



ANNUAL COMPREHENSIVE FINANCIAL REPORT



FISCAL YEAR ENDING
DECEMBER 31, 2024

**CITRUS
HEIGHTS
WATER
DISTRICT**



ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal years ending December 31, 2023 and 2024

Citrus Heights Water District

Citrus Heights, CA

Prepared by:

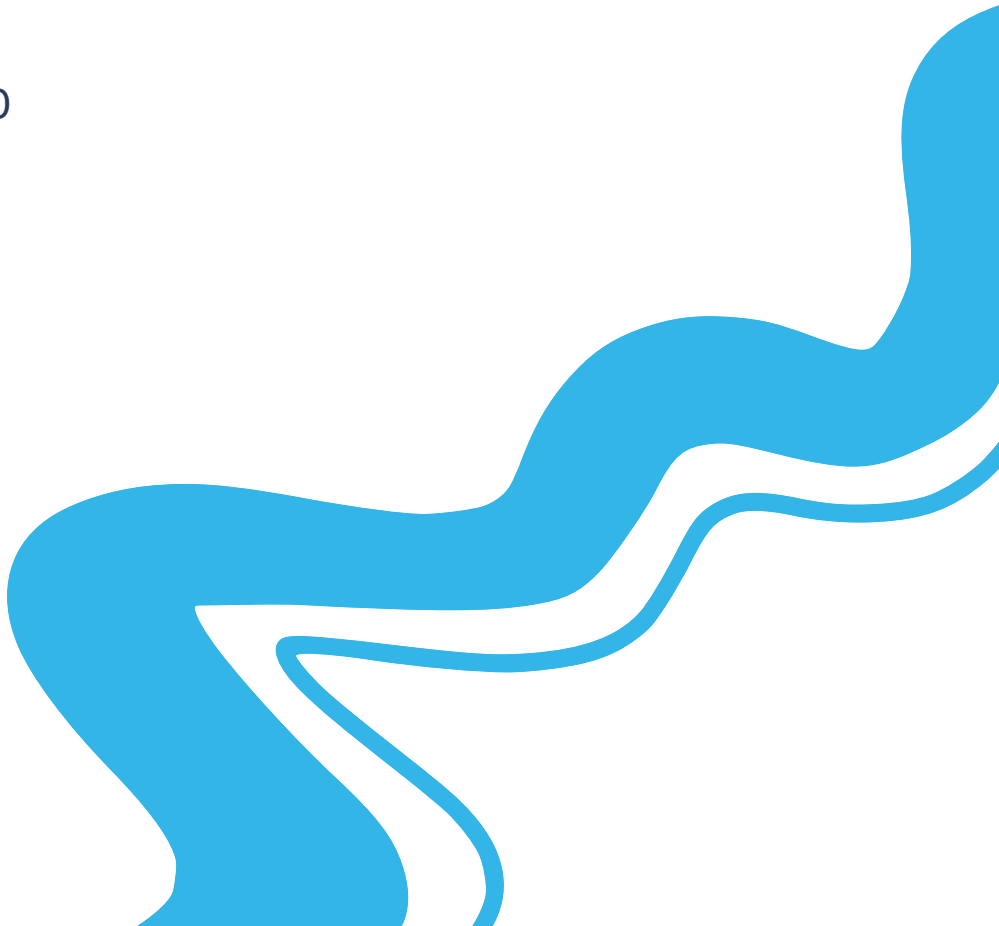
Citrus Heights Water District

Administrative Services Department

6230 Sylvan Road

Citrus Heights, CA 95610

www.chwd.org



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CITRUS HEIGHTS WATER DISTRICT

Annual Comprehensive Financial Report For The Years Ended December 31, 2024

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CITRUS HEIGHTS WATER DISTRICT

Annual Comprehensive Financial Report

For the Years Ended December 31, 2024

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INTRODUCTORY SECTION

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June 16, 2025

Honorable Members of the Board of Directors:

We are pleased to present the Citrus Heights Water District's ("District" or "CHWD") eighth Annual Comprehensive Financial Report ("ACFR") for the fiscal year ending December 31, 2024. This report was prepared by District staff in conformity with Generally Accepted Accounting Principles ("GAAP") and audited in accordance with generally accepted auditing standards by a firm of certified public accountants.

The ACFR provides an assessment of the District's financial condition, informs readers about District services, includes information about capital improvement projects, and discusses current initiatives within the District's Basic Financial Statements. Financial and demographic trend information is provided within the statistical section located at the end of the report. District Management is responsible for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures. As management, we assert that, to the best of our knowledge and belief, the information and data, as presented, is accurate in all material respects and it is presented in a manner that provides a fair representation of the financial position and operations of the District. Furthermore, all disclosures that are necessary to enhance the Board's understanding of the financial condition of the District have been included.

The District's financial statements have been audited by LSL, LLP(LSL), a firm of independent certified public accountants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the District for the fiscal year ending December 31, 2024 are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the District's financial statements for the fiscal year ending December 31, 2024, were fairly presented in conformity with GAAP. The Independent Auditors' Report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) Section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately after the Independent Auditors' Report.

Profile of Citrus Heights Water District

The District was established in 1920 as the Citrus Heights Irrigation District, encompassing slightly more than 4.7 square miles and serving approximately 225 farms. CHWD currently

serves water to a population of approximately 67,000 people within an approximate 13-square-mile service area.

The District carries out its mission with a highly motivated and competent staff that is empowered to conduct the District's business by placing the customers' needs and welfare first. Each day, the District's employees strive to carry out their work, mindful of the District's mission, "to furnish a dependable supply of safe, quality water delivered to its customers in an efficient, responsive, and affordable manner."

Governance and Organizational Structure

CHWD is a special district established by the State of California. The District is governed by a three-member Board of Directors elected to a four-year term by voters who reside in the District's service area. Since 2020, CHWD Board elections are "By-District," whereby only those customers who reside in the same CHWD District that a Board Member lives in will vote for that Board position. In 2024, The District was staffed by 38 full-time equivalent employees assigned to four departments: Administrative Services, Public Affairs, Engineering, and Operations. The General Manager and District General Counsel are appointed by, and report directly to, the Board of Directors. All other staff members report to the General Manager or designee.

Water Supply

In 2024, the District purchased 94% of its water from San Juan Water District (SJWD) and delivered it to more than 20,000 residential and commercial service connections. Additionally, the District maintains six groundwater wells and approximately 253 miles of pipeline. CHWD has delivered groundwater to customers since 1943.

Accounting and Budget Structure

CHWD operates as an enterprise fund with a fiscal year that begins January 1 and ends on December 31. GAAP requires local governments to use a proprietary-type fund, such as an enterprise fund, to account for business-type activities similar to those found in the private sector. An enterprise fund is one in which the expenditures are supported by fees collected primarily through charging users in exchange for services. CHWD operations are supported entirely by fees collected from customers in exchange for providing water service and managing the groundwater basin.

CHWD's management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft or misuse. The internal control structure ensures that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with GAAP. CHWD's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the valuation of costs and benefits requires estimates and judgments by management.

CHWD's Board adopts a budget prior to each fiscal year. The budget authorizes and provides the basis for reporting and control of financial operations, accountability for CHWD's

enterprise operations, and capital projects. The budget is presented on the accrual basis of accounting and is consistent with the presentation of CHWD's ACFR. As part of the budget process, a Financial Model is updated annually to analyze revenue and expenses along with capital improvements. Also, beginning in FY2018, CHWD's Board adopted an accelerated payoff schedule to reduce the District's unfunded actuarial liability to the following: 20 years (other post-employment benefits) and 15 years (pension) amortizations. This accelerated payoff will result in savings to the District's customers versus the previous, longer amortization.

Financial Policies

The CHWD financial policies include many of the District's financial management practices that are used for operational and strategic decision making. These policies also allow the Board of Directors and community stakeholders to monitor how effectively the District is managing its financial responsibilities, as well as providing a means for holding the District fiscally accountable. These policies are reviewed annually to incorporate minor changes to existing policy, or major shifts in financial priorities at the discretion of the Board of Directors.

- **Investment Policy** – The Board has adopted an investment policy that conforms to state law, CHWD's ordinances and resolutions, prudent money management, and the "prudent person" standards. The objectives of the Investment Policy are safety, liquidity, and then yield. Since 2022, funds have been invested in various securities as authorized by CHWD's Investment Policy, with part of the District's funds invested in California Asset Management Program (CAMP) and California's Local Agency Investment Fund (LAIF).
- **Reserve Policies** – During 2024, the District has 10 Reserve accounts with supported policies to balance ongoing operations to capital improvement programs. These funds are allocated to the maintenance, repair, replacement, or improvement of water system infrastructure. Adequate reserves, along with sound financial policies, provide financial flexibility to counter unanticipated expenditures or revenue fluctuations.

Audit and Financial Reporting

State Law and bond covenants require CHWD to obtain an annual audit of its financial statements by an independent Certified Public Accountant. The accounting firm of LSL conducted the audit of CHWD's financial statements. Their unmodified Independent Auditor's Report appears in the Financial Section.

Risk Management

CHWD participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) for the purchase of workers' compensation, liability, property, automobile, and fidelity insurance. The typical liability limits are \$5 million per incident / occurrence.

Economic Condition, Outlook and Major Initiatives

CHWD is primarily in a residential community, with some commercial enterprises within its boundaries. The District's service area is largely built out; therefore, the District does not anticipate a significant growth in revenue based upon substantial new development. The District is forecasting a slow but steady revenue increase based on 0.5% growth per year from the demand in small in-fill of housing or commercial development within District boundaries.

CHWD operates as an enterprise fund, meaning the costs of providing water service and protecting groundwater resources are financed by rates and fees charged to District customers. Since the District does not receive tax revenue, operating revenues consist primarily of water sales and bi-monthly service charges. Water use has stayed relatively consistent with the decrease in usage from state-wide drought mandates enacted in 2013. The District expects consumption to continue decreasing in the next few years. This drop in demand created a gap between the amount of water customers were projected to use, and the amount they used, and contributed to the need for a new rate study and Financial Model rebuild.

CHWD and its wholesale water supplier, San Juan Water District (SJWD), continue to encounter changes in operations due to new regulations. The impact of current and future regulations, and the resulting cost impact on water supply operations, are an ongoing challenge for the District. The District will continue seeing wholesale water cost increase in 2025, per the Wholesale Water Rate Study Report issued by SJWD in January 2024.

As of January 1, 2025, CHWD charges a uniform commodity rate of \$1.35 per unit of water and a bi-monthly fixed charge of \$137.30 for a 1-inch water meter. The average CHWD customer rate bill remains below the regional Sacramento average cost. The District continues to repair and replace aging infrastructure throughout its system. In 2024, the Operations Department completed 353 service repairs/replacements, 20 valve replacements, and 16 hydrant installments / replacements. The Engineering Department also completed the design, installation, and inspection of 4,200 linear feet of water mains ranging in size from 6-inch to 18-inch, 24 valves and 90 water services.

Capital projects scheduled for 2024 total \$13.8 million, which include the construction of the District's seventh well, and the design and commencement of construction of the District's eighth well. In the last few years, the District has secured approximately \$6.6 million in grant funding for the construction of the District's two new wells. However, due to delays in the grant process, the District has not yet received the grant funding as of May 2025.

Long-Term Financial Planning

Citrus Heights Water District utilizes several planning strategies when considering long-term financial forecasts.

- **Strategic Plan** – Strategic planning involves establishing a vision for the future and a clear mission statement to provide direction and define what the organization stands for and what it has pledged to accomplish. Since 2016, CHWD has held an annual strategic planning workshop for the Board of Directors, management, and at-large customers. The purpose of the workshop has been to review the District's mission statement and values, and to implement the District's mission and values through an

- **Annual Work Program.** The Work Program includes three-year goals and one-year objectives, which emphasize the District's commitment to promoting the efficient use of water, managing CHWD's water supply, completing capital improvements, and optimizing organizational efficiency. The Strategic Plan and its accompanying Annual Work Program form the basis for the District's priority-based budgeting efforts.
- **Project 2030 Water Main Replacement Plan** – This plan was identified during the strategic planning process as a key strategy for engaging customers in long-range water main replacement planning and funding efforts. The purpose of this plan is to inform customers about challenges and opportunities, and the current actions being undertaken to ensure water supply reliability, and prepare for the replacement of aging infrastructure.
- **Capital Improvement Plan** – The Strategic Plan lays the groundwork for the Capital Improvement Plan, which includes project schedules and projected costs for production and water supply facilities identified in a 1999 Facilities Master Plan. The Capital Improvement Plan is a ten-year forecast and a capital reinvestment plan.
- **10-Year Financial Planning Model** – The District analyzes 10-year financial projections to assist with long term operational and capital planning, and funding, including Prop 218 rates and wheeling rates.
- **Annual Budget** – A key component of financial planning is the budget, which is prepared, reviewed and adopted annually. During the 2nd and 3rd quarter each year, District Finance staff prepares a draft budget, based upon an analysis of the Financial Planning Model and revenue/expenditure submissions from CHWD's departments. The budget is presented to the Board of Directors for approval prior to the beginning of the next fiscal year. The annual budget includes forecasts for revenues, operating expenditures, and capital expenditures, and is formulated using a priority-based budgeting approach.
- **Water Meter Replacement Program**– As CHWD's first generation of meters age-out, the District, along with a consortium of 11 agencies, completed a Meter Replacement Program Study to identify opportunities for partnership and strategies for each agency in the short and long-term to optimally manage meter replacements. Currently, the District is working with the Regional Water Authority to develop a potential regional purchasing program to achieve economies of scale when purchasing meters or other parts and materials.

Awards and Acknowledgements

Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the Citrus Heights Water District for its ACFR for the fiscal year ending December 31, 2023. This was the seventh consecutive year that the District achieved this prestigious award. To be awarded a Certificate of Achievement, a governmental agency must publish an easily readable and efficiently organized ACFR. The report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a one-year period. CHWD believes that this ACFR continues to meet the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report was accomplished through the combined efforts of the District Finance staff along with support from the various departmental directors, managers, and supervisors. CHWD staff's dedicated efforts, professionalism, and contributions to CHWD's ACFR is greatly appreciated. We would also like to thank the CHWD Board of Directors for their continued support in planning and implementing the District's fiscal policies.

Respectfully submitted,



Hilary M. Straus
General Manager/Secretary



Annie Y. Liu
Director of Administrative Services/
Treasurer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

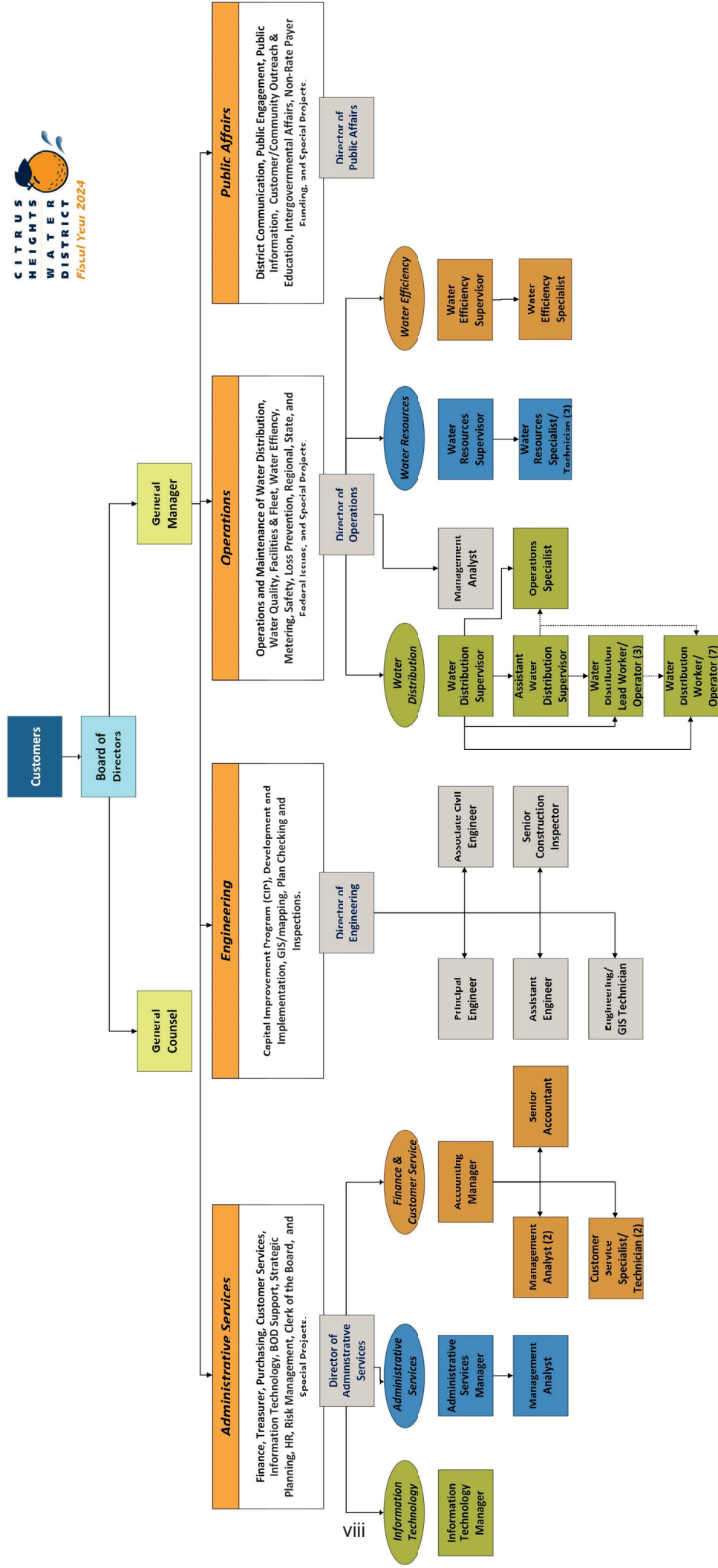
**Citrus Heights Water District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2023

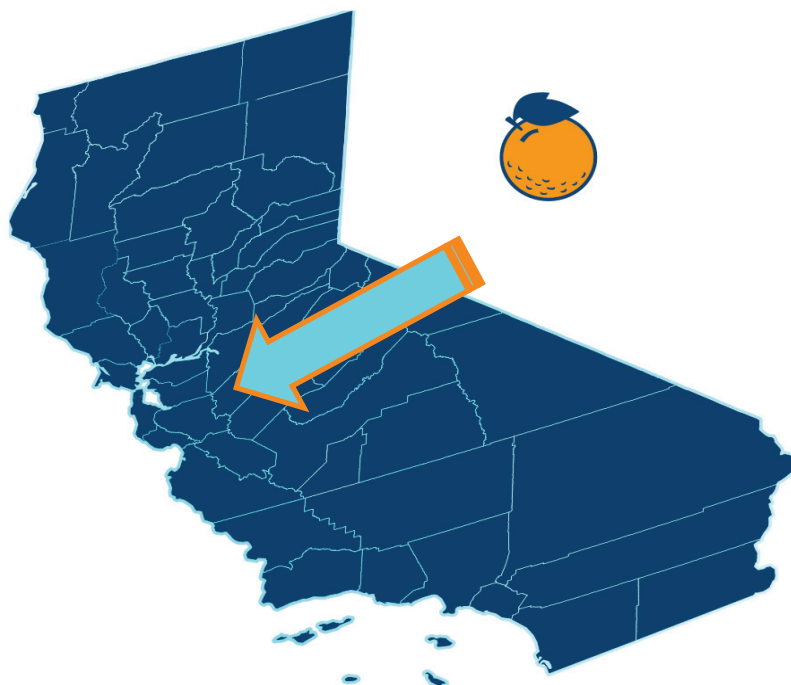
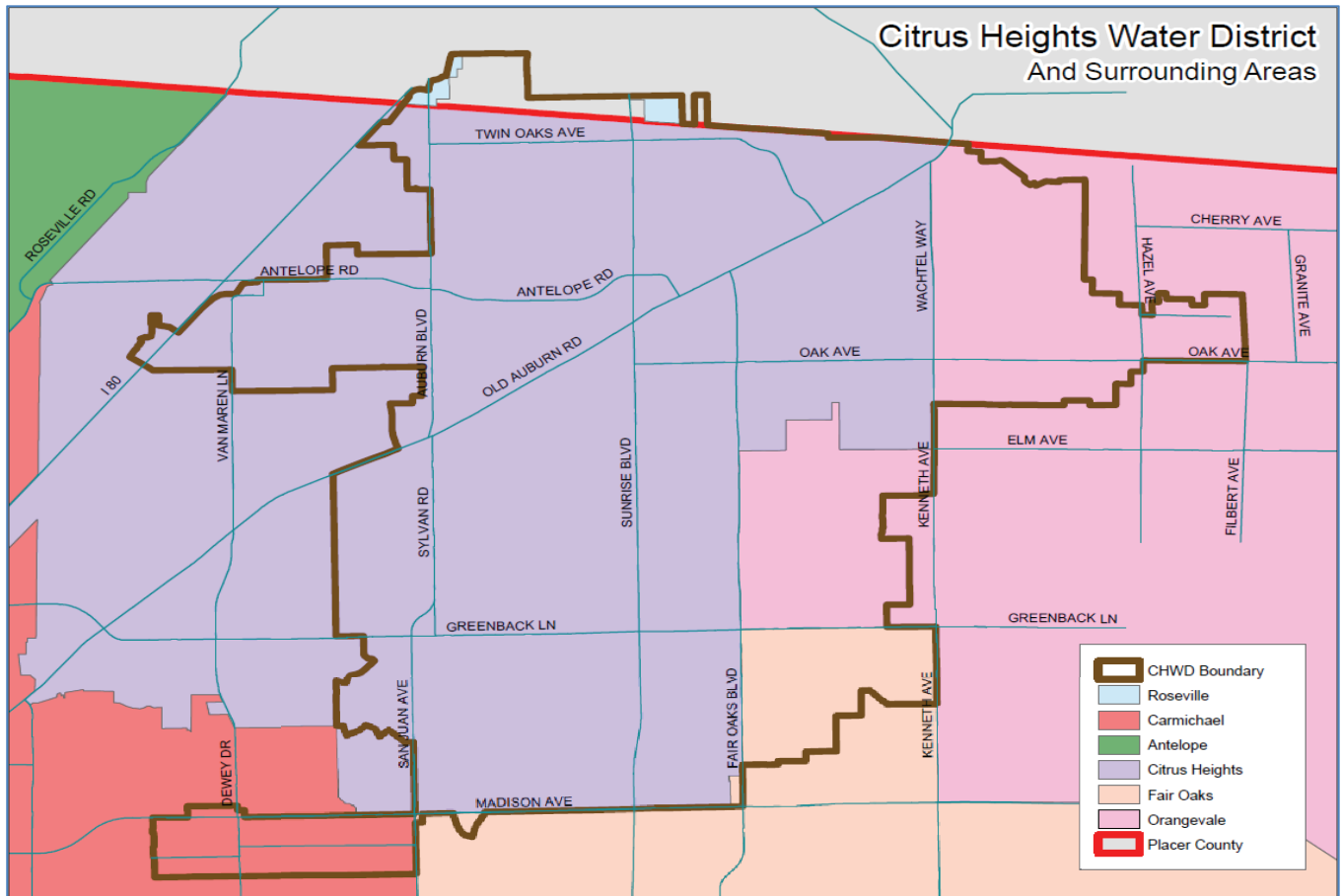
Christopher P. Morrell

Executive Director/CEO



CITRUS HEIGHTS WATER DISTRICT

Service Area Map with Cities Served





6230 Sylvan Road
P.O. Box 286
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California
95611-0286

phone
916/725-6873

fax
916/725-0345

website
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Board of Directors

Caryl F. Sheehan
David C. Wheaton
Raymond A. Riehle

*General Manager/
Secretary*
Hilary M. Straus

*Director of
Administrative
Services/Treasurer*
Annie Liu

Principal Officials

Executive Staff

General Manager/Secretary: Hilary M. Straus

Director of Administrative Services/Treasurer: Annie Liu

Board of Directors

District 1: Caryl F. Sheehan, Vice President

Term Expiration: December 2028

District 2: Raymond A. Riehle, President

Term Expiration: December 2026

District 3: David C. Wheaton, Director

Term Expiration: December 2026

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

To the Honorable Members of the Board of Directors
Citrus Heights Water District
Citrus Heights, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Citrus Heights Water District (the "District"), as of and for the years ended December 31, 2024, and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District, as of December 31, 2024 and 2023, and the changes in financial position, and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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, and the State Controller's Minimum Audit Standards for California Special Districts. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, effective for the fiscal year ended December 31, 2024. This standard establishes recognition and measurement guidance for all types of compensated absences, including vacation, sick leave, and sabbatical leave. The implementation of this standard required the District to revise its accounting policies and restate beginning balances where applicable. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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



To the Honorable Members of the Board of Directors
Citrus Heights Water District
Citrus Heights, California

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State Controller's Minimum Audit Standards for California Special Districts 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*, and the State Controller's Minimum Audit Standards for California Special Districts, 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 and required pension and other postemployment benefits schedules, as listed on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our 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.



To the Honorable Members of the Board of Directors
Citrus Heights Water District
Citrus Heights, California

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

LSL, LLP

Sacramento, California
June 16, 2025

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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CITRUS HEIGHTS WATER DISTRICT

Management's Discussion and Analysis

Fiscal Year Ending December 31, 2024

The following Management's Discussion and Analysis (MD&A) provides users of the Citrus Heights Water District (District) an analytical overview of the District's financial position for the fiscal year ending December 31, 2024. The readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the introductory section, financial statements, and related notes, which follow this section.

FINANCIAL HIGHLIGHTS

- ❖ The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the end of year 2024 by \$99,956,688. About 68 percent of the District's net position, \$68,125,815, is composed of the capital assets of the District – the water transmission and distribution system, water production facilities, land, buildings, and equipment. Unrestricted net position totaled \$31,830,873, up from \$27,124,117 at the end of year 2023. The continued administration of the water main replacement charge to fund water main improvements and a notable increase in interest income contributed to the surplus.
- ❖ Capital improvement spending in the year 2024 increased by \$504,703 compared with 2023. The increase was mainly due to replacements and new purchases of operational vehicles and machinery. The majority of replacements and purchases were budgeted in prior years. However, due to inventory shortage, the purchases were not completed until 2024. The replacement of aging pipelines and water service connections throughout the District's system continued to account for the majority of the \$4.3 million additions to the District's capital assets in 2024.
- ❖ The District's operating revenues for 2024 were \$22,334,518, which is 10.9% higher than the prior year of \$20,132,024. This higher revenue is attributable to the increase of water rates as well as the increase of water consumption in 2024. About 97 percent of the 2024 operating revenues, \$21,621,835, came from water sales to customers.
- ❖ The District's total net long-term liabilities at the end of 2024, including the 2012 Revenue Refunding bonds, pension liability, SBITA liability, liability for other postemployment benefits (OPEB), and compensated absences is \$9,001,315. GASB Statement No. 68 required the recording of pension liability amounting to \$6,077,953. GASB Statement No. 75 required the recording of OPEB liability in the amount of \$1,268,135. Liabilities from Bond debt decreased by \$174,088 due to continued principal payments during 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of basic financial statements including the Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, Statement of Cash Flows and Notes to the Basic Financial Statements. In addition to the Basic Financial Statements, other supplementary information is provided for further information and analysis.

The financial statements provide both long-term and short-term information about the District's overall financial status. The Notes to the financial statements explain some of the information in the financial statements and provide more detailed data. The required supplementary information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) to provide more context regarding the financial statements from an appropriate operational, economic, or historical perspective.

The District's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units on an accrual basis. Under this basis, revenues are recognized in the period in which they are earned, expenses are recognized in the period in which they are incurred, and depreciation of assets is recognized in the Statement of Revenues, Expenses, and Changes in Net Position. All assets and liabilities associated with the operation of the District are included in the statement of net position. The statement of net position presents the financial position of the District on a full accrual historical cost basis and provides information about the nature and amount of resources and obligations at year-end.

CITRUS HEIGHTS WATER DISTRICT
Management's Discussion and Analysis
Fiscal Year Ending December 31, 2024

FINANCIAL ANALYSIS OF THE DISTRICT

Balance Sheet

The following table summarizes assets, deferred outflows, liabilities, deferred inflows, and net position on December 31, 2024, 2023, and 2022:

				% Increase (Decrease)	
				FY 2023	FY 2022
				vs FY 2024	vs FY 2023
	FY 2024	FY 2023	FY 2022		
Current assets	\$ 39,167,650	\$ 34,242,135	\$ 28,593,899	14.4%	19.8%
Capital assets, net	69,491,913	67,806,524	66,619,236	2.5%	1.8%
Total Assets	108,659,563	102,048,659	95,213,135	6.5%	7.2%
Deferred Outflows	2,327,611	3,044,829	3,056,673	-23.6%	-0.4%
Current liabilities	1,568,386	1,638,707	1,506,167	-4.3%	8.8%
Non-current liabilities	9,001,315	9,230,514	9,060,929	-2.5%	1.9%
Total Liabilities	10,569,701	10,869,221	10,567,096	-2.8%	2.9%
Deferred Inflows	460,785	857,276	483,907	-46.3%	77.2%
Net Position					
Net investment in capital assets	68,125,815	66,242,874	65,042,165	2.9%	1.8%
Unrestricted	31,830,873	27,124,117	22,091,261	17.3%	22.8%
Total Net Position	\$ 99,956,688	\$ 93,366,991	\$ 87,133,426	7.1%	7.2%

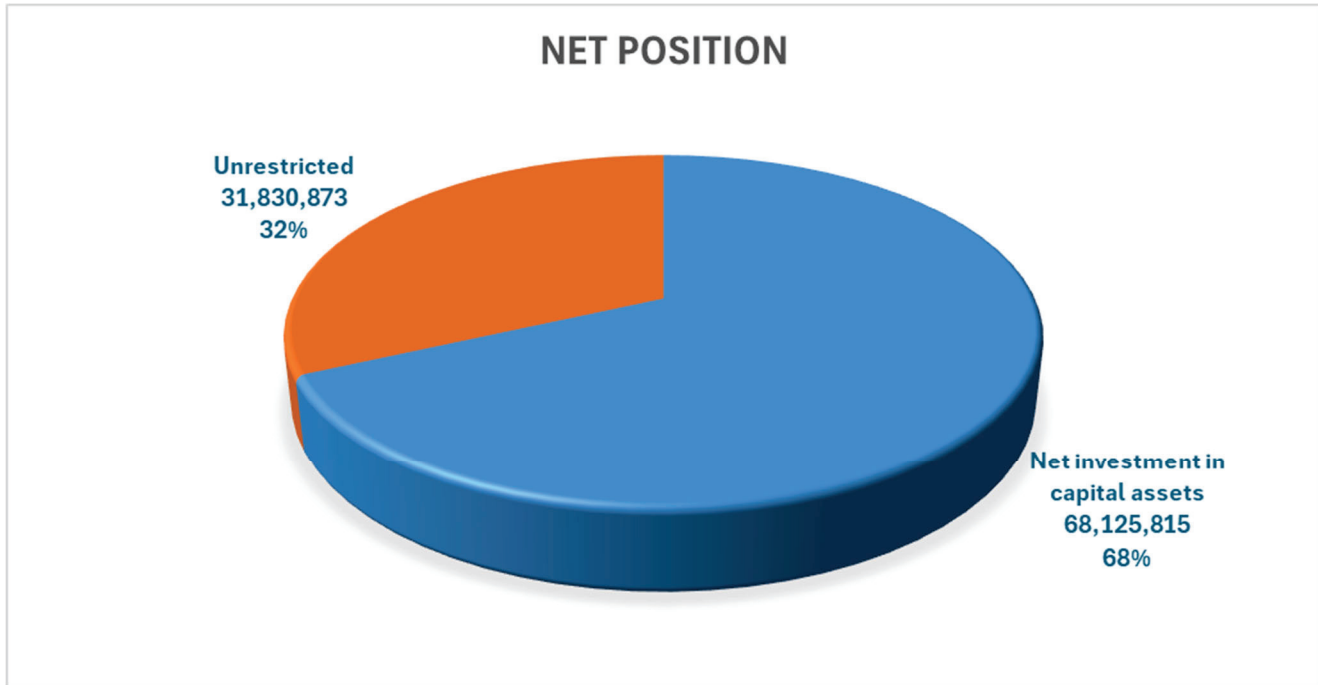
The total net position of the District increased from \$87.13 million in 2022 to \$93.37 million in 2023 and increased to \$99.96 million in 2024. The District's total assets increased by \$6.61 million, or 6.5%, in 2024 compared to 2023, and \$6.84 million, or 7.2%, in 2023 compared to 2022.

Deferred outflows decreased by approximately \$0.72 million and deferred inflows decreased by approximately \$0.40 million, in 2024 compared to 2023, respectively. The decreases are due to changes in actuarial assumptions, including return on pension plan investments affecting the calculation of the pension liability.

In 2024, total liabilities decreased by \$0.30 million, or 2.8%, compared to 2023. This is a relatively minor change. Total non-current liabilities decreased by approximately \$0.23 million, or 2.5%, compared to 2023. The changes in 2023 and 2024 are negligible in comparison with 2021 and 2022, indicating a period of relative stability.

The increase in net position over the three-year period totals \$12.82 million, or 14.7%, reflecting a combination of net income and capital contributions.

CITRUS HEIGHTS WATER DISTRICT
Management's Discussion and Analysis
Fiscal Year Ending December 31, 2024



Changes in Net Position

Net position increased by \$6.59 million, or 7.1%, from the prior year. Operating revenues exceeded operating expenses by \$5.30 million, which accounts for 80.4% of the increase in net position. Additionally, the receipt of \$1.26 million in nonoperating investment income accounted for about 19.1% of the overall growth in net position.

Total operating revenues increased in 2024 by \$2.20 million, or 10.9%, from 2023. The factors that contributed to this increase include approximately \$1.71 million increase of water sales due to water rates and water consumptions increase, \$188,432 increase from charges for penalties & costs, and \$240,166 increase of connection fees. Although nonoperating investment income continues to significantly enhance the overall growth in net position for 2024, it declined by \$178,437 compared to the prior year, primarily due to a net decrease in the fair value of investments.

In 2024, operating expenses increased by \$1.46 million, or 9.4%, from 2023. There are three main factors that contribute to this increase. First, approximately 40% of the overall increase was attributable to higher salaries and wages, along with a rise in pension expenses resulting from CalPERS' recognition of an increase in the net pension liability during the measurement period. Second, in prior years, the District recorded equipment rental costs to capital projects based on CalTrans standard rates, consistent with past practices. However, this year, equipment depreciation and maintenance expenses were instead charged directly to operating expenses. This change led to a \$437,126 increase in operating expenses, accounting for 30% of the total increase. In addition, the District allocated additional resources toward professional support services in anticipation of the 2030 Water Main Replacement Project, resulting in higher operating expenses.

CITRUS HEIGHTS WATER DISTRICT

Management's Discussion and Analysis

Fiscal Year Ending December 31, 2024

The following table summarizes the changes in net position for the fiscal years ended December 31, 2024, 2023, and 2022:

				% Increase (Decrease)	
	2024	2023	2022	FY 2023 vs FY 2024	FY 2022 vs FY 2023
Operating Revenues:					
Water Sales	\$ 21,621,835	\$ 19,915,090	\$ 18,934,457	8.6%	5.2%
Connection and Other Fees	712,683	216,934	499,297	228.5%	(56.6%)
Total Operating Revenues	22,334,518	20,132,024	19,433,754	10.9%	3.6%
Operating Expenses:					
Customer service admin/general	6,248,835	5,706,961	4,470,788	9.5%	27.7%
Water purchases	2,982,507	2,858,841	2,785,929	4.3%	2.6%
Transmission and distribution	3,896,342	2,796,502	2,637,991	39.4%	6.0%
Pumping & well maintenance	742,415	842,529	996,949	(11.9%)	(15.5%)
Water efficiency (conservation)	487,975	697,684	696,635	(30.0%)	0.2%
Depreciation & amortization	2,676,870	2,668,321	2,606,180	0.3%	2.4%
Total Operating Expenses	17,034,944	15,570,838	14,194,472	9.4%	9.7%
Operating income	5,299,574	4,561,186	5,239,282	16.2%	(12.9%)
Nonoperating Revenues (Expenses)					
Investment Income	1,260,199	1,438,634	-30,997	(12.4%)	(4741.2%)
Miscellaneous income	3,273	19,395	34,240	(83.1%)	(43.4%)
Interest Expense	(39,106)	(50,767)	(55,981)	(22.9%)	(9.3%)
Gain (loss) on disposal of capital assets	2,603	21,674	(39,333)	(88.0%)	(155.1%)
(Expenses)	1,226,969	1,428,936	(92,071)	(14.2%)	(-1652.0%)
Contributions	6,526,543	5,990,122	5,147,211	9.0%	16.4%
Capital Contributions					
Contributed Assets	63,154	243,443	440,679	(74.1%)	(44.8%)
Total Capital Contributions	63,154	243,443	440,679	(74.1%)	(44.8%)
Change in Net Position	6,589,697	6,233,564	5,587,890	5.7%	11.6%
Net position, beginning of year	93,366,991	87,133,426	81,545,536	7.2%	6.9%
Net Position, End of Year	\$ 99,956,688	\$ 93,366,991	\$ 87,133,426	7.1%	7.2%

CITRUS HEIGHTS WATER DISTRICT

Management's Discussion and Analysis

Fiscal Year Ending December 31, 2024

Capital Assets

As of December 31, 2024, 2023, and 2022, the District's investment in capital assets, net of related debt, was \$68.12 million, \$66.24 million, and \$65.04 million, respectively. This includes the water transmission and distribution system (underground pipelines, water services, water meters, fire hydrants, and other components), water production facilities (groundwater wells), land, buildings, and both mobile and fixed equipment.

The replacement of aging pipelines and water service connections throughout the District's system continued to represent the majority of the \$4.38 million additions to the District's capital assets in 2024, the \$3.88 million additions in 2023, and the \$4.99 million additions in 2022.

Additional information on the District's capital assets can be found in Note 3, Capital Assets, of the notes to the basic financial statements.

Debt Administration

The District continues to meet its debt obligations under its 2012 Revenue Refunding bonds. Through scheduled debt service payments, the principal on its collective debt was reduced by \$110,000 during 2024, by \$105,000 during 2023, and by \$100,000 during 2022. The District's total debt from its bond issuances now stands at \$1.21 million.

Subscription Liabilities were introduced in 2023 related to implementation of GASB 96. An initial liability was recorded related to subscriptions in the amount of \$106,700. As of December 31, 2024, the total combined value of the subscription liability is \$86,617.

Total compensated absences (long-term liability and current portion combined) are composed of leave hours earned by employees that are payable upon termination or retirement and are valued at \$0.56 million at the end of 2024, remaining mostly unchanged from prior years balance.

The net liability for other post-employment benefits (OPEB) increased slightly in 2024 compared to 2023, as a result of the annual cost of these benefits exceeding the amounts paid for premiums, and changes in actuarial assumptions. Additional information on the District's changes in net OPEB liability can be found in Note 9, Postemployment Health Care Benefits, of the notes to the basic financial statements.

ECONOMIC FACTORS AND FUTURE BUDGET CONSIDERATIONS

Focus on Long-Range Planning

CHWD has a long-standing tradition of planning and managing its long-term capital and operational needs and accompanying financial planning. CHWD's focus on long-range planning is exemplified by its water main master planning, 1999 Master Plan that focused on water main replacement, Project 2030-Water Main Replacement Program; Water Meter Replacement Study and Consortium-based Meter Replacement Asset Management Program; maintaining a 10-year financial forecast as a driver for annual budgeting; and the use of Strategic Planning, focusing on three-year goals and one-year objectives as a driver for annual budgeting.

Implementation of an Annual Budget Based on a 10-Year Budget Forecast

Given the significant capital and asset management-related one-time and ongoing expenses projected, CHWD has developed and maintained a 10-year budget forecast or Financial Model. The Financial Model is updated regularly with actual revenues and expenses, and serves as a key policy, operational capital and financial planning tool as the District considers policy, operational, capital and budget options.

CITRUS HEIGHTS WATER DISTRICT
Management's Discussion and Analysis
Fiscal Year Ending December 31, 2024

Reserve Policies and Special Funding

Each year, CHWD endeavors to transfer a portion of net revenue to both designated and undesignated reserves. Placing ratepayer dollars in reserves ensures that CHWD can smooth-out its expenses and minimize its use of debt financing, which can add significant expense, cause delays and complications, and reduce local control to CHWD as it implements its Capital Improvement Program.

2025 Adopted Budget

The District continued to exercise fiscal restraint in spending for District operations. However, the adopted 2025 budget projected an overall increase of \$2.5 million or 14.5% for the operations and maintenance expenses. The 2025 budget includes:

- ❖ Maintaining the current level of services and programs for District customers.
- ❖ Updating the Water Master Plan (last update was in 1999).
- ❖ Funding the implementation of strategic planning items and special projects identified by the Board as priorities for 2025.
- ❖ Increasing work/cost related to the preparation for the Project 2030 Water Main Replacement Plan
- ❖ Contributing to reserves including an additional transfer of \$1.0 million to the Water Main Replacement Reserve in preparation for the implementation of the Project 2030 Water Main Replacement Plan, which will substantially increase the amount of annual infrastructure replacement completed by the District.

A FY2025 Operating Budget Summary is included at the conclusion of this Management's Discussion and Analysis to provide an overview of the District's operating budget.

Total capital improvement expenditures budgeted for FY2025 are \$18.3 million compared with \$13.8 million in FY2024. This amount includes \$7.4 million in carry-over projects from prior years. The budget includes approximately \$8.2 million for completing construction of the District's seventh groundwater well (well #7) and design and construction of the District's eighth groundwater well (Well #8).

The District has been awarded \$6.6 million in State and Federal grant funds towards the construction of Wells #7 and #8; however, as of the date this financial report is completed, the District hasn't received any of the grant funds yet. Though there are very few opportunities for non-ratepayer funding, the District continues to look for outside funding opportunities whenever possible.

A 2025 Capital Improvement Budget Summary is included at the conclusion of this Management's Discussion and Analysis to provide an overview of the District's capital improvement budget.

A portion of the District's budget continues to be the repayment of long-term debt financing in the form of Certificates of Participation originally issued in 2003 (refunded as Revenue Refunding Bonds in 2012). The annual debt service for the 2012 Revenue Refunding Bonds is budgeted at \$170,788 for the bond principal and interest payments for FY2025.

CITRUS HEIGHTS WATER DISTRICT

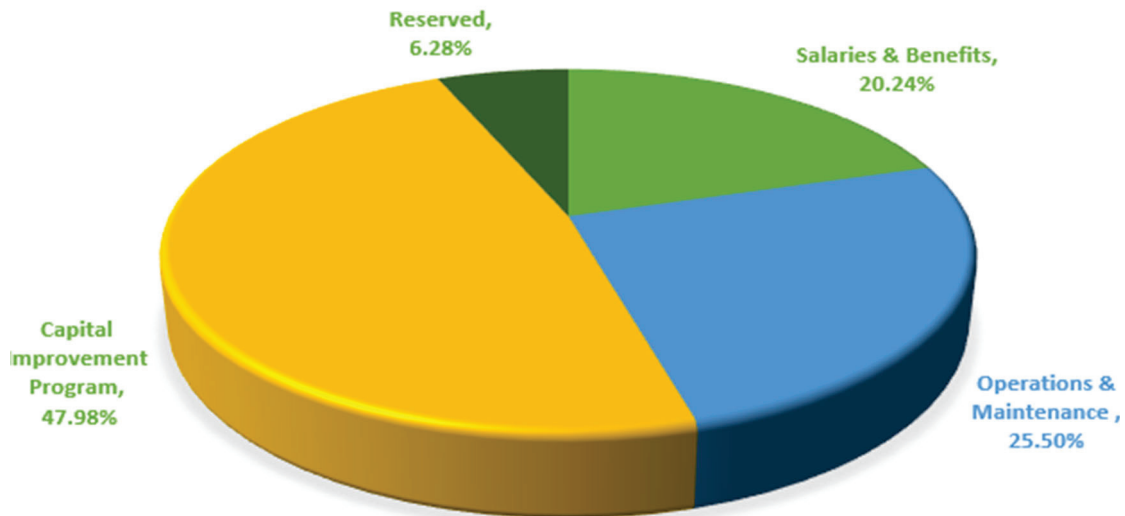
Management's Discussion and Analysis

Fiscal Year Ending December 31, 2024

CITRUS HEIGHTS WATER DISTRICT 2025 ADOPTED BUDGET

	2023 Actual	2024 Projected	2025 Adopted
<u>Revenues</u>			
Water Sales	\$18,583,311	\$20,718,816	\$18,248,406
Connection and Other Fees	236,324	413,140	213,400
Project 2030 Designated Charge	1,331,779	1,388,039	2,257,294
Grant Revenue	-	-	5,137,000
Investment and Other Income	586,228	485,113	447,213
Total Revenues	20,737,643	23,005,107	26,303,313
<u>Expenses</u>			
Salaries and Benefits	6,395,696	6,494,857	7,737,430
Water Purchases	2,845,767	2,637,464	3,127,035
Other Operating Costs & Maintenance Costs	3,603,266	4,233,589	6,618,309
Debt Service	61,786	174,338	170,788
Transfers to Reserves	1,731,779	1,788,039	2,400,000
Total Expenses and Transfers	14,638,294	15,328,288	20,053,562
Operating Income before Capital Outlay	6,099,349	7,676,820	6,249,751
Capital Outlay	\$2,288,321	\$6,251,130	\$18,339,387

FY 2025 ADOPTED BUDGET



CITRUS HEIGHTS WATER DISTRICT

Management's Discussion and Analysis

Fiscal Year Ending December 31, 2024

CITRUS HEIGHTS WATER DISTRICT ADOPTED CAPITAL PROJECTS BUDGET

Project #	Project Title	2024 Adopted Budget	2025 Adopted Budget
C15-104B	Document Management System	\$ 64,639	
C16-134	Auburn Blvd-Rusch Park Placer	538,021	\$ 900,285
C20-107	Well #7 Design & Construction (Ella)	4,442,536	2,942,536
C22-040D	SACOG AC Overlay Phase 1		55,000
C23-003	Fleet/Field Operations Equip	300,727	
	Facilities Improvements	9,548	
C23-020	Groundwater Well Improvements	100,000	
C23-040	Other City Partnerships	100,000	
C23-041	Misc Infrastructure Projects	100,000	
C23-103	Well #8 Highland Well	1,900,000	5,300,000
C23-104	Patton/Pardal/AlonDra/Perdez	1,010,000	
C23-106	Admiral & Anchor 8-Inch	897,819	
C24-003	Fleet & Field Operations Eqpm	330,000	40,000
C24-004	Technology Hardware & Software	55,000	
C24-005	Facilities Improvements	108,000	
C24-010	Annual Water Main Pipeline Rep	51,500	31,500
C24-011	Valve Replacement	120,000	
C24-012	Water Service Connections	1,507,000	407,000
C24-013	Water Meter Replacement	125,000	
C24-014	Fire Hydrants-Repl, Upgrades,	175,000	
C24-020	Groundwater Well Improvement	200,000	
C24-101	Minnesota Drive	727,000	670,066
C24-102	Fair Oaks Blvd at Leafcrest Wy	344,000	715,000
C24-103	Menke Way	103,000	103,000
Total	Ongoing Projects	\$ 13,308,790	\$ 11,164,387
C25-003	Annual Fleet & Field Operations		40,000
C25-004	Annual Technology Hardware &		100,000
C25-005	Annual Facilities Improvements		112,000
C25-010	Annual Water Main Pipeline		53,000
	Replacement (Small)		
C25-011	Annual Valve Replacements		35,000
C25-012	Annual Water Service connections		1,510,000
C25-013	Annual Water Meter Replacement		130,000
C25-014	Annual Fire Hydrants - Repl,		175,000
	Upgrades, Lnfll, New		
C25-020	Annual Groundwater well		200,000
	Improvements		
C25-040	Other City Partnerships		100,000
C25-041	Misc Infrastructure Projects		100,000
Total	New Annual Projects	\$	\$ 2,655,000
C25-XXX	Greenback Lane from Birdcage to		900,000
C25-XXX	Donnawood		100,000
C25-XXX	Corporation Yard and Administration		3,000,000
	Facility Improvements (Plans,		
	Specifications, and Estimate)		
C25-XXX	ERP System		400,000
C25-XXX	SCADA Upgrade		120,000
Total	New Projects	\$	\$ 4,520,000
FY2025	Totals	\$ 13,308,790	\$ 18,339,387

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BASIC FINANCIAL STATEMENTS

CITRUS HEIGHTS WATER DISTRICT
Statements of Net Position
December 31, 2024 and 2023

	2024	2023
ASSETS		
Current assets:		
Cash and investments (Note 2)	\$ 33,780,703	\$ 29,435,050
Receivables:		
Accounts receivable, net	3,566,811	3,294,746
Accrued interest receivable	281,188	267,094
Inventories	803,134	666,341
Prepaid expenses and other deposits	735,814	578,904
Total Current Assets	39,167,650	34,242,135
Noncurrent:		
Non-depreciable/amortizable capital assets (Note 3)	7,122,794	4,890,653
Depreciable/amortizable capital assets, net (Note 3)	62,369,119	62,915,871
Total Noncurrent Assets	69,491,913	67,806,524
Total Assets	108,659,563	102,048,659
Deferred Outflows of Resources:		
Pension related (Noted 9)	1,918,709	2,537,266
OPEB related (Note 10)	408,902	507,563
Total Deferred Outflows of Resources	2,327,611	3,044,829
Liabilities:		
Current:		
Accounts payable	576,761	668,345
Retentions payable	-	31,058
Accrued payroll	234,701	207,375
Accrued interest payable	28,057	29,671
Deposits payable	431,877	368,074
Due to other governments	740	-
Compensated absences (Note 8)	174,273	213,910
Long-term debt (Note 5)	121,977	120,274
Total Current Liabilities	1,568,386	1,638,707
Noncurrent:		
Compensated absences (Note 8)	385,316	424,953
Long-term debt (Note 5)	1,269,911	1,393,746
Net pension liability (Note 9)	6,077,953	6,173,494
Net OPEB liability (Note 10)	1,268,135	1,238,321
Total Noncurrent Liabilities	9,001,315	9,230,514
Total Liabilities	10,569,701	10,869,221
Deferred Inflows of Resources:		
Deferred amount from refunding debt	9,936	18,572
Pension related (Note 9)	73,188	402,283
OPEB related (Note 10)	377,661	436,421
Total Deferred Inflows of Resources	460,785	857,276
Net Position:		
Net investment in capital assets	68,125,815	66,242,874
Unrestricted	31,830,873	27,124,117
Total Net Position	\$ 99,956,688	\$ 93,366,991

See accompanying notes to financial statements.

CITRUS HEIGHTS WATER DISTRICT
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended December 31, 2024 and 2023

	2024	2023
Operating Revenues:		
Water sales	\$ 21,621,835	\$ 19,915,090
Connection and other fees	712,683	216,934
Total Operating Revenues	22,334,518	20,132,024
Operating Expenses:		
Customer service, administration and general	6,248,835	5,706,961
Water purchases	2,982,507	2,858,841
Transmission and distribution	3,896,342	2,796,502
Pumping and well maintenance	742,415	842,529
Conservation	487,975	697,684
Depreciation and amortization	2,676,870	2,668,321
Total Operating Expenses	17,034,944	15,570,838
Operating Income (Loss)	5,299,574	4,561,186
Nonoperating Revenues (Expenses):		
Investment income	1,260,199	1,438,634
Miscellaneous income	3,273	19,395
Interest expense	(39,106)	(50,767)
Gain (loss) on disposal of capital assets	2,603	21,674
Total Nonoperating Revenues (Expenses)	1,226,969	1,428,936
Income (Loss) Before Capital Contributions	6,526,543	5,990,122
Contributions	63,154	243,443
Changes in Net Position	6,589,697	6,233,565
Net Position:		
Beginning of Fiscal Year	93,366,991	87,133,426
End of Fiscal Year	\$ 99,956,688	\$ 93,366,991

CITRUS HEIGHTS WATER DISTRICT
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows from Operating Activities		
Cash receipts from customers	\$ 22,095,198	\$ 20,371,555
Cash paid to suppliers for goods and services	(14,255,386)	(12,265,832)
Cash paid to employees for services	(276,286)	(24,921)
Receipts from miscellaneous operating income	740	18,070
Net Cash Provided (Used) by Operating Activities	7,564,266	8,098,872
Cash Flows from Non-Capital and Related Financing Activities		
Receipts from miscellaneous non operating income	3,273	-
Net Cash Provided (Used) by Non-Capital Financing Activities:	3,273	-
Cash Flows from Capital and Related Financing Activities		
Acquisition and construction of capital assets	(4,319,985)	(3,634,992)
Cash receipts from sales of capital assets	23,482	44,500
Proceeds from issuance of capital debt	11,977	-
Principal payments on long-term debt	(129,375)	(115,163)
Interest payments on long-term debt	(54,091)	(66,892)
Net Cash Provided (Used) by Capital Financing Activities:	(4,467,992)	(3,772,547)
Cash Flows from Investing Activities:		
Interest earnings	1,246,106	1,252,844
Net cash provided by (Used) by Investing Activities	1,246,106	1,252,844
Net Cash Flows	4,345,653	5,579,169
Cash, beginning of year	29,435,050	23,855,881
Cash, end of year	\$ 33,780,703	\$ 29,435,050

CITRUS HEIGHTS WATER DISTRICT
Statements of Cash Flows
For the Years Ended December 31, 2024 and 2023

	2024	2023
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ 5,299,574	\$ 4,561,186
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,676,870	2,668,321
Miscellaneous income	-	18,070
Change in assets and liabilities:		
(Increase) decrease in assets and deferred outflows of resources:		
Accounts Receivable	(272,065)	228,271
Inventory	(136,792)	(120,104)
Prepaid expenses and other assets	(156,910)	8,556
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	(90,845)	50,549
Accrued payroll	27,326	54,043
Deposits payable	63,803	(6,420)
Retentions payable	(31,058)	17,680
Compensated absences	(79,273)	80,662
Deferred amount from refunding of debt		
Net pension liability and related deferred inflows and outflows	193,921	560,630
Net OPEB liability and related deferred inflows and outflows	69,715	(22,572)
Net Cash Provided (Used) by Operating Activities	\$ 7,564,266	\$ 8,098,872
Supplemental Disclosure of Non-Cash Activities		
Receipt of contributed assets	\$ 63,154	\$ 243,443
Amortization of bond premiums	8,636	1,325
Amortization of deferred charges on refundings	13,371	13,370

NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITRUS HEIGHTS WATER DISTRICT
Notes to Basic Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: The District was established on October 25, 1920 as an irrigation district under Division 11 of the Act of Legislature of the State of California. The District constructs and maintains waterworks and supplies domestic water in an area of approximately 12 square miles to over 20,000 connections in Sacramento and Placer counties with an estimated population of 66,000. The District is governed by a Board of Directors consisting of three directors elected by residents of the District. The accompanying basic financial statements present the District and its component unit. The component unit discussed below is included in the District's reporting entity because of the significance of its operational and financial relationship with the District.

The District has created the Citrus Heights Water District Financing Corporation (the Corporation) to provide assistance to the District in the issuance of debt. Although legally separate from the District, the Corporation is reported as if it were part of the primary government because it shares a common Board of Directors with the District and its sole purpose is to provide financing to the District under the debt issuance documents of the District. Debt issued by the Corporation is reflected as debt of the District in these financial statements. The Corporation has no other transactions and does not issue separate financial statements.

Basis of Presentation – Fund Accounting: The basic financial statements of the Citrus Heights Water District (District) have been prepared in conformity with generally accepted accounting principles as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The District is accounted for as an enterprise fund and applies all applicable GASB pronouncements in its accounting and reporting. The more significant of the District's accounting policies are described below.

The District's resources are allocated to and accounted for in these basic financial statements as an enterprise fund type of the proprietary fund group. The enterprise fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other policies. Net position for the enterprise fund represents the amount available for future operations.

Basis of Accounting: The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The enterprise fund type is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows, liabilities, and deferred inflows associated with the operation of this fund are included on the balance sheet. Net position is segregated into net investment in capital assets, amounts restricted and amounts unrestricted. Enterprise fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total position.

The District uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. When such funds are received they are recorded as unearned revenue until earned. Earned but unbilled water services are accrued as revenue.

Water lines are constructed by private developers and then dedicated to the District, which is then responsible for their future maintenance. These lines are recorded as capital contributions when they pass inspection by the District, and the estimated costs are capitalized as donated pipelines.

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Nonoperating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from nonexchange transactions or ancillary activities.

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

CITRUS HEIGHTS WATER DISTRICT
Notes to Basic Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 expenses during the reporting period. Actual results could differ from those estimates.

Fair Value Measurements: Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

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

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. Cash and cash equivalents held include bank deposits and restricted and unrestricted investments in money market mutual funds and LAIF.

Restricted Assets: Certain proceeds of the District's long-term debt are classified as restricted investments on the balance sheet because their use is limited by applicable debt covenants.

Investments: Investments are stated at their fair value, which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

Inventory: Inventory consists primarily of materials used in the construction and maintenance of the water distribution facilities and is valued on a first-in, first-out basis.

Prepays: Prepays consist primarily of insurance, maintenance agreements and other prepaid assets.

Capital Assets: Capital assets are recorded at historical cost. Donated capital assets, works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value. Self-constructed assets are recorded based on the amount of direct labor, material, and certain overhead charged to the asset construction. Depreciation and amortization are calculated using the straight-line method over the following estimated useful lives:

Description	Useful Life
Pipeline and infrastructure	20-40 years
Equipment and machinery	5-10 years
Subscriptions	10 years
Buildings	15-40 years
Well improvements	40 years
Donated pipelines	40 years
Improvements	40 years

CITRUS HEIGHTS WATER DISTRICT
Notes to Basic Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation and amortization expense aggregated to \$2,676,870 and \$2,668,321 for the years ended December 31, 2024 and 2023, respectively, and is included with depreciation and amortization expense.

Maintenance and repairs are charged to operations when incurred. It is the District's policy to capitalize all capital assets with a cost of more than \$5,000 for tangible personal property and \$15,000 for infrastructure, building or improvements. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the balance sheet in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

Subscription-Based Information Technology Arrangements:

The District is a subscriber for a noncancellable subscription of information technology services. The District recognizes subscription liability and an intangible right-to-use subscription asset (subscription asset) in the financial statements. The District recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a subscription, the District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to subscriptions include how the District determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The District uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its subscriptions and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

Bond Premiums and Bond Issuance Costs: Bond premiums are deferred and amortized over the lives of the bonds. Long-term liabilities are reported net of the applicable bond premiums. Bond issuance costs are recognized as an expense in the period incurred.

Deferred Amount from Refunding Debt: The difference between the reacquisition price of refunded debt and the net carrying amount of the previously outstanding debt is deferred and reported as either a deferred outflow or deferred inflow on the balance sheet. These amounts are amortized over the shorter of the term of the old debt or the new debt.

Deferred Outflows: In addition to assets, the balance sheet 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(s) and so will *not* be recognized as an outflow of resources (expense) until then.

CITRUS HEIGHTS WATER DISTRICT
Notes to Basic Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows: In addition to liabilities, the balance sheet reports 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(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

Compensated Absences: The District’s policy allows employees to accumulate earned but unused annual leave, management leave and compensatory time-off which will be paid to employees upon separation from service to the District. The cost of annual leave, management leave and compensatory time-off is recognized in the period earned.

Upon death while employed by the District or retirement from the District, employees are paid one-third of their accumulated sick leave time. This amount is also recognized in the period earned.

New GASB Pronouncements Effective during Fiscal Year

The following Government Accounting Standards Board (GASB) pronouncements were effective for the fiscal year ended December 30, 2024:

1. GASB Statement No. 101, Compensated Absences

The Statement amends the existing requirement to disclose the gross increases and decreases in liability for compensated absences to allow governments to disclose only the net change in liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences

NOTE 2: CASH AND INVESTMENTS

Cash and investments as of December 31 are classified in the accompanying financial statements as follows:

	2024	2023
Cash and investments	<u>\$ 33,780,703</u>	<u>\$ 29,435,050</u>

Cash and investments as of December 31 consisted of the following:

	2024	2023
Cash on Hand	\$ 850	\$ 850
Deposits with financial institutions	4,432,414	3,672,554
Investments	29,347,439	25,761,646
Total cash and investments	<u>\$ 33,780,703</u>	<u>\$ 29,435,050</u>

CITRUS HEIGHTS WATER DISTRICT
Notes to Basic Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Investment Policy: California statutes authorize districts to invest idle, surplus, or reserve funds in a variety of credit instruments as provided for in the California Government Code, Section 53600. 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) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy. During the year ended December 31, 2024, the District's permissible investments included the following instruments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Securities of the U.S. Government	5 Years	100%	100%
Registered State Warrants, Treasury Notes, or Bonds of the State of California or other states in the United States	5 Years	25%	10%
Bonds, Notes, Warrants, or Other Evidences of Indebtedness of any Local Agency within the State of California	5 Years	25%	10%
Securities of U.S. Government Agencies and Instruments	5 Years	100%	35%
Commercial Paper	270 Days	25%	5%
Corporate or Medium-Term Notes	5 Years	30%	5%
Bonds of Supranationals (IBRD, IFC, IADB)	5 Years	30%	5%
Mortgage pass-Through and Asset-Backed Securities	5 Years	20%	5%
Non-Negotiable Certificates of Deposit	1 Year	10%	5%
Negotiable Certificates of Deposit	1 Year	10%	5%
Money Market Mutual Funds	2(A) 7 Eligible	20%	20%
LAIF	N/A	Max Permitted by State Treasurer	Max Permitted by State Treasurer
Collateralized Bank Deposits	N/A	100%	50%
Bankers' Acceptances	180 Days	25%	5%
Joint Powers Authority Pool	N/A	N/A	N/A

* Excluding amounts held by the bond trustee that are not subject to California Government Code restrictions

The District complied with the provisions of the California Government Code (or the District's investment policy, where more restrictive) pertaining to the types of investments held, the institutions in which deposits were made, and the security requirements. The District will continue to monitor compliance with applicable statutes pertaining to public deposits and investments.

Investments Authorized by Debt Agreements: Investment of debt proceeds held by the bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy. The Certificates of Participation debt agreements contain certain provisions that address interest rate risk and credit risk, but not concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Investment Program	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Bankers' Acceptance	1 Year	None	None
Commercial Paper	None	None	None
Negotiable Certificates of Deposit	None	None	None
Investment Agreements	None	None	None
Repurchase Agreements	None	None	None
Money Market Mutual Funds	N/A	None	None
LAIF	N/A	None	None

CITRUS HEIGHTS WATER DISTRICT
Notes to Basic Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Fair Value Hierarchy: The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of December 31, 2024:

	Total
Investments Measured at Amortized Cost:	
Cash on Hand	\$ 850
Deposits with financial institutions	4,209,133
Money Market Mutual Fund	223,281
Cash in banks and on hand	4,433,264
Investments held at Fair Value	
U.S. Treasury obligations	6,563,873
U.S. agency securities	9,076,355
Asset backed securities	1,308,201
Commercial paper	2,753,014
Municipal investments	1,286,504
Non-US government securities	2,136,096
Currency	428
Investments not subject to Fair Value Hierarchy	
California Local Agency Investment Fund (LAIF)	55,918
California Asset Management Program (CAMP)	5,943,769
Total Cash and Investments	\$ 33,780,703

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of December 31, 2023:

	Total
Investments Measured at Amortized Cost:	
Cash on Hand	\$ 850
Deposits with financial institutions	3,573,192
Money Market Mutual Fund	99,362
Cash in banks and on hand	3,673,404
Investments held at Fair Value	
U.S. Treasury obligations	4,609,822
U.S. agency securities	6,974,239
Asset backed securities	1,647,117
Commercial paper	3,115,220
Municipal investments	1,256,217
Non-US government securities	255,575
Currency	14,262
Investments not subject to Fair Value Hierarchy	
California Local Agency Investment Fund (LAIF)	2,152,135
California Asset Management Program (CAMP)	5,637,697
Total Cash and Investments	\$ 29,435,050

CITRUS HEIGHTS WATER DISTRICT
Notes to Basic Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

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 the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments, and by timing cash flows from maturities so that a portion of the portfolio is maturing, or coming close to maturity, evenly over time, as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity for fiscal year ended December 31, 2024:

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months or Less	13 to 36 Months	37 to 60 Months
U.S. Treasury obligations	\$ 6,563,873	\$ 1,094,812	\$ 2,292,911	\$ 3,176,150
U.S. agency securities	9,076,355	1,947,883	5,090,614	2,037,858
Asset backed securities	1,308,201	598,918	508,381	200,902
Commercial paper	2,753,014	704,982	1,601,790	446,242
Municipal investments	1,286,504	-	1,108,446	178,058
Money market mutual funds	223,281	223,281	-	-
Non-US government securities	2,136,096	-	-	2,136,096
Currency	428	428	-	-
Local Agency Investment Fund	55,918	55,918	-	-
California Asset Management Program	5,943,769	5,943,769	-	-
Total	\$ 29,347,439	\$ 10,569,991	\$ 10,602,142	\$ 8,175,306

The following is a summary of the District's investments by maturity as of December 31, 2023:

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months or Less	13 to 36 Months	37 to 60 Months
U.S. Treasury obligations	\$ 4,609,822	\$ 1,982,131	\$ 1,416,537	\$ 1,211,154
U.S. agency securities	6,974,239	1,525,462	4,204,857	1,243,920
Asset backed securities	1,647,117	-	621,135	1,025,982
Commercial paper	3,115,220	-	2,204,526	910,694
Municipal investments	1,256,217	-	283,607	972,610
Money market mutual funds	99,362	99,362	-	-
Non-US government securities	255,575	-	-	255,575
Currency	14,262	14,262	-	-
Local Agency Investment Fund	2,152,135	2,152,135	-	-
California Asset Management Program	5,637,697	5,637,697	-	-
Total	\$ 25,761,646	\$ 11,411,049	\$ 8,730,662	\$ 5,619,935

CITRUS HEIGHTS WATER DISTRICT
Notes to Basic Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type for the year ended December 31, 2024.

Investment Type	Total	Minimum Legal Rating	Moody's Rating as of Fiscal Year End			
			Aaa	Aa	A	Exempt or Not Rated
U.S. Treasury obligations	\$ 6,563,873	N/A	\$ -	\$ -	\$ -	\$ 6,563,873
U.S. agency securities	9,076,355	N/A	-	-	-	9,076,355
Asset backed securities	1,308,201	A	1,308,201	-	-	-
Commercial paper	2,753,014	A	251,358	551,133	1,144,391	806,132
Municipal investments	1,286,504	Aa	496,904	603,306	186,294	-
Money market mutual funds	223,281	Aaa	223,281	-	-	-
Non-US government securities	2,136,096	N/A	-	-	-	2,136,096
Currency	428	N/A	-	-	-	428
Local Agency Investment Fund	55,918	N/A	-	-	-	55,918
California Asset Management Program	5,943,769	N/A	-	-	-	5,943,769
Total	\$ 29,347,439		\$ 2,279,744	\$ 1,154,439	\$ 1,330,685	\$ 24,582,571

The following is a summary of the minimum rating required by (where applicable) the California Government Code, the District's investment policy, or debt agreements, and the actual rating as of year-end for each investment type for the year ended December 31, 2023.

Investment Type	Total	Minimum Legal Rating	Moody's Rating as of Fiscal Year End			
			Aaa	Aa	A	Exempt or Not Rated
U.S. Treasury obligations	\$ 4,609,822	Exempt	\$ -	\$ -	\$ -	\$ 4,609,822
U.S. agency securities	6,974,239	Exempt	-	-	-	6,974,239
Asset backed securities	1,647,117	A	1,050,397	-	-	596,720
Commercial paper	3,115,220	A	-	1,164,155	1,951,065	-
Certificates of deposit (nonnegotiable)	-	Not Rated	-	-	-	-
Certificates of deposit (negotiable)	-	Not Rated	-	-	-	-
Repurchase agreements	-	A	-	-	-	-
Medium-term notes	-	A	-	-	-	-
Municipal investments	1,256,217	Aa	198,517	1,057,700	-	-
Money market mutual funds	99,362	Aaa	-	-	-	99,362
Mortgage pass-through securities	-	A	-	-	-	-
Non-US government securities	255,575	Exempt	-	-	-	255,575
Currency	14,262	Exempt	-	-	-	14,262
Local Agency Investment Fund	2,152,135	Not Rated	-	-	-	2,152,135
California Asset Management Program	5,637,697	Not Rated	-	-	-	5,637,697
Total	\$ 25,761,646		\$ 1,248,914	\$ 2,221,855	\$ 1,951,065	\$ 20,339,812

Concentration of Credit Risk: The investment policy of the District limits the amount that can be invested in any one issuer to the lesser of the amount stipulated by the California Government Code or 5% of total investments, with the exception of U.S. Treasury obligations, U.S. Agency Securities, and LAIF. There are no investments in any one issuer (other than mutual funds and external investment pools) that represent 5% or more of total District investments.

CITRUS HEIGHTS WATER DISTRICT
Notes to Basic Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk: Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, 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. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its Agent having a fair value of 105% to 150% of the District's cash on deposit. All of the District's deposits are either insured by the Federal Depositary Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions in the District's name.

Investment in LAIF: 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 District reports its investment in LAIF at the fair value amount provided by LAIF. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. At December 31, 2024 and 2023, these investments matured in an average of 217 and 230 days, respectively.

CITRUS HEIGHTS WATER DISTRICT
Notes to Basic Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 3: CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2024 and 2023 are as follows:

	Balance December 31, 2023	Adjustments	Adjusted Beginning Balance	Additions	Deletions	Transfers	Balance December 31, 2024
Business-Type Activities:							
Capital assets not being depreciated:							
Land	\$ 2,309,097	\$ -	\$ 2,309,097	\$ -	\$ -	\$ -	\$ 2,309,097
Right of ways	26,080	-	26,080	-	-	-	26,080
Construction in Progress	2,555,476	-	2,555,476	4,248,543	-	(2,016,402)	4,787,617
Total capital assets not being depreciated	4,890,653	-	4,890,653	4,248,543	-	(2,016,402)	7,122,794
Capital assets being depreciated:							
Improvements	1,378,114	-	1,378,114	114,910	-	-	1,493,024
Pipelines and infrastructure	71,654,756	-	71,654,756	-	(14,345)	1,224,247	72,864,658
Equipment and machinery	4,929,201	-	4,929,201	6,743	(178,005)	792,155	5,550,094
Buildings and improvements	4,281,371	-	4,281,371	-	-	-	4,281,371
Well improvements	8,062,746	-	8,062,746	-	-	-	8,062,746
Donated Pipelines	21,834,152	-	21,834,152	-	-	-	21,834,152
Subscriptions	106,700	-	106,700	12,942	-	-	119,642
Total capital assets, being depreciated	112,247,040	-	112,247,040	134,595	(192,350)	2,016,402	114,205,687
Less accumulated depreciation for:							
Improvements	(192,881)	-	(192,881)	(34,079)	-	-	(226,960)
Pipelines and infrastructure	(28,756,998)	-	(28,756,998)	(1,671,249)	10,408	-	(30,417,839)
Equipment and machinery	(3,700,835)	-	(3,700,835)	(237,517)	161,063	-	(3,777,289)
Buildings and improvements	(1,447,340)	-	(1,447,340)	(102,578)	-	-	(1,549,918)
Well improvements	(2,786,098)	-	(2,786,098)	(201,195)	-	-	(2,987,293)
Donated Pipelines	(12,425,825)	-	(12,425,825)	(415,718)	-	-	(12,841,543)
Subscriptions	(21,192)	-	(21,192)	(14,534)	-	-	(35,726)
Total accumulated depreciation	(49,331,169)	-	(49,331,169)	(2,676,870)	171,471	-	(51,836,568)
Total capital assets being depreciated, net	62,915,871	-	62,915,871	(2,542,275)	(20,879)	2,016,402	62,369,119
Capital assets, net	\$ 67,806,524	\$ -	\$ 67,806,524	\$ 1,706,268	\$ (20,879)	\$ -	\$ 69,491,913
	Balance December 31, 2022	Adjustments	Adjusted Beginning Balance	Additions	Deletions	Transfers	Balance December 31, 2023
Business-Type Activities:							
Capital assets not being depreciated:							
Land	\$ 2,309,097	\$ -	\$ 2,309,097	\$ -	\$ -	\$ -	\$ 2,309,097
Right of ways	26,080	-	26,080	-	-	-	26,080
Construction in Progress	1,255,221	-	1,255,221	3,634,992	-	(2,334,737)	2,555,476
Total capital assets not being depreciated/amortized	3,590,398	-	3,590,398	3,634,992	-	(2,334,737)	4,890,653
Capital assets being depreciated/amortized:							
Improvements	1,275,136	-	1,275,136	-	-	102,978	1,378,114
Pipelines and infrastructure	69,906,810	-	69,906,810	-	(150,113)	1,898,059	71,654,756
Equipment and machinery	4,803,910	-	4,803,910	-	(93,409)	218,700	4,929,201
Buildings and improvements	4,281,371	-	4,281,371	-	-	-	4,281,371
Well improvements	7,947,746	-	7,947,746	-	-	115,000	8,062,746
Donated Pipelines	21,637,046	-	21,637,046	243,443	(46,337)	-	21,834,152
Subscription	-	106,700 *	106,700	-	-	-	106,700
Total capital assets, being depreciated/amortized	109,852,019	106,700	109,958,719	243,443	(289,859)	2,334,737	112,247,040
Less accumulated depreciation/amortization for:							
Improvements	(161,402)	-	(161,402)	(31,479)	-	-	(192,881)
Pipelines and infrastructure	(27,247,327)	-	(27,247,327)	(1,637,627)	127,956	-	(28,756,998)
Equipment and machinery	(3,526,614)	-	(3,526,614)	(267,630)	93,409	-	(3,700,835)
Buildings and improvements	(1,344,761)	-	(1,344,761)	(102,579)	-	-	(1,447,340)
Well improvements	(2,587,538)	-	(2,587,538)	(198,560)	-	-	(2,786,098)
Donated Pipelines	(12,051,717)	-	(12,051,717)	(419,776)	45,668	-	(12,425,825)
Subscription	-	(10,522) *	(10,522)	(10,670)	-	-	(21,192)
Total accumulated depreciation/amortization	(46,919,359)	(10,522)	(46,929,881)	(2,668,321)	267,033	-	(49,331,169)
Total capital assets being depreciated/amortized, net	62,932,660	96,178	63,028,838	(2,424,878)	(22,826)	2,334,737	62,915,871
Capital assets, net	\$ 66,523,058	\$ 96,178	\$ 66,619,236	\$ 1,210,114	\$ (22,826)	\$ -	\$ 67,806,524

*Implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*

Capacity Entitlements: From 1993 through 1998, the District participated with four other water agencies in a cooperative transmission pipeline project for the construction of additional transmission pipeline facilities. The District's share of these pipeline costs totaled \$5,636,711. The Capacity Entitlements asset represents the capacity rights the District has purchased in the cooperative transmission pipeline project owned by San Juan Water District. The asset is being amortized over the pipeline's estimated useful life of forty years.

CITRUS HEIGHTS WATER DISTRICT
Notes to Basic Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 4: SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The District implemented GASB Statement No. 96 in the fiscal year ended December 31, 2023. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription based-information technology arrangement (SBITA) activities. This statement establishes a single model for SBITA accounting based on the principle that SBITAs are financings of the right to use an underlying asset. Under this Statement, a subscriber is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

As of December 31, 2024 and 2023, Citrus Heights Water District, CA had 1 active subscription. The subscription has payments that range from \$12,917 to \$12,917 and interest rates that range from 1.0850% to 1.0850%. As of December 31, 2024 and 2023, the total combined value of the subscription liability is \$86,617 and \$85,379, respectively. The combined value of the right to use asset, as of December 31, 2024 and 2023 of \$119,642 and \$106,700, respectively with accumulated amortization of \$35,726 and \$21,192 respectively is included within the Subscription Class activities table found below. The subscriptions had no Variable Payments and no Other Payments, not included in the Subscription Liability, within the Fiscal Year.

Amount of subscription asset by subscription type for the years ended December 31, 2024 and 2023:

Subscription Type	Amount of SBITA Capital Assets	2024 Accumulated Amortization	2023 Accumulated Amortization
Software as a service	\$ 119,642	\$ 35,726	\$ 21,192

Subscription principal and interest requirements to maturity:

Fiscal Year Ending December 31,	Principal	Interest
2025	\$ 11,977	\$ 940
2026	12,107	810
2027	12,238	678
2028	12,371	546
2029	12,505	411
2030-2032	25,419	414
Total	\$ 86,617	\$ 3,799

NOTE 5: LONG-TERM LIABILITIES

Long-term liabilities consist of the following:

2012 Revenue Refunding Bonds: In April 2012, the District issued \$2,275,000 of Revenue Refunding Bonds with interest rates ranging from 3.00% to 5.25%. These 2012 Revenue Refunding Bonds were issued to retire the 2003 Certificates of Participation, which were issued to finance the cost of certain capital improvements to the District's water system. The District is required to collect rates and charges from its water system that will be sufficient to yield net revenues equal to 110% of debt service payments on any future debt issued, and to deposit the net revenues in a revenue fund pledged for such future debt service payments. Annual principal payments, ranging from \$70,000 to \$160,000 are due on February 1 through February 1, 2033, and semi-annual interest payments, ranging from \$4,200 to \$48,600 are due on February 1 and August 1, through February 1, 2033.

CITRUS HEIGHTS WATER DISTRICT
Notes to Basic Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 5: LONG-TERM LIABILITIES (CONTINUED)

Changes in the District's long-term liabilities during the years ended December 31, 2024 and 2023 was as follows:

	Balance December 31, 2023	Adjustments	Adjusted Beginning Balance	Additions	Retirements	Balance December 31, 2024	Current Portion
2012 Revenue Refunding Bonds							
3-5.25% due 2-1-33	\$ 1,315,000	-	\$ 1,315,000	-	\$ 110,000	\$ 1,205,000	\$ 110,000
Unamortized premium on 2012 Bonds	113,641	-	113,641	-	13,370	100,271	-
Deferred amount on refunding of 2012 Bonds	18,572	-	18,572	-	8,636	9,936	-
Subscription	85,379	-	85,379	11,977	10,739	86,617	11,977
Total Long-Term Liabilities	1,532,592	-	1,532,592	11,977	142,745	1,401,824	121,977

	Balance December 31, 2022	Adjustments	Adjusted Beginning Balance	Additions	Retirements	Balance December 31, 2023	Current Portion
2012 Revenue Refunding Bonds							
3-5.25% due 2-1-33	\$ 1,420,000	-	\$ 1,420,000	-	\$ 105,000	\$ 1,315,000	\$ 110,000
Unamortized premium on 2012 Bonds	127,011	-	127,011	-	13,370	113,641	-
Deferred amount on refunding of 2012 Bonds	19,987	-	19,987	-	1,415	18,572	-
Subscription *	-	95,542	95,542	-	10,163	85,379	10,274
Total Long-Term Liabilities	1,566,998	95,542	1,662,540	-	129,948	1,532,592	120,274

*Implementation of GASB Statement No. 96, Subscription-Based Information Technology Arrangements

The annual requirements to amortize the outstanding debt related to the 2012 Revenue Refunding Bonds as of December 31, 2024 are as follows:

Fiscal Year Ending December 31,	2012 Revenue Refunding Bonds		
	Principal	Interest	Total
2025	\$ 110,000	\$ 60,788	\$ 170,788
2026	115,000	57,488	172,488
2027	120,000	54,188	174,188
2028	130,000	45,150	175,150
2029-2033	730,000	118,912	848,912
Total	\$ 1,205,000	\$ 336,526	\$ 1,541,526

Pledged Revenue: The District pledged future water system revenues, net of specified expenses, to repay the 2012 Revenue Refunding Bonds in an original amount of \$2,275,000. Proceeds of the Revenue Refunding Bonds were used to refund the 2003 Certificates of Participation to finance capital improvements to the District's water system. The Revenue Refunding Bonds are payable solely from water customer net revenues and are payable through February 2033. Annual principal and interest payments on the Bonds are expected to require less than 80% of net revenues. Total principal and interest remaining to be paid on the Revenue Refunding Bonds was \$1,541,526 and \$1,715,614 at December 31, 2024 and 2023, respectively.

Total principal and interest paid on all debt payable from net revenues was \$174,088 and \$174,338 and the total water system net revenues were \$7,605,419 and \$6,162,409 for the years ended December 31, 2024 and 2023, respectively. At December 31, 2024 and 2023, the District's net revenues were 5,600% and 3,540% of debt service payments, respectively.

Events of Default: The 2012 Revenue Refunding Bonds from direct borrowings related to business-type activities, contain events of default that declare the principal of all of the 2012 bonds then outstanding and the interest accrued thereon to be due and payable immediately as specified in the terms of the agreement if any of the following conditions occur: default on debt service payments; the failure of the District to observe or perform the conditions, covenants, or agreement terms of the debt; bankruptcy filing by the District; or if any court or competent jurisdiction shall assume custody or control of the District. There were no such events occurred during the fiscal year ended December 31, 2024.

NOTE 6: ARBITRAGE REBATE LIABILITY

Section 148(f) of the Internal Revenue Code requires issuers of tax-exempt state and local bonds to remit to the federal government amounts equal to (a) the excess of the actual amounts earned on all “Nonpurpose Investments” allocable to “Gross Proceeds” of an issue of municipal obligations less the amount that would have been earned if the investments bore a rate equal to the amount that would have been earned if the investments bore a rate equal to the yield on the issue, plus (b) all income attributable to the excess. Issuers must make rebate payments at least once every five years and upon final retirement or redemption of the bonds. There was no arbitrage liability at December 31, 2024 and 2023.

NOTE 7: NET POSITION

Designations: Designations of unrestricted net position may be imposed by the Board of Directors to reflect future spending plans or concerns about the availability of future resources. Designations may be modified, amended or removed by Board action.

The designations are for the following:

Designated for rate stabilization represents the amount to be used to ensure financial and customer rate stability in responding to certain conditions.

Designated for operating reserve is maintained for operating funds collected in advance for the following year, accrued leave reserve, self-insurance reserve, unanticipated operating expenses, unanticipated economic shortfall, and unallocated funds.

Designated for debt services reserve represents amounts set aside for use in maintaining debt coverage ratios in accordance with bond covenants or other agreements or requirements associated with the issuance of debt by the District.

Designated for capital improvement reserve represents amounts set aside for use in evaluating and constructing new capital facilities to benefit existing District customers. This reserve had a negative balance in past years due to large capital expenditures, including the meter retrofit program and well construction.

Designated for fleet equipment reserve represents amounts set aside to replace fleet equipment at the end of its useful life.

Designated for employment-related benefits reserve represents amounts set aside to pay the costs of employment-related benefits for existing and retired District employees.

Designated for water meter replacement reserve represents amounts set aside for use in evaluating, designing, and replacing or rehabilitating capital facilities pertaining to water meters to benefit existing District customers.

Designated for water supply reserve represents amounts set aside for evaluating, acquiring, and constructing capital facilities related to water supply, such as groundwater production wells, aquifer storage and recovery wells, surface water projects, recycled/reclaimed water projects, and land and right-of-way acquisition.

Designated for water main replacement reserve represents amounts set aside for evaluating, planning, designing, constructing, replacing or rehabilitating capital facilities to benefit District customers.

Designated for water efficiency reserve represents amounts set aside for use in a water supply shortage, water supply interruption, Federal/State/Regional/Local mandates, or other programmatic needs.

CITRUS HEIGHTS WATER DISTRICT
Notes to Basic Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 8: COMPENSATED ABSENCES

The following is a summary of changes in the District's compensated absences for the year ended December 31, 2024 and 2023:

	December 31, 2024	Net Change	December 31, 2024	Current Portion
District Total	<u>\$ 638,863</u>	<u>\$ (79,274)</u>	<u>\$ 559,589</u>	<u>\$ 174,273</u>

	December 31, 2023	Net Change	December 31, 2024	Current Portion
District Total	<u>\$ 558,201</u>	<u>\$ 80,662</u>	<u>\$ 638,863</u>	<u>\$ 213,910</u>

NOTE 9: DEFINED BENEFIT PENSION PLAN

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 Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. General Information about the Pension Plans

Plan Description and Summary of Balances by Plan – All qualified permanent and probationary employees are eligible to participate in the District's Miscellaneous (all other) Employee Pension Rate Plan. The District's Miscellaneous Rate Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan (PERF C), which is administered by the California Public Employees' Retirement System (CalPERS). PERF C consists of a miscellaneous pool and a safety pool (also referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively. Individual employers may sponsor more than one miscellaneous and safety rate plan. The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. The District sponsors one rate plan (miscellaneous).

Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Below is a summary of the deferred outflows of resources, net pension liabilities, and deferred inflows of resources by Plan for the year ended December 31, 2024 and 2023:

	Deferred Outflows of Resources	Net Pension Liability/ Proportionate Share of Net Pension Liability	Deferred Inflows of Resources
As of December 31, 2024			
Miscellaneous	<u>\$ 1,918,709</u>	<u>\$ (6,077,953)</u>	<u>\$ (73,188)</u>

	Deferred Outflows of Resources	Net Pension Liability/ Proportionate Share of Net Pension Liability	Deferred Inflows of Resources
As of December 31, 2023			
Miscellaneous	<u>\$ 2,537,266</u>	<u>\$ (6,173,494)</u>	<u>\$ (402,283)</u>

CITRUS HEIGHTS WATER DISTRICT
Notes to Basic Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 9: DEFINED BENEFIT 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. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Pension Reform Act of 2013 (PEPRA), Assembly Bill 340, is applicable to employees new to CalPERS and hired after December 31, 2012.

The Plans' provisions and benefits in effect at December 31, 2024, are summarized as follows:

	Miscellaneous Tier 1	Miscellaneous Tier 2	Miscellaneous PEPRA
Hire date	Prior to January 1, 2013	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 63	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	1.43% to 2.42%	1.43% to 2.42%	1.0% to 2.5%
Required employee contribution rates	6.9%	6.9%	7.8%
Required employer contribution rates	12.5%	11.8%	7.7%

Beginning in fiscal year 2017, CalPERS collects employer contributions for the cost-sharing plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. The District's required contribution for the unfunded liability was \$662,667 in fiscal year 2024.

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

For the year ended December 31, 2024 and 2023 the District's contributions to the Plan were as follows:

	Miscellaneous		
As of December 31, 2024	Tier 1	Tier 2	PEPRA
Contributions - employer	\$ 524,378	\$ 8,065	\$ 2,706

	Miscellaneous		
As of December 31, 2023	Tier 1	Tier 2	PEPRA
Contributions - employer	\$ 470,187	\$ 6,175	\$ 4,097

CITRUS HEIGHTS WATER DISTRICT
Notes to Basic Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

As of December 31, 2024, the District reported \$6,077,953 in net pension liabilities for its proportionate shares of the net pension liability of the Plan.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2024, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023 rolled forward to June 30, 2024 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2024 and 2023 was as follows:

As of December 31, 2024	Miscellaneous
Proportion - June 30, 2023	0.12346%
Proportion - June 30, 2024	0.12567%
Change - Increase (Decrease)	-0.00221%

As of December 31, 2023	Miscellaneous
Proportion - June 30, 2022	0.12247%
Proportion - June 30, 2023	0.12346%
Change - Increase (Decrease)	-0.00099%

For the year ended December 31, 2024 and 2023, the District recognized pension expense of \$277,926 and \$1,098,770, respectively. At December 31, 2024 and 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

As of December 31, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 770,256	\$ -
Differences between actual and expected experience	525,495	(20,504)
Changes in assumptions	156,216	-
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	70,360	-
	46,482	(52,684)
Net differences between projected and actual earnings on plan investments	349,900	-
Total	\$ 1,918,709	\$ (73,188)

CITRUS HEIGHTS WATER DISTRICT
Notes to Basic Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

As of December 31, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 662,667	\$ -
Differences between actual and expected experience	315,375	(48,922)
Changes in assumptions	372,722	-
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	186,958	(353,361)
Net differences between projected and actual earnings on plan investments	999,544	-
Total	<u>\$ 2,537,266</u>	<u>\$ (402,283)</u>

The \$770,256 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal year ended December 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ 373,623
2026	797,675
2027	23,874
2028	(119,907)
Total	<u>\$ 1,075,265</u>

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1- percentage point higher than the current rate:

For December 31, 2024	Miscellaneous
1% Decrease	5.90%
Net Pension Liability	\$ (9,837,787)
Current Discount Rate	6.90%
Net Pension Liability/(Asset)	\$ (6,077,953)
1% Increase	7.90%
Net Pension Liability/(Asset)	\$ (2,983,056)
For December 31, 2023	Miscellaneous
1% Decrease	5.90%
Net Pension Liability	\$ (9,708,569)
Current Discount Rate	6.90%
Net Pension Liability/(Asset)	\$ (6,173,494)
1% Increase	7.90%
Net Pension Liability/(Asset)	\$ (3,263,824)

CITRUS HEIGHTS WATER DISTRICT
Notes to Basic Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Assumptions – For the measurement period ended June 30, 2024, the total pension liabilities were determined by rolling forward the June 30, 2023 total pension liability based on the following actuarial methods and assumptions:

	Miscellaneous
Valuation Date	June 30, 2023
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Amortization	
Discount Rate	6.90%
Inflation	2.30%
Projected Salary Increase	Varies by Entry Age and Service
Mortality(1)	Derived using CalPers Membership Data for all Funds
The above actuarial assumptions were based upon the following experience study periods:	2021
Investment Rate of Return	6.90%
	Contract COLA up to 2.30% until PPPA(2) floor on purchasing power applies, 2.30% thereafter
Post Retirement Benefit Increase	

¹ CalPERS developed the mortality table used based on CalPERS’ specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale MP–2016. For more details on this table, please refer to the 2021 experience study report.

² Purchasing Power Protection Allowance (PPPA) is a benefit designed to restore the original purchasing power of CalPERS retirees to a predetermined limit.

All other actuarial assumptions used in the June 30, 2023 valuation were based on the results of a December 2021 actuarial experience study. Further details of the Experience Study can be found on the CalPERS website.

CITRUS HEIGHTS WATER DISTRICT
Notes to Basic Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

Discount Rate – The discount rate used to measure the total pension liability for the Plan was 6.90%. The projection of cash flows used to determine the discount rate for the Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) 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.

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

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

The table below reflects the expected real rate of return by asset class.

Asset Class	Assumed Asset Allocation	Real Return ^{1, 2}
Global equity-cap-weighted	30.00%	4.54%
Global equity-non-cap-weighted	12.00%	3.84%
Private equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed securities	5.00%	0.50%
Investment grade corporates	10.00%	1.56%
High yield	5.00%	2.27%
Emerging market debt	5.00%	2.48%
Private debt	5.00%	3.57%
Real assets	15.00%	3.21%
Leverage	-5.00%	-0.59%

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021-22 Asset Liability Management stud

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

CITRUS HEIGHTS WATER DISTRICT
Notes to Basic Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 10: POSTEMPLOYMENT HEALTH CARE BENEFITS

A. General Information about the District's Other Postemployment Benefit (OPEB) Plan

Plan Description – The District provides post-employment healthcare benefits for certain groups of employees that retire from the District, under the Retiree Healthcare Plan (OPEB Plan), an agent multiple-employer plan administered by the District. The OPEB Plan provides benefits for all permanent, full-time employees of the District. The OPEB Plan's assets are held in trust with the California Employers' Retiree Benefit Trust Fund (CERBT), an agent multiple-employer Section 115 trust fund plan administered by California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. Benefit provisions are established through District policy and may be amended through action of the District's Board of Directors. In order to qualify for participation in the OPEB Plan, employees must meet three conditions: (1) completion of 20 years of service with the District; (2) retirement from the District; and (3) employed with the District by January 30, 2019.

Benefits Provided – The following is a summary of Plan benefits by employee group as of December 31, 2023:

Hired before January 31, 2019			
	Retired from District between June 3, 1992 and March 19, 1996	Retired from District after March 19, 1996	Hired After January 30, 2019
	Health insurance provided to employee at District expense	Maximum monthly reimbursement of \$377.00 to retiree, spouse/dependents.	
20+ Years of Service			
25+ Years of Service	Health insurance provided to retiree, and spouse/dependents at the time of retirement. If no spouse/dependents, or if retiree does not wish to cover spouse/dependents, retiree may select benefit of 30+ years of service.	Maximum monthly reimbursement of \$422.00 to retiree, spouse/dependents.	Employees hired after January 30, 2019 are not eligible to receive any benefit under the OPEB plan.
30+ Years of Service	Health, dental, vision insurance provided at District expense for retiree. Health and dental insurance provided at District expense for spouse/dependents at time of	Maximum monthly reimbursement of \$472.00 to retiree, spouse/dependents.	

For the year ended December 31, 2024, the District's contributions to the OPEB Plan were \$170,520

Employees Covered by Benefit Terms – Membership in the OPEB Plan consisted of the following at the census date of December 31, 2022:

Inactive Employees or Beneficiaries Currently Receiving Benefits	19
Inactive Employees Entitled to but not yet Receiving Benefits	-
Active Employees	22
Total	41

CITRUS HEIGHTS WATER DISTRICT
Notes to Basic Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 10: POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

B. Net OPEB Liability

Actuarial Methods and Assumptions – The District's net OPEB liability was measured as of December 31, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated December 31, 2022 to determine the total OPEB liability as of December 31, 2024, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	December 31, 2022
Measurement Date	December 31, 2023
Actuarial Cost Method	Entry - Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	5.87%
Inflation	2.30%
Payroll Growth	2.80%
Healthcare Trend	6.80%, trending down to 4.14%
	CalPers OPEB Assumption Model, dated
Mortality Rate	November 17, 2021

The underlying mortality assumptions were based on the CalPERS OPEB Assumption Model, dated November 17, 2021, and all other actuarial assumptions used in the December 31, 2022 valuation were based on the results of a December 31, 2022 actuarial experience study for the period January 1, 2022 to December 31, 2022.

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return Year
Global Equity	49.00%	6.80%
Fixed Income	23.00%	3.70%
TIPS	5.00%	2.80%
Commodities	3.00%	3.40%
REITs	20.00%	6.00%
Total	100.00%	

Discount Rate – The discount rate used to measure the total OPEB liability was 5.87%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

CITRUS HEIGHTS WATER DISTRICT
Notes to Basic Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 10: POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

C. Changes in Net OPEB Liability

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at December 31, 2023	\$ 1,809,212	\$ 570,891	\$ 1,238,321
Changes Recognized for the Measurement Period:			
Service Cost	42,248	-	42,248
Interest on the total OPEB liability	107,097	-	107,097
Changes in benefit terms	-	-	-
Difference between expected and actual experience	1,027	-	1,027
Changes in assumptions	-	-	-
Contributions from the employer*	-	53,972	(53,972)
Net investment income	-	66,878	(66,878)
Administrative Expenses	-	(292)	292
Benefit payments and refunds	(53,972)	(53,972)	-
Other changes	-	-	-
Net changes	96,400	66,586	29,814
Balance at December 31, 2024	\$ 1,905,612	\$ 637,477	\$ 1,268,135

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at December 31, 2022	\$ 2,062,623	\$ 532,965	\$ 1,529,658
Changes Recognized for the Measurement Period:			
Service Cost	44,622	-	44,622
Interest on the total OPEB liability	122,099	-	122,099
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(207,360)	-	(207,360)
Changes in assumptions	(158,406)	-	(158,406)
Contributions from the employer*	-	(97,111)	97,111
Net investment income	-	189,666	(189,666)
Administrative Expenses	-	(263)	263
Benefit payments and refunds	(54,366)	(54,366)	-
Other changes	-	-	-
Net changes	(253,411)	37,926	(291,337)
Balance at December 31, 2023	\$ 1,809,212	\$ 570,891	\$ 1,238,321

CITRUS HEIGHTS WATER DISTRICT
Notes to Basic Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 10: POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates – The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.87%) or 1- percentage-point higher (6.87%) than the current discount rate:

Plan's Net OPEB Liability - 2024		
Discount Rate -1% (4.87%)	Current Discount Rate (5.87%)	Discount Rate 1% (6.87%)
\$ 1,578,301	\$ 1,268,135	\$ 1,015,997

Plan's Net OPEB Liability - 2023		
Discount Rate -1% (4.87%)	Current Discount Rate (5.87%)	Discount Rate 1% (6.87%)
\$ 1,537,747	\$ 1,238,321	\$ 995,480

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.0% to 4.0%) or 1-percentage-point higher (8.0% to 6.0%) than the current healthcare cost trend rates:

Plan's Net OPEB Liability - 2024		
Health Care Cost Trend Rate -1%	Health Care Cost Trend Rates	Health Care Cost Trend Rate +1%
\$ 970,153	\$ 1,268,135	\$ 1,647,269

Plan's Net OPEB Liability - 2023		
Health Care Cost Trend Rate -1%	Health Care Cost Trend Rates	Health Care Cost Trend Rate +1%
\$ 966,191	\$ 1,238,321	\$ 1,583,884

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

For the year ended December 31, 2024 and 2023, the District recognized OPEB expense of \$123,283 and \$148,355, respectively. At December 31, 2024 and 2023, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

As of December 31, 2024	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 16,138	\$ (171,710)
Changes in assumptions	195,423	(205,951)
Net difference between projected and actual earnings on OPEB plan investments	26,821	-
Employer contributions made subsequent to the measurement date	170,520	-
Total	\$ 408,902	\$ (377,661)

CITRUS HEIGHTS WATER DISTRICT
Notes to Basic Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 10: POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

As of December 31, 2023	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,578	\$ (197,047)
Changes in assumptions	242,363	(239,374)
Net difference between projected and actual earnings on OPEB plan investments	74,698	-
Employer contributions made subsequent to the measurement date	170,924	-
Total	<u>\$ 507,563</u>	<u>\$ (436,421)</u>

\$170,520 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as pension expense as follows:

Year Ended December 31,	Annual Amortization
2025	\$ 240
2026	4,696
2027	8,450
2028	(19,390)
2029	(48,644)
Thereafter	(84,631)

E. Payable to the OPEB Plan

At December 31, 2024 and 2023, the District reported a payable of \$0 for the outstanding amount of contributions to the OPEB plan required for the year ended December 31, 2024 and 2023.

NOTE 11: COMMITMENTS AND CONTINGENCIES

Various claims have been filed against the District. In the opinion of the District's management and legal counsel, the claims will not have a material impact on the basic financial statements.

The District has no capital project commitments as of December 31, 2024 and 2023.

NOTE 12: ECONOMIC DEPENDENCY

During 2024 and 2023, the District purchased 94.01% and 84.89%, respectively, of its water supply from the San Juan Water District (SJWD). Total purchases for the year ended December 31, 2024 and 2023 was \$2,982,507 and \$2,858,841, respectively. In addition, the District owns water transmission capacity entitlements through the cooperative transmission pipeline project owned and operated by SJWD.

NOTE 13: INSURANCE

The District participates in the Association of California Water Agencies Joint Powers Insurance Authority (ACWA/JPIA) a public entity risk pool of California water agencies, for general and auto liability, public officials liability, property damage, fidelity insurance and workers compensation liability. ACWA/JPIA provides insurance through the pool up to a certain level, beyond which group purchased commercial excess insurance is obtained.

CITRUS HEIGHTS WATER DISTRICT
Notes to Basic Financial Statements
For the Years Ended December 31, 2024 and 2023

NOTE 13: INSURANCE (CONTINUED)

The District pays an annual premium to ACWA/JPIA that includes its pro-rata share of excess insurance premiums, charges for the pooled risk, claims adjusting and legal costs, and administrative and other costs to operate the ACWA/JPIA. The District's deductibles and maximum coverage are as follows:

Type of Coverage (Deductible)	ACWA/JPIA	Deductible
General and Auto Liability (Includes Public Officials Liability)	\$55,000,000	None
Cyber Liability	3,000,000	None
Property Damage*	150,000,000	\$2,500-\$100,000
Crime	100,000	1,000
Workers Comensation Liability	2,000,000	None

* The District has additional \$500,000,000 in property damage coverage via ACWA/JPIA through the commercial insurance policy

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REQUIRED SUPPLEMENTARY INFORMATION

CITRUS HEIGHTS WATER DISTRICT
Cost Sharing Multiple-Employer Plan
Schedule of Proportionate Share of the Net Pension Liability
As of December 31, for the Last Ten Years

Measurement Date	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Plan Proportion of the Net Pension Liability	0.12216%	0.11962%	0.11866%	0.11673%
Plan Proportionate Share of the Net Pension Liability	\$ 3,351,422	\$ 4,155,588	\$ 4,677,711	\$ 4,399,273
Plan Covered Payroll	\$ 2,289,027	\$ 2,270,540	\$ 2,606,536	\$ 2,941,557
Plan Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	146.41%	183.02%	179.46%	149.56%
The Pension Plan's (PERF-C) Fiduciary Net Position as a Percentage of the Total Pension Liability	78.40%	74.06%	73.31%	75.26%

Notes to Schedule:

Benefit Changes: There were no changes to the benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees by granting Two Years Additional Service Credit to members retiring during a specified period (also known as "Golden Handshakes").

Changes of Assumptions: There were no assumption changes in 2024. Effective with the June 30, 2023 valuation date

6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023	6/30/2024
0.04500%	0.04483%	0.04318%	0.12247%	0.12381%	0.12567%
\$ 4,611,042	\$ 4,877,315	\$ 2,335,284	\$ 5,730,637	\$ 6,173,494	\$ 6,077,953
\$ 3,442,952	\$ 3,399,842	\$ 3,513,707	\$ 1,605,786	\$ 1,776,124	\$ 4,355,031
133.93%	143.46%	66.46%	356.87%	347.58%	139.56%
75.26%	75.10%	88.29%	76.90%	76.90%	76.90%

CITRUS HEIGHTS WATER DISTRICT
Cost Sharing Multiple-Employer Plan
Schedule of Plan Contributions
As of December 31, for the Last Ten Years (1)

	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 504,996	\$ 584,230	\$ 650,169	\$ 649,707
Contribution in Relation to the Actuarially Determined Contribution	(505,031)	(584,230)	(650,169)	(699,672)
Contribution Deficiency (Excess)	<u>\$ (35)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (49,965)</u>
Covered Payroll	\$ 2,362,614	\$ 1,303,268	\$ 1,470,779	\$ 1,721,476
Contributions as a Percentage of Covered Payroll	21.38%	44.83%	44.21%	40.64%

(1) Historical information is required only for measurement for which GASB 68 is applicable. Fiscal Year 2015 was the first year of implementation, therefore only nine years are shown.

Note to Schedule:

Valuation Date: June 30, 2023

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method
Amortization method

Entry Age Normal Cost Method

Level percentage of pay, a summary of the current policy is provided in the table below:

	Source				
	(Gain)/Loss		Assumption/ Method Change	Benefit Change	Golden Handshake
	Investment	Non- investment			
Amortization Period	20 Years	20 Years	20 Years	20 Years	5 Years
Escalation Rate	0%	0%	0%	0%	0%
Ramp Up	5	0	0	0	0
Ramp Down	0	0	0	0	0

Asset valuation method

The Actuarial Value of Assets is set equal to the Market Value of Assets. Asset values include accounts receivable.

Inflation

2.30%

Payroll Growth

2.75%

Projected Salary Increases

Varies by Entry Age and Service

Investment Rate of Return

6.90% (net of pension plan investment and administrative expenses, includes

Retirement Age

All other actuarial assumptions used in the June 30, 2023 valuation use the results of the 2021 CalPERS Experience Study and Review of Actuarial Assumptions, including updates to salary increases, mortality, and retirement rates, as a basis. Employers should refer to CalPERS' Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024, to obtain the required supplementary information for proper financial reporting.

Mortality

CalPERS developed the mortality table used based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale MP-2016. For more details on this table, please refer to the 2021 experience study report.

2020	2021	2022	2023	2024
\$ 695,780	\$ 909,262	\$ 816,336	\$ 815,884	\$ 770,256
(695,780)	(909,262)	(816,336)	(815,884)	(770,256)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,399,842	\$ 3,237,486	\$ 1,605,786	\$ 1,776,124	\$ 4,355,031
20.47%	28.09%	50.84%	45.94%	17.69%

CITRUS HEIGHTS WATER DISTRICT
Schedule of Changes in the Net OPEB liability and Related Ratios
As of December 31, For the Last Ten Years (1)

Measurement Date	12/31/2017	12/31/2018	12/31/2019
Total OPEB Liability			
Service cost	\$ 25,905	\$ 26,682	\$ 37,106
Interest on the total OPEB liability	83,640	87,918	96,977
Change in benefit terms	-	-	-
Differences between expected and actual experiences	-	41,338	(17,427)
Changes in assumptions	-	23,239	-
Benefit payments	(41,228)	(42,527)	(46,768)
Net change in total OPEB liability	68,317	136,650	69,888
Total OPEB liability - beginning	1,332,951	1,401,268	1,537,918
Total OPEB liability - ending (a)	1,401,268	1,537,918	1,607,806
Plan Fiduciary Net Position			
Contribution - employer	41,228	122,527	128,540
Net investment income	-	(1,658)	24,089
Benefit payments	(41,228)	(42,527)	(46,768)
Other miscellaneous income/(expense)	-	-	-
Administrative expense	-	(6)	(83)
Net change in plan fiduciary net position	-	78,336	105,778
Plan fiduciary net position - beginning	-	-	78,336
Plan fiduciary net position - ending (b)	-	78,336	184,114
Net OPEB Liability - ending (a) - (b)	\$ 1,401,268	\$ 1,459,582	\$ 1,423,692
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	5.09%	11.45%
Covered Payroll	\$ 2,915,351	\$ 3,278,242	\$ 3,658,217
Net OPEB liability as a percentage of covered-employee payroll	48.07%	44.52%	38.92%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

12/31/2020	12/31/2021	12/31/2022	12/31/2023
\$ 47,435	\$ 50,011	\$ 44,622	\$ 42,248
102,103	114,224	122,099	107,097
(572)	-	-	-
(1,841)	(1,948)	(207,360)	1,027
364,838	(130,213)	(158,406)	-
(43,184)	(46,036)	(54,366)	(53,972)
468,779	(13,962)	(253,411)	96,400
1,607,806	2,076,585	2,062,623	1,809,212
2,076,585	2,062,623	1,809,212	1,905,612
145,837	189,734	189,666	53,972
39,073	40,575	(97,111)	66,878
(43,184)	(46,036)	(54,366)	(53,972)
23,195	-	-	-
(127)	(216)	(263)	(292)
164,794	184,057	37,926	66,586
184,114	348,908	532,965	570,891
348,908	532,965	570,891	637,477
\$ 1,727,677	\$ 1,529,658	\$ 1,238,321	\$ 1,268,135
16.80%	25.84%	31.55%	33.45%
\$ 3,677,546	\$ 3,946,896	\$ 2,740,450	\$ 2,740,450
46.98%	38.76%	45.19%	46.27%

CITRUS HEIGHTS WATER DISTRICT
Schedule of OPEB Contributions
As of December 31, for the Last Ten Years (1)

	2018	2019	2020
Actuarially Determined Contribution	\$ 122,000	\$ 130,652	\$ 170,121
Contribution in Relation to the Actuarially Determined Contributions	(122,527)	(128,530)	(146,814)
Contribution Deficiency (Excess)	<u>\$ (527)</u>	<u>\$ 2,122</u>	<u>\$ 23,307</u>
Covered Payroll	\$ 3,278,242	\$ 3,658,217	\$ 3,677,546
Contributions as a percentage of covered-employee payroll	3.74%	3.51%	3.99%

(1) Historical information is required only for the measurement periods for which GASB 75 is applicable. Fiscal Year 2018 was the first year of implementation. Future years' information will be displayed up to 10 years as information becomes available.

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation Date	December 31, 2022
Actuarial Cost Method	Entry Age Normal, Level Percentage of Salary
Amortization Method	Level percent of pay
Amortization Period	22 years
Asset Valuation Method	n/a
Discount Rate	5.87%
General Inflation	2.30%
Salary Increases	2.80%
Medical Trend	6.8% for 2024, decreasing to an ultimate rate of 4.14% in 2078
Mortality	Based on CalPERS Tables
Mortality Improvement	Mortality projected fully generational with Scale MP-18

2021		2022		2023		2024	
\$	158,425	\$	189,666	\$	170,924	\$	170,520
	(189,734)		(140,592)		(175,938)		(191,619)
\$	(31,309)	\$	49,074	\$	(5,014)	\$	(21,099)
\$	3,689,171	\$	3,946,896	\$	2,740,450	\$	2,740,450
	5.14%		3.56%		6.42%		6.99%

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STATISTICAL SECTION

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CITRUS HEIGHTS WATER DISTRICT

Statistical Section

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This section of the Citrus Heights Water District's (District) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

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These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	
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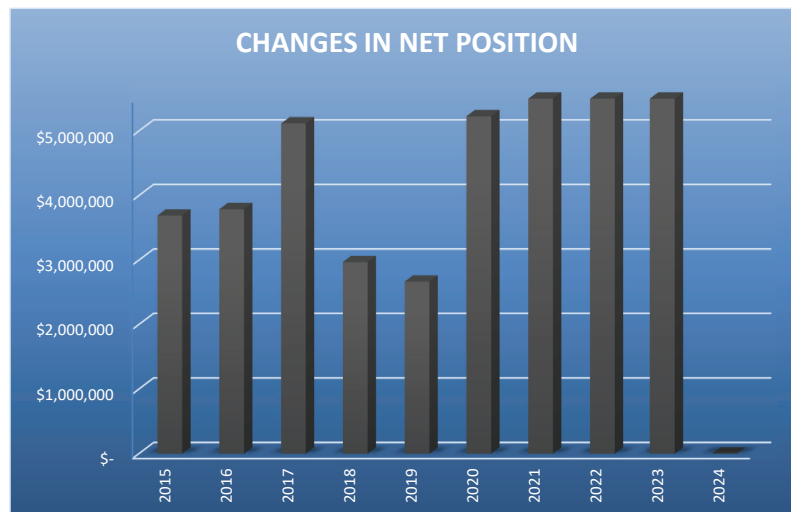
FINANCIAL TRENDS

CITRUS HEIGHTS WATER DISTRICT

Changes in Net Position and Net Position by Component

Last Ten Fiscal Years
Schedule 1

	2015	2016	2017	2018	2019
Changes in net position:					
Operating revenues (see Schedule 2)	\$ 10,884,550	\$ 12,325,057	\$ 14,043,049	\$ 14,375,044	\$ 15,340,476
Operating expenses (see Schedule 3)	(6,023,057)	(7,043,963)	(7,534,381)	(9,531,439)	(11,230,314)
Depreciation and amortization	(2,098,944)	(2,203,170)	(2,345,281)	(2,388,634)	(2,435,900)
Operating income(loss)	2,762,549	3,077,924	4,163,387	2,454,971	1,674,262
Non-operating revenues(expenses)					
Investment income	19,093	38,313	63,531	159,437	214,962
Miscellaneous income	28,606	68,203	77,074	107,546	69,322
Groundwater transfers and sales	-	-	1,058,793	347,583	38,316
Interest expense	(173,462)	(155,214)	(145,911)	(147,540)	(124,346)
(Loss) gain on disposal of capital assets	4,834	(137,567)	(155,343)	(164,842)	(105,755)
Total non-operating revenues(expenses), net	(120,929)	(186,265)	898,144	302,184	92,499
Net income before capital contributions	2,641,620	2,891,659	5,061,531	2,757,155	1,766,761
Capital Contributions					
Grant Revenues	610,431	715	-	-	-
Capital contributions	438,567	896,688	55,813	213,121	898,084
Changes in net position	\$ 3,690,618	\$ 3,789,062	\$ 5,117,344	\$ 2,970,276	\$ 2,664,845
Net position by component:					
Prior Year adjustment	\$ (3,728,767)	\$ -	\$ -	\$ -	\$ -
Net investment in capital assets	50,895,005	51,801,433	53,350,420	55,029,058	57,193,152
Restricted	533,350	533,796	535,733	541,475	542,660
Unrestricted	4,434,324	7,316,512	10,882,932	11,717,632	12,217,198
Total net position	\$ 52,133,912	\$ 59,651,741	\$ 64,769,085	\$ 67,288,165	\$ 69,953,010

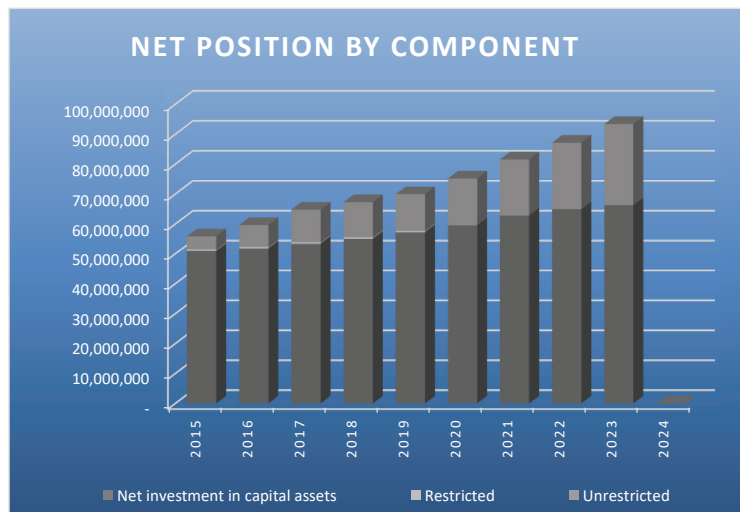


Source: District Administrative Services Department

CITRUS HEIGHTS WATER DISTRICT
Changes in Net Position and Net Position by Component

Last Ten Fiscal Years
Schedule 1 (Continued)

2020	2021	2022	2023	2024	
					Changes in net position:
\$ 19,203,757	\$ 17,517,961	\$ 19,433,754	\$ 20,132,024	\$ -	Operating revenues (see Schedule 2)
(11,787,520)	(10,994,641)	(11,599,450)	(12,902,517)	-	Operating expenses (see Schedule 3)
(2,469,339)	(2,485,902)	(2,594,333)	(2,668,321)	-	Depreciation and amortization
4,946,898	4,037,418	5,239,971	4,561,186	-	Operating income(loss)
					Non-operating revenues(expenses)
116,981	(343)	(30,997)	1,438,634	-	Investment income
42,989	42,759	47,610	19,395	-	Miscellaneous income
-	-	-	-	-	Groundwater transfers and sales
(95,741)	(74,734)	(69,691)	(50,767)	-	Interest expense
(73,310)	(115,032)	(39,333)	21,674	-	(Loss) gain on disposal of capital assets
(9,081)	(147,350)	(92,411)	1,428,936	-	Total non-operating revenues(expenses), net
4,937,817	3,890,068	5,147,560	5,990,122	-	Net income before capital contributions
					Capital Contributions
-	-	-	-	-	Grant Revenues
290,182	2,474,459	440,679	243,443	-	Capital contributions
\$ 5,227,999	\$ 6,364,527	\$ 5,588,239	\$ 6,233,565	\$ -	Changes in net position
					Net position by component:
\$ -	\$ -	\$ -	\$ -	\$ -	Prior Year adjustment
59,531,355	62,822,494	64,942,772	66,242,874	-	Net investment in capital assets
-	-	-	-	-	Restricted
15,649,654	18,723,042	22,191,003	27,124,117	-	Unrestricted
\$ 75,181,009	\$ 81,545,536	\$ 87,133,775	\$ 93,366,991	\$ -	Total net position

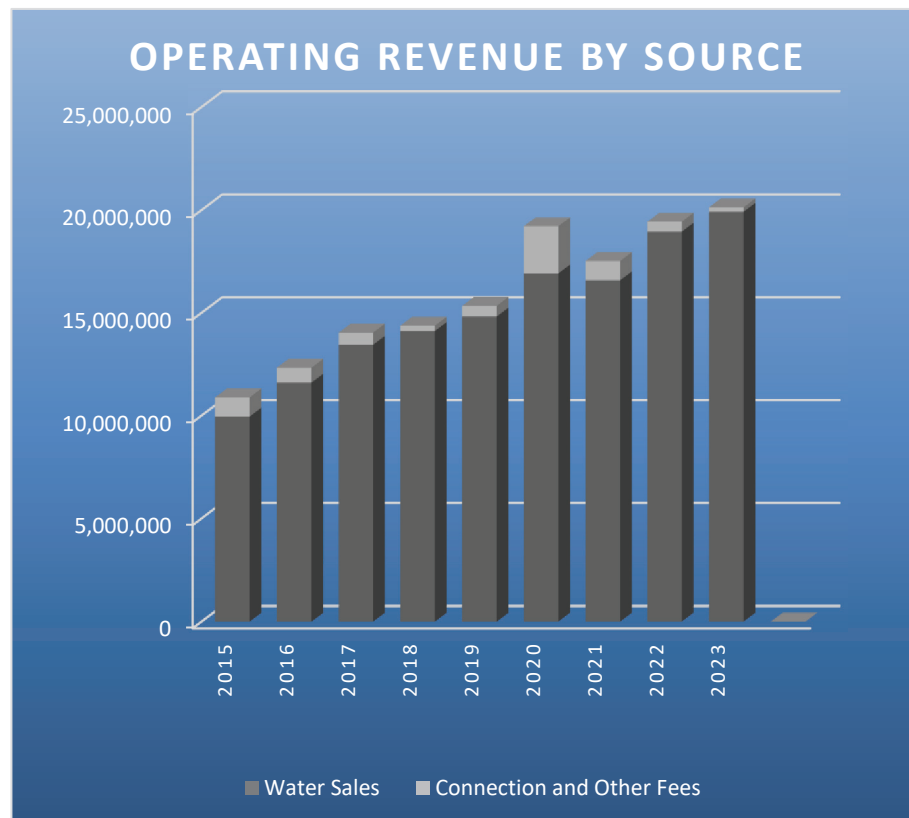


CITRUS HEIGHTS WATER DISTRICT

Operating Revenue By Source

Last Ten Fiscal Years
Schedule 2

Fiscal Year	Water Sales	Connection and Other Fees	Total Operating Revenue
2015	\$ 9,953,864	\$ 930,686	\$ 10,884,550
2016	11,602,622	722,435	12,325,057
2017	13,448,691	594,358	14,043,049
2018	14,119,865	255,179	14,375,044
2019	14,823,207	517,269	15,340,476
2020	16,908,986	2,294,771	19,203,757
2021	16,579,945	938,016	17,517,961
2022	18,934,457	499,297	19,433,754
2023	19,915,090	216,934	20,132,024
2024	-	-	-



Source: District Administrative Services Department

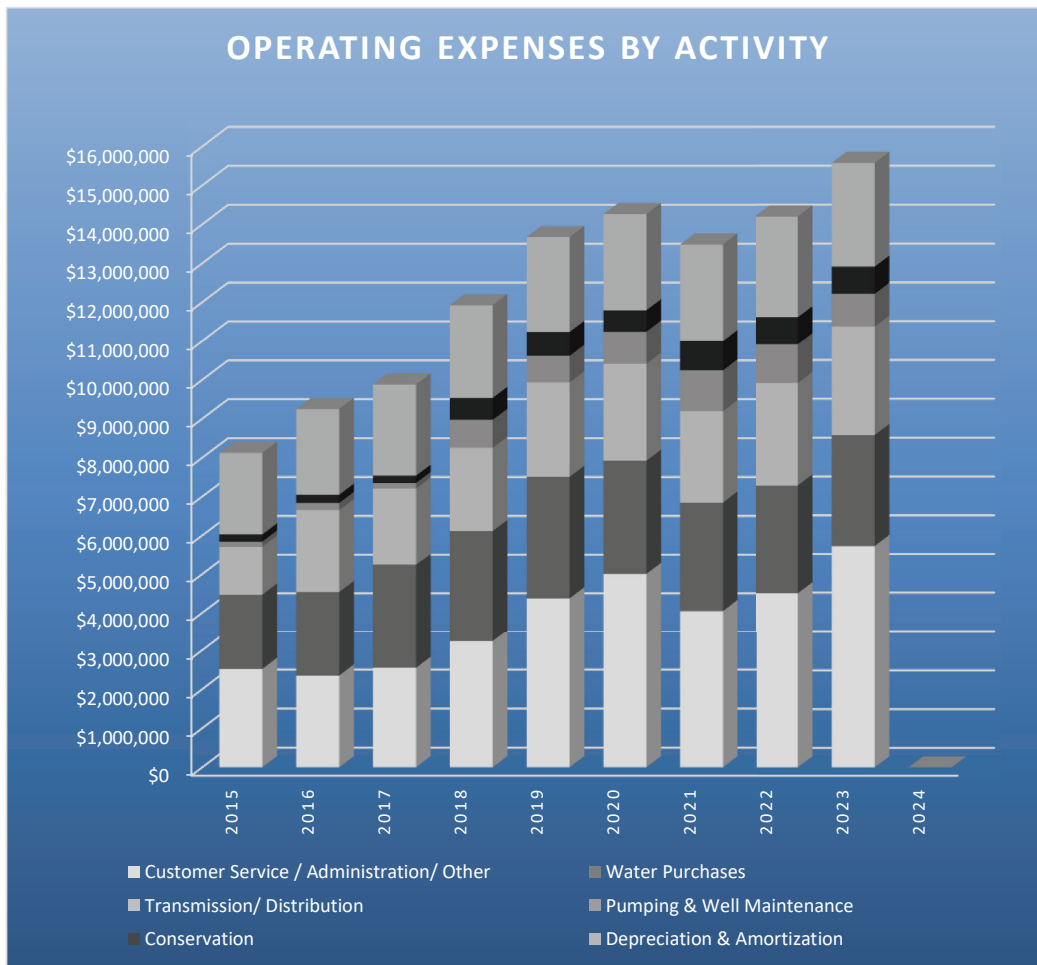
CITRUS HEIGHTS WATER DISTRICT

Operating Expenses by Activity

Last Ten Fiscal Years

Schedule 3

Fiscal Year	Customer Service / Administration / Other	Water Purchases	Transmission/ Distribution	Pumping & Well Maintenance	Conservation	Depreciation & Amortization	Total Operating Expenses
2015	\$ 2,514,087	\$ 1,950,627	\$ 1,239,387	\$ 132,842	\$ 186,114	\$ 2,098,944	\$ 8,122,001
2016	2,342,957	2,190,061	2,114,019	184,776	212,150	2,203,170	9,247,133
2017	2,543,736	2,692,482	1,963,750	145,077	189,336	2,345,281	9,879,662
2018	3,228,919	2,878,799	2,142,451	717,562	563,708	2,388,634	11,920,073
2019	4,371,420	3,131,903	2,425,827	683,432	617,732	2,435,900	13,666,214
2020	4,999,639	2,917,535	2,490,474	826,804	553,068	2,469,339	14,256,859
2021	4,044,426	2,798,201	2,350,969	1,047,987	753,058	2,485,902	13,480,543
2022	4,481,946	2,785,929	2,637,991	996,949	696,635	2,594,333	14,193,783
2023	5,706,961	2,858,841	2,796,502	842,529	697,684	2,668,321	15,570,838
2024	-	-	-	-	-	-	-



Source: District Administrative Services Department

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REVENUE CAPACITY

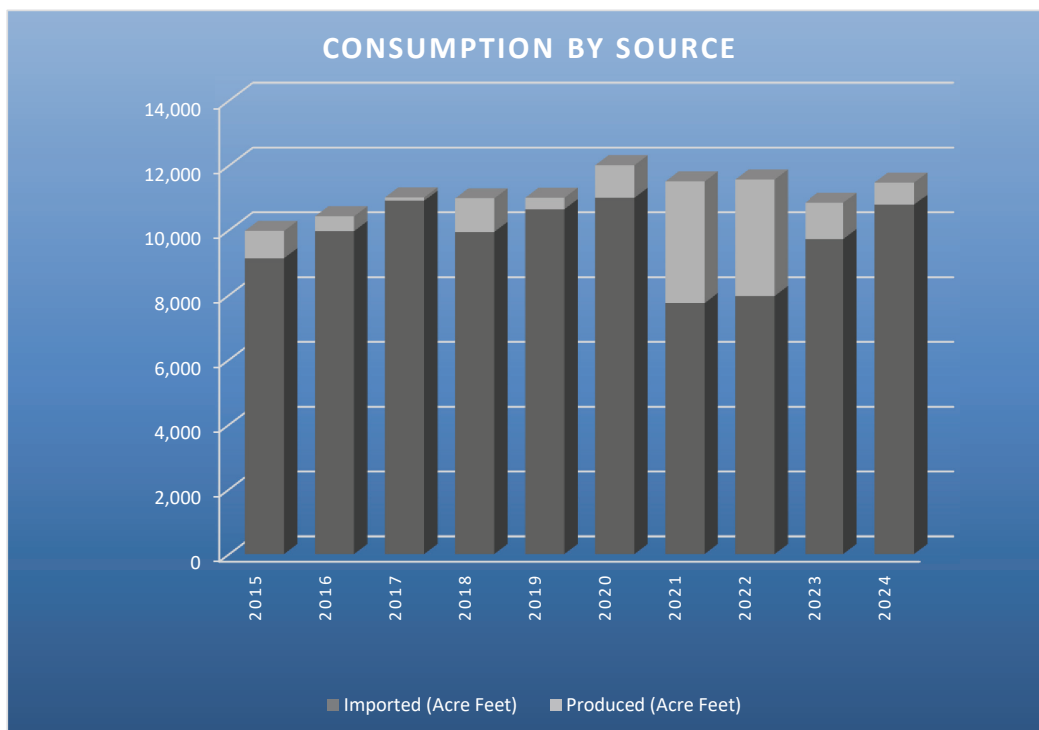
CITRUS HEIGHTS WATER DISTRICT

Revenue Base

Last Ten Fiscal Years

Schedule 4

Fiscal Year	Consumption (Acre Feet)	Water Supply		% Water Imported
		Imported (Acre Feet)	Produced (Acre Feet)	
2015	9,973.47	9,132.60	840.87	91.57%
2016	10,422.44	9,964.89	457.55	95.61%
2017	11,014.52	10,909.88	104.64	99.05%
2018	10,981.66	9,940.53	1,041.13	90.52%
2019	11,001.23	10,642.14	359.09	96.74%
2020	12,003.53	11,001.81	1,001.72	91.65%
2021	11,505.25	7,749.12	3,756.13	67.35%
2022	11,565.65	7,968.36	3,597.29	68.90%
2023	10,843.34	9,718.92	1,124.42	89.63%
2024	11,470.19	10,783.46	686.73	94.01%



Source: District Operations Department

CITRUS HEIGHTS WATER DISTRICT

Water Rates

Last Ten Fiscal Years

Schedule 5

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Fiat Rate Accounts (Bimonthly) ⁽¹⁾										
Single Dwelling	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Duplex Dwelling (per duplex side)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Condominium Dwelling	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Apartments/Mobile Homes	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Irrigation Rate	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Metered Accounts ⁽²⁾										
<u>Consumption (per unit ccf)</u>										
Tier 1	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tier 2	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tier 3	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Per Unit CCF (No tiers)	\$ 0.7663	\$ 0.8735	\$ 0.9871	\$ 1.0167	\$ 1.0674	\$ 1.1800	\$ 1.1800	\$ 1.1900	\$ 1.4300	\$ 1.6000
<u>Service Charge (bimonthly)</u>										
Commercial/Domestic 3/4"	\$ 36.89	\$ 42.05	\$ 47.52	\$ 48.94	\$ 51.38	\$ 57.54	\$ 57.54	\$ 56.08	\$ 60.35	\$ 55.71
Commercial/Domestic 1"	56.13	63.98	72.30	74.46	78.18	87.29	87.29	91.33	94.69	101.28
Commercial/Domestic 1-1/2"	68.95	78.60	88.82	91.48	96.05	136.86	136.86	150.08	151.92	177.23
Commercial/Domestic 2"	133.07	151.69	171.41	176.55	185.37	196.35	196.35	220.58	220.60	293.41
Commercial/Domestic 3"	210.02	239.42	270.54	278.65	292.58	384.74	384.74	443.82	438.07	592.85
Commercial/Domestic 4"	415.22	473.35	534.89	550.93	578.47	662.36	662.36	773.14	758.81	1,034.13
Irrigation 3/4"	36.89	42.05	47.52	48.94	51.38	57.54	57.54	56.08	60.35	\$ 55.71
Irrigation 1"	56.13	63.98	72.30	74.46	78.18	87.29	87.29	91.33	94.69	101.28
Irrigation 1-1/2"	68.95	78.60	88.82	91.48	96.05	136.86	136.86	150.08	151.92	177.23
Irrigation 2"	133.07	151.69	171.41	176.55	185.37	196.35	196.35	220.58	220.60	293.41
Irrigation 3"	210.02	239.42	270.54	278.65	292.58	384.74	384.74	443.82	438.07	592.85
Irrigation 4"	415.22	473.35	534.89	550.93	578.47	662.36	662.36	773.14	758.81	1,034.13

Notes:

(1) The District completed the migration of Flat-Rate customers to meters in Fiscal Year 2012, and the Flat-Rate was eliminated for Fiscal Year 2013.

(2) The District abolished its tiered consumption charge beginning in 2014.

Source:

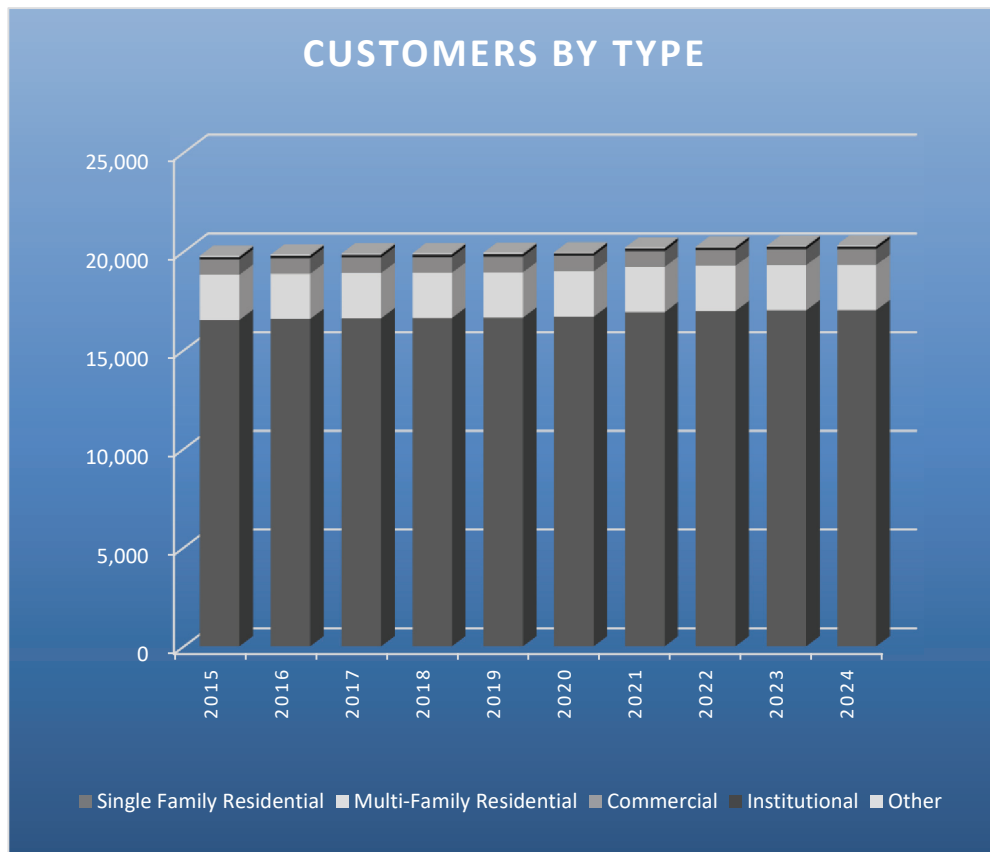
District Administrative Services Department

CITRUS HEIGHTS WATER DISTRICT

Customers by Type

Last Ten Fiscal Years
Schedule 6

Fiscal Year	Single Family Residential	Multi-Family Residential	Commercial	Institutional	Other	Total
2015	16,527	2,285	785	130	58	19,785
2016	16,576	2,283	802	131	59	19,851
2017	16,615	2,284	807	132	64	19,902
2018	16,627	2,284	807	132	61	19,911
2019	16,645	2,286	810	132	64	19,937
2020	16,691	2,288	809	132	38	19,958
2021	16,922	2,289	812	133	45	20,201
2022	16,978	2,289	807	133	44	20,251
2023	17,013	2,291	809	133	43	20,289
2024	17,023	2,291	809	133	45	20,301



Source: District Administrative Services Department
District Water Efficiency Department

CITRUS HEIGHTS WATER DISTRICT

Principal Customers

Current Fiscal Year and Ten Years Ago Schedule 7

Customer	2024	
	Billed Units (ccf's)	Percentage of Total
San Juan Unified School Distri	117,610	2.44%
Sunrise Recreation Park Dist	91,807	1.90%
JMK Investments	80,619	1.67%
JRK Investors	50,395	1.04%
Mt Vernon Memorial Park	45,540	0.94%
Conference Claimants Endowment	31,533	0.65%
Wedgewood Commons Apts LLC	28,607	0.59%
Salishan Apartments	26,424	0.55%
City of Citrus Heights	25,424	0.53%
Vertus Properties Inc.	22,314	0.46%
Total Billed Units: Principal customers	520,273	10.79%
Total Billed Units	4,823,733	100.00%

Customer	2014	
	Billed Units (ccf's)	Percentage of Total
Sunrise Recreation Park Dist	85,089	1.74%
JMK Investments	77,652	1.59%
San Juan Unified School Distri	74,649	1.53%
JRK Investors	48,533	0.99%
Conference Claimants Endowment	33,899	0.69%
Mt Vernon Memorial Park	31,339	0.64%
City of Citrus Heights	30,280	0.62%
Salishan Apartments	28,994	0.59%
Wedgewood Commons Apts LLC	25,337	0.52%
Vertus Properties Inc.	24,564	0.50%
Total Billed Units: Principal customers	460,336	9.43%
Total Billed Units	4,882,661	100.00%

Source:

District Administrative Services Department

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DEBT CAPACITY

CITRUS HEIGHTS WATER DISTRICT

Ratios of Outstanding Debt by Type

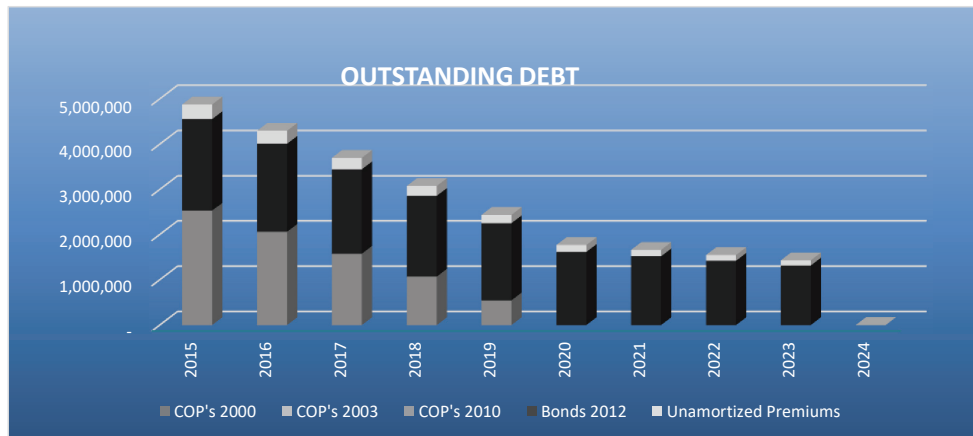
Last Ten Fiscal Years

Schedule 8

Fiscal Year	Certificates of Participation 2000 ⁽¹⁾	Certificates of Participation 2003 ⁽²⁾	Certificates of Participation 2010 ⁽³⁾	Refunding Revenue Bonds 2012 ⁽⁴⁾	Unamortized Premiums	Total		
						Total Debt	No. of Connections ⁽⁵⁾	Debt Per Capita (Rounded) ⁽⁵⁾
2015	-	-	2,530,000	2,025,000	322,486	4,877,486	19,785	246.52
2016	-	-	2,060,000	1,950,000	287,666	4,297,666	19,851	216.50
2017	-	-	1,575,000	1,870,000	252,847	3,697,847	19,902	185.80
2018	-	-	1,070,000	1,790,000	218,027	3,078,027	19,911	154.59
2019	-	-	545,000	1,705,000	183,208	2,433,208	19,937	122.04
2020	-	-	-	1,615,000	153,751	1,768,751	19,958	88.62
2021	-	-	-	1,520,000	140,381	1,660,381	20,201	82.19
2022	-	-	-	1,420,000	127,011	1,547,011	20,251	76.39
2023	-	-	-	1,315,000	113,641	1,428,641	20,289	70.41
2024	-	-	-	-	-	-	20,301	-

Notes:

- (1) In October 2000, the District issued \$7,900,000 of Certificates of Participation, Series 2000 to finance the cost of capital improvement projects.
- (2) In December 2003, the District issued \$2,915,000 of Certificates of Participation, Series 2003 to finance the cost of capital improvement projects.
- (3) In September 2010, the District issued \$5,155,000 of Revenue Certificates of Participation, Series 2010 to retire the outstanding 2000 Certificates of Participation.
- (4) In April 2012, the District issued \$2,275,000 of Revenue Refunding Bonds, Series 2012 to retire the outstanding 2003 Certificates of Participation.



Source: District Administrative Services Department

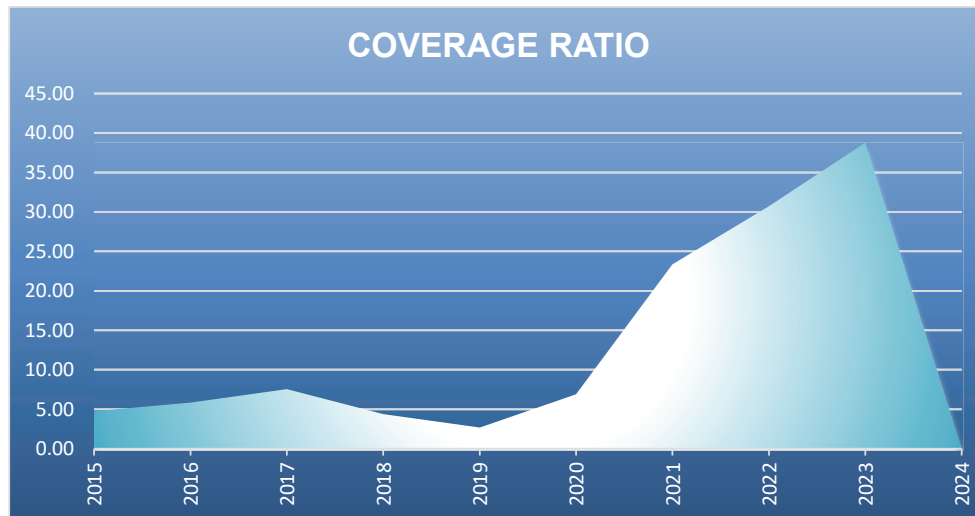
CITRUS HEIGHTS WATER DISTRICT

Debt Coverage

Last Ten Fiscal Years

Schedule 9

Fiscal Year	Net Revenues	Operating Expenses	Net Available Revenues	Debt Service		Total	Coverage Ratio
				Principal	Interest		
2015	11,357,402	(8,122,001)	3,235,401	510,000	173,462	683,462	4.73
2016	13,190,694	(9,247,133)	3,943,561	520,000	155,214	675,214	5.84
2017	15,087,104	(9,879,662)	5,207,442	545,000	145,911	690,911	7.54
2018	15,037,889	(11,920,073)	3,117,816	565,000	147,540	712,540	4.38
2019	15,557,321	(13,666,214)	1,891,107	585,000	124,346	709,346	2.67
2020	19,290,417	(14,256,859)	5,033,558	635,000	95,741	730,741	6.89
2021	17,445,345	(13,480,543)	3,964,802	95,000	74,734	169,734	23.36
2022	19,411,034	(14,193,783)	5,217,251	100,000	69,691	169,691	30.75
2023	21,611,727	(15,570,838)	6,040,889	105,000	50,767	155,767	38.78
2024	-	-	-	-	-	-	-



Source: District Administrative Services Department

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DEMOGRAPHIC AND ECONOMIC INFORMATION

CITRUS HEIGHTS WATER DISTRICT

Demographics and Economic Statistics

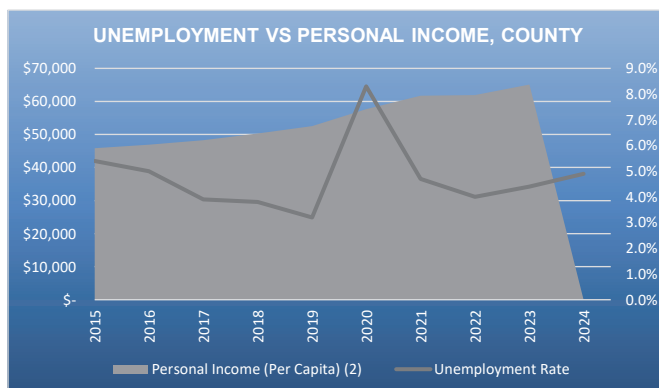
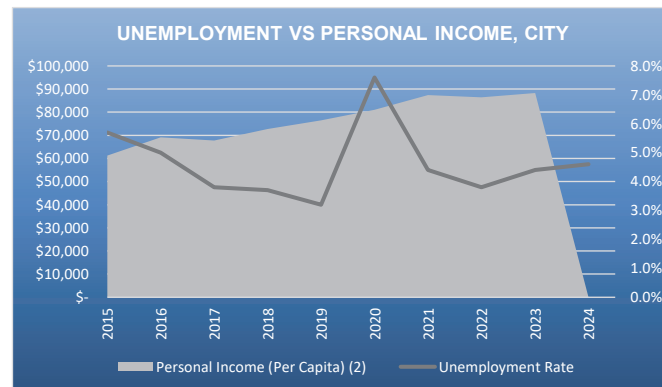
Last Ten Calendar Years
Schedule 10

Fiscal Year	Total Number of Connections	City of Citrus Heights ⁽¹⁾				County of Sacramento ⁽¹⁾			
		Population ⁽³⁾	Unemployment Rate	Personal Income (thousands of dollars) ⁽²⁾	Personal Income (Per Capita) ⁽²⁾	Population ⁽³⁾	Unemployment Rate	Personal Income (thousands of dollars) ⁽²⁾	Personal Income (Per Capita) ⁽²⁾
2015	19,785	86,759	5.7%	5,308,263	61,184	1,507,458	5.4%	69,100,516	45,839
2016	19,851	87,380	5.0%	6,043,288	69,161	1,527,967	5.0%	71,627,441	46,878
2017	19,902	87,931	3.8%	5,952,753	67,698	1,547,198	3.9%	74,690,008	48,274
2018	19,911	87,910	3.7%	6,388,859	72,675	1,561,413	3.8%	78,526,608	50,292
2019	19,937	87,796	3.2%	6,710,775	76,436	1,576,171	3.2%	82,829,648	52,551
2020	19,958	87,583	7.6%	7,102,719	81,097	1,586,566	8.3%	91,419,845	57,621
2021	20,201	87,404	4.4%	7,640,071	87,411	1,588,810	4.7%	98,112,318	61,752
2022	20,251	87,708	3.8%	7,581,480	86,440	1,584,380	4.0%	98,175,817	61,965
2023	20,289	86,239	4.4%	\$7,614,214	88,292	1,584,288	4.4%	103,143,749	65,104
2024	20,301	-	4.6%	-	-	1,611,231	4.9%	-	-

Notes:

(1) Demographic and economic statistics are provided for the City of Citrus Heights (City) and the County of Sacramento (County) because these statistics are not separately available for the District's service area. As the District is primarily comprised of some areas of the City, and unincorporated areas of the County, the District believes that data from the City and the County is representative of the conditions and experience of

(3) Population data is not yet available for Fiscal Year 2024.



Sources:

U.S. Bureau of Economic Analysis
U.S. Bureau of Labor Statistics
U.S. Census Bureau
State of California Employment Development Department

CITRUS HEIGHTS WATER DISTRICT

Principal Employers ⁽¹⁾

Current Fiscal Year and Ten Years Ago
Schedule 12

2024			
Employer	Employees	Rank	Percentage of Employment
State of California	118,130	1	16.82%
UC Davis Health	16,617	2	1.94%
County of Sacramento	13,653	3	1.80%
Kaiser Permanente	12,624	4	2.37%
United States Government	10,699	5	1.05%
Sutter Health	10,129	6	1.52%
Dignity Health	7,353	7	1.44%
San Juan Unified School District	5,499	8	0.72%
City of Sacramento	5,029	9	0.71%
Apple	5,000	10	0.78%
<u>Total</u>	<u>204,733</u>		<u>29.15%</u>
Total County Employment	702,500		100.00%

2014 ⁽²⁾			
Employer	Employees	Rank	Percentage of Employment
State of California	72,220	1	10.72%
County of Sacramento	10,700	2	1.59%
United States Government	9,906	3	1.47%
UC Davis Health	9,905	4	1.47%
Sutter Health	7,352	5	1.09%
Dignity Health	6,212	4	0.92%
Intel Corporation	6,000	6	0.89%
Kaiser Permanente	5,421	5	0.80%
Elk Grove Unified School District	5,410	9	0.80%
Sacramento City Unified School Distr	4,200	10	0.62%
<u>Total</u>	<u>137,326</u>		<u>20.37%</u>
Total County Employment	673,727		100.00%

Notes:

(1) Data is not separately available for the District's service area. As the District serves an area comprising, in large part, the City

Source:

Sacramento Business Journal
U.S. Bureau of Labor Statistics

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OPERATING INFORMATION

CITRUS HEIGHTS WATER DISTRICT

District Employees by Department

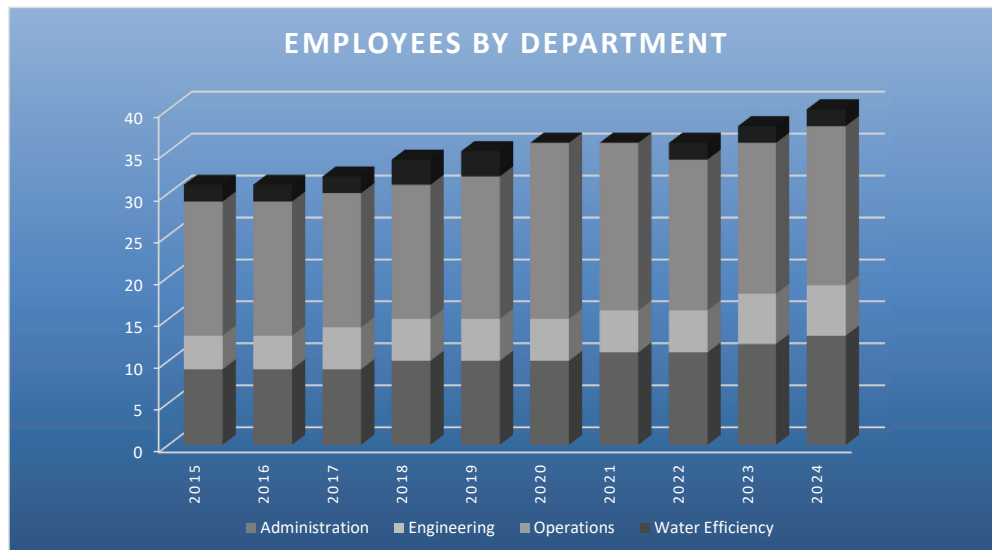
Last Ten Fiscal Years

Schedule 11

Department	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Administration	9	9	9	10	10	10	11	11	12	13
Engineering	4	4	5	5	5	5	5	5	6	6
Operations	16	16	16	16	17	21	20	18	18	19
Water Efficiency	2	2	2	3	3	0	0	2	2	2
Total	31	31	32	34	35	36	36	36	38	40

Notes:

(1) The Water Efficiency department was reorganized as part of the Operations department in 2020.



Source: District Administrative Services Department

CITRUS HEIGHTS WATER DISTRICT

Other Operating and Capacity Indicators

Last Ten Fiscal Years

Schedule 13

Fiscal Year	Total Connections	Total Annual Demand (Acre Feet)	Pipeline (mi)	Wells	Meters	Hydrants
2015	19,785	9,973.47	245.56	4	19,594	2,087
2016	19,851	10,422.44	248.19	5	19,789	2,133
2017	19,902	11,014.52	249.31	6	19,912	2,160
2018	19,911	10,981.66	249.97	6	20,007	2,181
2019	19,937	11,001.23	250.26	6	20,043	2,368
2020	19,958	12,003.53	251.97	6	20,060	2,373
2021	20,201	11,505.25	252.57	6	20,282	2,367
2022	20,251	11,565.65	253.74	6	20,300	2,170
2023	20,289	10,843.34	254.91	6	20,329	2,190
2024	20,301	11,470.19	253.65	6	20,361	2,176

Source: District Administrative Services Department
District Engineering Department
District Water Efficiency Department



C I T R U S
H E I G H T S

W A T E R
D I S T R I C T

Citrus Heights Water District

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