

**CALLEGUAS MUNICIPAL WATER DISTRICT**  
2100 Olsen Road, Thousand Oaks, California 91360  
[www.calleguas.com](http://www.calleguas.com)

**FINANCE COMMITTEE MEETING**  
March 3, 2025, 3:00 p.m.

The Calleguas Municipal Water District's Sponsorship Committee meeting is noticed in compliance with the Brown Act. Members of the Board who are not assigned to the Sponsorship Committee may attend only as observers and cannot participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to the Sponsorship Committee will not vote on matters before the Sponsorship Committee.

**AGENDA**

A. CALL TO ORDER AND ROLL CALL

Jacquelyn McMillan, Chair  
Scott Quady, Committee Member

B. PUBLIC COMMENTS

Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (Government Code Section 54954.3(a)). Please limit comments to three minutes.

C. COMMITTEE ITEMS

1. Discussion of the 2023-24 Annual Comprehensive Financial Report (ACFR)
2. Discussion regarding selection process for next audit firm

D. OTHER COMMITTEE ITEMS

E. FUTURE AGENDA ITEMS

F. ADJOURNMENT

Note: Calleguas Municipal Water District has resumed in-person meetings in accordance with the Brown Act. In addition to in-person participation, members of the public may also participate by submitting comments by email to [info@calleguas.com](mailto:info@calleguas.com) by 5:00 p.m. on the

calendar day prior to the meeting. Email headers should refer to the committee meeting for which comments are offered. Comments received will be placed into the record and distributed appropriately.

Agendas, agenda packets, and additional materials related to an item on this agenda submitted to the Board after distribution of the agenda packet are available on the District website at [www.calleguas.com](http://www.calleguas.com).

Pursuant to Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and applicable federal rules and regulations, requests for disability-related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting, should be made to the Secretary to the Board in advance of the meeting to ensure the availability of the requested service or accommodation. Notices, agendas, and public documents related to Board and Committee meetings can be made available in appropriate alternative format upon request.

**CALLEGUAS MUNICIPAL WATER DISTRICT  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
For the Fiscal Year Ended  
June 30, 2024  
(With Comparative Amounts as of June 30, 2023)**

**NIGRO & NIGRO<sup>PC</sup>**

**CALLEGUAS MUNICIPAL WATER DISTRICT**

*For the Fiscal Year Ended June 30, 2024*

*Board of Directors and Key Management Personnel*

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**BOARD OF DIRECTORS**

<b>Name</b>	<b>District</b>	<b>Office</b>	<b>Term Expires</b>
Scott H. Quady	2	President	December 2024
Andy Waters	3	Vice President	December 2024
Jacquelyn McMillan	5	Treasurer	December 2026
Raul Avila	1	Secretary	December 2024
Thibault Robert	4	Director	December 2026

**MANAGEMENT PERSONNEL**

<b>Name</b>	<b>Position</b>
Kristine McCaffrey, P.E.	General Manager
Ian Prichard	Deputy General Manager
Fernando Baez, P.E.	Manager of Engineering
Grant Burton	Manager of Human Resources and Risk Management
Henry Graumlich	Executive Strategist
Charlotte Holifield	Manager of External Affairs
Jennifer Lancaster	Manager of Water Resources
Rob Peters	Manager of Operations and Maintenance
Wes Richardson	Manager of Information Technology
Dan Smith	Manager of Finance

**CALLEGUAS MUNICIPAL WATER DISTRICT**  
*For the Fiscal Year Ended June 30, 2024*  
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## *Introductory Section*

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# CALLEGUAS MUNICIPAL WATER DISTRICT

## Introductory Section

For the Year Ended June 30, 2024

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### BACKGROUND: WHO IS CALLEGUAS?

Calleguas Municipal Water District (“District”) was created as a special district in 1953 by ballot measure for the purpose of providing southeast Ventura County with a reliable supply of high-quality supplemental water. Today Calleguas provides water service to an estimated population of 650,000 through 19 retail water purveyors. The District’s 366-square-mile service area includes the cities of Oxnard, Port Hueneme, Camarillo, Thousand Oaks, Simi Valley, Moorpark, and surrounding unincorporated areas including Naval Base Ventura County, Oak Park, Lake Sherwood, Somis and Bell Canyon.

The District is a member agency of the Metropolitan Water District of Southern California (MWD). Water is delivered into the Calleguas service area through a system connection with Metropolitan. The majority of Calleguas’ water supply is treated at Metropolitan’s Jensen Treatment Facility in Granada Hills. The District then conveys the high-quality drinking water through 130 miles of 18 inch to 78-inch diameter pipelines, nine reservoirs, five hydroelectric generators, and six pump stations to local cities and water agencies for delivery to consumers. In order provide customers with water during outages of imported supplies, the District also owns and operates a lake with a surface water treatment plant and an aquifer storage and recovery (ASR) facility with 18 wells, as well as an interconnection with the Crestview Mutual Water Company. To facilitate development of local brackish groundwater supplies and potable reuse of recycled water, Calleguas operates an 22-mile-long Salinity Management Pipeline (SMP) with an outfall extending into the Pacific Ocean.

### **Calleguas’ Mission**

To provide the service area with a reliable supplemental supply of regional and locally developed water in an environmentally and economically responsible manner.

### WATER SUPPLY

The District has access to Metropolitan water as a “member agency.” Metropolitan depends on the State Water Project (SWP) and the Colorado River for supply and delivers those sources to its member agencies via a network of reservoirs, aqueducts, and pumping facilities. Calleguas has a single connection to Metropolitan, at the “East Portal” in Chatsworth. From there, water is conveyed through the 1.3-mile Santa Susana Tunnel to the “West Portal” in Simi Valley, where it branches into a pipeline distribution system. The District’s supply typically comes from the SWP because there is limited Metropolitan infrastructure in place to deliver Colorado River water to Ventura County. Due to shortages of State Project Water in 2021 and 2022, however, 16–29% of the District’s supply during that time came from the Colorado River Aqueduct System delivered through Metropolitan’s Greg Avenue Pump Station in Burbank and through pipelines owned and operated by Metropolitan in the San Fernando Valley.

The last few years have presented significant challenges for water supply as California has experienced “weather whiplash,” with multiple record dry years followed by an unusually wet year during Water Year 2022-23. The District entered fall 2022 with unprecedented water use restrictions, as back-to-back dry years resulted in 5 percent allocations from the SWP and mandatory conservation actions were implemented by Metropolitan under its Emergency Water Conservation Program (EWCP) effectively limiting outdoor water use to just one day per week within Calleguas’s service area. These restrictions resulted in the District and its retail member agencies achieving unprecedented water conservation. The District reduced imported water use by a total of 31% compared with FY 2021-22, with some individual retailers achieving greater than a 50% reduction in imported water demands. The District’s water sales in the first half of FY 2022-23 included extraordinary supplies (pumping of stored water from the Las Posas ASR Wellfield). With record snowfall in the mountain areas where SWP water originates in early 2023, water supply conditions changed dramatically and the EWCP was lifted in February 2023. California continued to receive average rainfall and snow in 2024 which resulted in a 40% allocation from the SWP for that year. Water demands continued to remain low both due to more water efficient behavior by customers and significant local precipitation, which reduced outdoor water demands for irrigation.

# **CALLEGUAS MUNICIPAL WATER DISTRICT**

## *Introductory Section*

*For the Year Ended June 30, 2024*

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The updated 5-year water sales forecast is presented in the supplementary information section of this report. As of November 2024, the District is on pace to meet budgeted water sales in FY 2024-25 as the previous sales forecast had anticipated. These on-pace sales are reflected in the updated 5-year water sales forecast in this report.

Water sales continue to fluctuate based on wet or dry weather patterns. In FY 2023-24, the District experienced a 9.2% increase in water sales compared to the previous fiscal year. The District continues to manage its operating expenses to reflect the changing water sales from year to year as well as implement water rate increases to ensure funding for the District's operations, capital needs, and debt service.

In response to the on-going need to "drought-proof" its service area and minimize the potentially debilitating effects associated with seismic activity, Calleguas is implementing an ambitious capital improvement program. The District is proactively strengthening its infrastructure to withstand seismic events, extending the SMP to facilitate additional local water supply projects, and developing interconnections with neighboring water agencies. These projects reduce the region's reliance upon vulnerable imported water supplies, enhancing supply reliability for over 75 percent of Ventura County's residents.

Building upon its previous work on a Water Supply Alternatives Study, which focused on providing sufficient supplies during a 6-month outage of imported water supply, the District has undertaken development of a Water Resources Implementation Strategy (WRIST). The WRIST involves extensive regional collaboration to develop and evaluate portfolios of potential projects to address long-term supply reliability and resiliency, as well as outages. The selected portfolio will assist the District in achieving the "New Model of Resilience" envisioned by the Strategic Plan Update adopted in August 2023. It is anticipated that implementation of the selected portfolio will begin in 2024.

### **STORAGE**

Calleguas stores imported water locally so that it is available when imported water supplies are limited due to scheduled maintenance shutdowns, earthquakes, or other unplanned emergencies. Lake Bard has a storage capacity of approximately 10,500 acre-feet (AF), of which 7,500 AF is readily available to deliver as potable water with existing facilities. A pump station project is underway that would provide access to an additional approximate 2,500 AF of water storage in Lake Bard.

Additionally, through the Las Posas ASR Project and other efforts the District currently has 102,855 AF of stored water in the east Las Posas Subbasin management area (25,668 AF), west Las Posas Subbasin management area (25,192 AF), and the Oxnard Plain Subbasin (51,995 AF).

### **SALINITY MANAGEMENT PIPELINE**

The SMP is a regional pipeline that collects the brine generated by brackish groundwater desalting facilities and potential potable reuse projects, as well as excess recycled water, and conveys that water to the ocean for discharge. The SMP improves water supply reliability by facilitating the development of local water supply projects. Highly treated wastewater/excess recycled water, which is too saline for discharge to local streams, is also sent to the SMP during wet periods when it is not needed for irrigation. Desalters currently in operation can produce approximately 6,000 ac ft. potable water supply annually. Three desalters are complete, with one potable reuse project, one agricultural desalter, and one potable water desalter under consideration or development.



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***Financial Section***

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Calleguas Municipal Water District  
Thousand Oaks, California

### Opinion

We have audited the accompanying financial statements of the Calleguas Municipal Water District (District), which comprise the balance sheet as of June 30, 2024, and related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and related notes to the 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 financial position of the District as of June 30, 2024, and the respective changes in its financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 generally accepted auditing standards 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 generally accepted auditing standards 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, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of the District's Contributions to the Defined Benefit Pension Plan, and Schedule of Changes in the District's Net OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Other Information sections but does not include the basic financial statements and our auditor's report thereon. Our opinions 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.

**Prior-Year Comparative Information**

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2023, from which such partial information was derived.

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

In accordance with *Government Auditing Standards*, we have also issued a separate report dated January 8, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Murrieta, California  
January 8, 2025

## **CALLEGUAS MUNICIPAL WATER DISTRICT**

### *Management's Discussion and Analysis (Unaudited)*

*For the Year Ended June 30, 2024 (With Comparative Amounts as of June 30, 2023)*

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Management's Discussion and Analysis (MD&A) offers readers of Calleguas Municipal Water District's financial statements a narrative overview of the District's financial activities for the year ended June 30, 2024. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

- In fiscal year 2024, the District's net position increased 3.07%, or \$16,368,209 from the prior year's net position of \$532,309,922 to \$548,678,131, as a result of the year's operations.
- In fiscal year 2024, operating revenues increased by 14.43%, or \$16,286,827 from \$112,889,260 to \$129,176,087, from the prior year, primarily due to a \$14,013,132 increase in water sales.
- In fiscal year 2024, operating expenses before depreciation expense increased by 10.23% or \$10,987,033 from \$107,417,099 to \$118,404,132 from the prior year, primarily due to an increase in costs for the District's source of supply of 11,484,642.

### **REQUIRED FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Balance Sheet includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

# CALLEGUAS MUNICIPAL WATER DISTRICT

## Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2024 (With Comparative Amounts as of June 30, 2023)

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### FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is, "Is the District better off or worse off as a result of this year's activities?" The Balance Sheet and the Statement of Revenues, Expenses and Changes in Net Position report information about the District in a way that helps answer this question.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when the cash is received or paid.

These two statements report the District's net position and changes in them. You can think of the District's net position – the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources – as one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position are one indicator of whether its financial health is improving or deteriorating. However, one will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation.

### Condensed Balance Sheets

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Change</u>	<u>June 30, 2022</u>	<u>Change</u>
<b>Assets:</b>					
Current assets	\$ 263,084,284	\$ 254,288,671	\$ 8,795,613	\$ 268,714,904	\$ (14,426,233)
Non-current assets	11,486,063	11,227,341	258,722	10,836,108	391,233
Capital assets, net	468,065,249	462,970,821	5,094,428	456,684,060	6,286,761
<b>Total assets</b>	<u>742,635,596</u>	<u>728,486,833</u>	<u>14,148,763</u>	<u>736,235,072</u>	<u>(7,748,239)</u>
<b>Deferred outflows of resources</b>	<u>12,218,709</u>	<u>13,275,050</u>	<u>(1,056,341)</u>	<u>8,768,214</u>	<u>4,506,836</u>
<b>Total assets and deferred outflows of resources</b>	<u>\$ 754,854,305</u>	<u>\$ 741,761,883</u>	<u>\$ 13,092,422</u>	<u>\$ 745,003,286</u>	<u>\$ (3,241,403)</u>
<b>Liabilities:</b>					
Current liabilities	\$ 33,437,200	\$ 30,836,332	\$ 2,600,868	\$ 31,434,941	\$ (598,609)
Non-current liabilities	170,408,158	176,210,947	(5,802,789)	175,797,396	413,551
<b>Total liabilities</b>	<u>203,845,358</u>	<u>207,047,279</u>	<u>(3,201,921)</u>	<u>207,232,337</u>	<u>(185,058)</u>
<b>Deferred inflows of resources</b>	<u>2,330,816</u>	<u>2,404,682</u>	<u>(73,866)</u>	<u>3,996,452</u>	<u>(1,591,770)</u>
<b>Net position:</b>					
Net investment in capital assets	304,927,097	293,831,581	11,095,516	280,002,359	13,829,222
Restricted for debt service reserves	11,486,063	11,227,341	258,722	9,744,423	1,482,918
Unrestricted	232,264,971	227,251,000	5,013,971	244,027,715	(16,776,715)
<b>Total net position</b>	<u>548,678,131</u>	<u>532,309,922</u>	<u>16,368,209</u>	<u>533,774,497</u>	<u>(1,464,575)</u>
<b>Total liabilities, deferred outflows of resources and net position</b>	<u>\$ 754,854,305</u>	<u>\$ 741,761,883</u>	<u>\$ 13,092,422</u>	<u>\$ 745,003,286</u>	<u>\$ (3,241,403)</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$548,678,131 as of June 30, 2024.

## CALLEGUAS MUNICIPAL WATER DISTRICT

### Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2024 (With Comparative Amounts as of June 30, 2023)

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#### FINANCIAL ANALYSIS OF THE DISTRICT (continued)

##### Condensed Balance Sheets (continued)

By far the largest portion of the District's net position (56% as of June 30, 2024) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

At the end of year 2024, the District showed a positive balance in its unrestricted net position of \$232,264,971 which may be utilized in future years.

##### Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Change</u>	<u>June 30, 2022</u>	<u>Change</u>
Operating revenues	\$ 129,176,087	\$ 112,889,260	\$ 16,286,827	\$ 150,143,189	\$ (37,253,929)
Operating expenses	<u>(118,404,132)</u>	<u>(107,417,099)</u>	<u>(10,987,033)</u>	<u>(121,022,537)</u>	13,605,438
<b>Operating income before depreciation</b>	10,771,955	5,472,161	5,299,794	29,120,652	(23,648,491)
Depreciation expense	<u>(13,784,451)</u>	<u>(15,176,902)</u>	1,392,451	<u>(15,940,809)</u>	<u>(10,043,053)</u>
<b>Operating income</b>	(3,012,496)	(9,704,741)	6,692,245	13,179,843	(13,605,438)
Non-operating revenues(expenses), net	<u>12,044,567</u>	<u>6,795,814</u>	<u>5,248,753</u>	<u>1,128,947</u>	<u>5,666,867</u>
<b>Change in net position before capital</b>	9,032,071	(2,908,927)	11,940,998	14,308,790	(41,630,115)
<b>Capital contributions:</b>					
Local capital contributions	1,320,229	1,444,352	(124,123)	1,453,691	(9,339)
State capital grant	<u>6,015,909</u>	-	6,015,909	-	-
<b>Change in net position</b>	16,368,209	(1,464,575)	11,816,875	15,762,481	(17,227,056)
Net position:					
<b>Beginning of year</b>	<u>532,309,922</u>	<u>533,774,497</u>	<u>(1,464,575)</u>	<u>518,012,016</u>	<u>15,762,481</u>
<b>End of year</b>	<u>\$ 548,678,131</u>	<u>\$ 532,309,922</u>	<u>\$ 10,352,300</u>	<u>\$ 533,774,497</u>	<u>\$ (1,464,575)</u>

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, net position increased 3.07%, or \$16,368,209 from the prior year's net position of \$532,309,922 to \$548,678,131, as a result of the year's operations.

## CALLEGUAS MUNICIPAL WATER DISTRICT

Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2024 (With Comparative Amounts as of June 30, 2023)

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### FINANCIAL ANALYSIS OF THE DISTRICT (continued)

#### Total Revenues

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Increase (Decrease)</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
<b>Operating revenues:</b>					
Water sales	\$ 109,188,343	\$ 95,175,211	\$ 14,013,132	\$ 133,290,274	\$ (38,115,063)
Capacity reservation charge	7,409,256	7,348,086	61,170	7,233,510	114,576
Readiness-to-serve-purveyors	8,358,300	7,582,728	775,572	6,519,444	1,063,284
Water standby charges	1,377,102	1,381,714	(4,612)	1,420,806	(39,092)
Pumping power revenue	1,736,692	1,010,405	726,287	1,389,461	(379,056)
Salinity Management Pipeline fees	553,051	335,969	217,082	197,706	138,263
Other operating revenues	553,343	55,147	498,196	91,988	(36,841)
<b>Total operating revenues</b>	<u>129,176,087</u>	<u>112,889,260</u>	<u>16,286,827</u>	<u>150,143,189</u>	<u>(37,253,929)</u>
<b>Non-operating:</b>					
Property taxes	11,886,702	11,100,420	786,282	10,222,205	878,215
Investment earnings	8,311,036	3,159,653	5,151,383	(1,921,039)	5,080,692
Sale of capital assets	11,100	16,213	(5,113)	11,497	4,716
Insurance recovery proceeds	-	-	-	-	-
Other non-operating revenues	73,444	129,730	(56,286)	76,048	53,682
<b>Total non-operating</b>	<u>20,282,282</u>	<u>14,406,016</u>	<u>5,876,266</u>	<u>8,388,711</u>	<u>6,017,305</u>
<b>Total revenues</b>	<u>\$ 149,458,369</u>	<u>\$ 127,295,276</u>	<u>\$ 22,163,093</u>	<u>\$ 158,531,900</u>	<u>\$ (31,236,624)</u>

In fiscal year 2024, operating revenues increased by 14.43%, or \$16,286,827 from \$112,889,260 to \$129,176,087, from the prior year, primarily due to a \$14,013,132 increase in water sales.

In fiscal year 2023, operating revenues decreased by 24.81%, or \$37,253,929 from \$150,143,189 to \$112,889,260, from the prior year, primarily due to a \$38,115,063 decrease in water sales.



## CALLEGUAS MUNICIPAL WATER DISTRICT

### Management's Discussion and Analysis (Unaudited)

For the Year Ended June 30, 2024 (With Comparative Amounts as of June 30, 2023)

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#### FINANCIAL ANALYSIS OF THE DISTRICT (continued)

##### Total Expenses

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Increase (Decrease)</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
<b>Operating expenses:</b>					
Source of supply	\$ 90,683,452	\$ 79,198,810	\$ 11,484,642	\$ 107,290,479	\$ (28,091,669)
Pumping	2,142,534	2,787,501	(644,967)	1,617,340	1,170,161
Administration	5,917,951	4,385,182	1,532,769	1,423,312	2,961,870
Administrative services	3,341,691	3,306,283	35,408	1,515,048	1,791,235
Engineering	2,169,585	2,247,808	(78,223)	805,742	1,442,066
Resources, conservation and governmental	1,791,599	1,976,964	(185,365)	904,990	1,071,974
Operations and maintenance	12,357,320	13,514,551	(1,157,231)	7,465,626	6,048,925
<b>Total operating expenses</b>	<u>118,404,132</u>	<u>107,417,099</u>	<u>10,987,033</u>	<u>121,022,537</u>	<u>(13,605,438)</u>
Depreciation expense	13,784,451	15,176,902	(1,392,451)	15,940,809	(763,907)
<b>Non-operating expenses:</b>					
Interest expense	7,163,852	7,125,745	38,107	6,555,954	569,791
Tax collection and financing charges	520,213	442,295	77,918	538,339	(96,044)
Cost of debt issuance	-	-	-	-	-
Project related expenses	553,650	42,162	511,488	165,471	(123,309)
<b>Total non-operating</b>	<u>8,237,715</u>	<u>7,610,202</u>	<u>627,513</u>	<u>7,259,764</u>	<u>350,438</u>
<b>Total expenses</b>	<u>\$ 140,426,298</u>	<u>\$ 130,204,203</u>	<u>\$ 10,222,095</u>	<u>\$ 144,223,110</u>	<u>\$ (13,255,000)</u>

In fiscal year 2024, operating expenses before depreciation expense increased by 10.23% or \$10,987,033 from \$107,417,099 to \$118,404,132 from the prior year, primarily due to an increase in costs for the District's source of supply of 11,484,642.

In fiscal year 2023, operating expenses before depreciation expense decreased by 11.24% or \$13,605,438 from \$121,022,537 to \$107,417,099 from the prior year, primarily due to a decrease in costs for the District's source of supply of \$28,091,669. All other operating cost categories increased.

##### Capital Assets

	<u>Balance June 30, 2024</u>	<u>Balance June 30, 2023</u>
<b>Capital assets:</b>		
Non-depreciable assets	\$ 60,880,696	\$ 53,357,929
Depreciable assets	663,554,958	653,043,691
Accumulated depreciation	<u>(256,370,405)</u>	<u>(243,430,799)</u>
<b>Total capital assets, net</b>	<u>\$ 468,065,249</u>	<u>\$ 462,970,821</u>

At the end of year 2024, the District's investment in capital assets amounted to \$468,065,249 (net of accumulated depreciation), respectively. Capital asset additions amounted to \$18,878,879 for various projects and equipment. See Note 5 for further information.

## CALLEGUAS MUNICIPAL WATER DISTRICT

*Management's Discussion and Analysis (Unaudited)*

*For the Year Ended June 30, 2024 (With Comparative Amounts as of June 30, 2023)*

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### FINANCIAL ANALYSIS OF THE DISTRICT (continued)

#### Debt Administration

The long-term debt of the District is summarized below:

Long-term debt:	Balance	Balance
	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Bonds payable	\$ 165,517,471	\$ 173,825,408
Loans payable	<u>1,784,312</u>	<u>-</u>
	<u>\$ 167,301,783</u>	<u>\$ 173,825,408</u>

Bonds payable decreased by a total of \$8,307,937 for the year ended June 30, 2024. Principal payments were \$8,025,000 and amortization of the debt premiums amounted to \$282,937. Loans payable increased by \$1,784,312 from new debt. See Note 7 for further information.

#### NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

#### CONDITIONS AFFECTING CURRENT AND FUTURE FINANCIAL POSITION

Management is unaware of any item that would affect the District's current financial position.

#### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Finance Department, 2100 Olsen Road, Thousand Oaks, CA 91360.

# CALLEGUAS MUNICIPAL WATER DISTRICT

## Balance Sheets

June 30, 2024 (With Comparative Amounts as of June 30, 2023)

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>2024</u>	<u>2023</u>
<b>Current assets:</b>		
Cash and cash equivalents (Note 2)	\$ 4,099,008	\$ 2,673,495
Investments (Note 2)	168,479,539	172,036,005
Accrued interest receivable	1,333,297	1,070,498
Accounts receivable, utility	20,803,388	16,387,680
Other receivables	2,866,053	-
Inventory – water-in-storage (Note 4)	57,968,917	53,665,627
Inventory – pipeline	4,449,000	4,449,000
Prepaid expenses	3,085,082	4,006,366
<b>Total current assets</b>	<b>263,084,284</b>	<b>254,288,671</b>
<b>Non-current assets:</b>		
Restricted – cash and cash equivalents (Note 2 and 3)	11,486,063	11,227,341
Capital assets – not being depreciated (Note 5)	60,880,696	53,357,929
Capital assets – being depreciated, net (Note 5)	407,184,553	409,612,892
<b>Total non-current assets</b>	<b>479,551,312</b>	<b>474,198,162</b>
<b>Total assets</b>	<b>742,635,596</b>	<b>728,486,833</b>
<b>Deferred outflows of resources:</b>		
Deferred amounts related to refunding of long-term debt (Note 7)	4,163,631	4,686,168
Deferred amounts related to net OPEB liability (Note 8)	1,727,131	1,514,149
Deferred amounts related to net pension liability (Note 9)	6,327,947	7,074,733
<b>Total deferred outflows of resources</b>	<b>12,218,709</b>	<b>13,275,050</b>
<b>Total assets and deferred outflows of resources</b>	<b>\$ 754,854,305</b>	<b>\$ 741,761,883</b>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u></b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 19,823,660	\$ 18,207,424
Accrued salaries and benefits	295,280	272,866
Retentions payable	1,625,887	951,251
Deposits and unearned revenues	90,293	93,710
Accrued interest payable	2,963,027	3,134,231
Long-term liabilities – due within one year:		
Compensated absences (Note 6)	299,053	151,850
Bonds payable (Note 7)	8,340,000	8,025,000
<b>Total current liabilities</b>	<b>33,437,200</b>	<b>30,836,332</b>
<b>Non-current liabilities:</b>		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 6)	897,157	860,483
Loans payable (Note 7)	1,784,312	-
Bonds payable (Note 7)	157,177,471	165,800,408
Net OPEB liability (Note 8)	119,551	415,445
Net pension liability (Note 9)	10,429,667	9,134,611
<b>Total non-current liabilities</b>	<b>170,408,158</b>	<b>176,210,947</b>
<b>Total liabilities</b>	<b>203,845,358</b>	<b>207,047,279</b>
<b>Deferred inflows of resources:</b>		
Deferred amounts related to net OPEB liability (Note 8)	1,273,494	994,558
Deferred amounts related to net pension liability (Note 9)	1,057,322	1,410,124
<b>Total deferred inflows of resources</b>	<b>2,330,816</b>	<b>2,404,682</b>
<b>Net position:</b>		
Net investment in capital assets (Note 10)	304,927,097	293,831,581
Restricted for debt service reserves (Note 3)	11,486,063	11,227,341
Unrestricted	232,264,971	227,251,000
<b>Total net position</b>	<b>548,678,131</b>	<b>532,309,922</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 754,854,305</b>	<b>\$ 741,761,883</b>

The notes to financial statements are an integral part of this statement.

**CALLEGUAS MUNICIPAL WATER DISTRICT***Statements of Revenues, Expenses and Changes in Net Position**For the Fiscal Year Ended June 30, 2024 (With Comparative Amounts as of June 30, 2023)*

	<u>2024</u>	<u>2023</u>
<b>Operating revenues:</b>		
Water sales	\$ 109,188,343	\$ 95,175,211
Capacity reservation charge	7,409,256	7,348,086
Readiness-to-serve-purveyors	8,358,300	7,582,728
Water standby charges	1,377,102	1,381,714
Pumping power revenue	1,736,692	1,010,405
Salinity Management Pipeline fees	553,051	335,969
Other operating revenues	553,343	55,147
<b>Total operating revenues</b>	<u>129,176,087</u>	<u>112,889,260</u>
<b>Operating expenses:</b>		
Source of supply	90,683,452	79,198,810
Pumping	2,142,534	2,787,501
Administration	5,917,951	4,385,182
Administrative services	3,341,691	3,306,283
Engineering	2,169,585	2,247,808
Resources, conservation and governmental	1,791,599	1,976,964
Operations and maintenance	12,357,320	13,514,551
<b>Total operating expenses</b>	<u>118,404,132</u>	<u>107,417,099</u>
<b>Operating income before depreciation</b>	10,771,955	5,472,161
Depreciation expense	<u>(13,784,451)</u>	<u>(15,176,902)</u>
<b>Operating loss</b>	<u>(3,012,496)</u>	<u>(9,704,741)</u>
<b>Non-operating revenues(expenses):</b>		
Property taxes	11,886,702	11,100,420
Investment earnings	8,311,036	3,159,653
Sale of capital assets	11,100	16,213
Other non-operating revenues	73,444	129,730
Interest expense	(7,163,852)	(7,125,745)
Tax collection and financing charges	(520,213)	(442,295)
Project related expenses	<u>(553,650)</u>	<u>(42,162)</u>
<b>Total non-operating revenue, net</b>	<u>12,044,567</u>	<u>6,795,814</u>
<b>Change in net position before capital contributions</b>	<u>9,032,071</u>	<u>(2,908,927)</u>
<b>Capital contributions:</b>		
Local capital contributions	1,320,229	1,444,352
State capital grant	<u>6,015,909</u>	<u>-</u>
<b>Total capital contributions</b>	<u>7,336,138</u>	<u>1,444,352</u>
<b>Change in net position</b>	16,368,209	(1,464,575)
<b>Net position:</b>		
Beginning of year	<u>532,309,922</u>	<u>533,774,497</u>
End of year	<u>\$ 548,678,131</u>	<u>\$ 532,309,922</u>

**CALLEGUAS MUNICIPAL WATER DISTRICT***Statements of Cash Flows**For the Fiscal Year Ended June 30, 2024 (With Comparative Amounts as of June 30, 2023)*

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities:</b>		
Cash receipts from customers and others	\$ 121,964,353	\$ 113,417,951
Cash paid to employees for salaries and wages	(12,233,164)	(10,203,114)
Cash paid to vendors and suppliers for materials and services	<u>(107,071,645)</u>	<u>(93,137,542)</u>
<b>Net cash provided by operating activities</b>	<u>2,659,544</u>	<u>10,077,295</u>
<b>Cash flows from non-capital financing activities:</b>		
Proceeds from property taxes, net of collection fees paid	<u>11,366,489</u>	<u>10,658,125</u>
<b>Net cash provided by non-capital financing activities</b>	<u>11,366,489</u>	<u>10,658,125</u>
<b>Cash flows from capital and related financing activities:</b>		
Acquisition and construction of capital assets	(18,878,879)	(21,463,663)
Proceeds from the sale of capital assets	11,100	16,213
Proceeds from local capital contributions	1,320,229	1,444,352
Proceeds state capital grant	3,149,856	-
Proceeds from debt issuance	1,784,312	-
Principal paid on long-term debt	(8,025,000)	(7,720,000)
Interest and redemption expenses paid on long-term debt	<u>(7,095,456)</u>	<u>(7,018,103)</u>
<b>Net cash used in capital and related financing activities</b>	<u>(27,733,838)</u>	<u>(34,741,201)</u>
<b>Cash flows from investing activities:</b>		
Sale of investments	49,058,603	85,975,535
Purchase of investments	(38,945,124)	(74,249,382)
Investment earnings	<u>5,278,561</u>	<u>2,510,759</u>
<b>Net cash provided by investing activities</b>	<u>15,392,040</u>	<u>14,236,912</u>
<b>Net increase in cash and cash equivalents</b>	1,684,235	231,131
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>13,900,836</u>	<u>13,669,705</u>
End of year	<u>\$ 15,585,071</u>	<u>\$ 13,900,836</u>
<b>Reconciliation of cash and cash equivalents to the balance sheet:</b>		
Cash and cash equivalents	\$ 4,099,008	\$ 2,673,495
Restricted – cash and cash equivalents	<u>11,486,063</u>	<u>11,227,341</u>
<b>Total cash and cash equivalents</b>	<u>\$ 15,585,071</u>	<u>\$ 13,900,836</u>

**CALLEGUAS MUNICIPAL WATER DISTRICT**

*Statements of Cash Flows (continued)*

*For the Fiscal Year Ended June 30, 2024 (With Comparative Amounts as of June 30, 2023)*

	<u>2024</u>	<u>2023</u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>		
Operating loss	\$ (3,012,496)	\$ (9,704,741)
<b>Adjustments to reconcile operating loss to net cash provided by operating activities:</b>		
Depreciation	13,784,451	15,176,902
Other non-operating revenues	73,444	129,730
Project related expenses	(553,650)	(42,162)
<b>Change in assets – (increase)decrease:</b>		
Accounts receivable	(4,415,708)	351,307
Inventory – water-in-storage	(4,303,290)	1,745,880
<b>Change in deferred outflows of resources – (increase)decrease</b>		
Deferred amounts related to net OPEB liability	(212,982)	(539,792)
Deferred amounts related to net pension liability	746,786	(4,489,581)
<b>Change in liabilities – increase(decrease):</b>		
Accounts payable and accrued expenses	1,616,236	(1,348,881)
Accrued salaries and benefits	22,414	(189,369)
Retentions payable	674,636	636,825
Deposits and unearned revenues	(3,417)	47,654
Compensated absences	183,877	133,725
Net OPEB liability	(295,894)	1,507,130
Net pension liability	1,295,056	8,254,438
<b>Change in deferred inflows of resources – increase(decrease)</b>		
Deferred amounts related to net OPEB liability	278,936	(1,199,417)
Deferred amounts related to net pension liability	(352,802)	(392,353)
<b>Total adjustments</b>	<u>5,672,040</u>	<u>19,782,036</u>
<b>Net cash provided by operating activities</b>	<u>\$ 2,659,544</u>	<u>\$ 10,077,295</u>
<b>Noncash investing, capital and financing transactions</b>		
Change in fair-value of investments	<u>\$ 2,769,676</u>	<u>\$ 110,959</u>
Amortization of bond premium	<u>\$ 282,937</u>	<u>\$ 344,998</u>
Amortization of deferred amounts related to refunding of long-term debt	<u>\$ (522,537)</u>	<u>\$ (522,537)</u>

# CALLEGUAS MUNICIPAL WATER DISTRICT

## Notes to Financial Statements

June 30, 2024

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

#### A. Description of Organization

The Calleguas Municipal Water District (the District) was organized in December 1953 as a special district under the State of California Water Code Sections 71001 et seq. to provide a supplemental supply of water for the portion of Ventura County lying within District boundaries. The Board of Directors consists of five members, which has governance responsibilities over all activities related to the District. Board members are elected by the public to four-year terms. They have decision-making authority, power to designate management, responsibility to significantly influence operations and accountability for fiscal matters.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity (GASB Statement No. 61). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

#### B. Basis of Presentation, Basis of Accounting

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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 at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as operating income in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

# CALLEGUAS MUNICIPAL WATER DISTRICT

## Notes to Financial Statements

June 30, 2024

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position

##### 1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of 90 days or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

##### 2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

*Level 1* – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

*Level 2* – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

*Level 3* – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

##### 3. Restricted Assets

Amounts shown as restricted assets have been restricted by either bond indentures, external constraints, or laws and regulations of other governments.

##### 4. Receivables and Allowance for Doubtful Accounts

The District grants credit to its customers, substantially all of whom are member purveyors in Ventura County, California. The District charges doubtful accounts arising from receivables to bad debt expense when it is probable that the accounts will be uncollectible.

##### 5. Prepaids

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



# CALLEGUAS MUNICIPAL WATER DISTRICT

## Notes to Financial Statements

June 30, 2024

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

##### 6. Inventories and Water in Storage

Supply inventories maintained by the District consist primarily of pipes, valves, and various fittings. Inventories are valued at lower of cost or market using the first-in, first-out method. Water in storage is valued at average cost.

##### 7. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Water distribution system	10-50 years
Buildings and improvements	10-50 years
Equipment	5-10 years

##### 8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

##### 9. Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation benefits up to 480 hours. Any excess accumulation is forfeited by the employees if they reach the maximum limit. Upon termination, retirement or death of an employee, the District pays any accrued vacation in a lump-sum payment to the employee or beneficiary. All accumulated vacation is recorded as an expense and a liability at the time the benefit is earned.

##### 10. Pensions

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

# CALLEGUAS MUNICIPAL WATER DISTRICT

## Notes to Financial Statements

June 30, 2024

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

##### 10. Pensions (continued)

The following timeframes are used for pension reporting:

Valuation Date June 30, 2022

Measurement Date June 30, 2023

Measurement Period July 1, 2022 to June 30, 2023

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period.

##### 11. Postemployment Benefits Other Than Pensions (OPEB)

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

The following timeframes are used for OPEB reporting:

Valuation Date June 30, 2023

Measurement Date June 30, 2023

Measurement Period July 1, 2022 to June 30, 2023

##### 12. Net Position

Net position is classified into two components: net investment in capital assets and unrestricted. 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 any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted net position** - This component of net position is restricted by external creditors, grantors, contributors or laws or regulations of other governments.
- **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".

# CALLEGUAS MUNICIPAL WATER DISTRICT

## Notes to Financial Statements

June 30, 2024

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### NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

#### D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

#### E. Property Taxes

The Ventura County Assessor's Office assesses all real and personal property within the County each year. The Ventura County Tax Collector's Office bills and collects the District's share of property taxes. The Ventura County Auditor-Controller's Office remits current property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article XIII A of the State Constitution at one percent (1%) of countywide assessed valuations. Property taxes receivable at year-end are related to property taxes collected by the Ventura County Tax Collector's Office, which have not been credited to the District's cash balance as of June 30.

The property tax calendar is as follows:

Lien date March 1  
Levy date July 1  
Due dates November 1 and March 1  
Collection dates December 10 and April 10

### NOTE 2 – CASH AND INVESTMENTS

Cash and investments were classified in the accompanying financial statements as follows:

<u>Description</u>	<u>June 30, 2024</u>
Cash and cash equivalents	\$ 4,099,008
Investments	168,479,539
Restricted – cash and cash equivalents	<u>11,486,063</u>
<b>Total cash and investments</b>	<b><u>\$ 184,064,610</u></b>

Cash and investments consisted of the following:

<u>Description</u>	<u>June 30, 2024</u>
Petty cash	\$ 1,400
Demand deposits held with financial institutions	4,097,608
Investments	<u>179,965,602</u>
<b>Total cash and investments</b>	<b><u>\$ 184,064,610</u></b>

# CALLEGUAS MUNICIPAL WATER DISTRICT

## Notes to Financial Statements

June 30, 2024

### NOTE 2 – CASH AND INVESTMENTS (continued)

#### Demand Deposits with Financial Institutions

At June 30, 2024, the carrying amount of the District’s demand deposits were \$4,097,608 and the financial institution’s balances were \$4,499,297. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution’s balance and the District’s balance for each year.

#### Custodial Credit Risk – Deposits

Custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District’s investment policy do not contain legal or policy requirements that would limit 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 governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The Fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2024, the District’s deposits were covered by the Federal Deposit Insurance Corporation insurance limits or collateralized as required by California law.

#### Investments

The District’s investments as of June 30, 2024 are presented in the following Investment Table:

Type of Investments	Measurement Input	Credit Rating	Total Fair Value	Maturity		
				12 Months or Less	13 to 24 Months	25 to 120 Months
U.S. treasury obligations	Level 1	AAa	\$ 62,567,196	\$ 31,023,803	\$ 19,502,955	\$ 12,040,438
U.S. government sponsored agency securities	Level 2	A to AAA	44,312,290	1,855,125	6,748,674	35,708,491
Asset-backed securities	Level 2	A to AAA	10,504,701	-	618,431	9,886,270
Medium-term corporate notes	Level 2	A to AAA	41,298,570	7,075,551	12,308,325	21,914,694
MortgageBacked Securities	Level 2	A to AAA	948,694	-	-	948,694
Supernational bonds	Level 2	A to AAA	5,887,336	2,500,000	3,387,336	-
Local Agency Investment Fund (LAIF)	N/A	N/A	2,819,295	2,819,295	-	-
Ventura County Investment Pool (VCIP)	N/A	N/A	24,056	24,056	-	-
Money-market mutual funds	N/A	N/A	117,401	117,401	-	-
Held by bond trustee:						
Money-market mutual funds	N/A	N/A	11,486,063	11,486,063	-	-
<b>Total investments</b>			<b>\$ 179,965,602</b>	<b>\$ 56,901,294</b>	<b>\$ 42,565,721</b>	<b>\$ 80,498,587</b>

# CALLEGUAS MUNICIPAL WATER DISTRICT

## Notes to Financial Statements

June 30, 2024

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### NOTE 2 – CASH AND INVESTMENTS (continued)

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

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

<b>Authorized Investment Type</b>	<b>Maximum Maturity</b>	<b>Maximum Percentage of Portfolio</b>	<b>Maximum Investment in One Issuer</b>	<b>Minimum Credit Rating</b>
U.S. Treasury Obligations	5-years	None	None	N/A
U.S. Government Sponsored Agency Securities	5-years	None	50%	None
Asset-Backed Securities	5-years	15%	5%	AAA
Banker's Acceptances	180 days	40%	5%	A-1
Collateralized Certificates-of-Deposit	5-years	30%	5%	\$250k deposit
Commercial Paper	270 days	25%	5%	AA above
Medium- Term Notes	5-years	30%	5%	A, A2
Money-Market Funds	None	20%	5%	AAAm, Aaa
MortgageBacked Securities	5-years	15%	5%	AAA, Aaa
Municipal Securities	5-years	20%	None	A, A2
California Local Agency Investment Fund (LAIF)	None	15%	15%	None
County of Ventura Investment Pool	None	15%	15%	None

#### Investments Authorized by Debt Agreements

Investment of debt proceeds held by the bond trustee is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy.

# CALLEGUAS MUNICIPAL WATER DISTRICT

## Notes to Financial Statements

June 30, 2024

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### NOTE 2 – CASH AND INVESTMENTS (continued)

#### Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by in the Investment Table that shows the distribution of the District's investments by maturity as of June 30, 2024.

#### 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 in the Investment Table are Standard & Poor's credit ratings for the District's investments as of June 30, 2024. U.S. treasury obligations are not required to be rated and therefore no rating has been assigned.

#### Fair Value Measurements

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

#### Investment in State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

#### Investment in Ventura County Investment Pool

The District is a voluntary participant in the Ventura County Investment Pool (VCIP) that is regulated by the California Government Code under the oversight of the Treasurer of the County of Ventura, California. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's prorated share of the fair value provided by the VCIP for the entire VCIP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the VCIP, which are recorded on an amortized cost basis.

**CALLEGUAS MUNICIPAL WATER DISTRICT**  
*Notes to Financial Statements*  
 June 30, 2024

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**NOTE 3 – RESTRICTED ASSETS AND NET ASSETS**

The balance at June 30, 2024 consists of the following:

<u>Description</u>	<u>June 30, 2024</u>
Restricted – cash and cash equalivents	\$ 11,486,063
<b>Total restricted for debt service reserves</b>	<b>\$ 11,486,063</b>

Restricted assets are investments of debt proceeds held by the bond trustees as debt service reserves.

**NOTE 4 – INVENTORY – WATER-IN-STORAGE**

The balance at June 30, 2024 consists of the following:

<u>Description</u>	<u>June 30, 2024</u>
Groundwater basins	\$ 46,306,445
Lake Bard	11,296,348
Transmission system	366,124
<b>Total water-in-storage</b>	<b>\$ 57,968,917</b>

**NOTE 5 – CAPITAL ASSETS AND DEPRECIATION**

Changes in capital assets for the fiscal year ended June 30, 2024, were as follows:

<u>Description</u>	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Balance June 30, 2024</u>
<b>Non-depreciable assets:</b>				
Land and rights of way	\$ 12,739,767	\$ 72,254	\$ -	\$ 12,812,021
Construction-in-process	40,618,162	18,951,801	(11,501,288)	48,068,675
<b>Total non-depreciable assets</b>	<b>53,357,929</b>	<b>19,024,055</b>	<b>(11,501,288)</b>	<b>60,880,696</b>
<b>Depreciable assets:</b>				
Water distribution system	586,894,216	8,798,882	-	595,693,098
Buildings and improvements	37,282,214	1,917,281	-	39,199,495
Equipment	28,867,261	639,948	(844,844)	28,662,365
<b>Total depreciable assets</b>	<b>653,043,691</b>	<b>11,356,111</b>	<b>(844,844)</b>	<b>663,554,958</b>
<b>Accumulated depreciation:</b>				
Water distribution system	(215,024,872)	(11,777,674)	-	(226,802,546)
Buildings and improvements	(4,774,829)	(1,011,157)	-	(5,785,986)
Equipment	(23,631,098)	(995,619)	844,844	(23,781,873)
<b>Total accumulated depreciation</b>	<b>(243,430,799)</b>	<b>(13,784,450)</b>	<b>844,844</b>	<b>(256,370,405)</b>
<b>Total depreciable assets, net</b>	<b>409,612,892</b>	<b>(2,428,339)</b>	<b>-</b>	<b>407,184,553</b>
<b>Total capital assets, net</b>	<b>\$ 462,970,821</b>	<b>\$ 16,595,716</b>	<b>\$ (11,501,288)</b>	<b>\$ 468,065,249</b>

# CALLEGUAS MUNICIPAL WATER DISTRICT

## Notes to Financial Statements

June 30, 2024

### NOTE 6 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended June 30, 2024, were as follows:

Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year	Due in More Than One Year
\$ 1,012,333	\$ 1,059,841	\$ (875,964)	\$ 1,196,210	\$ 299,053	\$ 897,157

### NOTE 7 – LONG-TERM DEBT

Changes in bonds payable for the year ended June 30, 2024, were as follows:

Long-Term Debt	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Current Portion	Long-term Portion
2008 Series A	\$ 39,100,000	\$ -	\$ (1,250,000)	\$ 37,850,000	\$ 1,300,000	\$ 36,550,000
2010 Series B	72,005,000	-	(2,845,000)	69,160,000	2,945,000	66,215,000
2014 Series A	3,600,000	-	(1,755,000)	1,845,000	1,845,000	-
2016 Series A	19,285,000	-	(1,530,000)	17,755,000	1,605,000	16,150,000
2021 Series A	38,505,000	-	(645,000)	37,860,000	645,000	37,215,000
Sub-total bonds payable	172,495,000	-	(8,025,000)	164,470,000	8,340,000	156,130,000
Less: Unamortized bond – premiums	1,330,408	-	(282,937)	1,047,471	-	1,047,471
<b>Total bonds payable</b>	<b>173,825,408</b>	<b>-</b>	<b>(8,307,937)</b>	<b>165,517,471</b>	<b>8,340,000</b>	<b>157,177,471</b>
Wells Fargo PFA loan	-	1,784,312	-	1,784,312	-	1,784,312
<b>Total loans payable</b>	<b>-</b>	<b>1,784,312</b>	<b>-</b>	<b>1,784,312</b>	<b>-</b>	<b>1,784,312</b>
<b>Total long-term debt</b>	<b>\$ 173,825,408</b>	<b>\$ 1,784,312</b>	<b>\$ (8,307,937)</b>	<b>167,301,783</b>	<b>\$ 8,340,000</b>	<b>\$ 158,961,783</b>

The total annual debt service requirements, including computing interest at 1.78% for the Refunding Revenue Bonds, for all the Bonds outstanding at June 30, 2024, are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 8,340,000	\$ 6,337,396	\$ 14,677,396
2026	8,635,000	6,206,626	14,841,626
2027	8,915,000	5,859,734	14,774,734
2028	9,215,000	5,489,429	14,704,429
2029	9,530,000	5,100,726	14,630,726
2030-2034	53,285,000	19,095,575	72,380,575
2035-2039	55,875,000	7,466,098	63,341,098
2040-2042	10,675,000	323,354	10,998,354
Total	164,470,000	\$ 55,878,938	\$ 220,348,938
Current	(8,340,000)		
Long-term	\$ 156,130,000		



## **CALLEGUAS MUNICIPAL WATER DISTRICT**

### *Notes to Financial Statements*

*June 30, 2024*

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#### **NOTE 7 – BONDS PAYABLE (continued)**

Changes in the deferred outflows of resources regarding the loss on refunding of the revenue bonds for the year ended June 30, 2024, was as follows:

##### **2008 Series A Variable Rate Refunding Revenue Bonds**

Pursuant to an indenture dated March 1, 2008, the Calleguas-Las Virgenes Public Financing Authority issued the 2008 Series A Variable Rate Refunding Revenue Bonds in the amount of \$40,300,000 to provide funds to the District to refund the 2007 Series B Auction Rate Revenue Bonds and pay costs of issuance. Principal is payable annually on July 1 of each year beginning July 1, 2024 and ending July 1, 2037. Interest is paid at a variable rate, which is determined weekly. Interest is payable monthly on the first business day of the month so long as the bonds bear interest at the weekly rate. The District, at its option, may convert the bonds to a fixed interest rate upon 60 days' notice to the bond counsel. Payments of principal redemption (but not any premium) and interest are supported by a letter of credit issued by Wells Fargo Bank, National Association. The credit facility will also be drawn on if other funds are not available to purchase bonds tendered by the owner. At June 30, 2024, the outstanding balance on the 2008 Series A Variable Rate Refunding Revenue Bonds amounted to \$37,850,000.

##### **2010 Series B Water Revenue Bonds**

Pursuant to an indenture dated February 1, 2010, the Calleguas-Las Virgenes Public Financing Authority issued the 2010 Series B Water Revenue Bonds in the amount of \$77,400,000 to provide funds to the District to finance the acquisition and construction of water system improvements and pay costs of issuance. Principal is payable annually on July 1 of each year with the final payment due July 1, 2040, and interest is payable semiannually on July 1 and January 1 or each year bearing interest rates ranging from 5.449% to 5.944%. The bonds are federally taxable Build America Bonds issued under the American Recovery and Reinvestment Act of 2009. Under the Build America Bonds program, the District will receive a cash subsidy from the U.S. Treasury equal to 35% of the interest paid, payable biannually. The bonds are subject to mandatory sinking fund requirements starting July 1, 2022. At June 30, 2024, the outstanding balance on the 2010 Series B Water Revenue Bonds amounted to \$69,160,000.

##### **2014 Series A Refunding Revenue Bonds**

Pursuant to an indenture dated June 1, 2014, the Calleguas-Las Virgenes Public Financing Authority issued the 2014 Series A Refunding Revenue Bonds in the amount of \$46,660,000 to provide funds to the District to partially refund and defease the 2007 Series A Revenue Bonds and pay costs of issuance. Principal is payable annually on July 1 of each year with the final payment due July 1, 2037, and interest is payable semiannually on July 1 and January 1 of each year bearing interest rates ranging from 3.75% to 5.0%. The net proceeds of the 2014 Series A Refunding Revenue Bonds and amounts from the 2007 Series A Revenue Bonds reserve fund were deposited in an irrevocable trust with an escrow agent to purchase U.S. government securities to provide for debt service and refunding of the 2007 Series A Revenue Bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$3.9 million. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2037 using the straight-line method. The advance refunding decreased the total debt service payments by approximately \$4,543,860 over the 23 years and resulted in an economic gain of \$3,169,541. For financial reporting purposes, the 2007 Series A Revenue Bonds has been considered partially defeased and therefore partially removed as a liability from the financial statements. The 2007 Series A Revenue Bonds were redeemed on July 1, 2016.

In 2021, the District advanced refunded \$34,145,000 of the 2014 Series A bonds. At June 30, 2024, the outstanding balance of the 2014 Series A Refunding Revenue Bonds amounted to \$1,845,000.

## **CALLEGUAS MUNICIPAL WATER DISTRICT**

### *Notes to Financial Statements*

*June 30, 2024*

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#### **NOTE 7 – BONDS PAYABLE (continued)**

##### **2016 Series A Refunding Revenue Bonds**

Pursuant to an indenture dated April 1, 2016, the Calleguas-Las Virgenes Public Financing Authority issued the 2016 Series A Refunding Revenue Bonds in the amount of \$27,585,000 to provide funds to the District to partially refund and defease the 2006 Series A Revenue Bonds and pay costs of issuance. Principal is payable annually on July 1 of each year with the final payment due July 1, 2032, and interest is payable semiannually on July 1 and January 1 of each year bearing interest rates ranging from 3% to 5%. The net proceeds of the 2016 Series A Refunding Revenue Bonds and amounts from the 2006 Series A Revenue Bonds reserve fund were deposited in an irrevocable trust with an escrow agent to purchase U.S. government securities to provide for debt service and refunding of the 2006 Series A Revenue Bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$1.5 million. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2032 using the straight-line method. The advance refunding decreased the total debt service payments by \$4,917,385 over the 17 years and resulted in an economic gain of \$4,105,122. For financial reporting purposes, the 2006 Series A Revenue Bonds has been considered defeased and therefore partially removed as a liability from the financial statements. The 2006 Series A Revenue Bonds were redeemed on July 1, 2016. At June 30, 2024, the outstanding balance of the 2016 Series A Refunding Revenue Bonds amounted to \$17,755,000.

##### **2021 Series A Refunding Revenue Bonds**

Pursuant to an indenture dated April 6, 2021, the Calleguas-Las Virgenes Public Financing Authority issued the 2021 Series A Refunding Revenue Bonds in the amount of \$39,145,000 to provide funds to the District to partially refund and defease the 2014 Series A Revenue Bonds and pay costs of issuance. Principal is payable annually on July 1 of each year with the final payment due July 1, 2037, and interest is payable semiannually on July 1 and January 1 of each year bearing interest rates ranging from 0.135% to 2.565%. The net proceeds of the 2021 Series A Refunding Revenue Bonds and amounts from the 2014 Series A Revenue Bonds reserve fund were deposited in an irrevocable trust with an escrow agent to purchase U.S. government securities to provide for debt service and refunding of the 2014 Series A Revenue Bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$1.8 million. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2037 using the straight-line method. The advance refunding decreased the total debt service payments by approximately \$3,602,871 over the 16 years and resulted in an economic gain of \$2,721,398. For financial reporting purposes, the 2014 Series A Revenue Bonds has been considered partially defeased and therefore partially removed as a liability from the financial statements. The 2014 Series A Revenue Bonds were redeemed on April 6, 2021. At June 30, 2024, the outstanding balance of the 2021 Series A Refunding Revenue Bonds amounted to \$37,860,000.

# CALLEGUAS MUNICIPAL WATER DISTRICT

## Notes to Financial Statements

June 30, 2024

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### NOTE 7 – BONDS PAYABLE (continued)

#### General Provisions

The Board of Directors of the District passed resolution number 823 as amended by resolution number 889 to govern certain provisions applicable to all debt securities issued by the District, the parity obligations. Under these resolutions, and the terms of the debt agreements, all net operating revenues of the District, as defined, are irrevocably pledged for debt service. The bonds are subject to a rate covenant, which states that the District must collect net operating revenues, as defined, equal to or greater than 125% of the installment payments due on all parity obligations plus certain reserves. The District is prohibited from issuing additional parity obligations if the rate covenant is less than 125% for the 12 consecutive month period prior to issuance of the new obligations. The bond obligation's principal and interest payments are payable from net operating revenues received by the District from all sources including amounts held in accounts established by the bond indenture.

The District is required by bond indenture covenants to allocate all revenues in the following order each month:

1. An amount sufficient to provide for the current and next succeeding calendar month's estimated maintenance and operations.
2. An amount equal to the monthly pro rata share of the interest payable on the next interest payment date for all outstanding fixed rate parity obligations and 110% of the estimated interest payable on outstanding variable rate parity obligations.
3. One-twelfth the aggregate annual principal amount due on outstanding parity obligations.
4. One-sixth of any deficiency in reserve funds required by the parity obligations.
5. The remainder can be used to pay other obligations of the District that are subordinate to the parity obligations, finance construction or for any other legal use.

#### Line of Credit

In conjunction with the issuance of the 2008 Series A Variable Rate Refunding Revenue Bonds, the District had a line of credit in the amount of \$40,903,891 that was used to fund construction. The line of credit expires on April 24, 2025. As of June 30, 2024, no amounts are drawn on the line of credit.

#### 2024 – Loan Payable

On February 1, 2024, the District entered into an installment purchase agreement with the Calleguas-Las Virgenes Public Finance Authority (Authority) to provide funds for various capital improvement projects known as the 2024 project. Through this agreement, the Authority has approved the execution of a Credit Facility among the Authority, the District and Wells Fargo Bank National Association (Lender), to which the Lender has agreed to provide to the Authority, on a revolving basis, up to \$20,000,000 in funds to pay the costs of the 2024 project. The District is to purchase the 2024 Project in consideration for installment payments equal in time and amount to payments required to be made by the Authority pursuant to the Credit Facility as and when due to the Lender. The terms of the agreement provide for an interest rate per annum equal to the Secured Overnight Financing Rate (SOFR) Index Rate plus any applicable factor and spread. Interest shall be payable by the Authority on each interest payment date, any prepayment date, and on the Facility Maturity Date. For the quarter ending June 30, 2024, the SOFR index rate was 5.56%. As of June 30, 2024, the outstanding balance of the installment purchase agreement was \$1,784,312.

# CALLEGUAS MUNICIPAL WATER DISTRICT

## Notes to Financial Statements

June 30, 2024

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### NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

#### Summary

The following balances on the balance sheet will be addressed in this footnote as follows:

<u>Description</u>	<u>2024</u>
OPEB related deferred outflows	\$ 1,727,131
Net OPEB liability	119,551
OPEB related deferred inflows	1,273,494

#### A. General Information about the OPEB Plan

##### Plan description

The District through an agent multiple-employer defined benefit plan, offers post-retirement health insurance benefits to retired employees. Retired employees hired by the District before July 1, 1995 are eligible to receive benefits, equal to their full insurance premium, if the employee has reached age 50, has five years of covered service and retires directly from the District. Retired employees hired by the District on or after July 1, 1995 and before January 1, 2013 are eligible to receive benefits, equal to the premium for the second highest premium for insurance products offered through the CalPERS Public Employees' Medical & Hospital Care Act (PEMHCA) plan, if the employee has reached age 50, has 12 years of District service and retires directly from the District. Retirees hired on or after July 1, 1995 that have not met the service requirement are entitled to the minimum PEMHCA premium. The plan also has provisions for surviving spouses and disability. Benefits are paid either to CalPERS or directly to the retiree if the retiree has elected out of CalPERS. Retired employees hired on or after January 1, 2013 receive no direct reimbursement for the cost of health insurance. During their employment, the District makes contributions to a Health Savings Account Plan designed to provide reimbursement of qualified medical expenses upon retirement under the provisions of Section 213(d) of the Internal Revenue Service Tax Code. The District entered into an agreement with California Employers' Retiree Benefit Trust (CERBT) to prefund the District's OPEB liability.

##### Employees Covered

As of the June 30, 2023, the measurement date, the following current and former employees were covered by the benefit terms under the plan:

	<u>2023</u>
Inactive plan members or beneficiaries currently receiving benefit payments	37
Inactive plan members entitled to but not yet receiving benefit payments	-
Active plan members	75
Total	<u>112</u>

##### Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and/or the District's Board of Directors. Currently, contributions are not required from plan members. The District has been typically funding this OPEB plan on a pay-as-you-go basis; however, recently contributions have been made to an OPEB Trust.

# CALLEGUAS MUNICIPAL WATER DISTRICT

## Notes to Financial Statements

June 30, 2024

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### NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

#### A. General Information about the OPEB Plan (continued)

##### Contributions

Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District. For fiscal year ended June 30, 2023, the measurement period, the District's contributions totaling \$402,486 included \$348,486 in current year premium payments, and an implied subsidy of \$54,000.

##### Accounting for the Plan

The other post-employment benefit trust is prepared using the accrual basis of accounting. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide contributions. Benefits are recognized when due and payable in accordance with the terms of each plan.

##### Method Used to Value Investments

Investments are reported in the accompanying financial statements at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measure date. Securities for which market quotations are not readily available are valued at their fair value as determined by the custodian with the assistance of a valuation service.

#### B. Net OPEB Liability

The District's total OPEB liability was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2023. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

##### Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Market value of assets as of the measurement date
Actuarial Assumptions:	
Discount Rate	5.50%
Long-Term Expected	
Rate of Return on Investments	5.50%
Inflation	2.50%
Payroll increases	2.75% per year
Medical trend rates	Non-medicare - 6.5% for 2023, decreasing to an ultimate rate of 3.75% in 2076 Medicare - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076
Mortality	CalPERS 2000-2019 Experience Study
Mortality improvement	Post-retirement mortality projected fully generational with Society of Actuaries Scale MP-2021

**CALLEGUAS MUNICIPAL WATER DISTRICT**

*Notes to Financial Statements*

June 30, 2024

**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

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

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 the arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	34.00%	4.80%
Fixed income	41.00%	1.80%
TIPS	5.00%	1.60%
Commodities	3.00%	3.70%
REITs	17.00%	3.70%
<b>Total</b>	<b>100.00%</b>	

**Discount Rate**

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

**C. Changes in the Net OPEB Liability**

The changes in the total OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
<b>Balance at July 1, 2023 (Measurement date June 30, 2022)</b>	\$ 11,136,108	\$ 10,720,663	\$ 415,445
<b>Changes for the year:</b>			
Service cost	258,779	-	258,779
Interest	615,799	-	615,799
Differences in experience	140,934	-	140,934
Changes in assumption	(530,092)	-	(530,092)
Employer contributions	-	402,486	(402,486)
Net investment income	-	381,901	(381,901)
Benefit payments	(402,486)	(402,486)	-
Administrative expenses	-	(3,073)	3,073
Net changes	82,934	378,828	(295,894)
<b>Balance at June 30, 2024 (Measurement date June 30, 2023)</b>	<b>\$ 11,219,042</b>	<b>\$ 11,099,491</b>	<b>\$ 119,551</b>

## CALLEGUAS MUNICIPAL WATER DISTRICT

### Notes to Financial Statements

June 30, 2024

#### NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

##### C. Changes in the Net OPEB Liability (continued)

###### Changes of Assumptions

As of June 30, 2023, the measurement period, healthcare trend rates were updated.

###### Change of Benefit Terms

As of June 30, 2023, the measurement period, there were no changes in benefits.

###### Subsequent Events

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

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (4.50%) or 1 percentage point higher (6.50%) than the current discount rate:

	1% Decrease 4.50%	Discount Rate 5.50%	1% Increase 6.50%
Net OPEB Liability	\$ 1,508,964	\$ 119,551	\$ (1,045,449)

###### Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower:

	Healthcare Cost		
	5.00% Decreasing to 3.00%	6.00% Decreasing to 4.00%	7.00% Decreasing to 5.00%
Net OPEB Liability	\$ (1,212,464)	\$ 119,551	\$ 1,750,734

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

For the year ended June 30, 2024, the District recognized an OPEB expense of \$294,456. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions made after the measurement date	\$ 524,396	\$ -
Changes in assumptions	126,744	(585,061)
Differences between expected and actual experience	124,354	(688,433)
Differences between projected and actual earnings on OPEB plan investments	951,637	-
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<b>\$ 1,727,131</b>	<b>\$ (1,273,494)</b>

**CALLEGUAS MUNICIPAL WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2024*

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**NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)**

**D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (continued)**

The differences between projected and actual earnings on plan investments is amortized over five years. The District reported \$524,396 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Amortization Period</u> <u>Fiscal Year Ended June 30</u>	<u>Deferred</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2025	\$ 19,690
2026	5,264
2027	273,042
2028	(131,694)
2029	(122,607)
Thereafter	<u>(114,454)</u>
<b>Total</b>	<u>\$ (70,759)</u>

At June 30, 2024, the District had no outstanding amounts of contributions to the OPEB plan required for the year ended June 30, 2024.

**NOTE 9 – PENSION PLAN**

**Summary**

The following balances on the balance sheet will be addressed in this footnote as follows:

<u>Description</u>	<u>2024</u>
Pension related deferred outflows	\$ 6,327,947
Net pension liability	10,429,667
Pension related deferred inflows	1,057,322

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".



**CALLEGUAS MUNICIPAL WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2024*

**NOTE 9 – PENSION PLAN (continued)**

**A. General Information about the Pension Plan (continued)**

**The Plan**

The District has engaged with CalPERS to administer the following pension plan for its employees (members):

	<b>Miscellaneous Plan</b>	
	<b>Classic Tier 1</b>	<b>PEPRA Tier 2</b>
	Prior to <u>January 1, 2013</u>	On or after <u>January 1, 2013</u>
Hire date		
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	1.426%-2.418%	1.0% to 2.5%
Required member contribution rates	7.000%	6.750%
Required employer contribution rates – FY 2023	10.320%	7.470%

**Plan Description**

The District contributes to the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2023 Annual Actuarial Valuation Reports. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

At June 30, 2023 measurement date, the following members were covered by the benefit terms:

<b>Plan Members</b>	<b>Miscellaneous Plan</b>		<b>Total</b>
	<b>Classic Tier 1</b>	<b>PEPRA Tier 2</b>	
Active members	43	33	76
Transferred and terminated members	19	5	24
Retired members and beneficiaries	61	1	62
<b>Total plan members</b>	<b>123</b>	<b>39</b>	<b>162</b>

All qualified permanent and probationary employees are eligible to participate in the District’s 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.

# CALLEGUAS MUNICIPAL WATER DISTRICT

## Notes to Financial Statements

June 30, 2024

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### NOTE 9 – PENSION PLAN (continued)

#### A. General Information about the Pension Plan (continued)

##### Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to Plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five 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.

##### Contributions

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

Contributions for the year ended June 30, 2024, were as follows:

Contribution Type	Miscellaneous Plans		Total
	Classic	PEPRA	
	Tier 1	Tier 2	
Contributions – employer	\$ 1,356,829	\$ 310,678	\$ 1,667,507

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

##### Proportionate Share of Net Pension Liability and Pension Expense

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, 2023, 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, 2022, rolled forward to June 30, 2023, using standard update procedures. The District's proportionate share 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.

**CALLEGUAS MUNICIPAL WATER DISTRICT**

*Notes to Financial Statements*

June 30, 2024

**NOTE 9 – PENSION PLAN (continued)**

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

**Proportionate Share of Net Pension Liability and Pension Expense (continued)**

The following table shows the District’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2023:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
<b>CalPERS – Miscellaneous Plan:</b>			
Balance as of June 30, 2022 (Measurement Date)	\$ 56,265,228	\$ 47,130,617	\$ 9,134,611
Balance as of June 30, 2023 (Measurement Date)	\$ 60,316,554	\$ 49,886,887	\$ 10,429,667
<b>Change in Plan Net Pension Liability</b>	<b>\$ 4,051,326</b>	<b>\$ 2,756,270</b>	<b>\$ 1,295,056</b>

The District’s proportionate share percentage of the net pension liability for the June 30, 2023, measurement date was as follows:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2024</u>	<u>Fiscal Year Ending June 30, 2023</u>	
Measurement Date	<u>June 30, 2023</u>	<u>June 30, 2022</u>	
Percentage of Risk Pool Net Pension Liability	0.208576%	0.195216%	0.013360%
Percentage of Plan Net Pension Liability	0.083602%	0.079082%	0.004520%

For the fiscal year ended June 30, 2024, the District recognized a pension expense of \$3,356,548. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 1,667,507	\$ -
Difference between actual and proportionate share of employer contributions	-	(974,671)
Adjustment due to differences in proportions	1,809,293	-
Differences between expected and actual experience	532,804	(82,651)
Differences between projected and actual earnings on pension plan investments	1,688,657	-
Changes in assumptions	629,686	-
<b>Total Deferred Outflows/(Inflows) of Resources</b>	<b>\$ 6,327,947</b>	<b>\$ (1,057,322)</b>

**CALLEGUAS MUNICIPAL WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2024*

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**NOTE 9 – PENSION PLAN (continued)**

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

**Proportionate Share of Net Pension Liability and Pension Expense (continued)**

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

An amount of \$1,667,507 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

<b>Amortization Period</b>	<b>Deferred</b>
<b>Fiscal Year Ended June 30</b>	<b>Outflows/(Inflows)</b>
	<b>of Resources</b>
2025	\$ 1,388,113
2026	902,965
2027	1,263,586
2028	48,454
<b>Total</b>	<b>\$ 3,603,118</b>

**Actuarial Methods and Assumptions Used to Determine Total Pension Liability**

For the measurement period ending June 30, 2023 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2022, total pension liability. The June 30, 2023, total pension liability was based on the following actuarial methods and assumptions:

<p>Actuarial Cost Method</p> <p>Actuarial Assumptions:</p> <p>Discount Rate</p> <p>Inflation</p> <p>Salary Increases</p> <p>Investment Rate of Return</p> <p>Mortality Rate Table</p> <p>Post Retirement Benefit Increase</p>	<p>Entry Age Normal in accordance with the requirement of GASB Statement No. 68</p> <p>6.90%</p> <p>2.30%</p> <p>Varies by Entry Age and Service</p> <p>7.50% Net of Pension Plan Investment and Administrative Expenses; includes inflation</p> <p>Derived using CalPERS' Membership Data for all Funds.</p> <p>Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter</p>
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# CALLEGUAS MUNICIPAL WATER DISTRICT

## Notes to Financial Statements

June 30, 2024

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### NOTE 9 – PENSION PLAN (continued)

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

##### Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

The table below reflects long-term expected real rate of return by asset class.

Asset Class	Assumed Asset Allocation	Real Return <sup>1,2</sup>
Global Equity - Cap-weighted	30.0%	4.54%
Global Equity - Non-Cap-weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Estate	15.0%	3.21%
Leverage	-5.0%	-0.59%
	100.0%	

<sup>1</sup> An expected inflation of 2.3% is used for this period.

<sup>2</sup> Figures are based on the 2022 Asset Liability Management study.

##### Discount Rate

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CALLEGUAS MUNICIPAL WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2024*

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**NOTE 9 – PENSION PLAN (continued)**

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

**Subsequent Events**

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

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

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (5.90%) or 1 percentage-point higher (7.90%) than the current rate:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate -	Current Discount	Discount Rate +
	1% 5.90%	Rate 6.90%	1% 7.90%
CalPERS – Miscellaneous Plan	\$ 18,587,225	\$ 10,429,667	\$ 3,715,297

**Pension Plan Fiduciary Net Position**

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

**C. Payable to the Pension Plans**

At June 30, 2024, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2024.

**CALLEGUAS MUNICIPAL WATER DISTRICT**  
*Notes to Financial Statements*  
*June 30, 2024*

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**NOTE 10 – NET INVESTMENT IN CAPITAL ASSETS**

Net investment in capital assets consisted of the following as of June 30:

<u>Description</u>	<u>June 30, 2024</u>
<b>Net investment in capital assets:</b>	
Capital assets – not being depreciated	\$ 60,880,696
Capital assets, net – being depreciated	407,184,553
Deferred amounts – refunding of long-term debt	4,163,631
Loans payable	(1,784,312)
Bonds payable – current portion	(8,340,000)
Bonds payable – non-current portion	<u>(157,177,471)</u>
<b>Total net investment in capital assets</b>	<b><u>\$ 304,927,097</u></b>

**NOTE 11 – DEFERRED COMPENSATION SAVINGS PLAN**

For the benefit of its employees, the District participates in two 457 Deferred Compensation Programs (Programs). The purpose of these Programs is to provide deferred compensation for public employees that elect to participate in the Programs. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District’s general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the accompanying financial statements.

**CALLEGUAS MUNICIPAL WATER DISTRICT**

*Notes to Financial Statements*

*June 30, 2024*

**NOTE 12 – RISK MANAGEMENT**

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

<b>A. Entity</b>	ACWA-JPIA	
<b>B. Purpose</b>	To pool member contributions and realize the advantages of self-insurance	
<b>C. Participants</b>	As of September 30, 2024 – 401 member districts	
<b>D. Governing board</b>	Nine representatives employed by members	
<b>E. Condensed financial information</b>	September 30, 2023	
<b>Audit signed</b>	March 20, 2024	
<b>Statement of financial position:</b>		<b>Sept 30, 2023</b>
Total assets		<u>\$ 288,462,503</u>
Deferred outflows		<u>4,654,911</u>
Total liabilities		<u>167,203,667</u>
Deferred inflows		<u>5,200,835</u>
Net position		<u><u>\$ 120,712,912</u></u>
<b>Statement of revenues, expenses and changes in net position:</b>		
Total revenues		\$ 248,013,664
Total expenses		<u>(240,084,673)</u>
Change in net position		7,928,991
Beginning – net position		<u>112,783,921</u>
Ending – net position		<u><u>\$ 120,712,912</u></u>
<b>F. Member agencies share of year-end financial position</b>		Not Calculated

The District participated in the self-insurance programs of the Insurance Authority as follows:

**Property Loss** – 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 of \$48,405,017). The District has a \$2,500 deductible for buildings, personal property and fixed equipment, a \$25,000/\$50,000 deductible for accidental mechanical breakdown, a \$1,000 deductible for mobile equipment, and a \$500 deductible for licensed vehicles.

**General Liability** – The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to of \$60,000,000. This program does not have a deductible.



## CALLEGUAS MUNICIPAL WATER DISTRICT

### Notes to Financial Statements

June 30, 2024

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#### NOTE 12 – RISK MANAGEMENT (continued)

**Auto Liability** – The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000. This program does not have a deductible. **Public Officials’ Liability** - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage in layers up to \$60,000,000.

**Cyber Liability** – The Insurance Authority has purchased insurance coverage of \$3,000,000 per occurrence/\$5,000,000 aggregate. This program does not have a deductible.

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

**Public Official Bond** – The District has purchased a \$200,000 bond to cover the general manager’s faithful performance of duty.

**Workers’ Compensation** – The Insurance Authority is self-insured up to \$2,000,000 and excess insurance coverage has been purchased up to the statutory limit for workers’ compensation coverage. The Insurance Authority is self-insurance up to \$2,000,000 and has purchased excess insurance coverage of \$2,000,000 for employer’s liability coverage.

**Underground Storage Tank Pollution Liability** – The Insurance Authority is self-insured up to \$500,000 per occurrence and has purchased excess coverage of \$3,000,000. The District has a \$10,000 deductible.

The District pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims expended. The nature and amount of these adjustments cannot be estimated and are charged to expenses as invoiced. There were no instances in the past three years where a settlement exceeded the District’s coverage. Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District’s insurance coverage during the years ending June 30, 2024, 2023, and 2022. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2024, 2023, and 2022.

**Unemployment Insurance** – The District has elected to participate in a self-insured unemployment insurance plan with the State of California, whereby unemployment insurance claims are reimbursed directly to the Employment Development Department as incurred. These payments are made in lieu of funding an account through regular quarterly payroll tax contributions. There were no material expenditures for unemployment insurance claims for the year ended June 30, 2024.

#### NOTE 13 – COMMITMENTS AND CONTINGENCIES

##### Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from a combination of debt, the District’s replacement reserves and capital contributions. As of June 30, 2024, the District has committed approximately \$2,402,356 to complete projects currently in construction-in-progress.

## CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2024

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### NOTE 13 – COMMITMENTS AND CONTINGENCIES (continued)

#### **Excluded Leases – Short-Term Leases and De Minimis Leases**

The District does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12 – months (or less), including any options to extend, regardless of their probability of being exercised.

Also, *de minimis* lessor or lessee leases are certain leases (i.e., room rental, copiers, printers, postage machines) that regardless of their lease contract period are *de minimis* with regards to their aggregate total dollar amount to the financial statements as a whole.

#### **Litigation**

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

### NOTE 14 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through January 8, 2025, the date which the financial statements were available to be issued.

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***Required Supplementary Information***

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**CALLEGUAS MUNICIPAL WATER DISTRICT**

*Schedule of the District's Proportionate Share of the Net Pension Liability  
For the Year Ended June 30, 2024*

**Last Ten Fiscal Years\***

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

<b>Measurement Date</b>	<b>District's Proportion of the Net Pension Liability</b>	<b>District's Proportionate Share of the Net Pension Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll</b>	<b>Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability</b>
June 30, 2014	0.09462%	\$ 5,888,064	\$ 5,905,698	99.70%	80.86%
June 30, 2015	0.09441%	6,625,697	5,806,610	114.11%	79.96%
June 30, 2016	0.09221%	7,978,753	6,064,679	131.56%	76.71%
June 30, 2017	0.09439%	9,360,414	6,189,392	151.23%	75.83%
June 30, 2018	0.06493%	6,257,110	6,300,974	99.30%	84.68%
June 30, 2019	0.05755%	5,897,072	6,596,428	89.40%	86.59%
June 30, 2020	0.06282%	6,835,529	6,883,125	99.31%	85.46%
June 30, 2021	0.01628%	880,173	7,662,170	11.49%	98.26%
June 30, 2022	0.07908%	9,134,611	7,955,997	114.81%	83.77%
June 30, 2023	0.08360%	10,429,667	9,201,284	113.35%	82.71%

**Notes to Schedule:**

**Benefit Changes:**

There were no changes in benefits.

**Changes in Assumptions:**

**From fiscal year June 30, 2015 and June 30, 2016:**

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50% used for the June 30, 2014, measurement date was net of administrative expenses. The discount rate of 7.65% used for the June 30, 2015, measurement date is without reduction of pension plan administrative expense.

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

There were no changes in assumptions.

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

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

**From fiscal year June 30, 2018 to June 30, 2022:**

There were no significant changes in assumptions.

**From fiscal year June 30, 2022 to June 30, 2023:**

The discount rate was reduced from 7.15% to 6.90% and the inflation rate from 2.50% to 2.30%.

**From fiscal year June 30, 2023 to June 30, 2024:**

There were no significant changes in assumptions.

**CALLEGUAS MUNICIPAL WATER DISTRICT**

*Schedule of the District's Contributions to the Defined Benefit Pension Plan  
For the Year Ended June 30, 2024*

**Last Ten Fiscal Years\***

**California Public Employees' Retirement System (CalPERS) Miscellaneous Plan**

<b>Fiscal Year</b>	<b>Actuarially Determined Contribution</b>	<b>Contributions in Relation to the Actuarially Determined Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
June 30, 2015	\$ 722,191	\$ (722,191)	\$ -	\$ 5,806,610	12.44%
June 30, 2016	787,218	(787,218)	-	6,064,679	12.98%
June 30, 2017	849,461	(849,461)	-	6,189,392	13.72%
June 30, 2018	916,920	(3,599,920)	(2,683,000)	6,300,974	14.55%
June 30, 2019	982,032	(2,182,032)	(1,200,000)	6,596,428	14.89%
June 30, 2020	1,020,661	(1,020,661)	-	6,883,125	14.83%
June 30, 2021	1,216,247	(1,216,247)	-	7,662,170	15.87%
June 30, 2022	1,368,001	(1,368,001)	-	7,955,997	17.19%
June 30, 2023	1,611,371	(1,611,616)	(245)	9,201,284	17.51%
June 30, 2024	1,667,507	(1,667,507)	-	11,106,894	15.01%

**Notes to Schedule:**

<b>Fiscal Year</b>	<b>Valuation Date</b>	<b>Actuarial Cost Method</b>	<b>Asset Valuation Method</b>	<b>Inflation</b>	<b>Investment Rate of Return</b>
June 30, 2015	June 30, 2013	Entry Age	Fair Value	2.75%	7.65%
June 30, 2016	June 30, 2014	Entry Age	Fair Value	2.75%	7.65%
June 30, 2017	June 30, 2015	Entry Age	Fair Value	2.75%	7.65%
June 30, 2018	June 30, 2016	Entry Age	Fair Value	2.75%	7.15%
June 30, 2019	June 30, 2017	Entry Age	Fair Value	2.50%	7.15%
June 30, 2020	June 30, 2018	Entry Age	Fair Value	2.50%	7.15%
June 30, 2021	June 30, 2019	Entry Age	Fair Value	2.50%	7.15%
June 30, 2022	June 30, 2020	Entry Age	Fair Value	2.50%	7.15%
June 30, 2023	June 30, 2021	Entry Age	Fair Value	2.30%	6.90%
June 30, 2024	June 30, 2022	Entry Age	Fair Value	2.30%	6.90%

<b>Amortization Method</b>	Level percentage of payroll, closed
<b>Salary Increases</b>	Depending on age, service, and type of employment
<b>Investment Rate of Return</b>	Net of pension plan investment expense, including inflation
<b>Retirement Age</b>	50 years (2%@55 and 2%@60), 52 years (2%@62)
<b>Mortality</b>	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

# CALLEGUAS MUNICIPAL WATER DISTRICT

## Schedule of Changes in the District's Net OPEB Liability and Related Ratios For the Year Ended June 30, 2024

Fiscal Year Ended Measurement Date	Last Ten Fiscal Years*				
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
<b>Total OPEB liability:</b>					
Service cost	\$ 258,779	\$ 213,756	\$ 243,080	\$ 238,765	\$ 247,270
Interest	615,799	591,203	691,632	668,177	644,668
Changes of assumptions	(530,092)	-	207,645	(194,648)	(69,566)
Differences between expected and actual experience	140,934	-	(1,052,697)	-	(134,108)
Benefit payments	(402,486)	(403,095)	(356,878)	(325,810)	(281,424)
<b>Net change in total OPEB liability</b>	<b>82,934</b>	<b>401,864</b>	<b>(267,218)</b>	<b>386,484</b>	<b>406,840</b>
<b>Total OPEB liability - beginning</b>	<b>11,136,108</b>	<b>10,734,244</b>	<b>11,001,462</b>	<b>10,614,978</b>	<b>10,208,138</b>
<b>Total OPEB liability - ending</b>	<b>11,219,042</b>	<b>11,136,108</b>	<b>10,734,244</b>	<b>11,001,462</b>	<b>10,614,978</b>
<b>Plan fiduciary net position:</b>					
Contributions - employer	402,486	793,679	740,878	786,810	739,424
Net investment income	381,901	(1,491,274)	1,883,526	467,591	545,285
Administrative expense	(3,073)	(4,576)	(3,487)	(4,263)	(1,648)
Benefit payments	(402,486)	(403,095)	(356,878)	(325,810)	(281,424)
<b>Net change in plan fiduciary net position</b>	<b>378,828</b>	<b>(1,105,266)</b>	<b>2,264,039</b>	<b>924,328</b>	<b>1,001,637</b>
<b>Plan fiduciary net position - beginning</b>	<b>10,720,663</b>	<b>11,825,929</b>	<b>9,561,890</b>	<b>8,637,562</b>	<b>7,635,925</b>
<b>Plan fiduciary net position - ending</b>	<b>11,099,491</b>	<b>10,720,663</b>	<b>11,825,929</b>	<b>9,561,890</b>	<b>8,637,562</b>
<b>District's net OPEB liability</b>	<b>\$ 119,551</b>	<b>\$ 415,445</b>	<b>\$ (1,091,685)</b>	<b>\$ 1,439,572</b>	<b>\$ 1,977,416</b>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<b>98.93%</b>	<b>96.27%</b>	<b>110.17%</b>	<b>86.91%</b>	<b>81.37%</b>
<b>Covered payroll</b>	<b>11,478,783</b>	<b>9,804,769</b>	<b>8,279,580</b>	<b>7,739,962</b>	<b>7,265,664</b>
<b>District's net OPEB liability as a percentage of covered payroll</b>	<b>1.04%</b>	<b>4.24%</b>	<b>-13.19%</b>	<b>18.60%</b>	<b>27.22%</b>

### Notes to Schedule:

#### Benefit Changes:

Measurement Date June 30, 2019 – There were no changes in benefits  
 Measurement Date June 30, 2020 – There were no changes in benefits  
 Measurement Date June 30, 2021 – There were no changes in benefits  
 Measurement Date June 30, 2022 – There were no changes in benefits  
 Measurement Date June 30, 2023 – There were no changes in benefits

#### Changes in Assumptions:

Measurement Date June 30, 2019 – Mortality improvement scale was updated to Scale MP-2019  
 Measurement Date June 30, 2020 – There were no changes in assumptions  
 Measurement Date June 30, 2021 – The interest rate assumption changed to 5.50% and inflation changed to 2.50%.  
 Measurement Date June 30, 2022 – There were no changes in assumptions  
 Mortality improvement scale was updated to Scale MP-2021  
 Measurement Date June 30, 2023 – Healthcare trend rates were updated.

\* Fiscal year 2018 was the first year of implementation; therefore, only seven years are shown.

**CALLEGUAS MUNICIPAL WATER DISTRICT***Schedule of Changes in the District's Net OPEB Liability and Related Ratios (continued)  
For the Year Ended June 30, 2024*

	Last Ten Fiscal Years*	
Fiscal Year Ended	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Measurement Date	<u>June 30, 2018</u>	<u>June 30, 2017</u>
<b>Total OPEB liability:</b>		
Service cost	\$ 240,068	\$ 233,076
Interest	609,404	576,607
Changes of assumptions	-	-
Differences between expected and actual experience	-	-
Benefit payments	<u>(303,478)</u>	<u>(280,334)</u>
<b>Net change in total OPEB liability</b>	545,994	529,349
<b>Total OPEB liability - beginning</b>	<u>9,662,144</u>	<u>9,132,795</u>
<b>Total OPEB liability - ending</b>	<u>10,208,138</u>	<u>9,662,144</u>
<b>Plan fiduciary net position:</b>		
Contributions - employer	743,478	715,334
Net investment income	418,927	428,746
Administrative expense	(12,553)	(3,126)
Benefit payments	<u>(303,478)</u>	<u>(280,334)</u>
<b>Net change in plan fiduciary net position</b>	846,374	860,620
<b>Plan fiduciary net position - beginning</b>	<u>6,789,551</u>	<u>5,928,931</u>
<b>Plan fiduciary net position - ending</b>	<u>7,635,925</u>	<u>6,789,551</u>
<b>District's net OPEB liability</b>	<u>\$ 2,572,213</u>	<u>\$ 2,872,593</u>
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	<u>74.80%</u>	<u>70.27%</u>
<b>Covered payroll</b>	<u>6,840,936</u>	<u>6,703,386</u>
<b>District's net OPEB liability as a percentage of covered payroll</b>	<u>37.60%</u>	<u>42.85%</u>

**Notes to Schedule:****Benefit Changes:**

Measurement Date June 30, 2017 – There were no changes in benefits

Measurement Date June 30, 2019 – There were no changes in benefits

**Changes in Assumptions:**

Measurement Date June 30, 2017 – There were no changes in assumptions

Measurement Date June 30, 2018 – There were no changes in benefits

\* Fiscal year 2018 was the first year of implementation; therefore, only seven years are shown.

# CALLEGUAS MUNICIPAL WATER DISTRICT

## Schedule of Contributions – Other Post-Employment Benefits (OPEB) Plan For the Year Ended June 30, 2024

Fiscal Year Ended	Last Ten Fiscal Years*				
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Actuarially determined contribution	\$ 268,244	\$ 150,000	\$ 389,000	\$ 384,000	\$ 461,000
Contributions in relation to the actuarially determined contributions	(524,396)	(404,278)	(793,679)	(740,878)	(786,810)
Contribution deficiency (excess)	<u>\$ (256,152)</u>	<u>\$ (254,278)</u>	<u>\$ (404,679)</u>	<u>\$ (356,878)</u>	<u>\$ (325,810)</u>
Covered payroll	\$ 11,478,783	\$ 9,804,769	\$ 8,123,104	\$ 8,279,580	\$ 7,739,962
Contributions as a percentage of covered payroll	4.57%	4.12%	9.77%	8.95%	10.17%

### Notes to Schedule:

Valuation Date	June 30, 2023	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019
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### Methods and Assumptions Used to Determine

#### Contribution Rates:

	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Actuarial cost method	Entry age normal	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	Closed period, level percent of pay	(1)	(1)	(1)	(1)
Amortization period	12.4-years	12.4-years	12.4-years	13.4-years	15.1-years
Asset valuation method	5-year rolling	5-year rolling	5-year rolling	5-year rolling	5-year rolling
Discount rate	5.50%	5.50%	5.50%	6.25%	6.25%
Inflation	2.50%	2.50%	2.50%	2.75%	2.75%
Medical trend rates	(2)	(2)	(2)	(2)	(2)
Mortality	(3)	(3)	(3)	(3)	(3)
Mortality improvement	(4)	(4)	(4)	(4)	(4)

(1) Closed period, level percent of pay

(2) Non-medicare - 6.00% for 2023, decreasing to an ultimate rate of 4.0 in 2070 and later Medicare - 4.50% for 2023, decreasing to an ultimate rate of 4.0 in 2030 and later

(3) CalPERS 2000-2019 Experience Study

(4) Post-retirement mortality projected fully generational with Society of Actuaries Scale MP-2021

\* Fiscal year 2018 was the first year of implementation; therefore, only seven years shown.



**CALLEGUAS MUNICIPAL WATER DISTRICT**

*Schedule of Contributions – Other Post-Employment Benefits (OPEB) Plan (continued)  
For the Year Ended June 30, 2024*

**Last Ten Fiscal Years\***

<b>Fiscal Year Ended</b>	<b><u>June 30, 2019</u></b>	<b><u>June 30, 2018</u></b>
Actuarially determined contribution	\$ 458,000	\$ 440,000
Contributions in relation to the actuarially determined contributions	<u>(739,424)</u>	<u>(743,478)</u>
Contribution deficiency (excess)	<u>\$ (281,424)</u>	<u>\$ (303,478)</u>
Covered payroll	\$ 7,265,664	\$ 6,840,936
Contributions as a percentage of covered payroll	10.18%	10.87%

**Notes to Schedule:**

**Valuation Date** June 30, 2017 June 30, 2017

**Methods and Assumptions Used to Determine**

**Contribution Rates:**

Actuarial cost method	Entry Age	Entry Age
Amortization method	(1)	(1)
Amortization period	20-years	20-years
Asset valuation method	5-year rolling	5-year rolling
Discount rate	6.25%	6.25%
Inflation	2.75%	2.75%
Medical trend rates	(2)	(2)
Mortality	(3)	(3)
Mortality improvement	(4)	(4)

(1) Closed period, level percent of pay

(2) Non-medicare - 6.00% for 2023, decreasing to an ultimate rate of 4.0 in 2070 and later  
Medicare - 4.50% for 2023, decreasing to an ultimate rate of 4.0 in 2030 and

(3) CalPERS 2000-2019 Experience Study

(4) Post-retirement mortality projected fully generational with Society of Actuaries Scale MP-2021

\* Fiscal year 2018 was the first year of implementation; therefore, only seven years shown.

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***Other Information***

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# CALLEGUAS MUNICIPAL WATER DISTRICT

## Schedule of Historic and Projected Water Sales (Unaudited)

For the Fiscal Years Ended June 30, 2020 to 2024 With Further Projections

PURVEYORS:	2020	2021	2022	2023	2024	Projected		
						2025	2030	2035
City of Simi Valley:								
Ventura County Water Works District #8	18,693	20,968	18,630	13,043	14,370	15,894	16,292	16,706
Golden State Water	5,228	5,492	4,896	3,477	4,160	4,312	4,420	4,532
Total Simi Valley	23,921	26,460	23,526	16,520	18,530	20,206	20,712	21,238
City of Thousand Oaks:								
City of Thousand Oaks	9,854	10,957	9,854	6,661	7,687	8,347	8,557	8,774
California American Water Company	14,341	15,869	14,657	10,685	11,499	12,434	12,746	13,070
California Water Service Company	6,888	7,424	6,673	4,597	5,169	5,703	5,846	5,994
Total City of Thousand Oaks	31,083	34,250	31,184	21,943	24,355	26,484	27,149	27,838
City of Moor park:								
Ventura County Water Works District #1	7,112	8,044	6,849	5,193	5,763	6,112	6,266	6,425
City of Camarillo:								
City of Camarillo	4,358	5,321	5,693	2,976	2,191	3,809	3,904	4,003
Camrosa County Water District	5,589	6,416	5,152	3,225	3,355	4,402	4,512	4,627
Total City of Camarillo	9,947	11,737	10,845	6,201	5,546	8,211	8,416	8,630
City of Oxnard:								
City of Oxnard	10,154	8,807	10,040	6,909	7,807	8,107	8,310	8,521
Unincorporated:								
Berylwood Heights Mutual Water Company	-	-	6	-	-	1	1	1
Brandeis Mutual Water Company	54	54	49	25	39	41	42	43
Butler Ranch Mutual Water Company	-	-	-	-	-	-	-	-
Crestview Mutual Water Company	40	328	218	-	-	109	111	114
Oak Park Water Service	2,056	2,255	1,973	1,396	1,594	1,720	1,763	1,808
Pleasant Valley Mutual Water Company	397	430	243	40	84	221	227	233
Solano Verde Mutual Water Company	265	351	337	218	191	253	259	265
Ventura County Water Works District #19	368	10	10	169	21	107	110	113
Ventura County Water Works District #38	1,620	1,902	1,710	1,145	1,324	1,428	1,464	1,501
Total Unincorporated	4,800	5,330	4,546	2,993	3,253	3,880	3,977	4,078
<b>TOTAL WATER SALES</b>	<b>87,017</b>	<b>94,628</b>	<b>86,990</b>	<b>59,759</b>	<b>65,254</b>	<b>73,000</b>	<b>74,830</b>	<b>76,730</b>

**CALLEGUAS MUNICIPAL WATER DISTRICT**  
*Schedule of Annual Water Rates (Unaudited)*  
*For the Years 2016 to 2025*

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<u>Year</u>	<u>MWD Charge</u>	<u>O &amp; M</u>	<u>Capital Charge</u>	<u>Total</u>
2016	\$ 942	\$ 75	\$ 240	\$ 1,257
2017	979	77	244	1,300
2018	1,015	77	283	1,375
2019	1,050	79	294	1,423
2020	1,078	82	312	1,472
2021	1,104	84	319	1,507
2022	1,143	89	329	1,561
2023	1,209	123	300	1,632
2024	1,256	202	272	1,730
2025	1,395	214	286	1,895

**CALLEGUAS MUNICIPAL WATER DISTRICT**  
*Schedule of Assessed Valuation and Secured Tax Levy (Unaudited)*  
*For the Fiscal Years Ended June 30, 2015 to 2024*

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<u>Fiscal Year</u>	<u>Assessed Valuation Within District <sup>(1)</sup></u>	<u>Percent Change</u>	<u>Property Tax Levy</u>	<u>Percent Change</u>
2015	\$ 81,710,493	3.0%	\$ 6,054,333	3.4%
2016	86,590,685	6.0%	6,433,015	6.3%
2017	90,722,781	4.8%	6,754,044	5.0%
2018	91,778,094	1.2%	7,051,746	4.4%
2019	100,662,215	9.7%	7,732,107	9.6%
2020	104,311,428	3.6%	8,057,156	4.2%
2021	108,290,803	3.8%	8,379,333	4.0%
2022	112,701,592	4.1%	8,645,821	3.2%
2023	120,594,600	7.0%	9,265,577	7.2%
2024	127,100,841	5.4%	9,861,178	6.4%

(1) 000's omitted

**CALLEGUAS MUNICIPAL WATER DISTRICT**  
*Schedule of Historic Operating Results (Unaudited)*  
For the Fiscal Year Ended June 30, 2020 to 2024

	2020	2021	2022	2023	2024
<b>Revenues:</b>					
Water sales	\$ 125,807,108	\$ 140,946,567	\$ 133,290,274	\$ 95,175,211	\$ 109,188,343
Pumping power revenue	750,523	906,801	925,223	838,816	1,199,649
Capacity reservation charge	6,216,468	6,429,822	7,233,510	7,348,086	7,409,256
Readiness to serve - purveyors	6,168,036	6,295,572	6,519,444	7,582,728	8,358,300
SMP revenues	167,790	164,211	197,706	335,969	553,051
Interest income	3,751,825	2,601,655	1,423,406	3,048,694	5,541,361
Taxes	9,088,083	9,865,259	10,222,205	11,100,420	11,886,702
Property standby charges	1,350,698	1,442,109	1,420,806	1,381,714	1,377,102
Power Sales	664,212	673,427	464,238	171,588	537,043
Build America Bond Subsidy	1,484,951	1,495,182	1,435,134	1,363,563	1,288,018
Other revenues	85,153	190,103	168,036	184,876	626,788
<b>Total Revenues</b>	<b>155,534,847</b>	<b>171,010,708</b>	<b>163,299,982</b>	<b>128,531,666</b>	<b>147,965,612</b>
<b>Expenditures:</b>					
Cost of water	92,372,026	103,248,802	98,598,641	69,658,984	80,239,021
Capacity reservation charge-MW	1,622,550	1,818,375	2,124,445	2,131,550	2,066,640
Readiness to serve - MWD	6,235,811	6,227,586	6,567,393	7,408,276	8,377,792
Pumping power	1,123,090	1,455,952	1,617,340	2,787,501	2,142,534
O & M expenses	22,771,485	19,269,435	12,818,528	25,942,757	26,652,008
<b>Total Expenditures</b>	<b>124,124,962</b>	<b>132,020,150</b>	<b>121,726,347</b>	<b>107,929,069</b>	<b>119,477,995</b>
<b>Net Revenues</b>	<b>\$ 31,409,885</b>	<b>\$ 38,990,558</b>	<b>\$ 41,573,635</b>	<b>\$ 20,602,598</b>	<b>\$ 28,487,617</b>
<b>Debt Service:</b>					
Interest expense	\$ 8,920,000	\$ 9,280,000	\$ 5,655,000	\$ 7,720,000	\$ 8,025,000
Bond principal payments	8,156,294	7,770,081	6,446,341	6,948,207	6,897,160
<b>Total Debt Service</b>	<b>\$ 17,076,294</b>	<b>\$ 17,050,081</b>	<b>\$ 12,101,341</b>	<b>\$ 14,668,207</b>	<b>\$ 14,922,160</b>
<b>Debt Service Coverage</b>	<b>1.84</b>	<b>2.29</b>	<b>3.44</b>	<b>1.40</b>	<b>1.91</b>
<b>Cash Balance - End of Year</b>	<b>\$ 169,086,493</b>	<b>\$ 186,315,054</b>	<b>\$ 191,531,795</b>	<b>\$ 174,709,500</b>	<b>\$ 172,578,548</b>

**CALLEGUAS MUNICIPAL WATER DISTRICT**  
*Schedule of Projected Operating Results (Unaudited)*  
*For the Fiscal Years Ended June 30, 2025 to 2029*

	2025	2026	2027	2028	2029
<b>Revenues:</b>					
Water sales	\$ 132,241,410	\$ 144,935,280	\$ 159,087,870	\$ 175,882,750	\$ 190,424,700
Pumping power revenue	1,200,000	1,224,000	1,248,480	1,273,450	1,298,920
Capacity reservation charge	7,856,090	7,937,290	8,134,140	8,400,140	8,474,390
Readiness to serve - purveyors	9,096,290	9,725,400	10,155,970	11,215,840	12,341,950
SMP fees	664,017	722,367	787,297	864,127	929,187
Interest income	3,700,000	4,176,490	4,002,720	4,085,410	3,603,750
Taxes	11,500,000	11,730,000	11,964,600	12,203,890	12,447,970
Property standby charges	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000
Pumping power revenue	600,000	600,000	600,000	600,000	600,000
Build America Bond Subsidy	534,652	-	-	-	-
Other revenues	374,400	216,900	279,170	281,520	283,950
<b>Total Revenues</b>	<b>169,116,859</b>	<b>182,617,727</b>	<b>197,610,247</b>	<b>216,157,127</b>	<b>231,754,817</b>
<b>Expenditures:</b>					
Cost of water	96,327,490	106,807,110	118,562,860	132,866,740	144,745,870
Capacity reservation charge-MW	2,294,160	2,428,650	2,425,500	2,491,500	2,565,750
Readiness to serve - MWD	9,096,290	9,725,400	10,155,970	11,215,840	12,341,950
Pumping power	2,200,000	2,244,000	2,288,880	2,334,660	2,381,350
O & M expenses	28,021,220	28,993,432	29,685,036	30,284,030	31,686,242
<b>Total Expenditures</b>	<b>137,939,160</b>	<b>150,198,592</b>	<b>163,118,246</b>	<b>179,192,770</b>	<b>193,721,162</b>
<b>Net Revenues</b>	<b>\$ 31,177,699</b>	<b>\$ 32,419,135</b>	<b>\$ 34,492,001</b>	<b>\$ 36,964,357</b>	<b>\$ 38,033,655</b>
<b>Debt Service:</b>					
Interest expense	\$ 8,340,000	\$ 8,330,000	\$ 8,430,000	\$ 9,503,220	\$ 9,853,740
Bond principal payments	6,198,770	5,513,270	6,013,680	6,460,570	6,088,580
<b>Total Debt Service</b>	<b>\$ 14,538,770</b>	<b>\$ 13,843,270</b>	<b>\$ 14,443,680</b>	<b>\$ 15,963,790</b>	<b>\$ 15,942,320</b>
Debt Service Coverage	2.14	2.34	2.39	2.32	2.39
Projected Water Sales (Acre Feet)	73,000	73,360	73,720	74,090	74,460

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***Other Independent Auditors' Reports***

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

Board of Directors  
Calleguas Municipal Water District  
Thousand Oaks, 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, financial statements of the Calleguas Municipal Water District (District), which comprise the balance sheet as of June 30, 2024, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 8, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Murrieta, California  
January 8, 2025