.

Supplementary Schedules include the following, among other items:

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

### ***Financial Highlights***

Total operating revenues of \$28,069,820 is a decrease of \$1,227,378 or 4.4% from FY22 due primarily to a decrease in potable and recycled water sales. While nonoperating revenues increased by \$4,029,986 or 104.6% due primarily to a change in the R.E. Badger income – undivided interest. Total operating expenditures of \$31,864,659 is a decrease of \$1,003,267 or 3.1% from FY22 due primarily to a decrease of \$1,393,673 in departmental expenditures (due to a one-time \$2.0 million payment to CalPERS in FY22).

During the year, the District's overall financial position (change in net position) improved by \$4,591,043 to \$98,047,989, compared to \$93,456,946 as of June 30, 2022. The increase in net position is how the District annually generates sufficient net income to then spend on capital improvement projects on a pay-go basis in the same fiscal year.

## Financial Analysis

**Santa Fe Irrigation District**  
**Statement of Net Position**  
Fiscal Year Ending June 30, 2023 / 2022 / 2021

	FYE 2023	FYE 2022	FYE 2021
Cash and investments	42,806,795	37,620,529	36,625,967
Accounts receivable	4,890,219	5,637,778	9,237,695
Other	1,835,048	1,010,477	738,229
Current assets	\$ 49,532,062	\$ 44,268,784	\$ 46,601,891
Non current assets	1,603,013	2,035,363	1,174,966
Capital assets	90,049,392	93,638,060	90,609,316
Total assets	<u>\$ 141,184,467</u>	<u>\$ 139,942,207</u>	<u>\$ 138,386,173</u>
Deferred outflow of resources	\$ 6,308,345	\$ 5,379,432	\$ 3,845,131
Accounts payable	6,701,897	3,752,471	5,738,548
Other	1,021,201	746,103	971,553
Current liabilities	\$ 7,723,098	\$ 4,498,574	\$ 6,710,101
Net pension liability	14,807,611	9,205,925	14,353,263
Net OPEB liability	2,543,388	1,305,738	3,080,407
Undivided interest - San Dieguito Water District	24,533,426	25,506,955	24,731,437
Other	178,647	481,216	468,202
Non current liabilities	<u>\$ 42,362,022</u>	<u>\$ 36,798,784</u>	<u>\$ 42,633,309</u>
Total liabilities	<u><u>\$ 50,085,120</u></u>	<u><u>\$ 41,297,358</u></u>	<u><u>\$ 49,343,410</u></u>
Deferred inflow of resources	3,897,394	10,567,335	1,700,173
Net investment in capital assets	67,784,810	68,131,105	65,877,879
Unrestricted	27,055,204	24,465,439	25,309,842
<b>Total Net Position</b>	<b><u><u>\$ 95,779,142</u></u></b>	<b><u><u>\$ 93,456,946</u></u></b>	<b><u><u>\$ 91,187,721</u></u></b>

### Statement of Net Position – FY23 compared to FY22

#### *Assets and Deferred Outflow of Resources*

Current assets are \$49,532,062, which is a \$5,263,278 or 11.9% increase, which is due to a \$5,186,266 increase in cash and investments. The increase in cash and investments is due to an increase in accounts payable and an increase in cash-based non-operating revenues.

Non-current assets decreased by \$432,350 or 21.2% due to lease receivables being recategorized to current assets based on timing. Capital assets also decreased, by \$3,588,668 or 3.8% due to depreciation outpacing capital investment. Deferred outflows, which represents contributions to the District OPEB and pension after the measurement date is \$6,308,345, an increase of \$928,913 or 17.3%, due primarily to an increase in mandatory employer contributions and timing differences.

#### ***Liabilities and Deferred Inflow of Resources***

Current liabilities are \$7,723,098, which is a \$3,224,524 or 71.7% increase, which is due to a \$2,949,426 or 78.6% increase in accounts payable, which was due to an increase in vendor invoices at the year-end. Non-current liabilities are \$40,093,178, which is a \$3,294,394 or 9.0% increase, which is due to a \$5,601,686 increase in pension obligations and \$1,237,650 in OPEB liability, both due primarily to investment losses in FY22 (as compared to actuarial projections). The undivided interest in Joint Facilities decreased by \$3,242,524 due to depreciation outpacing SDWD's capital investment.

Total liabilities are \$47,816,276, which is an increase of \$6,518,918 or 15.8%. Deferred inflows, which represents the District's portion of required contributions to pension and OPEB plans post valuation dates, are \$3,897,394 which is a decrease of \$6,669,941 or 63.1% due primarily to one-time payments to CalPERS in FY22 that were non-recurring.

#### ***Net Position***

The District's net investment in capital assets (capital assets net of the District's undivided interest) decreased by \$346,295 or 0.5% to \$67,784,810. The District's unrestricted assets totaled \$27,055,204, which is an increase of \$2,589,765 or 10.6%. The total of net investment in capital assets and unrestricted assets gives the District's current total net position of \$95,779,142, a \$2,322,196 or 2.5% increase.

#### ***Statement of Net Position – FY22 compared to FY21***

#### ***Assets and Deferred Outflow of Resources***

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

Total assets are \$139,942,207, which is a \$1,556,034 or 1.1% increase. In addition to the aforementioned increase in cash and receivables and decrease in accounts receivable, there was a \$3,028,744 increase in capital assets. This represents the increase in capital spending on District and joint facilities, net of depreciation. This increase is offset by SDWD's undivided interest in joint facilities as shown the liabilities. Deferred outflows, which represents contributions to the District OPEB and pension after the measurement date is \$5,379,432, an increase of \$1,534,301 or 39.9% due primarily to an increase in mandatory employer contributions and timing differences.

#### ***Liabilities and Deferred Inflow of Resources***

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

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

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

#### ***Net Position***

The District's net investment in capital assets (capital assets net of the District's undivided interest) increased \$2,253,226 or 3.4% to \$68,131,105 from FY21. The District's unrestricted assets totaled \$24,465,439, which is a decrease of \$844,403 or 3.3%. The total of net investment in capital assets and unrestricted assets gives the District's current total net position of \$95,779,142, a \$2,269,225 or 2.5%.

#### ***FY23 Investments***

Balances in cash and investment accounts increased by \$5,186,266 due to a \$2,949,426 increase in accounts payable in addition to an increase in non-operating revenues. The District's portfolio consists solely of pooled investments funds with average maturities of less than 12 months. The three pooled funds are (based on weighted investments) the California Asset Management Program (CAMP), the California Local Agency Investment Fund (LAIF), and the San Diego County Treasurer's Pooled Money Fund. The pools provide a flexible, liquid source of funds for the District's operating and capital expenses, comply with all California Government Code requirements for investment of public entity funds, and offer a competitive rate of return. Average yields on each of the three pooled investment funds were between 2.6% and 5.2% for FY23 and each pooled investment fund invests in various fixed income securities.

It should be noted that FY22 included a negative mark-to-market of approximately \$690,000 (non-cash), while FY23 included an approximate positive mark-to-market of \$294,000. The Federal Reserve increased the federal funds rate by 3.44% in FY23, increasing fixed income interest rates. As these increases occurred, the fixed income investments that the District is primarily invested started to yield significantly more interest than in prior years. Due to the shorter duration of these pools that the District invests in, maturities were reinvested at current market rates, which are holding steady and are anticipated to continue to stay at higher levels in the short term. Additionally, the District's market value in the pension Section 115 Trust administered by Public Agency Retirement Services (PARS) increased by \$78,726 in FY23, which is held as restricted non-current assets.

#### ***FY23 Infrastructure & Capital Assets***

The District spent \$1,700,048 on capital improvement projects (CIP), which is a continuation of the implementation of the District and joint facilities (R.E. Badger Filtration Plant and other jointly owned assets with San Dieguito Water District) current ten-year capital improvement program. The District's total CIP projects were \$920,736, which includes \$762,455 for a new pipeline replacement project, \$149,887 on equipment and building renovations and \$8,394 spent on other smaller projects. The District share of joint facility expenditures totaled \$779,312, which included \$425,310 on treatment plant building and equipment

improvements, \$327,046 for improvements for the pump station valve equipment and \$26,956 spent on San Dieguito reservoir improvements.

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

**Santa Fe Irrigation District**

Statement of Revenues, Expenses, and Change in Net Position

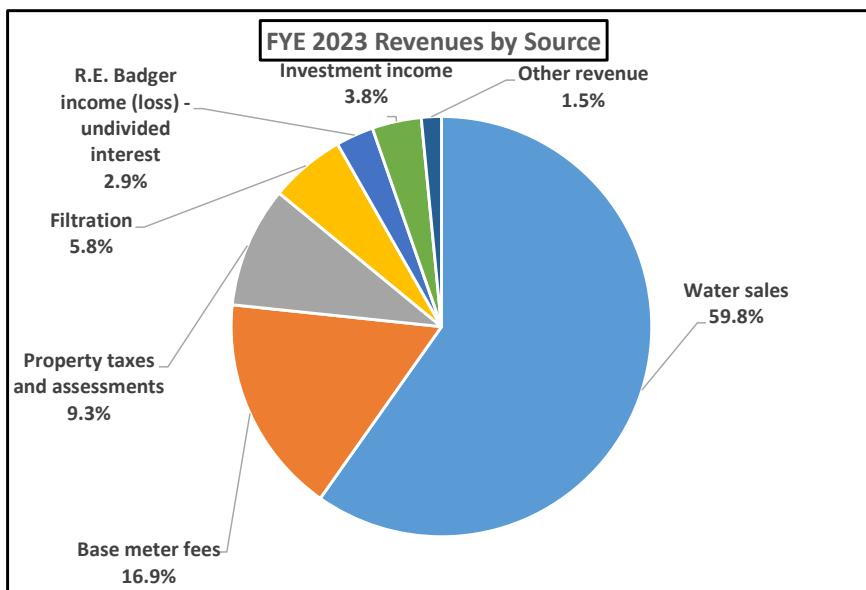
Fiscal Year Ending June 30, 2023 / 2022 / 2021

	<b>FYE 2023</b>	<b>FYE 2022</b>	<b>FYE 2021</b>
Water sales	\$ 20,137,050	\$ 23,122,259	\$ 22,956,425
Base meter fees	5,685,882	5,621,633	5,388,296
Filtration Revenues	1,960,155	174,555	5,112,807
Other	286,733	428,751	317,534
<b>Total operating revenues</b>	<b>\$ 28,069,820</b>	<b>\$ 29,347,198</b>	<b>\$ 33,775,062</b>
Water purchased	\$ 13,749,382	\$ 13,421,962	\$ 11,805,372
Water treatment	4,287,347	4,593,864	4,821,055
Admin / engineering / transmission / distribution	10,205,650	11,599,323	9,989,884
Depreciation & amortization	3,622,280	3,252,777	3,162,004
<b>Total operating expenses</b>	<b>\$ 31,864,659</b>	<b>\$ 32,867,926</b>	<b>\$ 29,778,315</b>
<b>Operating income (loss)</b>	<b>\$ (3,794,839)</b>	<b>\$ (3,520,728)</b>	<b>\$ 3,996,747</b>
Property taxes and assessments	\$ 3,130,721	\$ 2,858,547	\$ 2,742,685
Investment income	1,277,830	(519,091)	43,528
R.E. Badger income (loss) - undivided interest	973,529	(775,518)	(5,709,515)
Other	231,199	2,288,202	3,540,348
<b>Total nonoperating revenues (expenses)</b>	<b>\$ 5,613,279</b>	<b>\$ 3,852,140</b>	<b>\$ 617,046</b>
<b>Income (Loss) before capital contributions</b>	<b>\$ 1,818,440</b>	<b>\$ 331,412</b>	<b>\$ 4,613,793</b>
<b>Capital contributions</b>	<b>503,756</b>	<b>1,937,813</b>	<b>3,645,823</b>
<b>Changes in net position</b>	<b>2,322,196</b>	<b>2,269,225</b>	<b>8,259,616</b>
<b>Net Position, Beginning of year</b>	<b>\$ 93,456,946</b>	<b>\$ 91,187,721</b>	<b>\$ 82,928,105</b>
<b>Net Position, End of year</b>	<b><u>\$ 95,779,142</u></b>	<b><u>\$ 93,456,946</u></b>	<b><u>\$ 91,187,721</u></b>

## Statement of Revenues, Expenses, and Change in Net Position – FY23 compared to FY22

### Revenues

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



Operating revenues declined by \$1,277,378 or 4.4% due to a \$2,985,209 or 12.9% reduction in water sales based on significant rainfall that occurred during the fiscal year. This decline was offset by a \$1,785,600 or 1,022.9% increase in filtration revenues. This increase was based on a reduction in SDWD reimbursement in FY22 due to a large amount of grants received that were partially due to SDWD. The District received approximately \$3.7 million in grant awards from

CalOES / FEMA for seismic retrofits at the R.E. Badger Filtration Plant, with approximately \$1.8 million was received in FY22. With timing of these disbursements of grant revenue, approximately \$1.6 million in credit was given to SDWD to offset their proportionate costs for Joint Facilities in FY22, leaving only \$180,000 of expenditures requiring to be reimbursed.

Acre Feet of Water Sold FY23 v. FY22

	Potable	Recycled	Total
<b>FY 23</b>	8,006	546	8,552
<b>FY 22</b>	9,485	665	10,150
<b>Variance</b>	(1,479)	(120)	(1,599)

\* No accrual impacts, just water used in FY

Non-operating revenues increased by \$1,761,139 or 45.7% due to a \$1,796,921 increase in interest income (for reasons previously stated) and a \$1,749,047 increase in R.E. Badger income – undivided interest. This represents the change in SDWD's undivided interest in joint facilities from their capital investment, offset by depreciation. The District financial statements treat all Joint Facilities as a department of the District due to its operational control, staffing, and oversight. The financial statements recognize all Joint Facilities' assets as the Districts on the statement of net position (under capital assets), with an offsetting liability recognizing SDWD's proportionate ownership (undivided interest). A decrease in SDWD's proportionate share due to their investment in the Joint Facilities is recognized as an offsetting revenue on the statement

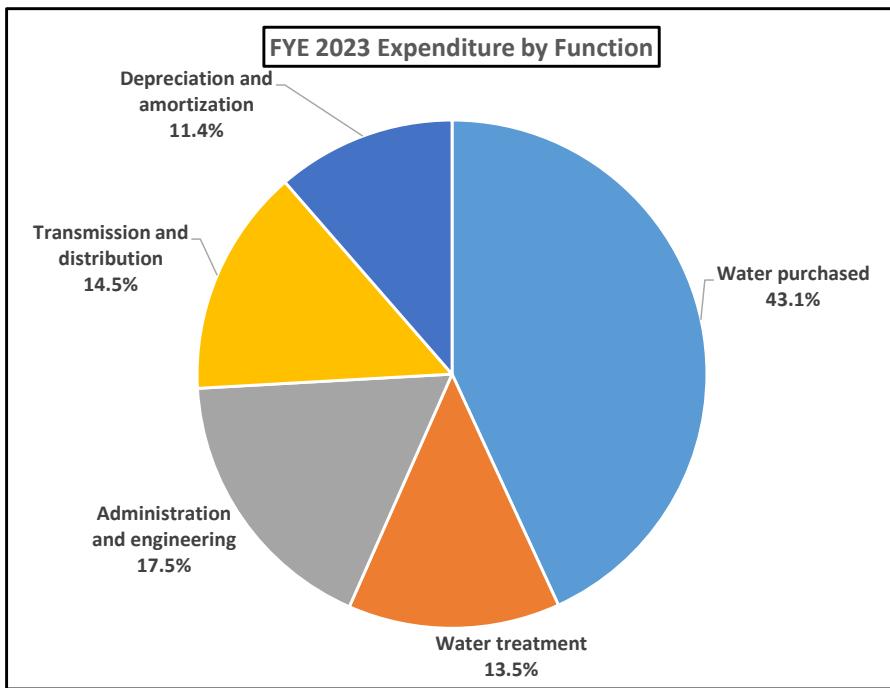
of revenues, expenses, and net position to properly recognize the District's net position. In this instance, for FY23, the decrease in SDWD's interest in Joint Facilities is \$972,529, as depreciation outpaced investment.

Property tax increased by \$272,174 or 9.5%, which is a combination of Proposition 13's maximum increases of 2% with additional revenue coming from new assessed valuation bases due to increases in home sales / prices. This gain was offset by a decline of \$2,057,003 in other income for FY23. This was due to the District receiving \$200,000 in San Diego County Water Authority litigation settlement refunds and \$1.6 million in CalOES / FEMA grants received in FY22, which were one-time revenues.

The FY23 Revenues by Sources pie chart shows the sources of District revenue and highlights the fact that the District relies heavily on water sales and fixed meter charges for its income. Overall, revenues increased by \$483,761 or 1.5% and the following table lists these revenues by source for FY23 and FY22 (basis for FY23 Revenues by Source pie chart).

Revenues by Source	FYE 2023	FYE 2022	\$ Change	% Change
Water sales	\$ 20,137,050	\$ 23,122,259	\$ (2,985,209)	-12.9%
Base meter fees	5,685,882	5,621,633	64,249	1.1%
Property taxes and assessments	3,130,721	2,858,547	272,174	9.5%
Filtration	1,960,155	174,555	1,785,600	1022.9%
R.E. Badger income (loss) - undivided interest	973,529	(775,518)	1,749,047	-225.5%
Investment income	1,277,830	(519,091)	1,796,921	-346.2%
Other revenue	517,932	2,716,953	(2,199,021)	-80.9%
<b>Total Revenues</b>	<b>\$ 33,683,099</b>	<b>\$ 33,199,338</b>	<b>\$ 483,761</b>	<b>1.5%</b>

## Expenses



FY23 Expenditures by Function pie chart shows a summary of expenses by category. As can be seen, District expenditures are primarily for the purchase of imported water to meet demands, treatment expenditures for imported and local water sources, operating department costs, and depreciation / amortization. Total expenditures are \$31,864,659, which is a decrease of \$1,003,267 or 3.1%. Water purchases are \$13,749,382 and account for 43.1% of total

expenditures, and is a \$327,420 or 2.4% increase. As shown in the following table, the total amount of untreated water purchased from SDCWA decreased by 1,193 AF, while treated water purchases increased by 394 AF from FY22. This decrease in untreated water was due to significant rainfall during FY23 that reduced local, regional, and state-wide demand..

**Acre Feet of Water Sources FY23 v. FY22**

	Untreated	Treated	Local	Recycled	Total
<b>FY 23</b>	6,258	711	1,309	546	8,824
<b>FY 22</b>	7,451	317	2,141	665	10,574
<b>Variance</b>	(1,193)	394	(832)	(119)	(1,750)

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

	FYE 2023	FYE 2022	\$ Change	% Change
<b>Water Treatment</b>	<b>\$ 4,287,347</b>	<b>\$ 4,593,864</b>	<b>\$ (306,517)</b>	<b>-6.7%</b>
Salaries	1,665,363	1,585,607	79,756	5.0%
Personnel Benefits	856,656	1,240,043	(383,387)	-30.9%
Plant Electricity	187,472	162,338	25,134	15.5%
Repairs, Parts, and Maintenance	344,894	345,745	(851)	-0.2%
Chemicals	806,949	665,105	141,844	21.3%
Other	426,013	595,026	(169,013)	-28.4%
	FYE 2023	FYE 2022	\$ Change	% Change
<b>Administration &amp; Engineering</b>	<b>\$ 5,578,108</b>	<b>\$ 6,282,465</b>	<b>\$ (704,357)</b>	<b>-11.2%</b>
Salaries	2,115,123	2,060,334	54,789	2.7%
Personnel Benefits	1,304,367	2,364,059	(1,059,692)	-44.8%
Legal / Consulting	614,069	459,787	154,282	33.6%
Charges to Joint Facilities	571,310	498,413	72,897	14.6%
Insurance	217,434	171,783	45,651	26.6%
Services	316,928	208,709	108,219	51.9%
Other	438,877	519,380	(80,503)	-15.5%
	FYE 2023	FYE 2022	\$ Change	% Change
<b>Transmission &amp; Distribution</b>	<b>\$ 4,627,542</b>	<b>\$ 5,316,858</b>	<b>\$ (689,316)</b>	<b>-13.0%</b>
Salaries	1,663,023	1,527,313	135,710	8.9%
Personnel Benefits	705,315	1,428,992	(723,677)	-50.6%
Pumping (Electric / Repairs)	530,123	562,509	(32,386)	-5.8%
Pipes, Paving, Traffic Control	834,370	616,660	217,710	35.3%
Valves, Meters, Equipment, Fuel, Hydrants	285,187	298,656	(13,469)	-4.5%
Other	609,524	882,728	(273,204)	-30.9%
	FYE 2023	FYE 2022	\$ Change	% Change
<b>COMBINED DEPARTMENTAL EXPENSES</b>	<b>\$ 14,492,997</b>	<b>\$ 16,193,187</b>	<b>\$ (1,700,190)</b>	<b>-10.5%</b>
Salaries	5,443,509	5,173,254	270,255	5.2%
Personnel Benefits	2,866,338	5,033,094	(2,166,756)	-43.1%
Non-Personnel	6,183,150	5,986,839	196,311	3.3%

Water treatment expenditures are \$4,287,347, which is a decrease of \$306,517 or 6.7%. This decline (and other declines in other operating departments) is primarily attributable to a \$2.0 million CalPERS prepayment on the District's unfunded liability. Every operating department paid their proportionate share of this prepayment based on salaries. Administration and Engineering expenditures are \$5,578,108, which is a \$704,357 or 11.2% decrease due to the \$1.0 million one-time discretionary payment to CalPERS to reduce the District's unfunded liability. This savings was offset by a \$262,501 increase in services / legal / consulting due to completion of the District's cost-of-service, additional services due to certain personnel vacancies, and legal proceedings. Transmission and Distribution expenditures are \$4,627,542, which is a \$689,316 or 13.0% decrease, primarily due to the department's proportionate share of the \$2.0 million payment to CalPERS, offset by an increase in raw material prices. As can be seen, combined departmental expenditures decreased by \$1,700,190 or 10.5% due to the \$2.0 million prepayment, offset by an increase in salaries due to the 2.0% cost-of-living adjustment effective July 2022 and merit increases.

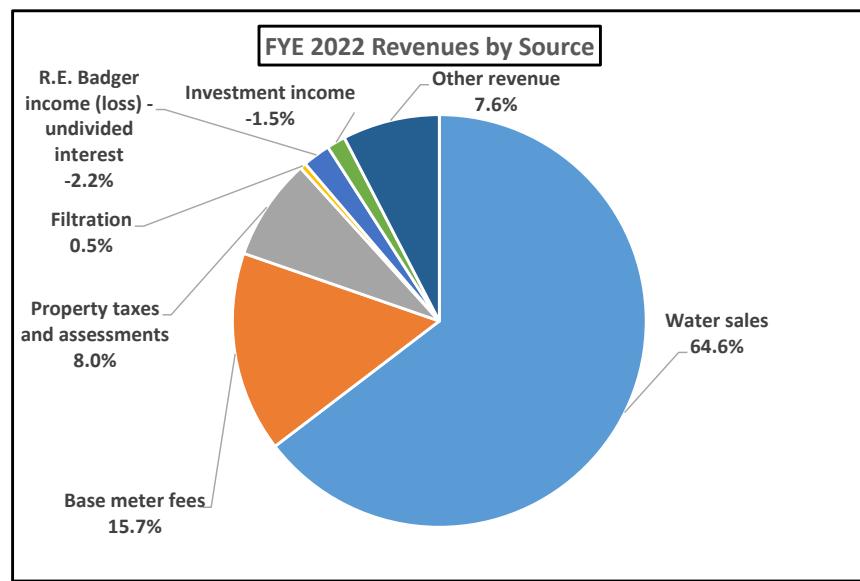
The following table lists expenditures by function for FY23 and FY22 (basis for FY23 Expenditures by Function pie chart).

Revenues by Source	FYE 2023	FYE 2022	\$ Change	% Change
Water purchased	\$ 13,749,382	\$ 13,421,962	\$ 327,420	2.4%
Water treatment	4,287,347	4,593,864	(306,517)	-6.7%
Administration and engineering	5,578,108	6,282,465	(704,357)	-11.2%
Transmission and distribution	4,627,542	5,316,858	(689,316)	-13.0%
Depreciation and amortization	3,622,280	3,252,777	369,503	11.4%
<b>Total Revenues</b>	<b>\$ 31,864,659</b>	<b>\$ 32,867,926</b>	<b>\$ (1,003,267)</b>	<b>-3.1%</b>

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

#### *Revenues*

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



The decline in operating of revenues of 13.1% is due to the reduction in filtration revenues. These revenues are reimbursements received from San Dieguito Water District (SDWD) as their proportionate share of operating and capital expenses incurred on their behalf. These expenditures are reconciled monthly & SDWD provides payment two weeks after month end close. Additionally, an annual reconciliation is completed to ensure that final adjustments

are made to all expenditures and appropriate cost sharing is ensured. However, just like the District's annual budget, these reconciliations are done on a cash basis, where these financial statements are completed on a full accrual basis.

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

given to SDWD to offset their proportionate costs for Joint Facilities in FY22, leaving only \$180,000 of expenditures requiring to be reimbursed. SDWD's total share of operating expenditures in FY22 was 36.9%.

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

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

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

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

Net non-operating revenues increased by \$3,235,094 or 524.3.0% due to a \$4,933,997 year-over-year change in SDWD's undivided interest in joint facilities from their capital investment. As previously outlined, beginning in 2019, the District financial statements began to treat all Joint Facilities as a department of the District due to its operational control, staffing, and oversight. The financial statements recognize all Joint Facilities' assets as the Districts on the statement of net position, with an offsetting liability recognizing SDWD's proportionate ownership. Any increase in SDWD's proportionate share due to their investment in the Joint Facilities is recognized as an offsetting expense on the statement of revenues, expenses, and net position to properly recognize the District's net position. In this instance, for FY22, the increase in SDWD's interest in Joint Facilities is \$775,518, which is \$4,933,997 lower than the FY21 increase of \$5,709,515 due to less capital investment occurring in FY22.

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

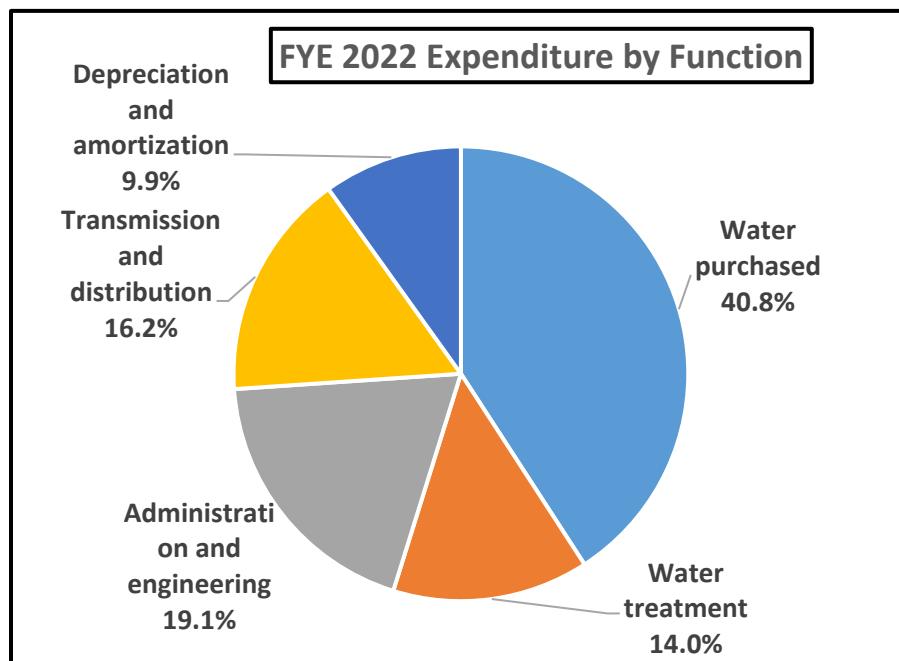
Other non-operating income decreased by \$1,252,146 or 35.4%. This was due to the District receiving \$1.4 million in San Diego County Water Authority litigation settlement refunds in FY21; however, only \$200,000 was received in FY22, resulting in an approximate \$1.2 million decline in revenues. Additionally,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

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

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

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

### Expenses



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

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

**Acre Feet of Water Sources FY22 v. FY21**

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

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

	FYE 2022	FYE 2021	\$ Change	% Change
<b>Water Treatment</b>	<b>\$ 4,593,864</b>	<b>\$ 4,821,055</b>	<b>\$ (227,191)</b>	<b>-4.7%</b>
Salaries	1,585,607	1,622,623	(37,016)	-2.3%
Personnel Benefits	1,240,043	1,100,141	139,902	12.7%
Plant Electricity	162,338	226,905	(64,567)	-28.5%
Repairs, Parts, and Maintenance	345,745	307,599	38,146	12.4%
Chemicals	665,105	908,383	(243,278)	-26.8%
Other	595,026	655,404	(60,378)	-9.2%
	FYE 2022	FYE 2021	\$ Change	% Change
<b>Administration &amp; Engineering</b>	<b>\$ 6,282,465</b>	<b>\$ 5,046,793</b>	<b>\$ 1,235,672</b>	<b>24.5%</b>
Salaries	2,060,334	1,984,822	75,512	3.8%
Personnel Benefits	2,364,059	1,354,699	1,009,360	74.5%
Legal / Consulting	459,787	738,952	(279,165)	-37.8%
Charges to Joint Facilities	498,413	453,945	44,468	9.8%
Insurance	171,783	153,480	18,303	11.9%
Services	208,709	232,956	(24,247)	-10.4%
Other	519,380	127,939	391,441	306.0%
	FYE 2022	FYE 2021	\$ Change	% Change
<b>Transmission &amp; Distribution</b>	<b>\$ 5,316,858</b>	<b>\$ 4,943,091</b>	<b>\$ 373,767</b>	<b>7.6%</b>
Salaries	1,527,313	1,423,272	104,041	7.3%
Personnel Benefits	1,428,992	842,906	586,086	69.5%
Pumping (Electric / Repairs)	562,509	1,059,102	(496,593)	-46.9%
Pipes, Paving, Traffic Control	616,660	635,186	(18,526)	-2.9%
Valves, Meters, Equipment, Fuel, Hydrants	298,656	290,675	7,981	2.7%
Other	882,728	691,950	190,778	27.6%
	FYE 2022	FYE 2021	\$ Change	% Change
<b>COMBINED DEPARTMENTAL EXPENSES</b>	<b>\$ 16,193,187</b>	<b>\$ 14,810,939</b>	<b>\$ 1,382,248</b>	<b>9.3%</b>
Salaries	5,173,254	5,030,717	142,537	2.8%
Personnel Benefits	5,033,094	3,297,746	1,735,348	52.6%
Non-Personnel	5,986,839	6,482,476	(495,637)	-7.6%

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

payment, total combined departmental expenditures declined by \$617,752 or 4.2% due to cost controls implemented by District Staff.

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

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

### ***Debt Administration & Overlapping Debt***

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

With no current outstanding debt, the District has not included an overlapping debt statement. Additionally, the District's property tax revenues are generated through the base 1% property tax imposed on all California residents & not an additional levy.

### ***Currently Known Facts, Conditions, or Decisions***

#### ***Lake Hodges Known Condition and Impacts***

The Division of Safety of Dams (DSOD) 280' restriction at Lake Hodges will be an ongoing impediment to the ability of the District to yield local water until the complete rehabilitation of the existing dam or the construction of a new dam can be completed. Based on the simplified reading of the Amendment to and Restatement of the March 17, 1998 Agreement Regarding Lake Hodges dated April 10, 2014, the District and SDWD are responsible for 25% of the replacement cost of Lake Hodges Dam. Based upon local water sharing agreements between the District and SDWD, Santa Fe Irrigation District would be responsible for approximately 14.3% of any total cost of replacement, while SDWD would be responsible for 11.2%.

DSOD gave the City of San Diego (City), the sole owner of the dam, three different options for dam replacement / rehabilitation to restore the full capacity of 315' in Lake Hodges. This included: 1. Comprehensive rehabilitation of the existing dam; 2. Concrete infill of the existing dam, and 3. Construction of a new dam & breaching the 1918 dam to ensure its structural integrity. Based upon DSOD's input and the City of San Diego's consultant input, option number three was determined to be the most viable solution to the continuation / restoration of local water impounding and flood control in Lake Hodges.

Based on the City's estimates, it is estimated that a new dam will be completed by 2033. This extensive timeline is based on California Environmental Quality Act compliance, planning, bidding, and construction, among other items.

This local water impairment will continue to impact customer's rates; while construction of a new dam (though financing mechanisms and how the District will be required to contribute the 14.3%) will also impact customers based on the District's required contribution of approximately \$39.5 million based on the City's estimate of \$275 million for the total cost of the new dam (in 2023 dollars). However, the District anticipates that despite these costs, local water per AF yielded after construction of the new dam, will be comparable or cheaper than imported water from SDCWA in the majority of potential scenarios.

### ***Water Rates and Charges***

The District's current cost-of-service was for a two-year period; with the final possible increase in rates for increased operations and maintenance expenditures occurring on January 1, 2024. The District's Board of Directors will determine how much, if any, of this possible rate increase will be implemented in November 2023 based on the FY23 actual financial outcomes as compared to cost-of-service projections. With the expiration of the cost-of-service, the District will be undertaking a new cost-of-service in CY24 to review potential change(s) in rate structure and / or pricing for all potable and recycled water customers.

### ***State Legislation***

Amendment No. 1 to Initiative No. 2100421 (the "Initiative") has circulated in various forms since 2019. However, its most recent iteration qualified for the November 5, 2024 ballot and proposes sweeping and substantial changes to Propositions 13, 218, and 26. If adopted, the Initiative would negatively impact the ways local governments raise and deploy revenue. The Initiative expands the definition of a tax, requires additional procedures and justification prior to adoption of revenue-raising measures (including fees and taxes), and imposes a more stringent burden applicable to local governments when defending those measures. The Initiative would create significant hurdles for annexations of new property into an agency's jurisdictional boundaries. Much of these changes are ambiguous and unclear, and will result in significant litigation over the coming years interpreting the meaning and effect of the Initiative. If approved by voters, the District will need to determine the best ways to comply with the Initiative and what potential implications are for revenues.

### ***CalPERS***

The California Public Employees' Retirement System (CalPERS) releases their annual member agencies pension valuation updates every August. CalPERS experienced a loss on their overall investments of 6.1% in FY22, which is 12.9% below the long-run CalPERS actuarially estimated return of 6.8%.

With the adoption of the District's Pension Funding Policy in 2022, a 10-year "soft fresh start" was targeted to fully pay off the District's unfunded actuarial liability ("UAL" - which is the difference between the value of projected earned pension benefits and assets on deposit with CalPERS). This fresh start would require approximately 10 equal payments of \$1.16 million from FY24 to FY33. This was prior to the FY22 CalPERS loss, which has significantly impacted the District's (and other CalPERS participating agencies) UAL.

The District's UAL as of the August 2022 valuation was \$11.4 million, which has grown to \$15.7 million as of the August 2023 valuation, due to the following:

Change in District's UAL	
August 2022 Valuation	\$ 11,387,290
FY22 Investment Losses	5,888,098
Actuarial Changes	761,720
FY23 / FY24 UAL Payments	(2,388,888)
<b>August 2023 Valuation</b>	<b>\$ 15,648,220</b>

In addition to an increase in the UAL, the market value of the assets on deposit with CalPERS decreased due to the market loss, declining from \$40,878,817 in FY22 to \$38,551,734. In addition to an increase in the UAL and the decrease in the market value of assets on deposit with CalPERS, there was a change in actuarial assumptions that has increased the overall estimated value of the benefits earned by previous and existing employees. This and the impact on the overall funded percentage for the District's pension obligation is illustrated as follows.

	2022	2023
Estimated Pension Benefits Earned	\$ 52,266,107	\$ 54,199,954
Market Value of Assets with CalPERS	(40,878,817)	(38,551,734)
 District UAL	 \$ 11,387,290	 \$ 15,648,220
 Funded Percentage	 78.2%	 71.1%

### *Requests for Information*

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

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## **BASIC FINANCIAL STATEMENTS**

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**Santa Fe Irrigation District**  
**Statements of Net Position**  
**June 30, 2023 and 2022**

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	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$ 42,806,795	\$ 37,620,529
Accounts receivable - water sales, net	4,352,843	4,958,471
Accounts receivable - other	537,376	679,307
Property taxes and assessments collectible	19,211	14,318
Interest receivable	270,561	76,997
Lease receivable, current portion	356,992	-
Inventories	1,063,396	847,832
Prepaid expenses and deposits	124,888	71,330
Total current assets	<u>49,532,062</u>	<u>44,268,784</u>
Noncurrent assets:		
Capital assets, nondepreciable	3,657,107	11,862,730
Capital assets, depreciable/amortizable, net	<u>88,661,129</u>	<u>81,775,330</u>
Capital assets, net	92,318,236	93,638,060
Lease receivable	401,205	758,197
Restricted investments	939,128	860,402
Reimbursement agreement receivable - San Elijo JPA	262,680	416,764
Total noncurrent assets	<u>93,921,249</u>	<u>95,673,423</u>
<b>Total assets</b>	<b><u>143,453,311</u></b>	<b><u>139,942,207</u></b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension-related deferred outflows of resources	4,561,660	4,770,516
OPEB-related deferred outflows of resources	<u>1,746,685</u>	<u>608,916</u>
<b>Total deferred outflows of resources</b>	<b><u>6,308,345</u></b>	<b><u>5,379,432</u></b>

(Continued)

**Santa Fe Irrigation District**  
**Statements of Net Position (Continued)**  
**June 30, 2023 and 2022**

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	<b>2023</b>	<b>2022</b>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 6,701,897	\$ 3,752,471
Accrued payroll	154,505	165,169
Deposits, current portion	185,137	196,213
Compensated absences, current portion	681,559	384,721
Total current liabilities	<u>7,723,098</u>	<u>4,498,574</u>
Noncurrent liabilities:		
Deposits	298,950	298,950
Compensated absences	178,647	481,216
Undivided interest - San Dieguito Water District	24,533,426	25,506,955
Net pension liability	14,807,611	9,205,925
Net OPEB liability	2,543,388	1,305,738
Total noncurrent liabilities	<u>42,362,022</u>	<u>36,798,784</u>
<b>Total liabilities</b>	<u>50,085,120</u>	<u>41,297,358</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Lease-related deferred inflows of resources	740,722	777,151
Pension-related deferred inflows of resources	2,273,419	8,445,806
OPEB-related deferred inflows of resources	883,253	1,344,378
<b>Total deferred inflows of resources</b>	<u>3,897,394</u>	<u>10,567,335</u>
<b>NET POSITION</b>		
Net investment in capital assets	67,784,810	68,131,105
Restricted for pensions	939,128	860,402
Unrestricted	27,055,204	24,465,439
<b>Total net position</b>	<u>\$ 95,779,142</u>	<u>\$ 93,456,946</u>

(Concluded)

**Santa Fe Irrigation District**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended June 30, 2023 and 2022**

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	<b>2023</b>	<b>2022</b>
<b>OPERATING REVENUES</b>		
Water sales	\$ 20,137,050	\$ 23,122,259
Filtration	1,960,155	174,555
Base meter fees	5,685,882	5,621,633
Other operating revenues	<u>286,733</u>	<u>428,751</u>
<b>Total operating revenues</b>	<b><u>28,069,820</u></b>	<b><u>29,347,198</u></b>
<b>OPERATING EXPENSES</b>		
Water purchased	13,749,382	13,421,962
Water treatment	4,287,347	4,593,864
Administration and engineering	5,578,108	6,282,465
Transmission and distribution	4,627,542	5,316,858
Depreciation and amortization	<u>3,622,280</u>	<u>3,252,777</u>
<b>Total operating expenses</b>	<b><u>31,864,659</u></b>	<b><u>32,867,926</u></b>
<b>Operating income (loss)</b>	<b><u>(3,794,839)</u></b>	<b><u>(3,520,728)</u></b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Property taxes and assessments	3,130,721	2,858,547
Investment income (loss)	1,277,830	(519,091)
Rental and lease revenue	126,829	85,300
Other revenue	54,015	260,755
Grant revenue	14,940	1,773,367
R.E. Badger income (loss) - undivided interest	973,529	(775,518)
Net gain on disposal of assets	<u>35,415</u>	<u>168,780</u>
<b>Total nonoperating revenues (expenses)</b>	<b><u>5,613,279</u></b>	<b><u>3,852,140</u></b>
<b>Income before capital contributions</b>	<b><u>1,818,440</u></b>	<b><u>331,412</u></b>
<b>Capital contributions</b>	<b><u>503,756</u></b>	<b><u>1,937,813</u></b>
<b>Changes in net position</b>	<b><u>2,322,196</u></b>	<b><u>2,269,225</u></b>
<b>Net position, beginning of year</b>	<b><u>93,456,946</u></b>	<b><u>91,187,721</u></b>
<b>Net position, end of year</b>	<b><u>\$ 95,779,142</u></b>	<b><u>\$ 93,456,946</u></b>

**Santa Fe Irrigation District**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2023 and 2022**

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	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers for water sales and service	\$ 28,519,570	\$ 32,250,493
Payments to vendors and suppliers for materials and services	(17,642,494)	(21,119,180)
Payments for employee wages, benefits and related costs	(8,659,065)	(10,203,594)
Other revenue	431,148	738,377
<b>Net cash provided by operating activities</b>	<b>2,649,159</b>	<b>1,666,096</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Property taxes and benefit assessments received	3,125,828	2,854,120
Grant revenue received	14,940	1,773,367
<b>Net cash provided by noncapital financing activities</b>	<b>3,140,768</b>	<b>4,627,487</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(2,302,456)	(6,281,521)
Proceeds from sale of capital assets	35,415	168,780
Cash contributions for capital-related purposes	503,756	1,937,813
<b>Net cash (used in) capital and related financing activities</b>	<b>(1,763,285)</b>	<b>(4,174,928)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from reimbursement agreement receivable - San Elijo JPA	154,084	5
Purchase of investments	-	(1,000,000)
Investment income (loss)	1,005,540	(124,098)
<b>Net cash provided by (used in) investing activities</b>	<b>1,159,624</b>	<b>(1,124,093)</b>
<b>Net increase in cash and cash equivalents</b>	<b>5,186,266</b>	<b>994,562</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>37,620,529</b>	<b>36,625,967</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 42,806,795</b>	<b>\$ 37,620,529</b>

(Continued)

**Santa Fe Irrigation District**  
**Statements of Cash Flows (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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	<b>2023</b>	<b>2022</b>
<b>RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ (3,794,839)	\$ (3,520,728)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:		
Depreciation and amortization	3,622,280	3,252,777
Changes in operating assets and liabilities:		
Rental and lease revenue	126,829	85,300
Other revenue	54,015	260,755
Accounts receivable - water sales	605,628	(87,784)
Accounts receivable - other	141,931	3,687,701
Inventories	(215,564)	(274,407)
Prepaid expenses and deposits	(53,558)	50,141
Pension-related deferred outflows of resources	208,856	(1,899,724)
OPEB-related deferred outflows of resources	(1,137,769)	365,423
Accounts payable	2,949,426	(1,986,077)
Accrued payroll	(10,664)	14,732
Compensated absences	(5,731)	40,703
Customer deposits	(11,076)	(267,871)
Net pension liability	5,601,686	(5,147,338)
Net OPEB liability	1,237,650	(1,774,669)
Lease-related deferred inflows of resources	(36,429)	(36,429)
Pension-related deferred inflows of resources	(6,172,387)	7,925,920
OPEB-related deferred inflows of resources	<u>(461,125)</u>	<u>977,671</u>
<b>Net cash provided by operating activities</b>	<b><u>\$ 2,649,159</u></b>	<b><u>\$ 1,666,096</u></b>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES:</b>		
Unrealized gain (loss) on investments	<u>\$ (212,868)</u>	<u>\$ (506,576)</u>

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## **NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**Santa Fe Irrigation District**  
**Index to the Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2023 and 2022**

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<b><u>NOTE</u></b>	<b><u>DESCRIPTION</u></b>
1	Reporting Entity
2	Summary of Significant Accounting Policies
3	Cash, Cash Equivalents, and Investments
4	Lease Receivable
5	Reimbursement Agreement Receivable – San Elijo JPA
6	Capital Assets
7	Undivided Interest - San Dieguito Water District
8	Compensated Absences
9	Pension Plans
10	Other Postemployment Benefits
11	Risk Management
12	Net Investment in Capital Assets
13	Commitments and Contingencies

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**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 1 – Reporting Entity**

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

The District and the San Dieguito Water District (“SDWD”) entered into an agreement for joint construction and operation of water treatment, storage and transmission facilities. This facility is known as the R.E. Badger Filtration Plant (“Plant”). The District and SDWD provide revenue to the Plant to fund operations (exclusive of depreciation) based on their respective usage of treated water. Effective July 1, 1977 the District was designated as the Contracting Authority for the Plant, and the Administering Agency. The Plant is not a separate legal entity. SDWD’s undivided share of the investment in capital assets of the Plant has been included in the consolidated statement of net position of the District as an Undivided Interest – San Dieguito Water District in the amounts of \$22,264,582 and \$25,506,955 at June 30, 2023 and 2022, respectively.

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

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

**Note 2 – Summary of Significant Accounting Policies**

The basic financial statements of the Santa Fe Irrigation District have been prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for governmental accounting financial reporting purposes. The more significant of the District’s accounting policies are described below:

**A. Financial Statements**

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

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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

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

**C. Use of Restricted/Unrestricted Assets**

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

**D. Cash, Cash Equivalents, and Investments**

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

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

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

**E. Water Sales**

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

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**F. Accounts Receivable**

Management believes that all receivables are fully collectible based on historical trends; therefore there was no allowance for doubtful accounts as of June 30, 2023 and 2022.

**G. Inventories**

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

**H. Prepaid Expenses**

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

**I. Leases**

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

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

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

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

**J. Capital Assets, Depreciation and Amortization**

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

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**J. Capital Assets, Depreciation and Amortization (Continued)**

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

<b>Asset Type</b>	<b>Years</b>
Intangible assets	65
Land improvements	15-50
Transmission and distributions systems	15-50
Reservoirs	15-50
Buildings	5-40
Shop equipment	3-10
Office furniture and equipment	3-10
Autos and trucks	5-10

**K. Capital Contributions**

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

**L. Compensated Absences**

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

**M. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 9). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

	<b>2023</b>	<b>2022</b>
Valuation date	June 30, 2021	June 30, 2020
Measurement date	June 30, 2022	June 30, 2021
Measurement period	July 1, 2021 to June 30, 2022	July 1, 2020 to June 30, 2021

**N. Other Postemployment Benefits (OPEB)**

For purposes of measuring the Net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the plans and additions to/deductions from the plans' fiduciary net position have been determined on the same basis as they are reported by the plans (Note 10).

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**N. Other Postemployment Benefits (OPEB) (Continued)**

The following timeframes are used for OPEB reporting:

	2023	2022
Valuation date	June 30, 2021	June 30, 2021
Measurement date	June 30, 2022	June 30, 2021
Measurement period	July 1, 2021 to June 30, 2022	July 1, 2020 to June 30, 2021

**O. Property Taxes**

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

**P. Net Position**

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

Net Investment in Capital Assets – This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of notes or borrowing that are attributable to the acquisition of the asset, construction, or improvement of those assets and the Undivided interest - San Dieguito Water District. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets.

Restricted Net Position – This component of net position consists of net position with constrained use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This component of net position consists of net position that does not meet the definition of “net investment in capital assets,” or “restricted net position”.

**Q. Economic Dependency**

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

**R. Use of Estimates**

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

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**S. Implementation of New GASB Pronouncements for the Year Ended June 30, 2023**

The requirements of the following accounting standards are effective for the purpose of implementation, if applicable to the District, for the year ended June 30, 2023. The financial statements included herein apply the requirements and provisions of these statements, including necessary retroactive adjustments to financial statement classifications and presentations.

**GASB Statement No. 91**

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

**GASB Statement No. 94**

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Implementation of this Statement did not have a significant effect on the District's financial statements for the fiscal year ended June 30, 2023.

**GASB Statement No. 96**

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Implementation of this Statement did not have a significant effect on the District's financial statements for the fiscal year ended June 30, 2023.

**GASB Statement No. 99**

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Implementation of this Statement did not have a significant effect on the District's financial statements for the fiscal year ended June 30, 2023.

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**T. Upcoming Government Accounting Standards Implementations**

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

**GASB Statement No. 100**

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

**GASB Statement No. 101**

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

**Note 3 – Cash, Cash Equivalents, and Investments**

Cash and investments are presented in the accompanying financial statements at June 30, 2023 and 2022 as follows:

	2023	2022
Statement of Net Position:		
Current assets:		
Cash and investments	\$ 42,806,795	\$ 37,620,529
Noncurrent assets:		
Restricted investments	939,128	860,402
Total cash and investments	<u>\$ 43,745,923</u>	<u>\$ 38,480,931</u>

Cash and investments at June 30, 2023 and 2022 consist of the following:

	2023	2022
Cash and investments consist of the following:		
Cash on hand	\$ 1,500	\$ 1,500
Deposits with financial institutions	1,915,057	2,244,488
Investments	41,829,366	36,234,943
Total cash and investments	<u>\$ 43,745,923</u>	<u>\$ 38,480,931</u>

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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

**A. Demand Deposits**

As of June 30, 2023, the carrying amount of demand deposits was \$1,915,057 and the bank balance was \$2,192,533 compared to \$2,244,488 and the bank balance was \$3,008,064 at June 30, 2022, of which the total amount was collateralized or insured with securities held by the pledging financial institutions in the District's name as discussed below under *Disclosures Relating Custodial Credit Risk*.

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

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code that address interest rate risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provision of the California Government Code or the District's investment policy:

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

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

**C. Disclosures Relating to Interest Rate Risk**

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

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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

**C. Disclosures Relating to Interest Rate Risk (Continued)**

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity at June 30, 2023.

Investment Type	Total	Remaining Maturity (in Months)	
		12 Months or Less	12 Months or Less
Local Agency Investment Fund (LAIF)	\$ 5,609,219	\$ 5,609,219	
Investments Held in PARS Trust	939,128		939,128
California Asset Management Program (CAMP)	30,771,144		30,771,144
San Diego County Treasurer's Pooled Money Fund	4,509,875		4,509,875
<b>Total</b>	<b>\$ 41,829,366</b>		<b>\$ 41,829,366</b>

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity at June 30, 2022.

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

**D. Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's Investment Policy, or debt agreements, and the Moody's rating for each investment type at June 30, 2023.

Investment Type	Total	Minimum Legal Rating	Rating as of Year End	
			AAA	Not Rated
Local Agency Investment Fund (LAIF)	\$ 5,609,219	Not Rated	\$ -	\$ 5,609,219
Investments Held in PARS Trust	939,128	N/A	-	939,128
California Asset Management Program (CAMP)	30,771,144	AAA	30,771,144	-
San Diego County Treasurer's Pooled Money Fund	4,509,875	N/A	4,509,875	-
<b>Total</b>	<b>\$ 41,829,366</b>		<b>\$ 35,281,019</b>	<b>\$ 6,548,347</b>

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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

**D. Disclosures Relating to Credit Risk (Continued)**

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

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

**E. Disclosures Relating to Concentration of Credit Risk**

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

**F. Disclosures Relating to Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2023 and 2022, \$1,801,060 and \$2,607,621, respectively, of the District's deposits with financial institutions in excess of the Federal insurance limits were held in collateralized accounts.

**G. Local Agency Investment Fund (LAIF)**

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

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

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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

**G. Local Agency Investment Fund (LAIF) (Continued)**

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

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

As of June 30, 2023, the District had \$5,609,219 invested in LAIF, which had invested 2.78% of the pool investment funds in structured notes and asset-backed securities compared to \$30,229,430 and 1.88% at June 30, 2022. LAIF is part of the State's Pooled Money Investment Account (PMIA). The District valued its investments in LAIF as of June 30 by multiplying its account balance with LAIF times a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate fair value by total aggregate amortized cost resulting in a factor of 0.984828499 and 0.987125414 as of June 30, 2023 and 2022, respectively.

**H. California Asset Management Program (CAMP)**

The District is a voluntary participant in the California Asset Management Program (CAMP). CAMP is an investment pool offered by the California Asset Management Trust (the Trust). The Trust is a joint powers authority and public agency created by the Declaration of Trust and established under the provisions of the California Joint Exercise of Powers Act for the purpose of exercising the common power of its Participants to invest funds. The investments are limited to investments permitted by California Government Code. The total amount invested by all public agencies in CAMP at June 30, 2023 and 2022 was \$16.0 billion and \$7.3 billion, respectively. A board of five trustees who are officials or employees of public agencies has oversight responsibility for CAMP. The value of the pool shares in CAMP, which may be withdrawn at any time, is determined on an amortized cost basis, which is different from the fair value of the District's position in the pool. At June 30, 2023 and 2022 the amortized cost approximated is the District's cost. At June 30, 2023 and 2022, the District had \$30,771,144 and \$712,030 invested in the California Asset Management Program, respectively.

**I. San Diego County Investment Pool**

The District is a participant in the San Diego County Treasury Pool (County Pool) which is regulated under the oversight of the Treasurer of the County of San Diego. The fair value of the District's investment in the County Pool is reported in the accompanying financial statements based upon the District's pro-rata share of the fair value provided by the County Pool for the entire portfolio. The balance available for withdrawal is based on the accounting records maintained by the Pool. Included in the County Pool's investment portfolio are collateralized and negotiable certificates of deposit, floating rate securities issued by federal agencies and corporations, money market funds, repurchase agreements and commercial paper. The value of the pool shares in the County Pool, which may be withdrawn at any time, is determined on an amortized cost basis, which is different from the fair value of the District's position in the pool. At June 30, 2023 and 2022 the amortized cost approximated is the District's cost. At June 30, 2023 and 2022, the District had \$4,509,875 and \$4,433,081 invested in the San Diego County Investment Pool, respectively.

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 4 – Lease Receivable (Continued)**

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

During the year ended June 30, 2022, the District established an irrevocable trust with PARS for the purpose of accumulating additional resources restricted for retirement benefits. PARS is the trust administrator while the District, as the plan administrator, is responsible to provide direction on the usage and distribution of the funds held in the PARS Trust. During the year ended June 30, 2022, the District contributed \$1,000,000 to the PARS Trust. At June 30, 2023 and 2022, the District had \$939,128 and \$860,402 invested in the PARS Trust, respectively.

**Note 4 – Lease Receivable**

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

For the fiscal years ended June 30, 2023 and 2022, the District recognized \$36,429 in lease revenue and \$20,291 in interest revenue, and the outstanding receivable amount was \$758,197 at June 30, 2023 and 2022. At June 30, 2023 and 2022, the District had \$30,436 and \$20,291 of accrued interest receivable on leases, respectively.

A summary of changes in lease receivable for the fiscal year ended June 30, 2023 is as follows:

	Balance		Balance June 30, 2023	Due Within One Year		Due in More Than One Year
	July 1, 2022	Additions		Deletions		
Leases receivable	\$ 758,197	\$ -	\$ 758,197	\$ 356,992		\$ 401,205

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

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

As of June 30, 2023, the required payments for these leases, including interest, are:

	Year Ending			
	June 30,	Principal	Interest	Total
	2024	\$ 356,992	\$ 12,764	\$ 369,756
	2034	401,205	95,716	496,921
	<b>Total</b>	<b>\$ 758,197</b>	<b>\$ 108,480</b>	<b>\$ 866,677</b>

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 4 – Lease Receivable (Continued)**

As of June 30, 2023, the amounts reported as deferred inflows of resources will be recognized as lease revenue as follows:

<b>Year Ending June 30,</b>	<b>Amortization Schedule</b>
2024	\$ 36,429
2025	36,429
2026	36,429
2027	36,429
2028	182,145
2029-2033	182,145
2034-2038	182,145
2039-2042	48,571
<b>Total</b>	<b><u>\$ 740,722</u></b>

**Note 5 – Reimbursement Agreement Receivable – San Elijo JPA**

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

Reimbursement Agreement receivable activity consists of the following for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Payments	Interest	Balance June 30, 2023
Reimbursement Agreement:					
Receivable - San Elijo JPA	\$ 416,764	\$ -	\$ (161,351)	\$ 7,267	\$ 262,680

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

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

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 6 – Capital Assets**

Summary of changes in capital assets for the year ended June 30, 2023, were as follows:

	Balance July 1, 2022	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2023
Capital assets, not being depreciated:					
Land	\$ 1,533,105	\$ -	\$ -	\$ -	\$ 1,533,105
Construction in progress	10,329,625	1,829,221	-	(10,034,844)	2,124,002
Total capital assets, not being depreciated	11,862,730	1,829,221	-	(10,034,844)	3,657,107
Capital assets, being depreciated/amortized:					
Land improvements	163,215	-	-	-	163,215
Transmission and distribution system	51,843,550	-	-	-	51,843,550
Treatment facilities	79,408,304	145,574	-	10,034,844	89,588,722
Reservoirs	1,633,805	-	-	-	1,633,805
Buildings	3,389,257	109,315	-	-	3,498,572
Shop equipment	911,255	-	-	-	911,255
Office furniture and equipment	2,968,981	218,346	-	-	3,187,327
Autos and trucks	1,970,316	-	-	-	1,970,316
Total capital assets, being depreciated/amortized	142,288,683	473,235	-	10,034,844	152,796,762
Accumulated depreciation/amortization:					
Land improvements	(109,365)	(2,051)	-	-	(111,416)
Transmission and distribution system	(21,816,726)	(1,226,344)	-	-	(23,043,070)
Treatment facilities	(31,548,061)	(1,669,387)	-	-	(33,217,448)
Reservoirs	(1,581,452)	(5,886)	-	-	(1,587,338)
Buildings	(2,130,767)	(152,170)	-	-	(2,282,937)
Shop equipment	(712,846)	(62,529)	-	-	(775,375)
Office furniture and equipment	(1,911,307)	(255,259)	-	-	(2,166,566)
Autos and trucks	(1,064,786)	(233,572)	-	-	(1,298,358)
Total accumulated depreciation	(60,875,310)	(3,607,198)	-	-	(64,482,508)
Total capital assets, being depreciated, net	81,413,373	(3,133,963)	-	10,034,844	88,314,254
Intangible assets, being amortized					
Less accumulated amortization	980,052	-	-	-	980,052
Total intangible assets, net	(618,095)	(15,082)	-	-	(633,177)
Total capital assets, being depreciated/amortized, net	361,957	(15,082)	-	-	346,875
Total capital assets, net	81,775,330	(3,149,045)	-	10,034,844	88,661,129
	<b>\$ 93,638,060</b>	<b>\$ (1,319,824)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 92,318,236</b>

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 6 – Capital Assets (Continued)**

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

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

Depreciation expense for depreciable capital assets was \$3,607,198 and \$3,237,696 for the years ended June 30, 2023 and 2022, respectively. Amortization expense for amortizable capital assets was \$15,082 and \$15,081 for the years ending 2023 and 2022, respectively.

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 7 – Undivided Interest - San Dieguito Water District**

Pursuant to an agreement for joint construction and operation of water treatment, storage, and transmission facilities between the District and SDWD, the District is the Contracting Authority and the Administering Agency for the Plant. The Plant is not a separate legal entity. SDWD's interest in the Plant is reflected in the statement of net position of the District as an Undivided Interest in the amount of \$22,264,582 and \$25,506,955 at June 30, 2023 and 2022, respectively. SDWD is billed for its share of the operating expenses (exclusive of depreciation). In addition, SDWD is billed for its share of any capital assets. As such, SDWD's undivided interest is adjusted each year by its share of the capital assets and its share of the depreciation expense. The financial statements of the Plant for the year ended June 30, 2023, are presented as supplementary information to these financial statements.

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

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

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

**Note 8 – Compensated Absences**

Vested or accumulated vacation and sick leave is recorded as an expense and liability as benefits accrue to employees. Summary of changes in compensated absences for the year ended June 30, 2023, were as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year	Due in More Than One Year
Compensated absences	\$ 865,937	\$ 675,828	\$ (681,559)	\$ 860,206	\$ 681,559	\$ 178,647

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

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

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 9 – Pension Plans**

**A. General Information about the Pension Plans**

**Plan Descriptions**

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

At June 30, 2022 and 2021, measurement dates, the following employees were covered by the benefit terms for the plan:

	Measurement Date	
	2022	2021
Active employees	47	47
Inactive employees or beneficiaries currently receiving benefits	56	56
Inactive employees entitled to, but not yet receiving benefits	22	22
<b>Total</b>	<b>125</b>	<b>125</b>

**Benefits Provided**

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

The Plans' provisions and benefits in effect at June 30, 2023, are summarized as follows:

	Miscellaneous Plan			Tier 2 Misc Plan	PEPRA Misc Plan
	Prior to January 1, 2013	On or After January 1, 2013			
Hire Date					
Benefit formula	2.7% @ 55	2% @ 60	2% @ 62		
Benefit vesting schedule	5 years service	5 years service	5 years service		
Benefit payments	Monthly for life	Monthly for life	Monthly for life		
Retirement age	50	52	52		
Monthly benefits, as a % of eligible compensation	2.0% to 2.7%	1.092% to 2.418%	1.0% to 2.5%		
Required employee contribution rates	7.96%	6.930%	6.750%		
Required employer contribution rates	14.030%	8.630%	7.470%		
Final average compensation period	1 year	3 years	3 years		

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 9 – Pension Plans (Continued)**

**A. General Information about the Pension Plans (Continued)**

Contributions

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

For the years ended June 30, 2023 and 2022, the contributions recognized as part of pension expense for each Plan were as follows:

	2023	2022
Contributions - employer	<u>\$ 1,628,004</u>	<u>\$ 3,738,170</u>

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

As of June 30, 2023 and 2022 respectively, the District reported net pension liabilities for its proportionate shares of the net pension liability as follows:

	2023	2022
Proportionate share of net pension liability	<u>\$ 14,807,611</u>	<u>\$ 9,205,925</u>

The District’s net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2022, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 rolled forward to June 30, 2022 using standard update procedures. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

The District’s proportionate share of the net pension liability for each Plan as of the measurement date ended June 30, 2021 and 2022 was as follows:

	2023
Proportion - June 30, 2021	0.484828%
Proportion - June 30, 2022	0.316454%
Change - Increase/(Decrease)	<u>-0.168374%</u>
	2022
Proportion - June 30, 2020	0.340280%
Proportion - June 30, 2021	0.484828%
Change - Increase/(Decrease)	<u>0.144548%</u>

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 9 – Pension Plans (Continued)**

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

For the year ended June 30, 2023, the District recognized pension expense of \$1,266,158. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contribution made after the measurement date	\$ 1,628,004	\$ -
Difference between expected and actual experience	455,583	163,230
Changes of assumptions	1,243,591	-
Net difference between projected and actual earnings on pension plan investments	-	906,488
Employer contributions in excess/(under) proportionate share of contributions	1,182,565	164,936
Adjustments due to difference in proportions	51,917	1,038,765
<b>Total</b>	<b>\$ 4,561,660</b>	<b>\$ 2,273,419</b>

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

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

For the District's plans \$1,628,004 was reported as deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date and will be recognized as a reduction of the Net Pension Liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2024	\$ 72,057
2025	(93,104)
2026	(594,865)
2027	1,276,149
2028	-
Thereafter	-
<b>Total</b>	<b>\$ 660,237</b>

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 9 – Pension Plans (Continued)**

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

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

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

Actuarial Assumptions

For the measurement period ended June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021 total pension liability determined in the June 30, 2021 actuarial accounting valuation. The June 30, 2022 total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Investment Rate of Return	6.80%
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds. The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter.

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

Discount Rate

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

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 9 – Pension Plans (Continued)**

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

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

Asset Class	New Strategic Allocation	Real Return Years	
		1 - 10 <sup>1</sup>	11 + <sup>2</sup>
Global equity	50.00%	4.80%	5.98%
Global fixed income	28.00%	1.00%	2.62%
Inflation sensitive assets	0.00%	0.77%	1.81%
Private equity	8.00%	6.30%	7.23%
Real assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%

<sup>1</sup> An expected inflation of 2.00% was used for this period.

<sup>2</sup> An expected inflation of 2.92% was used for this period.

The discount rate used to measure the total pension liability was 6.90% for the plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 6.90% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 6.90% is applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called “GASB Crossover Testing Report” that can be obtained from the CalPERS website under the GASB 68 Section.

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

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

	2023	2022
1% Decrease	5.90%	6.15%
Net Pension Liability	\$ 22,391,318	\$ 16,149,791
Current Discount Rate	6.90%	7.15%
Net Pension Liability	\$ 14,807,611	\$ 9,205,925
1% Increase	7.90%	8.15%
Net Pension Liability	\$ 8,568,102	\$ 3,465,531

*Pension Plan Fiduciary Net Position*

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

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 9 – Pension Plans (Continued)**

**C. Payable to the Pension Plan**

The District had no outstanding amount of contributions to the pension plan required for the years ending June 30, 2023 and 2022.

**Note 10 – Other Postemployment Benefits**

**A. General Information about OPEB**

Plan Description

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

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

Contribution

The District's plan and its contribution requirements are established by District policy and may be amended by the Board of Directors. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2023 and 2022, the District's contributions were \$493,488 and \$479,911, respectively, in payments to the trust.

Employees Covered

As of the June 30, 2022, measurement date, the following current and former employees were covered by the benefit terms:

Active employees	44
Inactive employees or beneficiaries currently receiving benefits	45
Inactive employees entitled to, but not yet receiving benefits	-
Total	<hr/> 89

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 10 – Other Postemployment Benefits (Continued)**

**B. Net OPEB Liability**

The District's net OPEB liability at June 30, 2023, was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. The District's net OPEB liability at June 30, 2022, was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

*Actuarial Assumptions*

The total OPEB liability, measured as of June 30, 2022 were determined using the following actuarial assumptions:

**Actuarial Assumptions (measurement date June 30, 2022)**

Actuarial Valuation Date	July 1, 2021
Actuarial Cost Method	Early Age Normal, Level Percentage of Pay
Amortization Method	Level Percent
Amortization Period (years)	16 years
Asset Valuation Method	Market Value
Inflation	2.30%
Payroll Growth	2.80% Plus Merit
Discount Rate	6.00%

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

**Actuarial Assumptions (measurement date June 30, 2021)**

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

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

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

Investment Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	49.00%	n/a
Global Debt Securities	23.00%	n/a
Inflation Assets	5.00%	n/a
Commodities	3.00%	n/a
REITs	20.00%	n/a
Total	100.00%	
Long-term expected rate of return		6.00%

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 10 – Other Postemployment Benefits (Continued)**

**B. Net OPEB Liability (Continued)**

*Discount Rate*

At the June 30, 2022 and 2021, measurement dates, the discount rate used to measure the total OPEB liability was 6.00% and 6.80%, respectively. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the District plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**C. Change in Net OPEB Liability**

Summary of changes in net OPEB liability for the year ended June 30, 2023, were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2021 (Measurement Date)	\$ 8,072,295	\$ 6,766,557	\$ 1,305,738
Changes Recognized for the Measurement Period:			
Service cost	131,930	-	131,930
Interest on the total OPEB liability	541,839	-	541,839
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(452,274)	-	(452,274)
Changes in assumptions	687,694	-	687,694
Contribution from the employer	-	592,258	(592,258)
Net investment income	-	(918,994)	918,994
Administrative expenses	-	(1,725)	1,725
Benefit payments	(479,911)	(479,911)	-
Net changes during July 1, 2021 to June 30, 2022	<u>429,278</u>	<u>(808,372)</u>	<u>1,237,650</u>
Balance at June 30, 2022 (Measurement Date)	<u><u>\$ 8,501,573</u></u>	<u><u>\$ 5,958,185</u></u>	<u><u>\$ 2,543,388</u></u>

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

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at June 30, 2020 (Measurement Date)	\$ 8,241,951	\$ 5,161,544	\$ 3,080,407
Changes Recognized for the Measurement Period:			
Service cost	128,145	-	128,145
Interest on the total OPEB liability	568,283	-	568,283
Changes in benefit terms	(94,171)	-	(94,171)
Difference between expected and actual experience	(259,710)	-	(259,710)
Changes in assumptions	-	-	-
Contribution from the employer	-	686,468	(686,468)
Net investment income	-	1,432,727	(1,432,727)
Administrative expenses	-	(1,979)	1,979
Benefit payments	(512,203)	(512,203)	-
Net changes during July 1, 2020 to June 30, 2021	<u>(169,656)</u>	<u>1,605,013</u>	<u>(1,774,669)</u>
Balance at June 30, 2021 (Measurement Date)	<u><u>\$ 8,072,295</u></u>	<u><u>\$ 6,766,557</u></u>	<u><u>\$ 1,305,738</u></u>

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 10 – Other Postemployment Benefits (Continued)**

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

The following presents the net OPEB liability of the District, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for the measurement periods ended June 30, 2022 and 2021:

	2023	2022
1% Decrease	5.00%	5.80%
Net OPEB Liability	\$ 3,553,842	\$ 2,232,040
Current Discount Rate	6.00%	6.80%
Net OPEB Liability	\$ 2,543,388	\$ 1,305,738
1% Increase	7.00%	7.80%
Net OPEB Liability	\$ 1,698,111	\$ 527,066

The following presents the net OPEB liability of the District, as well as what the net OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates, for the measurement periods ended June 30, 2022 and 2021:

	2023	2022
1% Decrease	\$ 1,576,222	\$ 479,085
Current Trend Rate	\$ 2,543,388	\$ 1,305,738
1% Increase	\$ 3,713,228	\$ 2,297,357

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

For the year ended June 30, 2023 and 2022, OPEB expense in the amount of \$252,287 and \$392,783, respectively is included in the accompanying statement of activities.

At June 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after measurement date	\$ 501,184	\$ -	\$ 479,911	\$ -
Differences between expected and actual experience	- -	812,624	- -	515,997
Changes in assumptions	704,928	70,629	129,005	82,400
Net difference between projected and actual earnings of OPEB Plan investments	540,573	- -	- -	745,981
	<u>\$ 1,746,685</u>	<u>\$ 883,253</u>	<u>\$ 608,916</u>	<u>\$ 1,344,378</u>

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 10 – Other Postemployment Benefits (Continued)**

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

For the District's OPEB plan \$501,184 was reported as deferred outflows of resources related to OPEB resulting from District's contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2024	\$ 47,081
2025	42,168
2026	(12,110)
2027	255,870
2028	(20,693)
Thereafter	49,932
Total	<u><u>\$ 362,248</u></u>

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

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

**Note 11 – Risk Management**

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

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

At June 30, 2023, the District participated in the self-insurance programs of the Insurance Authority and the Authority provides coverage as follows:

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

**Santa Fe Irrigation District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 11 – Risk Management (Continued)**

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

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

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

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

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

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

**Note 12 – Net Investment in Capital Assets**

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

	<u>2023</u>	<u>2022</u>
Net investment in capital assets:		
Capital assets, nondepreciable	\$ 3,657,107	\$ 11,862,730
Capital assets, depreciable/amortizable, net	88,661,129	81,775,330
Undivided interest - San Dieguito Water District	(24,533,426)	(25,506,955)
Total net investment in capital assets	<u>\$ 67,784,810</u>	<u>\$ 68,131,105</u>

**Note 13 – Commitments and Contingencies**

**A. Contracts**

The District has entered into various contracts for the purchase of material, and construction of facilities. The amounts contracted for are based on the contractor's estimated cost of construction. The total outstanding commitments on these contracts were \$3,100,349 and \$1,135,113 at June 30, 2023 and 2022, respectively.

**B. Litigation**

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

**C. Grant Awards**

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

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**REQUIRED SUPPLEMENTARY INFORMATION  
(Unaudited)**

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

<b>Miscellaneous Plan</b>									
	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014 <sup>1</sup>
Plan's proportion of the net pension liability	0.3164540%	0.4848280%	0.3402800%	0.3337320%	0.3277343%	0.3181480%	0.3141870%	0.2931300%	0.2630800%
Plan's proportionate share of the net pension liability	\$14,807,611	\$ 9,205,925	\$14,353,263	\$13,364,298	\$12,351,366	\$12,541,558	\$10,914,488	\$ 8,566,324	\$ 6,501,904
Plan's covered payroll	\$ 4,825,964	\$ 4,784,874	\$ 4,840,771	\$ 4,269,661	\$ 4,399,153	\$ 4,173,185	\$ 4,103,213	\$ 3,719,325	\$ 3,855,463
Plan's proportionate share of the net pension liability as a percentage of covered payroll	306.83%	192.40%	296.51%	313.01%	280.77%	300.53%	266.00%	230.32%	168.64%
Plan's fiduciary net position	\$40,824,845	\$43,386,805	\$35,863,470	\$34,939,432	\$33,196,300	\$31,394,784	\$29,195,811	\$30,358,307	\$31,049,358
Plan's fiduciary net position as a percentage of the total pension liability	73.38%	82.50%	71.42%	72.33%	72.88%	71.46%	72.79%	77.99%	82.69%
Plan's proportionate share of aggregate employer contributions	\$ 1,738,170	\$ 1,478,590	\$ 1,316,260	\$ 1,131,392	\$ 1,013,764	\$ 917,461	\$ 832,671	\$ 628,467	\$ 650,656

<sup>1</sup> Information only presented from the implementation year

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

<b>Miscellaneous Plan</b>									
	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16	2014-15 <sup>1</sup>
Contractually determined contribution (actuarially determined)	\$ 1,628,004	\$ 1,738,170	\$ 1,478,590	\$ 1,316,260	\$ 1,131,392	\$ 1,013,764	\$ 917,461	\$ 832,671	\$ 628,467
Contributions in relation to the actuarially determined contributions	(1,628,004)	(1,738,170)	(1,478,590)	(1,316,260)	(1,131,392)	(1,013,764)	(917,461)	(832,671)	(628,467)
<b>Contribution deficiency (excess)</b>	<b>\$ -</b>								
Covered payroll	\$ 4,825,860	\$ 4,825,964	\$ 4,784,874	\$ 4,840,771	\$ 4,269,661	\$ 4,399,153	\$ 4,173,185	\$ 4,103,213	\$ 3,719,325
Contributions as a percentage of covered payroll	33.74%	36.02%	30.90%	27.19%	26.50%	23.04%	21.98%	20.29%	16.90%

**Notes to Schedule**

**Methods and assumptions used to determine contribution rates:**

The actuarial methods and assumption used to set the actuarially determined contributions for Fiscal Year 2023 and 2022 were derived from the June 30, 2021 funding valuation report.

Actuarial cost method	Entry Age Normal
Amortization method/period	For details, see June 30, 2021 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2021 Funding Valuation Report.
Inflation	2.30%
Salary increases	Varies by entry age and service
Payroll growth	2.80%
Investment rate of return	6.80% net of pension plan investment and administrative expenses.
Retirement age	The probabilities of retirement are based on the 2020 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.
Mortality	The probabilities of mortality are based on the 2020 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA published by the Society of Actuaries.

<sup>1</sup> Information only presented from the implementation year

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

	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017 <sup>1</sup>
<b>Total OPEB Liability:</b>						
Service cost	\$ 131,930	\$ 128,145	\$ 129,492	\$ 144,347	\$ 140,143	\$ 130,975
Interest on the total OPEB liability	541,839	568,283	582,771	562,756	548,559	534,737
Changes in benefit terms	-	-	(56,271)	-	-	-
Difference between expected and actual experience	(452,274)	(259,710)	(329,297)	(138,439)	-	-
Changes in assumptions	687,694	(94,171)	-	258,011	-	-
Benefit payments including refunds of member contributions	(479,911)	(512,203)	(551,760)	(509,360)	(470,834)	(484,002)
<b>Net changes in total OPEB liability</b>	<b>429,278</b>	<b>(169,656)</b>	<b>(225,065)</b>	<b>317,315</b>	<b>217,868</b>	<b>181,710</b>
<b>Beginning of year</b>	<b>8,072,295</b>	<b>8,241,951</b>	<b>8,467,016</b>	<b>8,149,701</b>	<b>7,931,833</b>	<b>7,750,123</b>
<b>End of year</b>	<b>\$ 8,501,573</b>	<b>\$ 8,072,295</b>	<b>\$ 8,241,951</b>	<b>\$ 8,467,016</b>	<b>\$ 8,149,701</b>	<b>\$ 7,931,833</b>
<b>Plan Fiduciary Net Position:</b>						
Employer contribution	\$ 592,258	\$ 686,468	\$ 698,557	\$ 729,112	\$ 680,316	\$ 725,486
Employee contributions	-	-	-	-	-	-
Net investment income	(918,994)	1,432,727	172,410	287,004	307,635	351,945
Benefit payments including refunds of member contributions	(479,911)	(512,203)	(551,760)	(509,360)	(470,834)	(484,002)
Administrative expenses	(1,725)	(1,979)	(4,229)	(2,203)	(2,092)	(1,778)
Other	-	-	-	-	(5,069)	-
<b>Net changes in fiduciary net position</b>	<b>(808,372)</b>	<b>1,605,013</b>	<b>314,978</b>	<b>504,553</b>	<b>509,956</b>	<b>591,651</b>
<b>Beginning of year</b>	<b>6,766,557</b>	<b>5,161,544</b>	<b>4,846,566</b>	<b>4,342,013</b>	<b>3,832,057</b>	<b>3,240,406</b>
<b>End of year</b>	<b>\$ 5,958,185</b>	<b>\$ 6,766,557</b>	<b>\$ 5,161,544</b>	<b>\$ 4,846,566</b>	<b>\$ 4,342,013</b>	<b>\$ 3,832,057</b>
<b>Net OPEB liability</b>	<b>\$ 2,543,388</b>	<b>\$ 1,305,738</b>	<b>\$ 3,080,407</b>	<b>\$ 3,620,450</b>	<b>\$ 3,807,688</b>	<b>\$ 4,099,776</b>
<b>Fiduciary net position as a percentage of total OPEB liability</b>	70.08%	83.82%	62.63%	57.24%	53.28%	48.31%
<b>Covered payroll</b>	\$ 4,918,908	\$ 4,681,931	\$ 4,738,275	\$ 4,611,430	\$ 4,173,185	\$ 4,173,185
<b>Net OPEB liability as a percentage of covered payroll</b>	51.71%	27.89%	65.01%	78.51%	91.24%	98.24%

<sup>1</sup> Information only presented from the implementation year

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

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	2022-2023	2021-2022	2020-2021	2019-2020	2018-2019	2017-2018
Actuarially Determined Contributions	\$ 535,745	\$ 535,745	\$ 531,716	\$ 579,646	\$ 509,360	\$ 660,194
Contributions in relation to the actuarially determined contribution	(501,184)	(479,911)	(686,468)	(698,557)	(729,112)	(680,316)
Contribution deficiency (excess)	\$ 34,561	\$ 55,834	\$ (154,752)	\$ (118,911)	\$ (219,752)	\$ (20,122)
Covered payroll	<u>\$ 4,967,061</u>	<u>\$ 4,822,389</u>	<u>\$ 4,681,931</u>	<u>\$ 4,738,275</u>	<u>\$ 4,611,430</u>	<u>\$ 4,173,185</u>
Contributions as a percentage of covered payroll	-10.09%	-9.95%	-14.66%	-14.74%	-15.81%	-16.30%

<sup>1</sup> Information only presented from the implementation year

## **SUPPLEMENTARY INFORMATION**

**Santa Fe Irrigation District**  
**Combining Schedule of Net Position**  
**June 30, 2023**

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	District	Plant	Eliminations	Total
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 41,377,178	\$ 1,429,617	\$ -	\$ 42,806,795
Accounts receivable - water sales, net	4,352,843	-	-	4,352,843
Accounts receivable - R.E. Badger Filtration Plant	459,241	-	(459,241)	-
Accounts receivable - other	200,521	336,855	-	537,376
Property taxes and assessments collectible	19,211	-	-	19,211
Interest receivable	238,209	32,352	-	270,561
Inventories	848,573	214,823	-	1,063,396
Prepaid expenses and deposits	58,650	66,238	-	124,888
Lease receivable, current portion	-	356,992	-	356,992
<b>Total current assets</b>	<b>47,554,426</b>	<b>2,436,877</b>	<b>(459,241)</b>	<b>49,532,062</b>
Noncurrent assets:				
Capital assets, nondepreciable	1,224,263	2,432,844	-	3,657,107
Capital assets, depreciable/amortizable, net	31,100,952	57,560,177	-	88,661,129
Capital assets, net	32,325,215	59,993,021	-	92,318,236
Lease receivable	-	401,205	-	401,205
Restricted cash and investments	939,128	-	-	939,128
Reimbursement agreement receivable - San Elijo JPA	262,680	-	-	262,680
Deposit in the R.E.Badger Water Treatment Facilities	291,000	-	(291,000)	-
Investment in the R.E.Badger Water Treatment Facilities	29,312,004	-	(29,312,004)	-
<b>Total noncurrent assets</b>	<b>63,130,027</b>	<b>60,394,226</b>	<b>(29,603,004)</b>	<b>93,921,249</b>
<b>Total assets</b>	<b>110,684,453</b>	<b>62,831,103</b>	<b>(30,062,245)</b>	<b>143,453,311</b>

**DEFERRED OUTFLOWS OF RESOURCES**

Pension-related deferred outflows of resources	2,976,512	1,585,148	-	4,561,660
OPEB-related deferred outflows of resources	1,155,031	591,654	-	1,746,685
<b>Total deferred outflows of resources</b>	<b>4,131,543</b>	<b>2,176,802</b>	<b>-</b>	<b>6,308,345</b>

(Continued)

**Santa Fe Irrigation District**  
**Combining Schedule of Net Position (Continued)**  
**June 30, 2023**

	District	Plant	Reclassifications/ Eliminations	Total
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable - District	\$ -	\$ 459,241	\$ (459,241)	\$ -
Accounts payable	4,791,883	1,910,014	-	6,701,897
Accrued payroll	97,262	57,243	-	154,505
Deposits, current portion	185,137	-	-	185,137
Compensated absences, current portion	454,546	227,013	-	681,559
<b>Total current liabilities</b>	<b>5,528,828</b>	<b>2,653,511</b>	<b>(459,241)</b>	<b>7,723,098</b>
Noncurrent liabilities:				
Deposits - District	-	291,000	(291,000)	-
Deposits	-	298,950	-	298,950
Compensated absences	96,610	82,037	-	178,647
Undivided interest - San Dieguito Water District	-	-	24,533,426	24,533,426
Net pension liability	9,662,060	5,145,551	-	14,807,611
Net OPEB liability	1,681,866	861,522	-	2,543,388
<b>Total noncurrent liabilities</b>	<b>11,440,536</b>	<b>6,679,060</b>	<b>24,242,426</b>	<b>42,362,022</b>
<b>Total liabilities</b>	<b>16,969,364</b>	<b>9,332,571</b>	<b>23,783,185</b>	<b>50,085,120</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Lease-related deferred inflows of resources	-	740,722	-	740,722
Pension-related deferred inflows of resources	1,483,421	789,998	-	2,273,419
OPEB-related deferred inflows of resources	584,069	299,184	-	883,253
<b>Total deferred inflows of resources</b>	<b>2,067,490</b>	<b>1,829,904</b>	<b>-</b>	<b>3,897,394</b>
<b>NET POSITION</b>				
Net investment in capital assets	32,325,215	59,993,021	(59,993,021)	67,784,810
Restricted for pensions	939,128	-	-	939,128
Unrestricted (deficit)	62,514,799	(6,147,591)	6,147,591	27,055,204
<b>Total net position</b>	<b>\$ 95,779,142</b>	<b>\$ 53,845,430</b>	<b>\$ (53,845,430)</b>	<b>\$ 95,779,142</b>

(Concluded)

**Santa Fe Irrigation District**  
**Combining Schedule of Revenues, Expenses and Changes in Net Position**  
**For the Year Ended June 30, 2023**

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	District	Plant	Eliminations	Total
<b>OPERATING REVENUES</b>				
Water sales	\$ 19,409,549	\$ 727,501	\$ -	\$ 20,137,050
Filtration	- -	5,144,851	(3,184,696)	1,960,155
Base meter fees	5,685,882	- -	- -	5,685,882
Other operating revenues	<u>276,588</u>	<u>10,145</u>	<u>- -</u>	<u>286,733</u>
<b>Total operating revenues</b>	<b>25,372,019</b>	<b>5,882,497</b>	<b>(3,184,696)</b>	<b>28,069,820</b>
<b>OPERATING EXPENSES</b>				
Water purchased	13,021,881	727,501	- -	13,749,382
Water treatment	3,705,864	4,287,347	(3,705,864)	4,287,347
Administration and engineering	3,914,742	1,663,366	- -	5,578,108
Transmission and distribution	4,097,419	530,123	- -	4,627,542
Depreciation and amortization	<u>1,738,551</u>	<u>1,883,729</u>	<u>- -</u>	<u>3,622,280</u>
<b>Total operating expenses</b>	<b>26,478,457</b>	<b>9,092,066</b>	<b>(3,705,864)</b>	<b>31,864,659</b>
<b>Operating income (loss)</b>	<b>(1,106,438)</b>	<b>(3,209,569)</b>	<b>521,168</b>	<b>(3,794,839)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Property taxes and assessments	3,130,721	- -	- -	3,130,721
Investment (loss)	1,272,816	5,014	- -	1,277,830
Rental and lease revenue	43,800	83,029	- -	126,829
Other revenue	54,015	- -	- -	54,015
Grant revenue	- -	14,940	- -	14,940
Investment in R.E. Badger income	(1,747,676)	- -	1,747,676	- -
R.E. Badger (loss) - undivided interest	- -	- -	973,529	973,529
Net gain on disposal of assets	<u>- -</u>	<u>35,415</u>	<u>- -</u>	<u>35,415</u>
<b>Total nonoperating revenues (expenses)</b>	<b>2,753,676</b>	<b>138,398</b>	<b>2,721,205</b>	<b>5,613,279</b>
<b>Income (loss) before capital contributions</b>	<b>1,647,238</b>	<b>(3,071,171)</b>	<b>3,242,373</b>	<b>1,818,440</b>
<b>Capital contributions</b>	<b>85,008</b>	<b>939,916</b>	<b>(521,168)</b>	<b>503,756</b>
<b>Changes in net position</b>	<b>1,732,246</b>	<b>(2,131,255)</b>	<b>2,721,205</b>	<b>2,322,196</b>
<b>Net position, beginning of year</b>	<b>94,046,896</b>	<b>55,976,685</b>	<b>(56,566,635)</b>	<b>93,456,946</b>
<b>Net position, end of year</b>	<b>\$ 95,779,142</b>	<b>\$ 53,845,430</b>	<b>\$ (53,845,430)</b>	<b>\$ 95,779,142</b>

**Santa Fe Irrigation District**  
**Supplementary Schedule of Net Position**  
**R.E. Badger Filtration Plant**  
**June 30, 2023**

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**ASSETS**

Current assets:

Cash and investments	\$ 1,429,617
Accounts receivable:	
San Dieguito Water District receivable	301,938
Lease receivable, current portion	356,992
Other receivables	34,917
Interest receivable	32,352
Inventory	214,823
Prepaid expense	66,238
Total current assets	<u>2,436,877</u>

Noncurrent assets:

Capital assets, nondepreciable	2,432,844
Capital assets, depreciable, net of accumulated depreciation	<u>57,560,177</u>
Total capital assets, net	59,993,021
Lease receivable	<u>401,205</u>
Total noncurrent assets	<u>60,394,226</u>
Total assets	<u>62,831,103</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Pension-related deferred outflows of resources	1,585,148
OPEB-related deferred outflows of resources	<u>591,654</u>
Total deferred outflows of resources	<u>2,176,802</u>

**LIABILITIES**

Current liabilities:

Accounts payable:	
Santa Fe Irrigation District payable	459,241
San Dieguito Water District payable	296,511
Other payables	1,613,503
Accrued payroll	57,243
Compensated absences, current portion	<u>227,013</u>
Total current liabilities	<u>2,653,511</u>

Noncurrent liabilities:

Deposits:	
Santa Fe Irrigation District deposits	291,000
San Dieguito Water District deposits	298,950
Compensated absences	82,037
Net pension liability	5,145,551
Net OPEB liability	<u>861,522</u>
Total noncurrent liabilities	<u>6,679,060</u>
Total liabilities	<u>9,332,571</u>

**DEFERRED INFLOWS OF RESOURCES**

Pension-related deferred inflows of resources	740,722
OPEB-related deferred inflows of resources	789,998
Total deferred inflows of resources	<u>1,829,904</u>

**NET POSITION**

Net position - San Dieguito Water District	24,533,426
Net position - Santa Fe Irrigation District	<u>29,312,004</u>
Total net position	<u>\$ 53,845,430</u>

**Santa Fe Irrigation District**  
**Supplementary Schedule of Revenues, Expenses and Changes in Net Position**  
**R.E. Badger Filtration Plant**  
**For the Year Ended June 30, 2023**

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**OPERATING REVENUES**

Filtration	\$ 5,144,851
Water sales	727,501
Miscellaneous	10,145
<b>Total operating revenues</b>	<b>5,882,497</b>

**OPERATING EXPENSES**

Transmission and distribution	530,123
Water purchased	727,501
Water treatment:	
Chemicals	806,949
Salaries	1,665,363
Operations and maintenance	958,379
Employee retirement and other benefits	856,656
Administration and general:	
Salaries	302,876
Employee retirement and other benefits	252,938
Administrative	943,139
Insurance	108,299
Professional fees	56,114
Depreciation	1,883,729
<b>Total operating expenses</b>	<b>9,092,066</b>
<b>Operating (loss)</b>	<b>(3,209,569)</b>

**NONOPERATING REVENUES (EXPENSES)**

Investment income	5,014
Rental and lease revenue	83,029
Grant revenue	14,940
Net gain on disposal of assets	35,415
<b>Total nonoperating revenues (expenses)</b>	<b>138,398</b>
<b>Loss before capital contributions</b>	<b>(3,071,171)</b>
Capital contributions	939,916
Changes in net position	(2,131,255)
<b>Net position, beginning of year</b>	<b>55,976,685</b>
<b>Net position, end of year</b>	<b>\$ 53,845,430</b>

**Santa Fe Irrigation District**  
**Supplementary Reconciliation of Billings**  
**R.E. Badger Filtration Plant**  
**For the Year Ended June 30, 2023**

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	Operations			Capital			Total		
	<u>SFID</u>	<u>SDWD</u>	<u>Total</u>	<u>SFID</u>	<u>SDWD</u>	<u>Total</u>	<u>SFID</u>	<u>SDWD</u>	<u>Total</u>
July	\$ 695,422	\$ 368,410	\$ 1,063,832	\$ 105,219	\$ 82,087	\$ 187,306	\$ 800,641	\$ 450,497	\$ 1,251,138
August	242,639	129,210	371,849	13,282	10,806	24,088	255,921	140,016	395,937
September	497,394	312,452	809,846	15,561	11,422	26,983	512,955	323,874	836,829
October	389,563	217,051	606,614	8,891	7,224	16,115	398,454	224,275	622,729
November	191,805	129,978	321,783	83,077	65,782	148,859	274,882	195,760	470,642
December	168,998	131,222	300,220	35,709	26,981	62,690	204,707	158,203	362,910
January	173,629	227,156	400,785	26,582	21,749	48,331	200,211	248,905	449,116
February	127,537	119,262	246,799	4,970	3,872	8,842	132,507	123,134	255,641
March	185,191	183,054	368,245	1,842	1,507	3,349	187,033	184,561	371,594
April	234,099	160,975	395,074	28,055	20,888	48,943	262,154	181,863	444,017
May	243,680	155,781	399,461	16,218	12,618	28,836	259,898	168,399	428,297
June	<u>220,546</u>	<u>75,848</u>	<u>296,394</u>	<u>259,884</u>	<u>200,220</u>	<u>460,104</u>	<u>480,430</u>	<u>276,068</u>	<u>756,498</u>
	3,370,503	2,210,399	5,580,902	599,290	465,156	1,064,446	3,969,793	2,675,555	6,645,348
Year End Capital									
Reconciliation	(185,950)	(250,101)	(436,051)	(78,122)	(46,409)	(124,531)	(264,072)	(296,510)	(560,582)
<b>Total</b>	<b>\$ 3,184,553</b>	<b>\$ 1,960,298</b>	<b>\$ 5,144,851</b>	<b>\$ 521,168</b>	<b>\$ 418,747</b>	<b>\$ 939,915</b>	<b>\$ 3,705,721</b>	<b>\$ 2,379,045</b>	<b>\$ 6,084,766</b>

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# Statistical Section

## ***Financial Trends*** ..... 86

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

## ***Revenue Capacity*** ..... 88

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

## ***Debt Capacity*** ..... 92

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

## ***Demographic and Economic Indicators*** ..... 93

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

## ***Operating Information*** ..... 95

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

<b>Net Position</b> <b>Last Ten Fiscal Years</b>										
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019<sup>1</sup></b>	<b>2020<sup>1</sup></b>	<b>2021<sup>1</sup></b>	<b>2022<sup>1</sup></b>	<b>2023<sup>1</sup></b>
<b>ASSETS</b>										
Current Assets	\$ 34,052,713	\$ 30,211,137	\$ 27,324,118	\$ 22,671,870	\$ 28,396,139	\$ 32,001,482	\$ 38,906,460	\$ 46,601,891	\$ 44,268,784	\$ 49,532,062
Other Noncurrent Assets	23,857,307	22,317,144	25,412,170	27,379,521	26,281,444	1,930,837	427,651	1,174,966	2,035,363	1,603,013
Capital Assets	29,998,134	32,471,117	32,299,863	34,920,910	34,796,885	82,130,569	81,408,521	90,609,316	93,638,060	92,318,236
<b>Total Assets</b>	<b>87,908,154</b>	<b>84,999,398</b>	<b>85,036,151</b>	<b>84,972,301</b>	<b>89,474,468</b>	<b>116,062,888</b>	<b>120,742,632</b>	<b>138,386,173</b>	<b>139,942,207</b>	<b>143,453,311</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>										
Deferred Amounts on Pensions	-	476,021	894,516	1,991,124	2,896,672	3,142,917	3,412,908	3,845,131	5,379,432	6,308,345
<b>LIABILITIES</b>										
Current Liabilities	5,493,624	3,423,269	4,630,656	4,118,568	4,363,043	4,053,868	4,073,462	6,710,101	4,498,574	7,723,098
Noncurrent Liabilities	6,347,677	9,460,928	9,612,571	10,236,691	13,050,478	36,213,261	36,334,814	42,633,309	36,798,784	42,362,022
<b>Total Liabilities</b>	<b>11,841,301</b>	<b>12,884,197</b>	<b>14,243,227</b>	<b>14,355,259</b>	<b>17,413,521</b>	<b>40,267,129</b>	<b>40,408,276</b>	<b>49,343,410</b>	<b>41,297,358</b>	<b>50,085,120</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>										
Deferred Amounts on Pension & OPEB	-	1,577,661	676,616	528,167	624,474	602,568	819,159	1,700,173	10,567,335	3,897,394
<b>NET POSITION</b>										
Investment in Capital Assets	29,558,493	32,462,069	32,299,863	34,920,910	34,817,964	61,032,318	62,386,599	65,877,879	68,131,105	67,784,810
Restricted					127,234	139,296			860,402	939,128
Unrestricted	46,508,360	38,551,492	38,710,961	37,159,089	39,515,181	17,303,790	20,541,506	25,309,842	24,465,439	27,055,204
<b>TOTAL NET POSITION</b>	<b>\$ 76,066,853</b>	<b>\$ 71,013,561</b>	<b>\$ 71,010,824</b>	<b>\$ 72,079,999</b>	<b>\$ 74,460,379</b>	<b>\$ 78,475,404</b>	<b>\$ 82,928,105</b>	<b>\$ 91,187,721</b>	<b>\$ 93,456,946</b>	<b>\$ 95,779,142</b>

Source: Santa Fe Irrigation District

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

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

	2014	2015	2016	2017	2018	2019 <sup>1</sup>	2020 <sup>1</sup>	2021 <sup>1</sup>	2022 <sup>1</sup>	2023 <sup>1</sup>
<b>OPERATING REVENUES</b>										
Water Sales	\$ 19,899,004	\$ 17,598,000	\$ 13,755,595	\$ 16,548,196	\$ 20,864,372	\$ 18,472,415	\$ 18,865,808	\$ 22,956,425	\$ 23,122,259	\$ 20,137,050
Fixed Charges	3,661,918	3,672,959	3,700,610	4,895,700	5,352,584	5,535,582	5,507,678	5,388,296	5,621,633	5,685,882
Other	126,179	243,020	338,752	349,789	245,188	2,581,047	3,494,632	5,430,341	603,306	2,246,888
<b>Total Operating Revenues</b>	<b>23,687,101</b>	<b>21,513,979</b>	<b>17,794,957</b>	<b>21,793,685</b>	<b>26,462,144</b>	<b>26,589,044</b>	<b>27,868,118</b>	<b>33,775,062</b>	<b>29,347,198</b>	<b>28,069,820</b>
<b>OPERATING EXPENSES</b>										
Water Purchased	11,804,846	11,339,922	8,726,055	10,767,457	9,855,760	10,459,108	9,908,066	11,805,372	13,421,962	13,749,382
Water Treatment	3,443,310	3,290,620	3,524,262	3,796,508	5,040,433	4,239,608	4,850,871	4,821,055	4,593,864	4,287,347
Transmission and Distribution	2,745,603	2,712,079	2,959,956	3,577,141	3,653,614	4,633,305	4,955,372	4,943,091	5,316,858	4,627,542
Administration and Engineering	2,716,725	2,920,762	3,568,376	3,623,753	3,745,485	4,486,328	5,063,619	5,046,793	6,282,465	5,578,108
Depreciation and Amortization	1,157,728	1,286,139	1,294,022	1,372,239	1,359,335	3,243,425	3,278,660	3,162,004	3,252,777	3,622,280
<b>Total Operating Expenses</b>	<b>21,868,212</b>	<b>21,549,522</b>	<b>20,072,671</b>	<b>23,137,098</b>	<b>23,654,627</b>	<b>27,061,774</b>	<b>28,056,588</b>	<b>29,778,315</b>	<b>32,867,926</b>	<b>31,864,659</b>
<b>Operating Income (Loss)</b>	<b>1,818,889</b>	<b>(35,543)</b>	<b>(2,277,714)</b>	<b>(1,343,413)</b>	<b>2,807,517</b>	<b>(472,730)</b>	<b>(188,470)</b>	<b>3,996,747</b>	<b>(3,520,728)</b>	<b>(3,794,839)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>										
Property Taxes	1,983,907	2,080,791	2,190,932	2,285,521	2,406,427	2,518,010	2,645,623	2,742,685	2,858,547	3,130,721
Investment Income	265,601	213,087	225,566	114,260	260,625	646,817	750,509	43,528	(519,091)	1,277,830
Gain (Loss) on Sale of Assets	5,740	4,883	(65,710)	10,955	6,968	31,465	(14,711)	-	168,780	35,415
Other Revenue	65,233	55,425	86,277	64,667	98,264	817,514	1,003,123	(4,012,124)	(429,463)	564,423
Grant Revenue	2,589	12,321	26,700	57,349	44,758	66,827	178,847	1,842,957	1,773,367	14,940
Interest Expense	(311,164)	(264,546)	(224,073)	(178,973)	(115,188)	(53,341)	(163,686)	-	-	-
<b>Total Nonoperating Revenues</b>	<b>2,011,906</b>	<b>2,101,961</b>	<b>2,239,692</b>	<b>2,353,779</b>	<b>2,701,854</b>	<b>4,027,292</b>	<b>4,399,705</b>	<b>617,046</b>	<b>3,852,140</b>	<b>5,023,329</b>
<b>Capital Contributions</b>	<b>56,457</b>	<b>145,852</b>	<b>35,285</b>	<b>58,809</b>	<b>215,428</b>	<b>448,401</b>	<b>380,762</b>	<b>3,645,823</b>	<b>1,937,813</b>	<b>503,756</b>
<b>Changes in Net Position</b>	<b>\$ 3,887,252</b>	<b>\$ 2,212,270</b>	<b>\$ (2,737)</b>	<b>\$ 1,069,175</b>	<b>\$ 5,724,799</b>	<b>\$ 4,002,963</b>	<b>\$ 4,591,997</b>	<b>\$ 8,259,616</b>	<b>\$ 2,269,225</b>	<b>\$ 1,732,246</b>

Source: Santa Fe Irrigation District

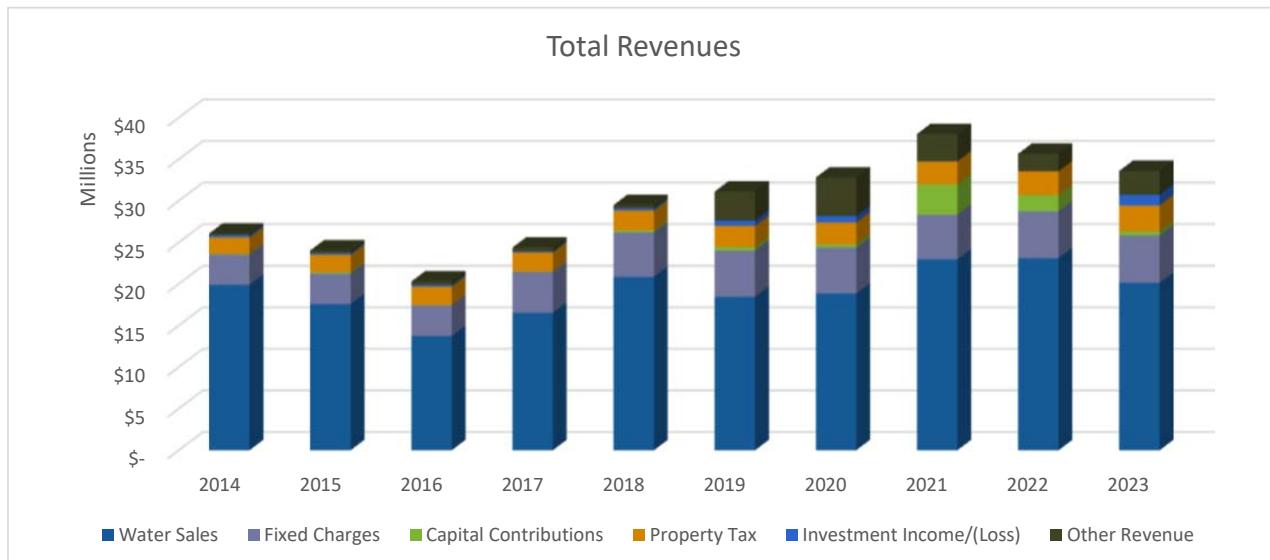
<sup>1</sup>Beginning in FY19 reporting includes the consolidation of the District and R.E. Badger Filtration Plant per Auditor and GASB recommendations.

**Revenues by Source**  
**Last Ten Fiscal Years**

Fiscal Year	Water Sales	Fixed Charges	Capital Contributions	Property Tax	Investment Income/(Loss)	Other Revenue	Total Revenues
2014	\$ 19,899,004	\$ 3,661,918	\$ 56,457	\$ 1,983,907	\$ 265,601	\$ 199,741	\$ 26,066,628
2015	17,598,000	3,672,959	145,852	2,080,791	213,087	315,649	24,026,338
2016	13,755,595	3,700,610	35,285	2,190,932	225,566	386,019	20,294,007
2017	16,548,196	4,895,700	58,809	2,285,521	114,260	482,760	24,385,246
2018	20,864,372	5,352,584	215,428	2,406,427	260,625	395,178	29,494,614
2019 <sup>1</sup>	18,472,415	5,535,582	448,401	2,518,010	646,817	3,496,853	31,118,078
2020 <sup>1</sup>	18,865,808	5,507,678	380,762	2,645,623	750,509	4,661,891	32,812,271
2021 <sup>1</sup>	22,956,425	5,388,296	3,645,823	2,742,685	43,528	3,261,174	38,037,931
2022 <sup>1</sup>	23,122,259	5,621,633	1,937,813	2,858,547	(519,091)	2,115,990	35,137,151
2023 <sup>1</sup>	20,137,050	5,685,882	503,756	3,130,721	1,277,830	2,861,666	33,596,905

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

Source: Santa Fe Irrigation District



**Water Sales by Customer Classification**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Domestic &amp; Commercial</b>		<b>Agricultural</b>		<b>Recycled Water</b>		<b>Total</b>		
	<b>Sales</b>	<b>Acre Feet</b>	<b>Sales</b>	<b>Acre Feet</b>	<b>Sales</b>	<b>Acre Feet</b>	<b>Sales</b>	<b>Acre Feet</b>	<b>Direct Rate<sup>1</sup></b>
2014	\$ 19,101,985	11,257.2	n/a	n/a <sup>2</sup>	\$ 797,019	563.1	\$ 19,899,004	11,820.3	\$ 1,683.46
2015	16,866,347	10,687.4	n/a	n/a	731,653	552.6	17,598,000	11,240.0	1,572.26
2016	12,976,620	7,029.9	n/a	n/a	778,975	490.9	13,755,595	7,520.8	1,829.01
2017	15,677,994	8,269.1	\$ 156,817	76.0 <sup>3</sup>	713,386	477.8	16,548,196	8,822.9	1,875.60
2018	20,008,276	9,446.1	122,458	54.8	733,638	524.8	20,864,372	10,025.7	2,081.09
2019	17,554,567	8,218.8	214,462	93.6	703,386	459.4	18,472,415	8,771.8	2,105.89
2020	17,836,924	8,372.1	268,044	109.6	760,840	491.6	18,865,808	8,973.3	2,102.44
2021	21,733,273	9,506.8	264,572	98.2	958,580	584.5	22,956,425	10,189.5	2,252.95
2022	21,863,654	9,437.2	233,990	85.4	1,024,615	601.3	23,122,259	10,123.9	2,283.93
2023	19,144,949	7,983.9	58,603	22.1	933,498	545.5	20,137,050	8,795.2	2,289.55

<sup>1</sup> Average rate of water sold per acre foot

<sup>2</sup> MWD Agricultural program ended 12/31/12

<sup>3</sup> SFID Agricultural Classification created

Source: Santa Fe Irrigation District

**Water Rate History**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Rates per Hundred Cubic Feet at Fiscal Year End</b>					<b>Irrigation/ Commercial Agriculture<sup>2</sup></b>
	<b>Non- Residential</b>		<b>Recycled</b>	<b>Temp Construction</b>		
	<b>Residential</b>	<b>Residential</b>				
2014	3.90	3.71	3.19	4.39	4.04	
2015	3.62	3.71	3.19	4.39	4.04	
2016	4.24	3.71	3.19	4.39	4.24	
2017	4.35	4.38	3.32	5.19	5.00	
2018	4.86	4.62	3.45	5.46	5.26	
2019	4.90	4.62	3.45	5.46	5.26	
2020	4.89	4.85	3.63	6.06	6.11	
2021	5.25	4.85	3.77	6.06	6.11	
2022	5.32	4.99	3.77	6.22	6.29	
2023	5.50	5.43	4.06	6.22	5.48	

<sup>2</sup>Commercial Agriculture classification was established in FY17

**Principal Water Customers**  
**Current and Tenth Prior Fiscal Year**

FISCAL YEAR 2023			FISCAL YEAR 2014		
Customer	Sales in Acre Feet <sup>1</sup>	Percent of Water Sold	Customer	Sales in Acre Feet <sup>1</sup>	Percent of Water Sold
Golf Course	213.8	1.8%	Golf Course	343.7	2.9%
Golf Course	165.3	1.4%	Golf Course	288.7	2.4%
Golf Course	67.8	0.6%	Commercial	97.2	0.8%
Commercial	53.6	0.5%	Golf Course	83.2	0.7%
Commercial	39.5	0.3%	Residence	61.9	0.5%
Public Agency	34.9	0.3%	Commercial	37.6	0.3%
Golf Course	31.3	0.3%	Residence	34.7	0.3%
Residence	28.2	0.2%	Commercial	32.8	0.3%
Residence	25.4	0.2%	Public Agency	32.2	0.3%
Residence	23.1	0.2%	Residence	29.5	0.2%
Residence	23.0	0.2%	Commercial	29.4	0.2%
Commercial	21.8	0.2%	Residence	28.4	0.2%
Public Agency	19.8	0.2%	Residence	28.4	0.2%
Residence	16.9	0.1%	Residence	27.2	0.2%
Residence	16.9	0.1%	Residence	24.2	0.2%
Total Top Fifteen Customers	781.3	6.6%	Total Top Fifteen Customers	1,179.1	9.9%
All Others	8,013.9	93.4%	All Others	10,641.3	90.1%
Total Water Billed	<u>8,795.2</u>	<u>100.0%</u>	Total Water Billed	<u>11,820.4</u>	<u>100.0%</u>

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

Source: Santa Fe Irrigation District

## Property Tax Levies and Collections Last Ten Fiscal Years

Fiscal Year	Total Levies <sup>1</sup>	Collected During the Year		Net Delinquent at Year-End	
		Amount	Percent	Amount	Percent
2014	\$ 2,058,031	\$ 2,028,139	98.5%	\$ 29,892	1.5%
2015	2,151,195	2,123,527	98.7%	27,668	1.3%
2016	2,253,376	2,225,236	98.8%	28,140	1.2%
2017	2,347,699	2,316,802	98.7%	30,897	1.3%
2018	2,456,569	2,428,364	98.9%	28,205	1.1%
2019	2,593,717	2,559,723	98.7%	33,994	1.3%
2020	2,682,341	2,648,725	98.7%	33,616	1.3%
2021	2,792,473	2,755,093	98.7%	37,380	1.3%
2022	2,928,587	2,875,162	98.2%	53,425	1.8%
2023	3,208,989	3,158,936	98.4%	50,053	1.6%

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

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

## Assessed Valuation of Taxable Property Last Ten Fiscal Years

Fiscal Year	Local Secured Property	State Secured Property	Exemptions <sup>1</sup>	Total Assessed Value		Secured Tax Rate <sup>2</sup>
				Value	Rate	
2014	\$ 5,191,855,070	-	-	\$ 5,191,855,070	-	-
2015	5,525,587,841	-	-	5,525,587,841	-	-
2016	5,845,259,490	-	-	5,845,259,490	-	-
2017	6,114,075,282	-	-	6,069,608,102	-	-
2018	6,475,273,651	-	-	6,475,273,651	-	-
2019	6,860,002,562	-	-	6,860,002,562	-	-
2020	7,170,184,528	-	-	7,170,184,528	-	-
2021	7,486,729,629	-	-	7,486,729,629	-	-
2022	7,779,643,109	-	-	7,779,643,109	-	-
2023	8,493,306,610	-	-	8,493,306,610	-	-

<sup>1</sup>Irrigation district taxes are levied on land values only and are not allowed exemptions

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

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

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

	2014	2015	2016	2017	2018	2019 <sup>3</sup>	2020 <sup>4</sup>	2021 <sup>4</sup>	2022 <sup>4</sup>	2023 <sup>4</sup>
Gross Revenues	\$ 26,066,628	\$ 24,026,338	\$ 20,359,717	\$ 24,385,246	\$ 29,494,614	\$ 31,118,078	\$ 32,812,271	\$ 38,037,931	\$ 35,137,151	\$ 33,596,905
Less Expenses <sup>1</sup>	\$ 20,710,484	\$ 20,263,383	\$ 18,778,649	\$ 21,764,859	\$ 22,295,292	\$ 23,818,349	\$ 24,777,928	\$ 26,616,311	\$ 29,615,149	\$ 28,242,379
Net Revenue Available for Debt Service	\$ 5,356,144	\$ 3,762,955	\$ 1,581,068	\$ 2,620,387	\$ 7,199,322	\$ 7,299,729	\$ 8,034,343	\$ 11,421,620	\$ 5,522,002	\$ 5,354,526
Debt Service Requirements										
Principal	\$ 1,045,000	\$ 1,085,000	\$ 1,135,000	\$ 1,175,000	\$ 1,220,000	\$ 1,270,000				
Interest	305,150	260,250	206,150	172,750	126,575	76,875				
Total Debt Service Requirements	\$ 1,350,150	\$ 1,345,250	\$ 1,341,150	\$ 1,347,750	\$ 1,346,575	\$ 1,346,875				
Debt Service Coverage Ratio	397%	280%	118%	194%	535%	542%				
Total Outstanding Long-Term Revenue Bonds	\$ 7,210,000	\$ 6,125,000	\$ 4,990,000	\$ 3,815,000	\$ 2,595,000	\$ 1,325,000				
Ratio of Net Bonded Debt to Assessed Value <sup>2</sup>	0.14%	0.12%	0.08%	0.06%	0.04%	0.02%				
Net Bonded Debt Per Capita <sup>2</sup>	\$ 372	\$ 312	\$ 257	\$ 193	\$ 137	\$ 70				
Unrestricted Days Cash	510	485	484	323	375	416				

<sup>1</sup>Includes all operating expenses except depreciation, amortization, and bond interest.

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

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

<sup>4</sup> No outstanding indebtedness as of FY20

Source: Santa Fe Irrigation District

No Debt Outstanding at Fiscal Year-End

No Debt Outstanding at Fiscal Year-End

No Debt Outstanding at Fiscal Year-End

**Demographic and Economic Indicators**  
**As of June 30, 2023**

Service Areas - SFID only	Solana Beach, Rancho Santa Fe, Fairbanks Ranch	
Service Areas - SDWD only	Cardiff, Encinitas, Leucadia	
SFID Service Area (square miles)	15.9	
Plant Service Area (square miles)	25.2	
Miles of Water Main <sup>1</sup>	157	
Number of Reservoirs <sup>1</sup>	2	
Number of Customer Service Connections <sup>1</sup>	7,762	
District Estimated Population Served <sup>2</sup>	19,000	
Plant Approximate Population Served <sup>2</sup>	58,000	
Unemployment Rate <sup>3</sup> (San Diego County)	4.0%	
Current Year Water Delivered (acre feet) <sup>1</sup> (1 acre foot = 325,853 gallons)	8,173.5	
Current Year Water Supply (acre feet) - SFID only <sup>1</sup>		
Imported Treated	597.0	6.8%
Imported Raw	6,371.5	72.2%
Local Raw	1,308.7	14.8%
Recycled	545.5	6.2%
Total	<hr/> 8,822.7	<hr/> 100.0%
Current Year Water Use (acre feet) - SFID only <sup>1</sup>		
Residential	7,105.6	83.1%
Commercial/Industrial	363.3	4.2%
Irrigation	445.3	5.2%
Agricultural	22.1	0.3%
Public and Other	69.7	0.8%
Recycled	545.5	6.4%
Total	<hr/> 8,551.5	<hr/> 100.0%
Current Year Water Production by Source (acre feet) - SFID & SDWD <sup>4,5</sup>		
Imported Treated Water	1,120.0	8.3%
Imported Untreated Water	10,095.3	74.8%
Local Untreated Water	2,282.4	16.9%
Total	<hr/> 13,497.7	<hr/> 100.0%
Current Year Water Production by District (acre feet) - SFID & SDWD <sup>4,5</sup>		
Santa Fe Irrigation District	8,277.9	61.3%
San Dieguito Water District	5,219.8	38.7%
Total	<hr/> 13,497.7	<hr/> 100.0%

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

<sup>2</sup> Source: San Diego Association of Governments

<sup>3</sup> Source: California Employment Development Department

<sup>4</sup> One Acre Foot = 325,851 gallons. SDWD = San Dieguito Water District

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

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

**Principal Employers  
San Diego County  
2023 and Ten Years Prior**

Employer Name	2023		Employer Name	2014	
	Employees <sup>1</sup>	% of Total County Employment <sup>2</sup>		Employees <sup>1</sup>	% of Total County Employment <sup>2</sup>
Naval Base San Diego	48,000	3.14%	State of California	40,100	2.69%
UC San Diego	40,285	2.64%	University of California, San Diego	28,341	1.90%
County of San Diego	25,940	1.70%	County of San Diego	16,627	1.11%
Scripps Health	20,000	1.31%	Sharp Health Care	16,477	1.10%
Sharp Health Care	19,000	1.24%	Scripps Health	13,717	0.92%
San Diego Unified School District	16,774	1.10%	Qualcomm	13,700	0.92%
City of San Diego	12,829	0.84%	City of San Diego	10,584	0.71%
Qualcomm	12,000	0.79%	Kaiser Permanente	7,549	0.51%
San Diego State University	10,566	0.69%	General Atomics	6,714	0.45%
Kaiser Permanente San Diego	9,500	0.62%	UC San Diego Health System	7,726	0.52%
Total Top Ten County Employers	214,894	14.06%	Total Top Ten County Employers	161,535	10.73%
All Other Employers	1,313,306	85.94%	All Other Employers	1,330,065	89.27%
Total Employment - San Diego County	<u>1,528,200</u>	<u>100.00%</u>	Total Employment - San Diego County	<u>1,491,600</u>	<u>100.00%</u>

<sup>1</sup> California EDD latest available info for FY23, FY14 San Diego Business Journal (may not represent all SD County employers)

<sup>2</sup> California EDD - Labor Market Info

**Operating Indicators**  
**Last Ten Fiscal Years**

	2014	2015	2016	2017	2018	2019 <sup>1</sup>	2020 <sup>1</sup>	2021 <sup>1</sup>	2022 <sup>1</sup>	2023 <sup>1</sup>
Full-Time Equivalent Employees	30.0	29.8	31.0	33.5	32.0	45.0	48.0	48.0	47.0	49.0
Average Years of Employment	13.4	10.4	8.4	9.4	10.6	11.4	10.9	11.0	11.5	8.3
Employee Turnover	0.00%	18.50%	8.50%	11.10%	0.03%	8.89%	9.43%	12.50%	4.00%	20.00%
Percentage of Water Losses	3.31%	5.80%	6.56%	3.35%	6.10%	4.90%	5.20%	5.20%	2.40%	3.07%
Demand for Services										
New Connections	6	12	7	3	15	6	4	8	3	5
New Fire line Connections	22	34	47	38	51	47	41	33	37	42
Water Main Breaks	9	12	13	16	11	13	8	4	6	6
Average Daily Consumption (acre feet)	35.5	30.8	20.6	24.6	27.5	23.4	24.9	27.7	27.1	22.7
Capital Assets										
Water Mains (miles of pipe)	148	148	148	157	157	157	157	157	157	157
Fire Hydrants	1,261	1,260	1,267	1,269	1,283	1,283	1,283	1,295	1,284	1,288
Maximum Daily Capacity <sup>2</sup> (millions of gallons)	18.67	16.39	12.32	14.33	13.16	14.4	14.4	14.4	14.4	13.6
Water Production by District (acre feet)										
Santa Fe Irrigation District	12,365.70	10,691.10	7,999.40	9,396.30	10,462.20	8,533.90	9,098.90	10,104.40	9,908.80	8,277.90
San Dieguito Water District	6,719.20	6,329.20	5,238.40	5,429.90	6,109.40	5,246.50	5,682.50	6,212.30	5,789.50	5,219.80
Totals	19,084.90	17,020.30	13,237.80	14,826.20	16,571.60	13,780.40	14,781.40	16,316.70	15,698.30	13,497.70
Water Production by Source (acre Feet)										
Imported Water	16,417.20	15,601.50	9,957.60	11,469.00	8,486.40	9,896.60	8,793.10	10,709.90	11,952.90	11,215.30
Local Water	2,661.90	1,413.20	3,280.20	3,357.10	8,085.20	3,883.80	5,988.30	5,606.80	3,745.40	2,282.40
Totals	19,079.10	17,014.70	13,237.80	14,826.10	16,571.60	13,780.40	14,781.40	16,316.70	15,698.30	13,497.70

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

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

<sup>2</sup>The Maximum Daily Capacity includes only the SFID portion only.

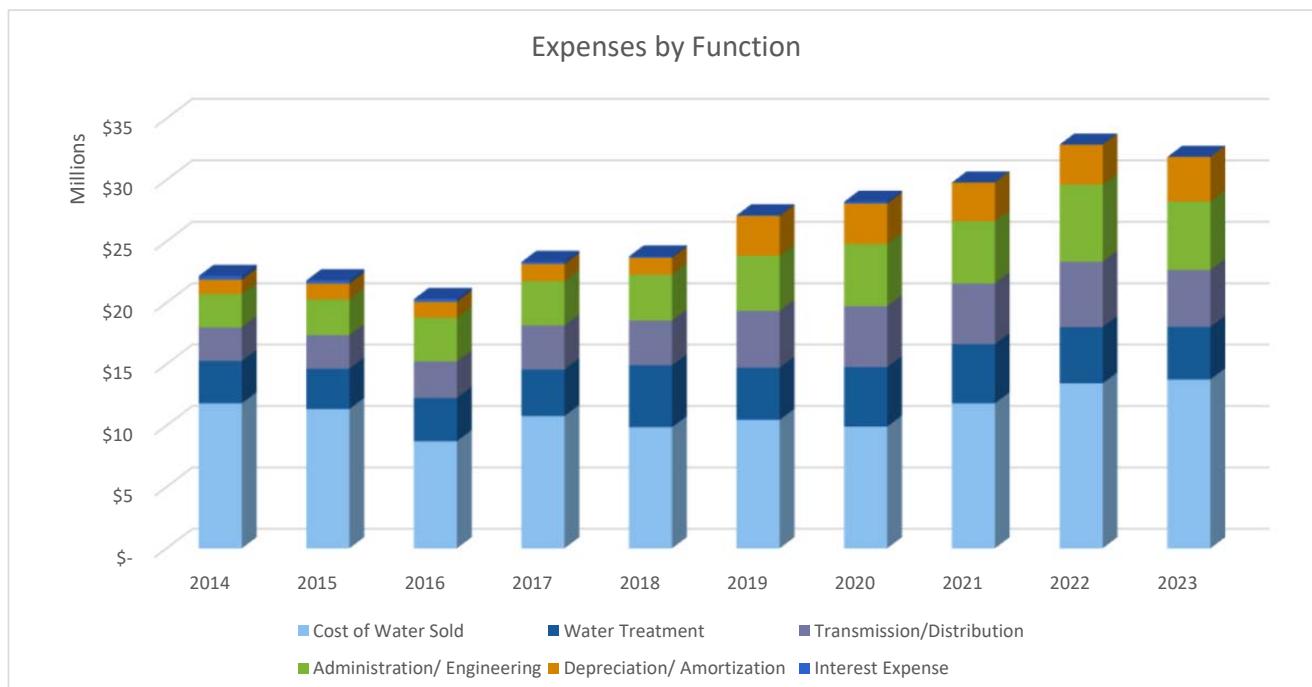
## Expenses by Function Last Ten Fiscal Years

Fiscal Year	Cost of Water Sold	Water Treatment	Transmission/Distribution	Administration/Engineering	Depreciation/Amortization	Interest Expense	Total Expenses
2014	\$ 11,804,846	\$ 3,443,310	\$ 2,745,603	\$ 2,716,725	\$ 1,157,728	\$ 311,164	\$ 22,179,376
2015	11,339,922	3,290,620	2,712,079	2,920,762	1,286,139	264,546	21,814,068
2016	8,726,055	3,524,262	2,959,956	3,568,376	1,294,022	224,073	20,296,744
2017	10,767,457	3,796,508	3,577,141	3,623,753	1,372,239	178,973	23,316,071
2018	9,855,760	5,040,433	3,653,614	3,745,485	1,359,335	115,188	23,769,815
2019 <sup>1</sup>	10,459,108	4,239,608	4,633,305	4,486,328	3,243,425	53,341	27,115,115
2020 <sup>1</sup>	9,908,066	4,850,871	4,955,372	5,063,619	3,278,660	163,686	28,220,274
2021 <sup>1</sup>	11,805,372	4,821,055	4,943,091	5,046,793	3,162,004	-	29,778,315
2022 <sup>1</sup>	13,421,962	4,593,864	5,316,858	6,282,465	3,252,777	-	32,867,926
2023 <sup>1</sup>	13,749,382	4,287,347	4,627,542	5,578,108	3,622,280	-	31,864,659

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

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

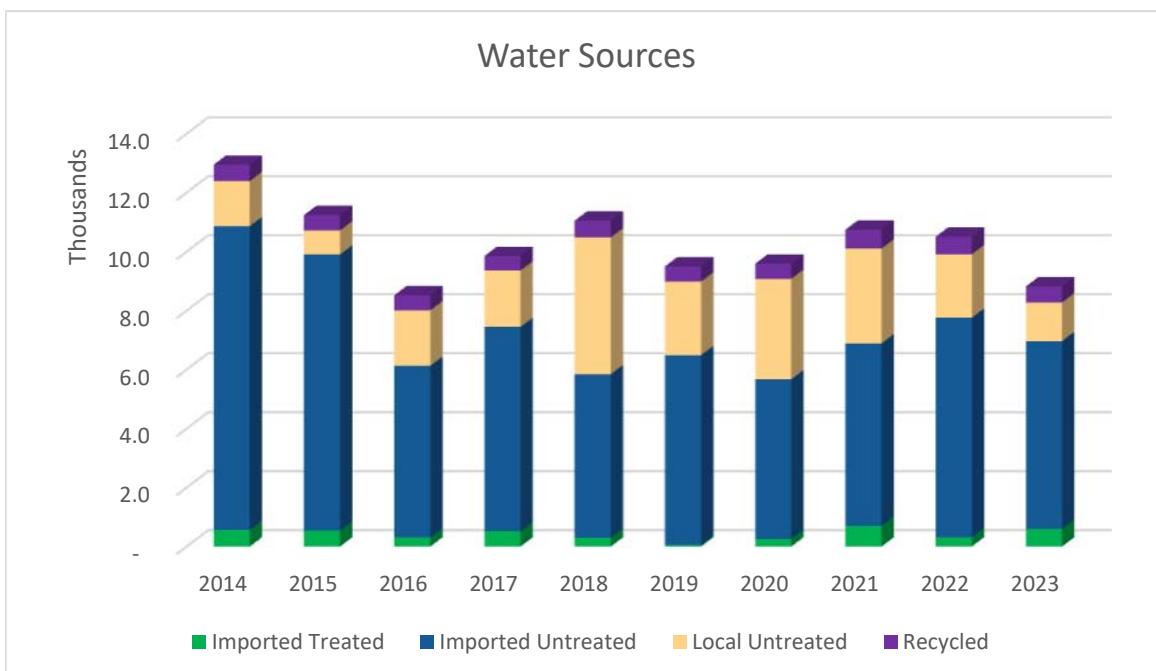
Source: Santa Fe Irrigation District



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

Fiscal Year	Imported Treated	Imported Untreated	Local Untreated	Recycled	Total
2014	568.7	10,295.3	1,526.3	557.5	12,947.8
2015	542.4	9,362.2	811.6	522.8	11,239.0
2016	312.8	5,815.0	1,880.7	508.9	8,517.4
2017	518.0	6,931.0	1,911.1	489.6	9,849.7
2018	299.4	5,547.0	4,635.5	568.1	11,050.0
2019	56.6	6,432.9	2,492.3	517.7	9,499.5
2020	257.6	5,416.6	3,403.5	512.7	9,590.4
2021	700.3	6,189.6	3,214.0	639.9	10,743.8
2022	317.5	7,444.1	2,147.2	598.2	10,507.0
2023	597.0	6,371.5	1,308.7	545.5	8,822.7

Source: Santa Fe Irrigation District

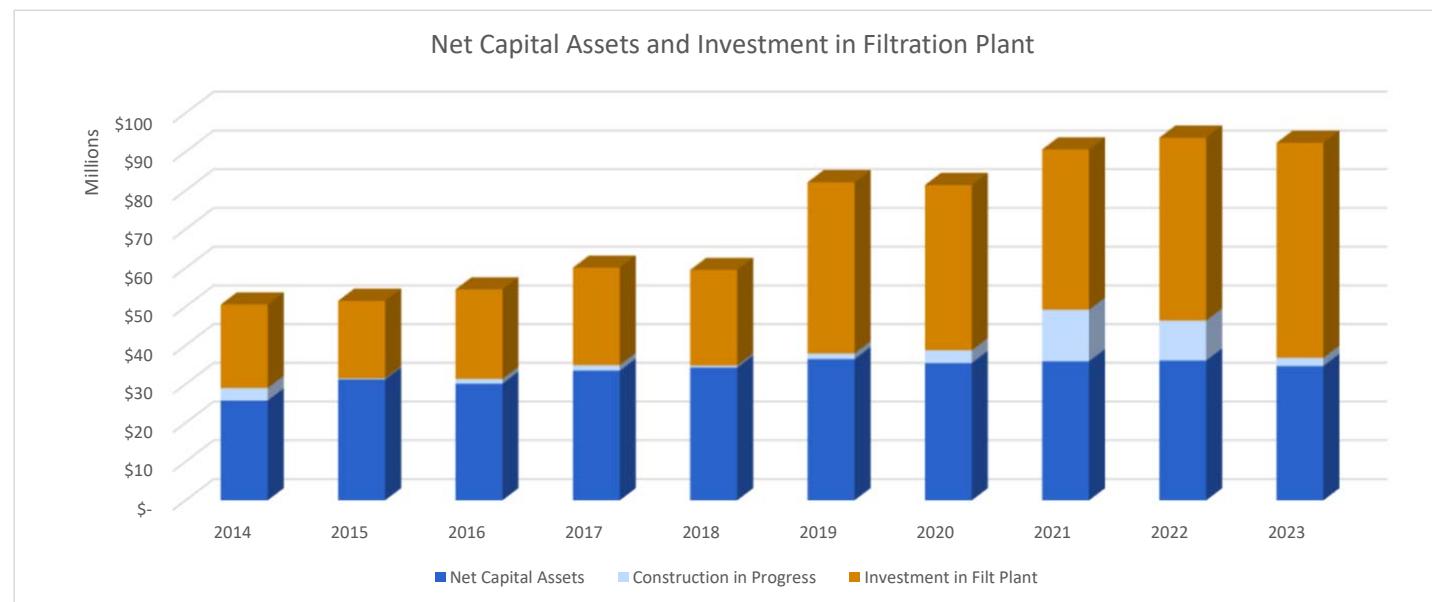


**Net Capital Assets and Investment in Filtration Plant**  
**Last Ten Fiscal Years**

Fiscal Year <sup>1</sup>	Land & Imprvmts	Buildings	Distrib System	Reservoirs	Misc Equipment	Gross Capital Assets	Accumulated Depreciation	Net Capital Assets	Construction in Progress	Investment in Filt Plant	Total Net Capital Assets
2014	\$ 319,555	\$ 3,062,387	\$ 36,656,363	\$ 1,618,071	\$ 3,033,534	\$ 44,689,910	\$ (18,910,647)	\$ 25,779,263	\$ 3,238,819	\$ 21,539,867	\$ 50,557,949
2015	319,555	3,062,387	43,242,246	1,618,071	3,072,418	51,314,677	(20,099,174)	31,215,503	275,562	20,026,372	51,517,437
2016	319,555	3,003,823	43,175,427	1,620,731	3,110,173	51,229,709	(21,117,469)	30,112,240	1,207,571	23,146,050	54,465,861
2017	319,555	3,036,599	46,776,681	1,620,731	4,202,289	55,955,855	(22,489,708)	33,466,147	1,454,763	25,139,648	60,060,558
2018	319,555	3,036,599	48,687,635	1,620,731	4,462,256	58,126,776	(23,832,759)	34,294,017	502,867	24,688,286	59,485,170
2019	1,696,320	3,153,876	49,636,251	1,636,307	5,512,174	61,634,928	(25,183,915)	36,451,013	1,457,769	44,221,787	82,130,569
2020	1,696,320	3,213,456	49,636,251	1,646,540	6,116,209	62,308,776	(26,843,176)	35,465,600	3,318,260	42,641,120	81,424,980
2021	1,696,320	3,305,873	51,009,497	1,646,540	6,644,043	64,302,273	(28,386,019)	35,916,254	13,282,985	41,411,826	90,611,065
2022	1,696,320	3,389,257	51,843,551	1,633,805	6,830,606	65,393,539	(29,291,401)	36,102,138	10,331,373	47,206,300	93,639,811
2023	1,696,320	3,498,572	51,843,551	1,633,805	7,048,951	65,721,199	(31,029,952)	34,691,247	2,125,749	55,502,989	92,319,986

Source: Santa Fe Irrigation District

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



**Schedule of Water Rates and Charges**  
**As of June 30, 2023**

Single Family Residential

Schedule below based on meter size

<b>METER SIZE</b>		<b>3/4"</b>		<b>1"</b>		<b>1.5"</b>		<b>2"+</b>	
<b>Tier #</b>	<b>Price</b>	<b>Beg. HCF<sup>1</sup></b>	<b>End HCF</b>	<b>Beg. HCF</b>	<b>End HCF</b>	<b>Beg. HCF</b>	<b>End HCF</b>	<b>Beg. HCF</b>	<b>End HCF</b>
Tier 1	\$ 4.70	0	29	0	82	0	143	0	212
Tier 2	\$ 5.87	30	45	83	142	144	274	213	450
Tier 3	\$ 6.22	46	61	143	211	275	445	451	892
Tier 4	\$ 7.15	62+		212+		446+		893+	

Multi-Family Residence	\$ 5.36	PSAWR	Tier 1	0-44 Units	\$ 4.70
Non-Residential	\$ 5.43		Tier 2	45+ Units	\$ 5.09
Irrigation/Commercial Agriculture	\$ 5.48				
Temporary Construction Use	\$ 6.22				
Fire Line Use	\$ 7.37				
Recycled	\$ 4.06				

**Meter System Access Charges**

June 30, 2023

<b>Bi-Monthly</b>				<b>Monthly</b>		
<b>Meter Size</b>	<b>Potable</b>	<b>PSAWR</b>	<b>Private Fire</b>	<b>Recycled</b>	<b>Meter Fees</b>	<b>Temp</b>
5/8" and 3/4"	\$ 94.48	\$ 68.51	\$ 11.87		\$ 31.41	
1"	150.40	107.12	11.87		48.81	
1 1/2"	290.20	203.63	11.87		92.32	
2"	457.96	319.45	11.87		144.53	
3"	989.20	686.22			309.86	738.16
4"	1,772.08	1,226.71			553.51	
6"	3,645.40	2,520.03			1,136.52	
8"	7,839.40	5,415.53			2,441.77	
10"	11,753.80	8,118.00			3,660.00	

<sup>1</sup> HCF is one hundred cubic feet = 748 gallons

Source: Santa Fe Irrigation District

**Historic Service Connections**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Service Connections</b>	<b>Percent Change</b>
2014	7,297	0.1%
2015	7,382	1.2%
2016	7,467	1.2%
2017	7,517	0.7%
2018	7,520	0.0%
2019	7,606	1.1%
2020	7,641	0.5%
2021	7,652	0.1%
2022	7,692	0.5%
2023	7,760	0.9%

**Historic Water Revenue**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>		<b>Percent Change</b>		<b>Percent Change</b>
<b>Year</b>	<b>Water Sales</b>		<b>Fixed Charges</b>	
2014	\$ 19,899,004	9.5%	\$ 3,661,918	2.2%
2015	17,598,000	-11.6%	3,672,959	0.3%
2016	13,755,595	-21.8%	3,700,610	0.8%
2017	16,548,196	20.3%	4,895,700	32.3%
2018	20,864,372	26.1%	5,352,584	9.3%
2019	18,472,415	-11.5%	5,535,582	3.4%
2020	18,865,808	2.1%	5,507,678	-0.5%
2021	22,956,425	21.7%	5,388,296	-2.2%
2022	23,122,259	0.7%	5,621,633	4.3%
2023	20,137,050	-12.9%	5,685,882	1.1%

Source: Santa Fe Irrigation District

**Schedule of Pension and OPEB Contributions**  
**Last Ten Fiscal Years**

Fiscal Year	Pension Contributions	OPEB Contributions	Total Contributions
2023	\$ 1,628,004	\$ 501,184	\$ 2,129,188
2022	3,738,170	479,911	4,218,081
2021	1,478,590	686,468	2,165,058
2020	1,316,260	582,553	1,898,813
2019	1,131,392	574,832	1,706,224
2018	1,013,764	660,194	1,673,958
2017	917,461	646,183	1,563,644
2016	832,671	554,215	1,386,886
2015	628,467	540,700	1,169,167
2014	650,656	585,413	1,236,069

<sup>1</sup>FY 2013 was most recent fiscal year information available

Source: Santa Fe Irrigation District



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

**Independent Auditors' Report**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Santa Fe Irrigation District, California (the "District"), which comprise the statements of net position as of June 30, 2023 and 2022, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 14, 2023.

**Report on Internal Control Over Financial Reporting**

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

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

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



To the Board of Directors  
of the Santa Fe Irrigation District  
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### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

The image shows a handwritten signature in black ink. The signature reads "The PricewaterCoopers, LLP" in a cursive, flowing script. The "P" in "Pricewater" and the "L" in "LLP" are capitalized and have distinct loops. The "o" in "Coopers" is also capitalized and has a small loop.

San Diego, California  
November 14, 2023