ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDING
DECEMBER 31, 2023

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal years ending December 31, 2022 and 2023

Citrus Heights Water District

Citrus Heights, CA

Prepared by:
Citrus Heights Water District
Administrative Services Department

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CITRUS HEIGHTS WATER DISTRICT

Annual Comprehensive Financial Report
Years Ended December 31, 2023 and 2022

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INTRODUCTORY SECTION

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CITRUS HEIGHTS WATER DISTRICT

Board of Directors
Caryl F. Sheehan, President
David C. Wheaton, Vice President
Raymond A. Riehle, Director

Hilary M. Straus, General Manager/Secretary
Annie Y. Liu, Director of Administrative Services/Treasurer
Michael Shorter, Accounting Manager/Assessor/Collector

August 21, 2024

Honorable Members of the Board of Directors:

We are pleased to present the Citrus Heights Water District's ("District" or "CHWD") seventh Annual Comprehensive Financial Report ("ACFR") for the fiscal year ending December 31, 2023. 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. Management at the District is responsible for both 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 Lance, Soll & Lunghard, LLP (LSL), a firm of independent certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ending December 31, 2023 are free of material misstatement. 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, 2023, 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

CHWD was established in 1920, as the Citrus Heights Irrigation District, encompassing slightly more than 4.7 square miles and serving 225 farms. After over 100 years, the District currently serves water to a population of approximately 67,000 people within an approximate 13-square-mile service area.

Citrus Heights Water 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 that is elected to a four-year term by voters who reside in the District's service area. Beginning with the 2020 election, CHWD Board elections were changed to "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 2023, the District was staffed by 38 full-time equivalent employees assigned to three departments: Administrative Services, 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 2023, the District purchased 84.89% 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 been treating and delivering 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 annually adopts a budget prior to the new 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 revenues and expenses along with capital improvements. Beginning in FY2018, CHWD's Board adopted an accelerated payoff schedule to reduce the District's unfunded actuarial liability to 20 years amortization for other post-employment benefits and 15 years amortization for pension. This accelerated payoff will result in savings to the District versus the previous longer amortization.

Financial Policies

- The District's 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, diversification, and then yield. As authorized by CHWD's Investment Policy, at the end of 2023, the District invested approximately 60.5% of the funds in the CORE investments, which are marked to market daily based on a current market price determined by U.S. Bancorp Investments. In addition, the District has approximately 39.5% funds under the management of the Local Agency Investment Fund (LAIF), California Asset Management Program (CAMP), Money Market Funds and BMO Bank.

- Reserve Policies – The District has ten 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 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 solely upon 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 the District customers. Since the District receives no revenue from taxes, operating revenues consist primarily of water sales and bi-monthly service charges. Water use has stayed relatively consistent with the decrease in usage for 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 actually 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. According to SJWD's Wholesale Water Plan dated January 8, 2024, CHWD anticipates annual cost increases from its wholesale water supplier in the next five years as results of SJWD's changed wholesale rate calculation methodology and issued debt for the lifecycle replacement oft Hinkle Reservoir, which serves CHWD and neighboring agencies.

As of February 1, 2024, CHWD charges a uniform commodity rate of $1.60 per unit and a bi-monthly fixed charge of $111.78 for a 1-inch meter. One unit of water equals 748 gallons. At $1,054.68 per year, the cost of water service for a typical single-family home using 179,520 gallons of water annually remains a good value for CHWD's customers.

The District continues to repair and replace aging infrastructure throughout its system and accept new water infrastructure as part of development projects. In 2023, the District replaced or installed 348 water services, 20 fire hydrants, 35 valves and 1,210 linear feet of water mains including the District's Reno Lane Water Main Replacement Project. As part of private development that occurred within the District, 36 water services, 3 fire hydrants, 11 valves, and 1,551 linear feet of water mains were inspected and accepted into the District as a donated asset.

Long-Term Financial Planning

CHWD 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, implementing 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 utilizes a Financial Planning Model to analyze 10-year financial projections to assist with long term operational and capital planning and funding, including Prop 218 rates. The Model has been updated every year as changes in customer water use impact long-range financial projections and capital improvement and water supply plans evolve.

- **Annual Budget** – A key component of financial planning is the District's budget, which is prepared, reviewed and adopted annually. Every summer, District Finance staff prepares a draft budget, based upon an analysis of the Financial Planning Model and on 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 to partner in the replacement and testing of meters on an on-going basis. Currently, the District is working with the Region to take advantage of an economies of scale of over 300,000 meters to be able to reduce meter asset management costs for CHWD and its consortium partners. The consortium's initial project was the completion of 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.

Awards and Acknowledgements

Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Citrus Heights Water District for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended December 31, 2022. This was the sixth consecutive year that the District achieved this prestigious award. In order to be awarded a Certificate of Achievement, a governmental agency must publish an easily readable and efficiently organized ACFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. 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 CHWD's 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 members of the Board of Directors for their continued support in planning and implementing the District's fiscal policies.

Respectfully submitted,

Hilary M. Straus	Annie Y. Liu
General Manager/Secretary	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

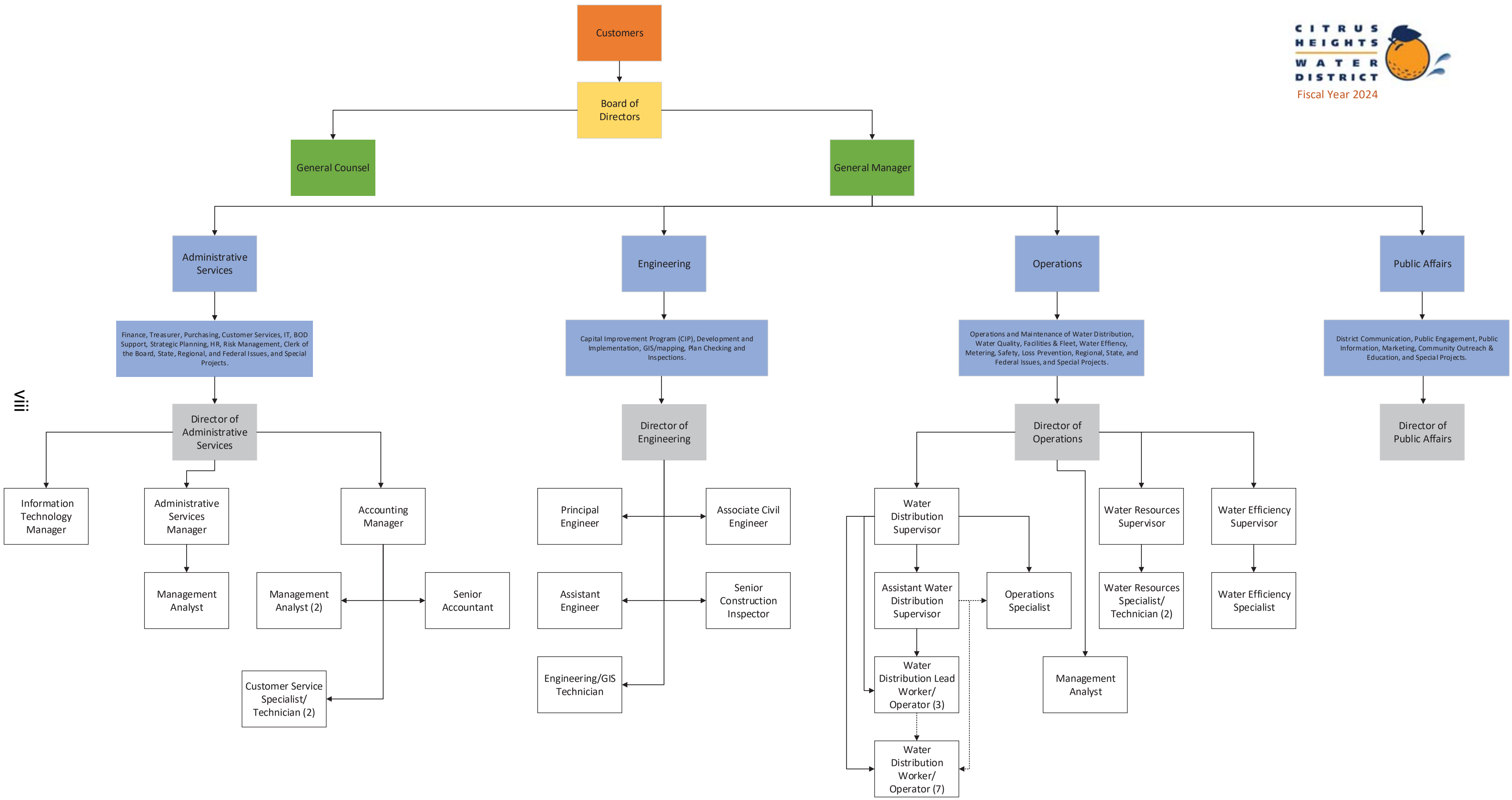
December 31, 2022

Christopher P. Morrill

Executive Director/CEO

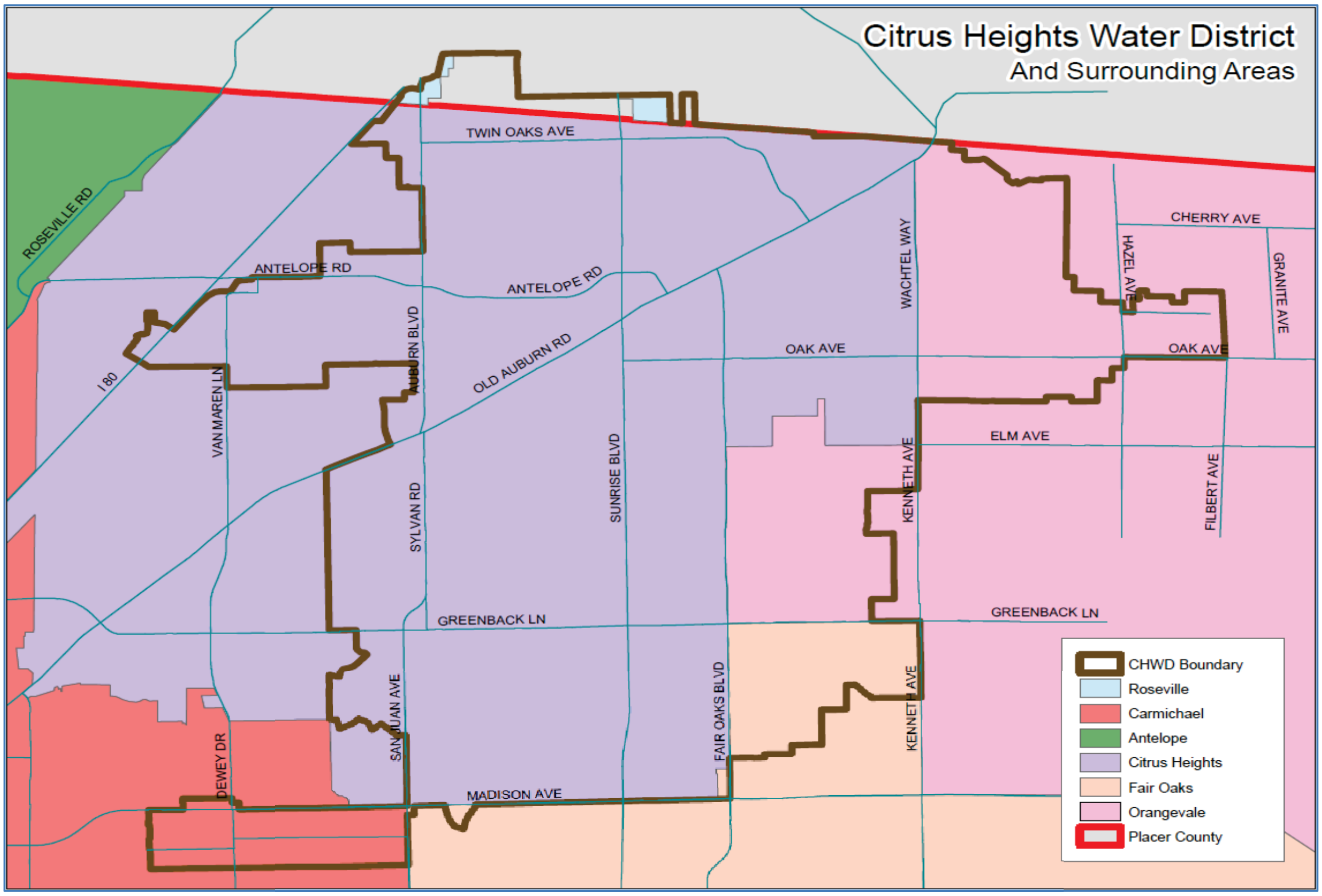
CITRUS HEIGHTS WATER DISTRICT

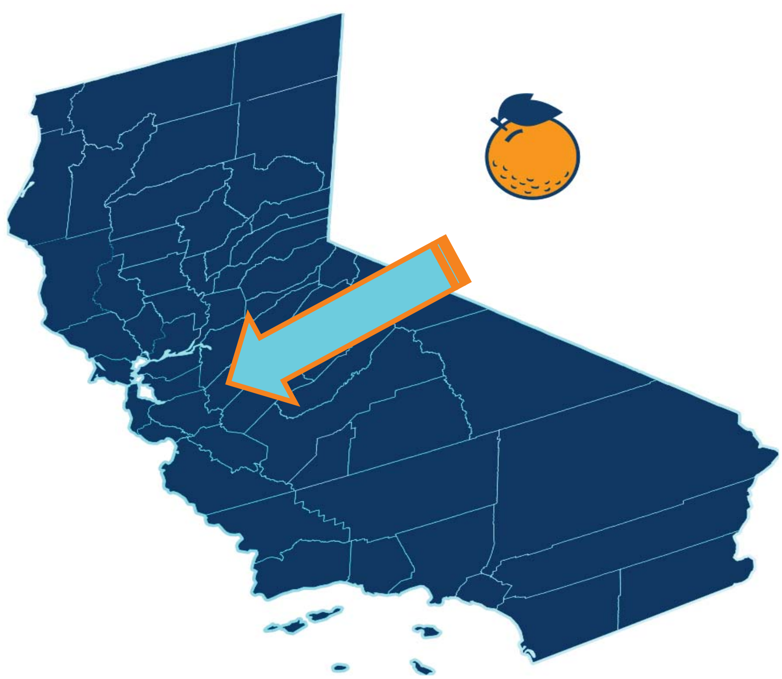
Fiscal Year 2024



CITRUS HEIGHTS WATER DISTRICT

Service Area Map with Cities Served





CITRUS HEIGHTS WATER DISTRICT

Board of Directors and Principal Officers

Board of Directors

President	Caryl F. Sheehan	Division One
Vice President	David C. Wheaton	Division Three
Director	Raymond A. Riehle	Division Two

Executive Staff

General Manager	Hilary M. Straus
Director of Engineering	Melissa Pieri
Director of Finance and Administrative Services	Annie Liu
Director of Operations	Rebecca Scott

Appointed Officers

Secretary	Hilary M. Straus
Treasurer	Annie Liu
Assessor Collector	Michael Shorter

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, 2023 and 2022, 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, 2023 and 2022, and the changes in financial position, and cash flows thereof for the year 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

Change in Accounting Principle

As described in Note 1 to the financial statements, in the fiscal year ended December 31, 2023, the Authority adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. 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 and *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 August 21, 2024, 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.

Lance, Soll & Lunghard, LLP

Sacramento, California
August 21, 2024

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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, 2023

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, 2023. 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 2023 by $93,366,991. About 70 percent of the District's net position, $66,242,874, 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 $27,124,117, up from $22,190,654 at the end of year 2022. The continued administration of the water main replacement charge to fund water main improvements, and a notable increase in interest income were contributing factors to the surplus.

- Capital improvement spending in the year 2023 decreased by $1,027,434 compared with 2022. The decrease was mainly due to the conclusion of significant projects in 2022 that didn't occur in 2023, such as the Greenback Acquisition, and other accompanying projects. This reduction in spending was anticipated and aligns with the District's long-term capital improvement plan. Capital improvements capitalized in 2023 and 2022 amounted to $2.3 million and $3.5 million, respectively.

- The District's operating revenues for 2023 were $20,132,024, which is 3.6% higher than the prior year of $19,433,754. The major factors contributing to this higher revenue are the Board's enacted water main replacement charge, and water rates. About 99 percent of 2023 operating revenues, $19,915,090, came from water sales to customers.

- The District's total net long-term liabilities at the end of 2023, including the 2012 Revenue Refunding bonds, pension liability, SBITA liabilitiy, liability for other postemployment benefits (OPEB), and compensated absences is $9,230,514. GASB Statement No. 68 required the recording of pension liability amounting to $6,173,494. GASB Statement No. 75 required the recording of OPEB liability in the amount of $1,238,321. GASB Statement No. 96 required the recording of a subscription liability in the amount of $85,379. Liabilities from Bond debt decreased by $105,000 due to continued principal payments during 2023.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of net position, statement of revenues, expenses, and changes in net position including the notes to financial statements and required supplementary information.

The financial statements provide both long-term and short-term information about the District's overall financial status. The financial statements also include notes that 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 Balance Sheet.

The Balance Sheet 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.

Balance Sheet

The following table summarizes assets, deferred outflows, liabilities, deferred inflows, and net position on December 31, 2023, 2022, and 2021:

	FY 2023	FY 2022	FY 2021	% Increase (Decrease) FY 2022 vs FY 2023	% Increase (Decrease) FY 2021 vs FY 2022
Current assets	$ 34,242,135	$ 28,593,899	$ 25,303,085	19.8%	13.0%
Capital assets, net	67,806,524	66,619,236	64,504,097	1.8%	3.3%
Total Assets	**102,048,659**	**95,213,135**	**89,807,182**	**7.2%**	**6.0%**
Deferred Outflows	**3,044,829**	**3,056,673**	**1,464,785**	**-0.4%**	**108.7%**
Current liabilities	1,638,707	1,506,167	1,660,601	8.8%	-9.3%
Non-current liabilities	9,230,514	9,060,929	5,814,856	1.9%	55.8%
Total Liabilities	**10,869,221**	**10,567,096**	**7,475,457**	**2.9%**	**41.4%**
Deferred Inflows	**857,276**	**483,907**	**2,250,974**	**77.2%**	**-78.5%**
Net Position					
Net investment in capital assets	66,242,874	65,042,165	62,822,494	1.8%	3.5%
Unrestricted	27,124,117	22,091,261	18,723,042	22.8%	18.0%
Total Net Position	**$ 93,366,991**	**$ 87,133,426**	**$ 81,545,536**	**7.2%**	**6.9%**

The total net position of the District increased from $81.5 million in 2021 to $87.1 million in 2022 and increased to $93.3 million in 2023. The District's total assets increased by $6.9 million, or 7.3%, in 2023 compared to 2022, and $5.3 million, or 5.9%, in 2022 compared to 2021.

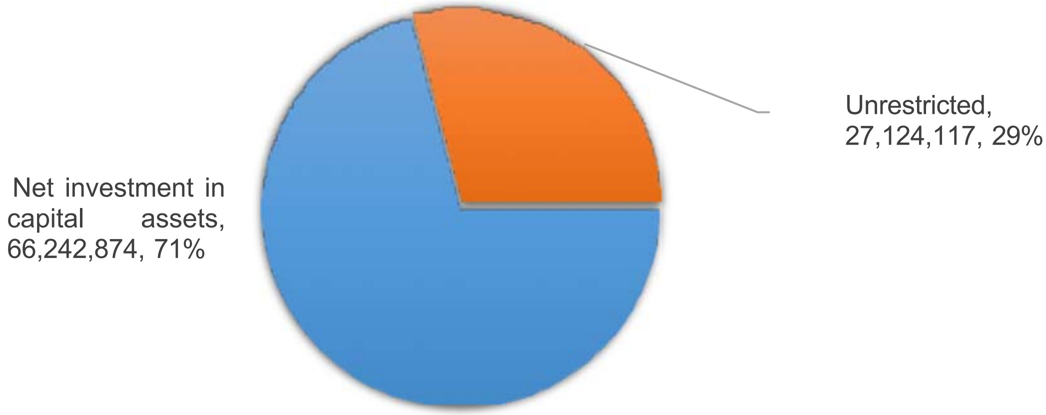
Deferred outflows remained largely unchanged at approximately $3.1 million in 2022 and 2023.

In 2023, total liabilities increased by $0.3 million, or 3.0%, compared to 2022. This is a relatively minor change. Total non-current liabilities increased by approximately $0.2 million, or 1.9%, compared to 2022. The changes in 2023 are negligible in comparison with 2022 and 2021, indicating a period of relative stability.

Deferred inflows increased by $0.4 million, or 7.2% due to changes in actuarial assumptions, including return on pension plan investments affecting the calculation of the pension liability. Again, this increase is modest compared to the $1.8 million decrease observed in 2022.

The increase in net position over the three-year period totals $11.8 million, or 15.9%, reflecting a combination of net income and capital contributions.

Net Position



Changes in Net Position

The following table summarizes the changes in net position for the fiscal years ended December 31, 2023, 2022, and 2021:

	2023	2022	2021	FY 2022 vs FY 2023	FY 2021 vs FY 2022
Operating Revenues:					
Water Sales	$ 19,915,090	$ 18,934,457	$ 16,579,945	5.2%	14.2%
Connection and Other Fees	216,934	499,297	938,015	-56.6%	-46.8%
Total Operating Revenues	**20,132,024**	**19,433,754**	**17,517,960**	**3.6%**	**10.9%**
Operating Expenses:					
Customer service admin/general	5,706,961	4,470,788	4,044,426	27.7%	10.5%
Water purchases	2,858,841	2,785,929	2,798,201	2.6%	-0.4%
Transmission and distribution	2,796,502	2,637,991	2,350,969	6.0%	12.2%
Pumping & well maintenance	842,529	996,949	1,047,987	-15.5%	-4.9%
Water efficiency (conservation)	697,684	696,635	753,058	0.2%	-7.5%
Depreciation & amortization	2,668,321	2,606,180	2,485,902	2.4%	4.8%
Total Operating Expenses	**15,570,838**	**14,194,472**	**13,480,543**	**9.7%**	**5.3%**
Operating income	**4,561,186**	**5,239,282**	**4,037,417**	**-12.9%**	**29.8%**
Nonoperating Revenues (Expenses)					
Investment Income	1,438,634	(30,997)	(343)	-4741.2%	8937.0%
Miscellaneous income	19,395	34,240	42,759	-43.4%	-19.9%
interest expense	(50,767)	(55,981)	(74,734)	-9.3%	-25.1%
Gain (loss) on disposal of capital assets	21,674	(39,333)	(115,032)	-155.1%	-65.8%
Total Nonoperating Revenues (Expenses)	**1,428,936**	**(92,071)**	**(147,350)**	**-1652.0%**	**-37.5%**
Net Income before Capital Contributions	**5,990,122**	**5,147,211**	**3,890,067**	**16.4%**	**32.3%**
Capital Contributions					
Contributed Assets	243,443	440,679	2,474,459	-44.8%	-82.2%
Total Capital Contributions	**243,443**	**440,679**	**2,474,459**	-44.8%	-82.2%
Change in Net Position	6,233,564	5,587,890	6,364,526	11.6%	-12.2%
Net position, beginning of year	87,133,426	81,545,536	75,181,009	**6.9%**	**8.5%**
Net Position, End of Year	**$ 93,366,991**	**$ 87,133,426**	**$ 81,545,535**	**7.2%**	**6.9%**

Net position increased by $6.2 million, or 7.1%, from the prior year. This growth was driven by operating revenue exceeding operating expenses by $4.5 million, contributing to 73% of the increase in net position. Additionally, the receipt of $1.4 million in Nonoperating investment income accounted for about 23% of the overall growth in net position.

Total operating revenues increased in 2023 by $0.7 million, or 3.6%, from 2022, despite a decrease of $0.5 million in connection and other fees. Total nonoperating revenues increased substantially compared to the prior year. This change is mostly the result of $1.4 million in investment income and a gain of $21,674 on the disposal of a capital asset.

In 2023, operating expenses increased by $1.4 million, or 9.8%, from 2022, primarily due to increased salaries and wages, and an increased pension expense due to CalPERS recognizing increased net pension liability over the measurement period.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of December 31, 2023, 2022, and 2021, the District's investment in capital assets, net of related debt, was $66.2 million, $65.0 million, and $62.8 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 $2.3 million additions to the District's capital assets in 2023, the $3.5 million additions in 2022, and the $3.6 million additions in 2021. Several private development projects resulted in the addition of $0.2 million in donated capital assets in 2023, $0.4 million in 2022, and $2.5 million in 2021.

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 $105,000 during 2023, by $113,370 during 2022, and by $108,370 during 2021. The District's total debt from its bond issuances now stands at $1.5 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. The District made payments toward the debt resulting in a reducing the debt by $10,163 in 2023 and $11,158 in 2022. The outstanding debt as of 2023 was $85,379.

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 $0.6 million at the end of 2023, remaining mostly unchanged from prior years balance.

The net liability for other post-employment benefits (OPEB) decreased by $0.3 million in 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

The District continued to exercise fiscal restraint in spending for District operations. However, the adopted 2024 budget projected an overall increase of $1.1 million or 7% for the operations and maintenance expenses. The 2024 budget includes:

- Maintaining the current level of services and programs for District customers.

- Funding the implementation of strategic planning items and special projects identified by the Board as priorities for 2024.

- Budgeted contributions to reserves include transfers 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.

In addition, the proposed budget includes: $0.2 million transfer to the Water Supply Reserve in anticipation of capital needs for Well #9 starting 2025, and $0.2 million transfer to the Water Meter Replacement Reserve to meet the District's future capital needs related to water meters.

A 2024 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 FY2024 are $13.8 million compared with $8.2 million in FY2023. This amount includes $4.2 million in carry-over projects from prior years, and $4.5 million for completing construction of the District's seventh groundwater well (Well #7) and $1.9 million for the design and construction of the District's eighth groundwater well (Well #8), complete Water Main Replacement and Installation, Continue Project 2030 Implementation Plan, installation of new fire hydrants, as well as replacements and upgrades.

A 2024 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 $0.1 million for FY2024.

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.

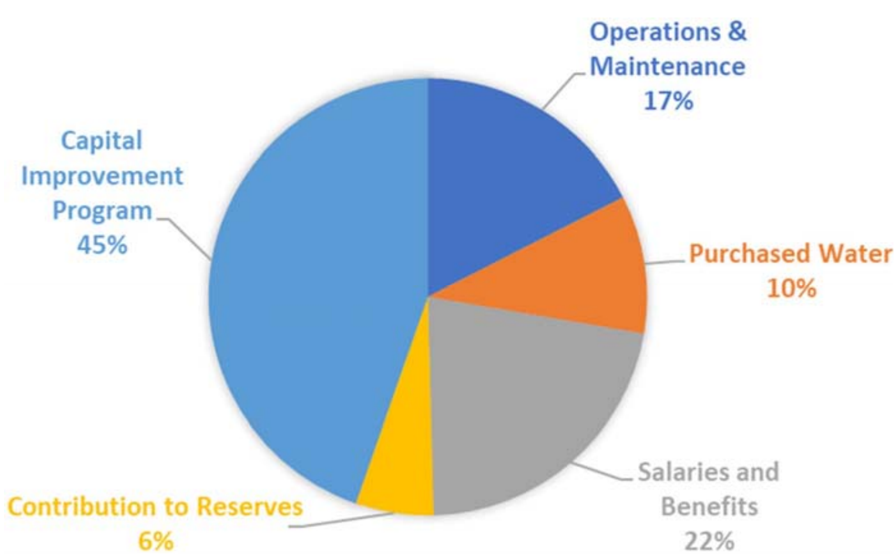
Reserve Policies and Special Funding

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, delay, complication, and result in a loss of local control to CHWD as it implements its Capital Improvement Program.

CITRUS HEIGHTS WATER DISTRICT ADOPTED BUDGET

	2022 Actual	2023 Projected	2024 Adopted
Revenues			
Water Sales	$17,745,107	$17,125,156	$18,499,502
Connection and Other Fees	499,297	373,877	157,000
Project 2030 Designated Charge	1,189,350	1,327,336	1,372,000
Grant Revenue	-	-	3,107,000
Investment and Other Income	(92,411)	485,113	400,000
Total Revenues	**19,341,343**	**19,311,481**	**23,535,502**
Expenses			
Salaries and Benefits	4,481,946	5,427,557	6,345,892
Water Purchases	2,785,929	3,708,902	3,200,000
Other Operating Costs & Maintenance Costs	3,634,940	1,877,257	1,934,596
Debt Service	174,338	1,896,021	2,633,870
Transfers to Reserves	1,589,350	1,727,336	1,374,099
Total Expenses and Transfers	**12,666,503**	**14,741,450**	**16,012,719**
Operating Income before Capital Outlay	6,674,840	4,570,031	7,522,783
Capital Outlay	$2,536,268	$4,021,267	$13,808,790

2024 Proposed Budget



CITRUS HEIGHTS WATER DISTRICT

Management's Discussion and Analysis

Fiscal Year Ending December 31, 2023

CITRUS HEIGHTS WATER DISTRICT ADOPTED CAPITAL PROJECTS BUDGET

Project Number	Description	2023 Budget	Carry-over from 2023 Budget to 2024	Additional in Adopted Budget 2024	Total Budget 2024
C16-134	Auburn Blvd-Rusch Park Placer	$ 538,021	$ 538,021	$ -	$ 538,021
C20-108	Corp Yard Pre-Architecture Study	$ 98,324	$ 98,324	$ 1,676	$ 100,000
C20-109	Corp Yard Plans Specs Estimate	$ -	$ -	$ 400,000	$ 400,000
C23-011	Water Valve Replacements	$ 15,000	$ -		$ -
C21/C22/C23-012	Water Service Connections	$ 1,086,500	$ -		$ -
C23-013	Water Meter Connections	$ 120,000	$ -		$ -
C22/C23-014	Fire Hydrants	$ 142,000	$ -		$ -
C15-104B	Document Management System	$ 127,639	$ 64,639		$ 64,639
C22/C23-004	Technology Hardware/Software	$ 40,000	$ -		$ -
C23-003	Fleet/Field Operations Equip	$ 425,000	$ 300,727		$ 300,727
C20-105	Walnut Drive	$ 1,000	$ -	$ -	$ -
C22/C23-104	Patton/Pardal/Alondra/Perdez	$ 1,088,389	$ 1,010,000		$ 1,010,000
C22/C23-105	Reno Ln Main & Patton Ave Main	$ 777,695	$ -		
C23-106	Admiral & Anchor 8 inch	$ 75,000	$ 70,637	$ 827,182	$ 897,819
C21-041	Other Misc Infrastructure	$ 56,747	$ -	$ -	$ -
C21-041B	Greenback Acquisition	$ 50,000	$ -	$ -	$ -
C23-005	Facilities Improvements	$ 113,000	$ 9,548		$ 9,548
C23-040	Other City Parnerships	$ 100,000	$ -	$ 100,000	$ 100,000
C23-041	Misc Infrastructure Projects	$ 100,000	$ -	$ 100,000	$ 100,000
C17-104	Groundwater Well Property Acq	$ 115,015	$ -	$ -	$ -
C17-104B	Well # 8 Highland	$ 6,518			$ -
C20-107	Well #7 Design & Construction	$ 2,949,118	$ 2,042,536	$ 2,400,000	$ 4,442,536
C23-020	Groundwater Well Improvements	$ 200,000	$ 100,000	$ -	$ 100,000
C23-103	Highland Well	$ 733	$ -	$ 1,900,000	$ 1,900,000
Total	**Continued Ongoing Projects**	**$ 8,225,699**	**$ 4,234,432**	**$ 5,728,858**	**$ 9,963,290**
	Annual Fleet & Field Operations Equipment	$ -		$ 330,000	$ 330,000
	Annual Facilities Improvements			$ 108,000	$ 108,000
	Annual Technology Hardware & Software	$ -		$ 55,000	$ 55,000
	Annual Water Main Pipeline Replacement (Small)			$ 51,500	$ 51,500
	Annual Valve Replacements			$ 120,000	$ 120,000
	Annual Water Service connections			$ 1,507,000	$ 1,507,000
	Annual Water Meter Replacement			$ 125,000	$ 125,000
	Annual Fire Hydrants - Repl, Upgrades, Lnfill, New			$ 175,000	$ 175,000
	Annual Groundwater well Improvements			$ 200,000	$ 200,000
Total	**New Annual Projects**	**$ -**	**$ -**	**$ 2,671,500**	**$ 2,671,500**
C24-1XX	Fair Oaks Blvd & Leafcrest Way		$ -	$ 344,000	$ 344,000
	Minnesota Drive		$ -	$ 727,000	$ 727,000
	Menke Way			$ 103,000	$ 103,000
Total	**New Projects**	**$ -**	**$ -**	**$ 1,174,000**	**$ 1,174,000**
FY2024	Totals	8,225,699	4,234,432	9,574,358	13,808,790

Basic Financial Statements

CITRUS HEIGHTS WATER DISTRICT
Statements of Net Position
December 31, 2023 and 2022

	2023	2022
Assets:		
Current:		
Cash and investments (Note 2)	$ 29,435,050	$ 23,855,881
Receivables:		
Accounts receivable, net	3,294,746	3,523,017
Accrued interest receivable	267,094	81,304
Inventories	666,341	546,237
Prepaid expenses and other deposits	578,904	587,460
Total Current Assets	**34,242,135**	**28,593,899**
Noncurrent:		
Non-depreciable/amortizable capital assets (Note 3)	4,890,653	3,590,398
Depreciable/amortizable capital assets, net (Note 3)	62,915,871	63,028,838
Total Noncurrent Assets	**67,806,524**	**66,619,236**
Total Assets	**102,048,659**	**95,213,135**
Deferred Outflows of Resources:		
Pension related (Noted 9)	2,537,266	2,553,774
OPEB related (Note 10)	507,563	502,899
Total Deferred Outflows of Resources	**3,044,829**	**3,056,673**
Liabilities:		
Current:		
Accounts payable	668,345	617,796
Retentions payable	31,058	13,378
Accrued payroll	207,375	153,332
Accrued interest payable	29,671	32,426
Deposits payable	368,074	374,494
Compensated absences (Note 8)	213,910	199,578
Long-term debt (Note 5)	120,274	115,163
Total Current Liabilities	**1,638,707**	**1,506,167**
Noncurrent:		
Compensated absences (Note 8)	424,953	358,623
Long-term debt (Note 5)	1,393,746	1,442,011
Net pension liability (Note 9)	6,173,494	5,730,637
Net OPEB liability (Note 10)	1,238,321	1,529,658
Total Noncurrent Liabilities	**9,230,514**	**9,060,929**
Total Liabilities	**10,869,221**	**10,567,096**
Deferred Inflows of Resources:		
Deferred amount from refunding debt	18,572	19,897
Pension related (Note 9)	402,283	301,018
OPEB related (Note 10)	436,421	248,371
Total Deferred Inflows of Resources	**857,276**	**569,286**
Net Position:		
Net investment in capital assets	66,242,874	65,042,165
Unrestricted	27,124,117	22,091,261
Total Net Position	**$ 93,366,991**	**$ 87,133,426**

See Notes to Financial Statements.

CITRUS HEIGHTS WATER DISTRICT
Statement of Revenues, Expenses
and Changes in Net Position
For the Years Ended December 31, 2023 and 2022

	2023	2022
Operating Revenues:		
Water sales	$ 19,915,090	$ 18,934,457
Connection and other fees	216,934	499,297
Total Operating Revenues	**20,132,024**	**19,433,754**
Operating Expenses:		
Customer service, administration and general	5,706,961	4,470,788
Water purchases	2,858,841	2,785,929
Transmission and distribution	2,796,502	2,637,991
Pumping and well maintenance	842,529	996,949
Conservation	697,684	696,635
Depreciation and amortization	2,668,321	2,606,180
Total Operating Expenses	**15,570,838**	**14,194,472**
Operating Income (Loss)	4,561,186	5,239,282
Nonoperating Revenues (Expenses):		
Investment income	1,438,634	(30,997)
Miscellaneous income	19,395	34,240
Interest expense	(50,767)	(55,981)
Gain (loss) on disposal of capital assets	21,674	(39,333)
Total Nonoperating Revenues (Expenses)	**1,428,936**	**(92,071)**
Income (Loss) Before Capital Contributions	5,990,122	5,147,211
Contributions	243,443	440,679
Changes in Net Position	6,233,565	5,587,890
Net Position:		
Beginning of Fiscal Year	87,133,426	81,545,536
End of Fiscal Year	**$ 93,366,991**	**87,133,426**

See Notes to Financial Statements.

CITRUS HEIGHTS WATER DISTRICT
Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities:		
Cash receipts from customers	$ 20,371,555	$ 18,534,483
Cash received from/(paid to) interfund service provided	-	-
Cash paid to suppliers for goods and services	(12,265,832)	(11,110,869)
Cash paid to employees for services	(24,921)	(774,273)
Receipts from miscellaneous non operating income	18,070	19,856
Net Cash Provided (Used) by Operating Activities	**8,098,872**	**6,669,197**
Cash Flows from Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(3,634,992)	(4,546,315)
Cash receipts from sales of capital assets	44,500	332,731
Principal payments on long-term debt	(115,163)	(111,158)
Interest payments on long-term debt	(66,892)	(57,733)
Net Cash Provided (Used) by Non-Capital Financing Activities	**(3,772,547)**	**(4,382,475)**
Cash Flows from Investing Activities:		
Interest earnings	1,252,844	(107,367)
Net Cash Provided (Used) by Investing Activities	**1,252,844**	**(107,367)**
Net Cash Flows	**5,579,169**	**2,179,355**
Cash, beginning of year	23,855,881	21,676,526
Cash, end of year	**$ 29,435,050**	**$ 23,855,881**

See Notes to Financial Statements.

	2023	2022
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	$ 4,561,186	$ 5,239,282
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	2,668,321	2,606,180
Miscellaneous income	18,070	19,856
Change in assets and liabilities:		
(Increase) decrease in assets and deferred outflows of resources:		
Accounts Receivable	228,271	(894,800)
Inventory	(120,104)	(106,848)
Prepaid expenses and other assets	8,556	(33,441)
Increase (decrease) in liabilities and deferred inflows of resources:		
Accounts payable	50,549	(79,869)
Accrued payroll	54,043	(15,656)
Deposits payble	(6,420)	1,092
Retentions payable	17,680	(4,617)
Compensated absences	80,662	98,314
Net pension liability and related deferred inflows and outflows	560,630	(135,900)
Net OPEB liability and related deferred inflows and outflows	(22,572)	(24,396)
Net Cash Provided (Used) by Operating Activities	**$ 8,098,872**	**$ 6,669,197**
Supplemental Disclosure of Non-Cash Activities		
Receipt of contributed assets	$ 243,443	$ 440,679
Amortization of bond premiums	1,325	1,325
Amortization of deferred charges on refundings	13,370	13,370

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Note to the Basic Financial Statements

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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.

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.

Prepaids: Prepaids 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

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

Depreciation and amortization expense aggregated to $2,668,530 and $2,595,658 for the years ended December 31, 2023 and 2022, 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.

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 and/or early implemented for the fiscal year ended December 30, 2023:

1. *GASB Statement No. 91, Conduit Debt Obligations*

The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation. Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosure requirements will provide financial statement users with better information regarding the commitments issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations.

2. *GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

The requirements of this Statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. That uniform guidance will provide more relevant and reliable information for financial statement users and create greater consistency in practice. This Statement will enhance the decision usefulness of a government's financial statements by requiring governments to report assets and liabilities related to PPPs consistently and disclose important information about PPP transactions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs.

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

The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. That definition and uniform guidance will result in greater consistency in practice. Establishing the capitalization criteria for implementation costs also will reduce diversity and improve comparability in financial reporting by governments. This Statement also will enhance the relevance and reliability of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. The disclosures will allow users to understand the scale and important aspects of a government's SBITA activities and evaluate a government's obligations and assets resulting from SBITAs.

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

4. GASB Statement No. 100, Accounting Changes and Error Corrections

The requirements of this Statement will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections.

NOTE 2: CASH AND INVESTMENTS

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

	2023	2022
Cash and investments	$ 29,435,050	$ 23,855,881

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

	2023	2022
Cash on Hand	$ 850	$ 850
Deposits with financial institutions	3,672,554	8,957,102
Investments	25,761,646	14,897,929
Total cash and investments	$ 29,435,050	$ 23,855,881

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, 2023, the District's permissible investments included the following instruments:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio*	Maximum Investment in One Issuer
Local Agency Investment Program	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
U.S. Agency Securities	5 Years	None	None
State of California Obligations	5 Years	None	None
Bankers' Acceptance	180 Days	40%	30%
Commercial Paper	270 Days	40%	10%
Negotiable Certificates of Deposit	5 Years	30%	None
Medium Term Corporate Notes	5 Years	30%	None
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-through Securities	5 Years	20%	No Limit
LAIF	N/A	None	No Limit
Passbook Deposits	45 Days	None	None
Supranationals	5 Years	30%	None

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

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

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

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, 2023:

	Total
Investments Measured at Amortized Cost:	
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**

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of December 31, 2022:

	Total
Investments Measured at Amortized Cost:	
Money Market Mutual Fund	$ 550,826
Cash in banks and on hand	**8,957,952**
Total Cash and Investments	**9,508,778**
Investments not subject to Fair Value Hierarchy	
California Local Agency Investment Fund (LAIF)	14,347,103
Total Cash and Investments	$ 23,855,881

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, 2023:

		Remaining Maturity (in Months)		
Investment Type	Total	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

The following is a summary of the District's investments by maturity as of December 31, 2022:

		Remaining Maturity (in Months)		
Investment Type	Total	12 Months or Less	13 to 36 Months	37 to 60 Months
Local Agency Investment Fund	14,347,103	14,347,103	-	-
Total	$ 14,347,103	$ 14,347,103	$ -	$ -

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, 2023.

			Moody's Rating as of Fiscal Year End			
Investment Type	Total	Minimum Legal Rating	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	-
Municipal investments	1,256,217	Aa	198,517	1,057,700	-	-
Money market mutual funds	99,362	Aaa	-	-	-	99,362
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

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, 2022.

	Minimum Legal Rating	Not Rated	Total
LAIF	N/A	$ 14,347,103	$ 14,347,103
		$ 14,347,103	$ 14,347,103

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.

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 Depository 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, 2023 and 2022, these investments matured in an average of 340 and 165 days, respectively.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the years ended December 31, 2023 and 2022 are as follows:

	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*

	Balance December 31, 2021	Adjustments	Additions	Deletions	Transfers	Balance December 31, 2022
Business-Type Activities:						
Capital assets not being depreciated:						
Land	$ 1,937,372	$ -	$ 371,725	$ -	$ -	$ 2,309,097
Right of ways	26,080	-	-	-	-	26,080
Construction in Progress	475,943	-	4,174,590	(304,609)	(3,090,703)	1,255,221
Total capital assets not being depreciated	2,439,395	-	4,546,315	(304,609)	(3,090,703)	3,590,398
Capital assets being depreciated:						
Improvements	1,275,136	-	-	-	-	1,275,136
Pipelines and infrastructure	67,102,515	-	-	(196,451)	3,000,746	69,906,810
Equipment and machinery	4,713,953	-	-	-	89,957	4,803,910
Buildings and improvements	4,281,371	-	-	-	-	4,281,371
Well improvements	7,947,746	-	-	-	-	7,947,746
Donated Pipelines	21,196,367	-	440,679	-	-	21,637,046
Subscriptions	-	106,700 *	-	-	-	106,700
Total capital assets, being depreciated	106,517,088	106,700	440,679	(196,451)	3,090,703	109,958,719
Less accumulated depreciation for:						
Improvements	(130,137)	-	(31,265)	-	-	(161,402)
Pipelines and infrastructure	(25,798,990)	-	(1,577,333)	128,996	-	(27,247,327)
Equipment and machinery	(3,253,782)	-	(272,832)	-	-	(3,526,614)
Buildings and improvements	(1,241,969)	-	(102,792)	-	-	(1,344,761)
Well improvements	(2,389,218)	-	(198,320)	-	-	(2,587,538)
Donated Pipelines	(11,638,290)	-	(413,427)	-	-	(12,051,717)
Subscriptions	-	-	(10,522) *	-	-	(10,522)
Total accumulated depreciation	(44,452,386)		(2,606,491)	128,996	-	(46,919,359)
Total capital assets being depreciated, net	62,064,702		(2,165,812)	(67,455)	3,090,703	63,039,360
Capital assets, net	$ 64,504,097		$ 2,380,503	$ (372,064)	$ -	$ 66,629,758

*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.

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, 2023 and 2022, the District had 1 active subscription. The subscription has payments in the amount of $11,200 and an interest rate of 1.0850%. As of December 31, 2023 and 2022, the total subscription liability was $85,379 and $95,542, respectively, and the value of the right to use asset is $106,700 with accumulated amortization of $21,192 in 2023 and $10,522 in 2022. The subscription had $0 of Variable Payments and $0 of 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, 2023 and 2022:

Subscription Type	Amount of SBITA Capital Assets	2023 Accumulated Amortization	2022 Accumulated Amortization
Software as a service	$ 106,700	$ 21,192	$ 10,522

Subscription principal and interest requirements to maturity:

Fiscal Year Ending December 31,	Principal	Interest
2024	$ 10,274	$ 926
2025	10,385	815
2026	10,498	702
2027	10,612	588
2028	10,727	473
2029-2032	32,883	716
Total	$ 85,379	$ 4,220

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.

NOTE 5: LONG-TERM LIABILITIES (CONTINUED)

Changes in the District's long-term liabilities during the years ended December 31, 2023 and 2022 was as follows:

	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	-
Subscription	-	95,542 *	95,542		10,163	85,379	10,274
Total Long-Term Liabilities	$ 1,547,011	$ 95,542	$ 1,642,553	$ -	$ 128,533	$ 1,514,020	$ 120,274

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

	Balance December 31, 2021	Adjustments	Additions	Retirements	Balance December 31, 2022	Current Portion
2012 Revenue Refunding Bonds						
3-5.25%, due 2-1-33	$ 1,520,000	$ -	$ -	$ 100,000	$ 1,420,000	$ 105,000
Unamortized premium on 2012 Bonds	140,381	-	-	13,370	127,011	-
Subscription			106,700 *	11,158 *	95,542	10,163
Total Long-Term Liabilities	$ 1,660,381	$ -	$ 106,700	$ 124,528	$ 1,642,553	$ 115,163

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

The annual requirements to amortize the outstanding debt as of December 31, 2023 are as follows:

Fiscal Year Ending	2012 Revenue Refunding Bonds		
December 31,	Principal	Interest	Total
2024	$ 110,000	$ 64,088	$ 174,088
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	$ 1,315,000	$ 400,614	$ 1,715,614

<u>Pledged Revenue</u>: 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 $1,715,614 and $1,941,400 at December 31, 2023 and 2022, respectively.

Total principal and interest paid on all debt payable from net revenues was $174,088 and $172,635 and the total water system net revenues were $6,162,409 and $5,694,031 for the years ended December 31, 2023 and 2022, respectively. At December 31, 2023 and 2022, the District's net revenues were 3,540% and 3,302% of debt service payments, respectively.

<u>Events of Default</u>: 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, 2023.

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, 2023 and 2022.

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.

NOTE 8: COMPENSATED ABSENCES

The following is a summary of changes in the District's compensated absences for the year ended December 31, 2023 and 2022:

	December 31, 2022	Additions	Reductions	December 31, 2023	Current Portion
District Total	$ 558,201	$ 530,103	$ 449,441	$ 638,863	$ 213,910

	December 31, 2021	Additions	Reductions	December 31, 2022	Current Portion
District Total	$ 459,887	$ 167,109	$ 68,795	$ 558,201	$ 199,578

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, 2023 and 2022:

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

As of December 31, 2022	Deferred Outflows of Resources	Net Pension Liability/ Propotionate Share of Net Pension Liability	Deferred Inflows of Resources
Miscellaneous	$ 2,553,774	$ (5,730,637)	$ (301,018)

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, 2023, 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%	6.8%
Required employer contribution rates	10.9%	10.3%	7.5%

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 $480,459 in fiscal year 2023.

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, 2023 and 2022 the District's contributions to the Plan were as follows:

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

	Miscellaneous		
As of December 31, 2022	Tier 1	Tier 2	PEPRA
Contributions - employer	$ 269,143	$ 280,315	$ 72,348

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, 2023, the District reported $6,173,494 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, 2023, 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, 2022 rolled forward to June 30, 2023 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, 2023 and 2022 was as follows:

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

	Miscellaneous
Proportion - June 30, 2021	0.04318%
Proportion - June 30, 2022	0.12247%
Change - Increase (Decrease)	-0.07929%

For the year ended December 31, 2023 and 2022, the District recognized pension expense of $1,098,770 and $510,900, respectively. At December 31, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	$ 2,537,266	$ (402,283)

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

As of December 31, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 621,806	
Differences between actual and expected experience	115,082	(77,077)
Changes in assumptions	587,223	
Changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	179,963	(223,941)
Net differences between projected and actual earnings on plan investments	1,049,700	
Total	$ 2,553,774	$ (301,018)

The $662,667 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
2024	$ 449,313
2025	275,462
2026	718,860
2027	28,681
Total	$ 1,472,316

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, 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)

NOTE 9: DEFINED BENEFIT PENSION PLAN (CONTINUED)

For December 31, 2022		Miscellaneous
1% Decrease		5.90%
Net Pension Liability	$	5,563,530
Current Discount Rate		6.90%
Net Pension Liability/(Asset)	$	5,730,637
1% Increase		7.90%
Net Pension Liability/(Asset)	$	2,948,166

Actuarial Assumptions – For the measurement period ended June 30, 2023, the total pension liabilities were determined by rolling forward the June 30, 2022 total pension liability based on the following actuarial methods and assumptions:

	Miscellaneous
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
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:	2000-2019
Investment Rate of Return	6.90%
Post Retirement Benefit Increase	Contract COLA up to 2.30% until PPPA(2) floor on purchasing power applies, 2.30% thereafter

[1] The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing morality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

[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, 2022 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experience Study can be found on the CalPERS website.

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	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 study

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

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, 2022:

	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
20+ Years of Service	Health insurance provided to employee at District expense	Maximum monthly reimbursement of $359.00 to retiree, spouse/dependents.	
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 $403.00 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 $450.00 to retiree, spouse/dependents.	

For the year ended December 31, 2023, the District's contributions to the OPEB Plan were $189,666.

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

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, 2022, 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, 2023, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	December 31, 2022
Measurement Date	December 31, 2022
Actuarial Cost Method	Entry - Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	5.87%
Inflation	2.30%
Payroll Growth	2.80%
Healthcare Trend	7.40%, trending down to 4.14%
Mortality Rate	CalPers OPEB Assumption Model, dated 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.

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, 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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (a) - (b)
Balance at December 31, 2021	$ 2,076,585	$ 348,908	$ 1,727,677
Changes Recognized for the Measurement Period:			
Service Cost	50,011	-	50,011
Interest on the total OPEB liability	114,224	-	114,224
Changes in benefit terms	-	-	-
Difference between expected and actual experience	(1,948)	-	(1,948)
Changes in assumptions	(130,213)	-	(130,213)
Contributions from the employer*	-	189,734	(189,734)
Net investment income	-	40,575	(40,575)
Administrative Expenses	-	(216)	216
Benefit payments and refunds	(46,036)	(46,036)	-
Other changes	-	-	-
Net changes	(13,962)	184,057	(198,019)
Balance at December 31, 2022	$ 2,062,623	$ 532,965	$ 1,529,658

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 - 2023

Discount Rate -1% (4.87%)	Current Discount Rate (5.87%)	Discount Rate1% (6.87%)
$ 1,537,747	$ 1,238,321	$ 995,480

Plan's Net OPEB Liability - 2022

Discount Rate -1% (4.87%)	Current Discount Rate (5.87%)	Discount Rate1% (6.87%)
$ 1,890,522	$ 1,529,658	$ 1,240,468

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 - 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

Plan's Net OPEB Liability - 2022

Health Care Cost Trend Rate -1%	Health Care Cost Trend Rates	Health Care Cost Trend Rate +1%
$ 1,196,920	$ 1,529,658	$ 1,955,220

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

For the year ended December 31, 2023 and 2022, the District recognized OPEB expense of $148,353 and $165,265, respectively. At December 31, 2023 and 2022, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

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	$ 507,563	$ (436,421)

NOTE 10: POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

As of December 31, 2022	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 23,930	$ (15,024)
Changes in assumptions	289,303	(114,394)
Net difference between projected and actual earnings on OPEB plan investments	-	(33,574)
Employer contributions made subsequent to the measurement date	189,666	-
Total	$ 502,899	$ (162,992)

$170,924 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
2024	$ 5,913
2025	8,749
2026	13,205
2027	16,959
2028	(10,881)
Thereafter	(133,727)

E. Payable to the OPEB Plan

At December 31, 2023 and 2022, the District reported a payable of $0 for the outstanding amount of contributions to the OPEB plan required for the year ended December 31, 2023 and 2022.

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, 2023 and 2022.

NOTE 12: ECONOMIC DEPENDENCY

During 2023 and 2022, the District purchased 84.89% and 68.90%, respectively, of its water supply from the San Juan Water District (SJWD). Total purchases for the year ended December 31, 2023 and 2022 was $2,858,841 and $2,783,319, 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.

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/JIPA	Deductible
General and Auto Liability		
(Includes Public Officials Liability)	$10,000,000	None
Cyber Liability	3,000,000	None
Property Damage*	100,000	$2,500-$100,000
Crime	100,000	1,000
Workers Comensation Liability	2,000,000	None
Employers Liability	2,000,000	None

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

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	**6/30/2014**	**6/30/2015**	**6/30/2016**	**6/30/2017**
Plan Proportion of the Net Pension Liability	0.05398%	0.12216%	0.11962%	0.11866%
Plan Proportionate Share of the Net Pension Liability	$ 3,358,940	$ 3,351,422	$ 4,155,588	$ 4,677,711
Plan Covered Payroll	$ 2,279,406	$ 2,289,027	$ 2,270,540	$ 2,606,536
Plan Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	147.36%	146.41%	183.02%	179.46%
The Pension Plan's (PERF-C) Fiduciary Net Position as a Percentage of the Total Pension Liability	80.43%	78.40%	74.06%	73.31%

Notes to Schedule:

Benefit Changes: There were no changes to benefit terms. However, the figures above do not include any liability impact that may have resulted from plan changes which occurred after the measurement dates. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of Assumptions: There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date

	6/30/2018	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
	0.11673%	0.04500%	0.04483%	0.04318%	0.12247%	0.12346%
	$ 4,399,273	$ 4,611,042	$ 4,877,315	$ 2,335,284	$ 5,730,637	$ 6,173,494
	$ 2,941,557	$ 3,442,952	$ 3,399,842	$ 3,513,707	$ 3,473,459	$ 3,526,763
	149.56%	133.93%	143.46%	66.46%	164.98%	175.05%
	75.26%	75.26%	75.10%	88.29%	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)

	2015	2016	2017	2018
Actuarially Determined Contribution	$ 468,974	$ 347,181	$ 572,724	$ 700,242
Contribution in Relation to the Actuarially Determined Contribution	(468,974)	(347,181)	(572,724)	(700,242)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
Covered Payroll	$ 2,129,887	$ 2,362,614	$ 2,667,190	$ 2,941,557
Contributions as a Percentage of Covered Payroll	22.02%	14.69%	21.47%	23.81%

(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, 2020

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method: Entry Age Normal Cost Method

Amortization 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: 2.50%

Payroll Growth: 2.75%

Projected Salary Increases: Varies by Entry Age and Service

Investment Rate of Return: 7.00% (net of pension plan investment and administrative expenses, includes

Retirement Age: All other actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. The Experience Study report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Mortality: The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using 90 percent of Society of Actuaries' Scale 2016. For more details on this table, please refer to the 2017 experience study report.

2019	2020	2021	2022	2023
$ 663,989	$ 716,803	$ 754,362	$ 762,686	$ 662,667
(663,989)	(716,803)	(754,362)	(762,686)	(662,667)
$ -	$ -	$ -	$ -	$ -
$ 3,442,952	$ 3,399,842	$ 3,513,707	$ 3,473,459	$ 3,526,763
19.29%	21.08%	21.47%	21.96%	18.79%

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
	$ 47,435	$ 50,011	$ 44,622
	102,103	114,224	122,099
	(572)	-	-
	(1,841)	(1,948)	(207,360)
	364,838	(130,213)	(158,406)
	(43,184)	(46,036)	(54,366)
	468,779	**(13,962)**	**(253,411)**
	1,607,806	**2,076,585**	**2,062,623**
	2,076,585	**2,062,623**	**1,809,212**
	145,837	189,734	189,666
	39,073	40,575	(97,111)
	(43,184)	(46,036)	(54,366)
	23,195	-	-
	(127)	(216)	(263)
	164,794	**184,057**	**37,926**
	184,114	**348,908**	**532,965**
	348,908	**532,965**	**570,891**
	$ 1,727,677	**$ 1,529,658**	**$ 1,238,321**
	16.80%	25.84%	31.55%
	$ 3,677,546	$ 3,946,896	$ 2,740,450
	46.98%	38.76%	45.19%

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)	$ (527)	$ 2,122	$ 23,307
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	7.4% for 2023, decreasing to an ultimate rate of 4.01% in 2077
Mortality	CalPERS 1997-2015 experience study
Mortality Improvement	Mortality projected fully generational with Scale MP-18

2021	2022	2023
$ 158,425	$ 189,666	$ 190,477
(189,734)	(140,592)	(175,938)
$ (31,309)	$ 49,074	$ 14,539
$ 3,689,171	$ 3,946,896	$ 2,740,450
5.14%	3.56%	6.42%

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STATISTICAL SECTION

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CITRUS HEIGHTS WATER DISTRICT

Statistical Section

Table of Contents

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 infirmation says about the government's overall financial health.

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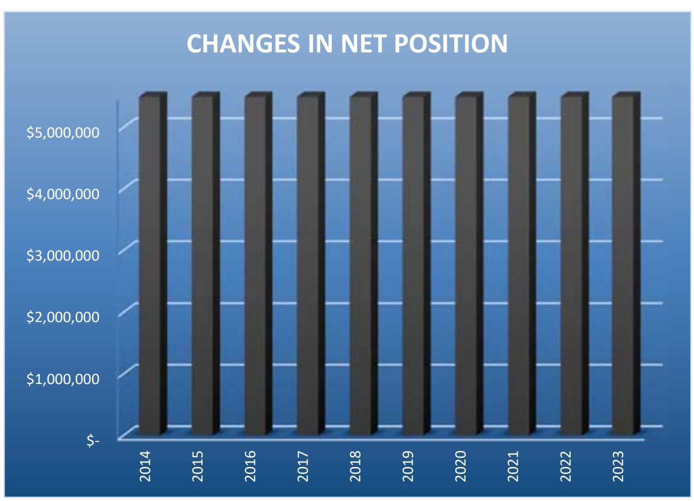
CITRUS HEIGHTS WATER DISTRICT
Changes in Net Position and Net Position by Component

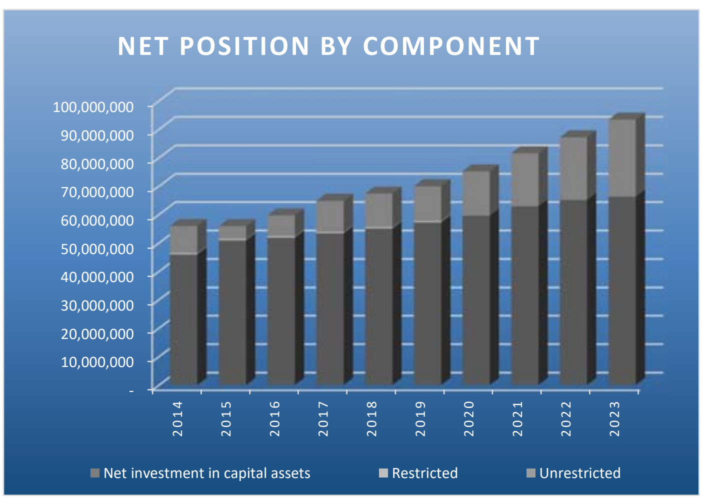
Last Ten Fiscal Years
Schedule 1

	2014	2015	2016	2017	2018
Changes in net position:					
Operating revenues (see Schedule 2)	$ 11,602,622	$ 13,448,691	$ 14,119,865	$ 14,823,207	$ 16,908,986
Operating expenses (see Schedule 3)	76,042	728,732	736,348	706,076	427,061
Depreciation and amortization	(2,190,061)	(2,692,482)	(2,878,799)	(3,131,903)	(2,917,535)
Operating income(loss)	**9,488,603**	**11,484,941**	**11,977,414**	**12,397,380**	**14,418,512**
Non-operating revenues(expenses)					
Investment income	15,547	19,093	38,313	63,531	159,437
Miscellaneous income	12,716	28,606	68,203	77,074	107,546
Groundwater transfers and sales	-	-	-	1,058,793	347,583
Interest expense	(195,210)	(173,462)	(155,214)	(145,911)	(147,540)
(Loss) gain on disposal of capital assets	(30,669)	4,834	(137,567)	(155,343)	(164,842)
Total non-operating revenues(expenses), net	**(197,616)**	**(120,929)**	**(186,265)**	**898,144**	**302,184**
Net income before capital contributions	**9,290,987**	**11,364,012**	**11,791,149**	**13,295,524**	**14,720,696**
Capital Contributions					
Grant Revenues	10,310	610,431	715	-	-
Capital contributions	59,248	438,567	896,688	55,813	213,121
Changes in net position	**$ 9,360,545**	**$ 12,413,010**	**$ $ 12,688,552**	**$ 13,351,337**	**$ 14,933,817**
Net position by component:					
Prior Year adjustment	$ -	$ (3,728,767)	$ -	$ -	$ -
Net investment in capital assets	45,931,665	50,895,005	51,801,433	53,350,420	55,029,058
Restricted	536,963	533,350	533,796	535,733	541,475
Unrestricted	9,432,200	4,434,324	7,316,512	10,882,932	11,717,632
Total net position	**$ 55,900,828**	**$ 52,133,912**	**$ $ 59,651,741**	**$ 64,769,085**	**$ 67,288,165**



Source: District Administrative Services Department

2019	2020	2021	2022	2023	
					Changes in net position:
$ 16,579,945	$ 18,934,457	$ 20,132,024	$ 19,433,754	$ 20,132,024	Operating revenues (see Schedule 2)
447,232	147,938	62,339	(11,588,292)	(12,902,517)	Operating expenses (see Schedule 3)
(2,798,201)	(2,785,929)	(2,858,841)	(2,606,180)	(2,668,321)	Depreciation and amortization
14,228,976	**16,296,466**	**17,335,522**	**5,239,282**	**4,561,186**	**Operating income(loss)**
					Non-operating revenues(expenses)
214,962	116,981	(343)	(30,997)	1,438,634	Investment income
69,322	42,989	42,759	34,240	19,395	Miscellaneous income
38,316	-	-	-	-	Groundwater transfers and sales
(124,346)	(95,741)	(74,734)	(55,981)	(50,767)	Interest expense
(105,755)	(73,310)	(115,032)	(39,333)	21,674	(Loss) gain on disposal of capital assets
92,499	**(9,081)**	**(147,350)**	**(92,071)**	**1,428,936**	**Total non-operating revenues(expenses), net**
14,321,475	**16,287,385**	**17,188,172**	**5,147,211**	**5,990,122**	**Net income before capital contributions**
					Capital Contributions
-	-	-	-	-	Grant Revenues
898,084	290,182	2,474,459	440,679	243,443	Capital contributions
$ 15,219,559	**$ 16,577,567**	**$ 19,662,631**	**$ 5,587,890**	**$ 6,233,565**	**Changes in net position**
					Net position by component:
$ -	$ -	$ -	$ -	$ -	Prior Year adjustment
57,193,152	59,531,355	62,822,494	65,042,165	66,242,874	Net investment in capital assets
542,660	-	-	-	-	Restricted
12,217,198	15,649,654	18,723,042	22,091,261	27,124,117	Unrestricted
$ 69,953,010	**$ 75,181,009**	**$ 81,545,536**	**$ 87,133,426**	**$ 93,366,991**	**Total net position**

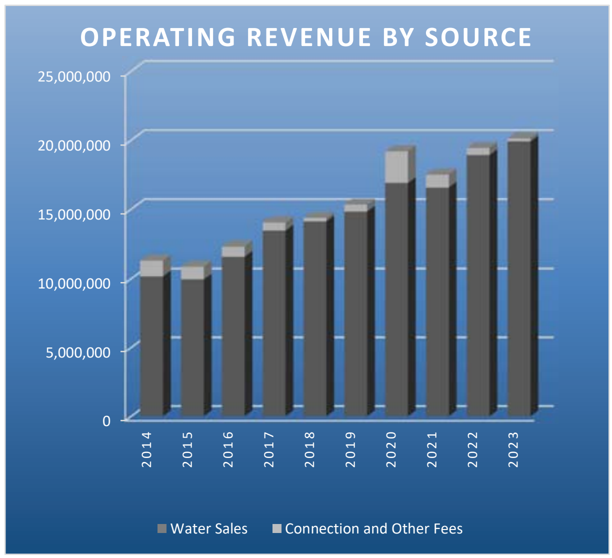


CITRUS HEIGHTS WATER DISTRICT

Operating Revenue By Source

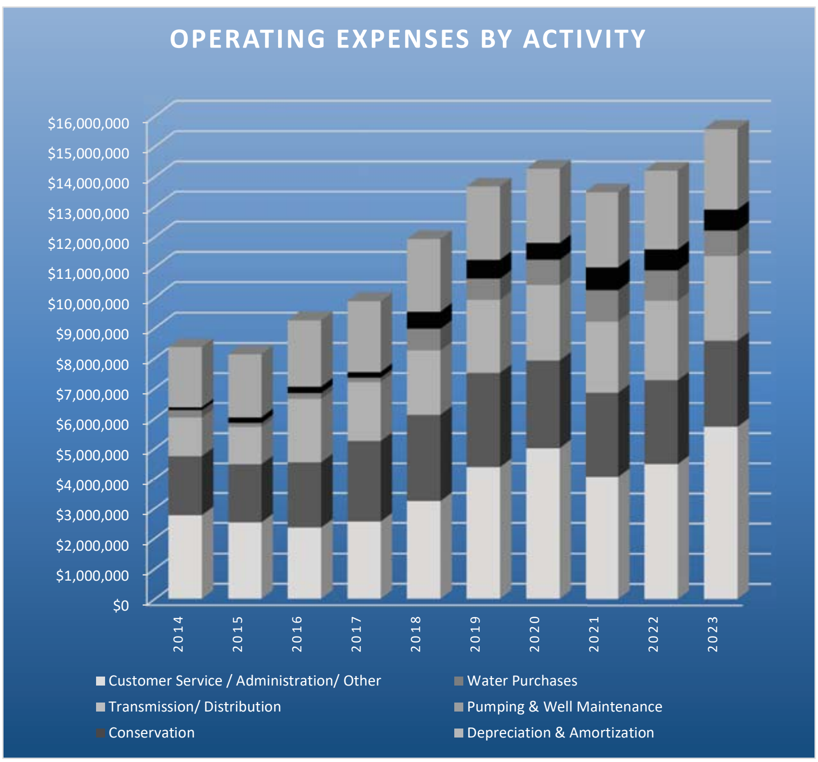
Last Ten Fiscal Years
Schedule 2

Fiscal Year	Water Sales	Connection and Other Fees	Total Operating Revenue
2014	$ 10,171,473	$ 1,159,828	$ 11,331,301
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



Source: District Administrative Services Department

Fiscal Year	Customer Service / Administration / Other	Water Purchases	Transmission/ Distribution	Pumping & Well Maintenance	Conservation	Depreciation & Amortization	Total Operating Expenses
2014	$ 2,752,172	$ 1,984,921	$ 1,282,941	$ 239,344	$ 99,235	$ 2,003,488	$ 8,362,101
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	4,470,788	2,785,929	2,637,991	996,949	696,635	2,606,180	14,194,472
2023	5,706,961	2,858,841	2,796,502	842,529	697,684	2,668,321	15,570,838



Source: District Administrative Services Department

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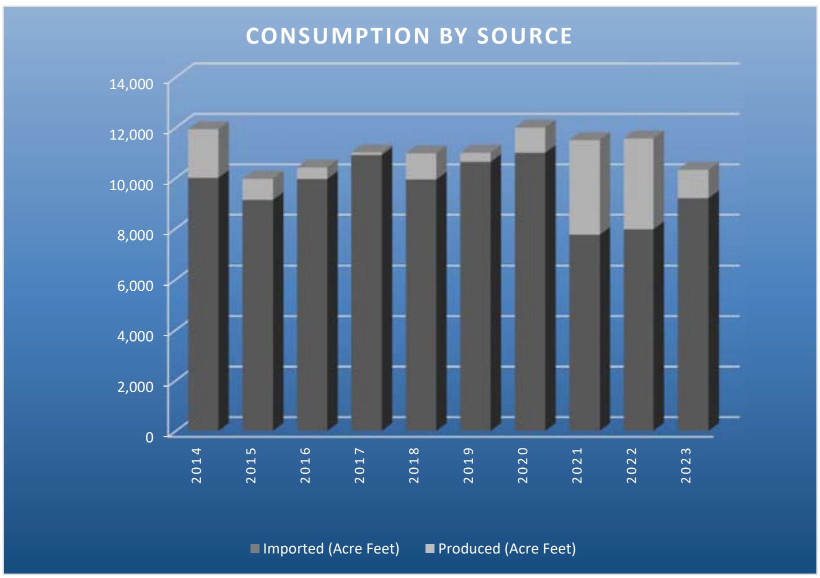
Revenue Capacity

CITRUS HEIGHTS WATER DISTRICT
Revenue Base

Last Ten Fiscal Years
Schedule 4

Fiscal Year	Consumption (Acre Feet)	Water Supply: Imported (Acre Feet)	Water Supply: Produced (Acre Feet)	% Water Imported
2014	11,937.24	10,007.61	1,929.63	83.84%
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	9,204.81	1,124.42	84.89%



Source: District Operations Department

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Flat 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)										
Consumption (per unit ccf)										
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)	$ 0.7440	$ 0.7663	$ 0.8735	$ 0.9871	$ 1.0167	$ 1.0674	$ 1.1800	$ 1.1800	$ 1.1900	$ 1.4300
Service Charge (bimonthly)										
Commercial/Domestic 3/4"	$ 35.82	$ 36.89	$ 42.05	$ 47.52	$ 48.94	$ 51.38	$ 57.54	$ 57.54	$ 56.08	$ 60.35
Commercial/Domestic 1"	54.50	56.13	63.98	72.30	74.46	78.18	87.29	87.29	91.33	94.69
Commercial/Domestic 1-1/2"	66.95	68.95	78.60	88.82	91.48	96.05	136.86	136.86	150.08	151.92
Commercial/Domestic 2"	129.20	133.07	151.69	171.41	176.55	185.37	196.35	196.35	220.58	220.60
Commercial/Domestic 3"	203.91	210.02	239.42	270.54	278.65	292.58	384.74	384.74	443.82	438.07
Commercial/Domestic 4"	403.13	415.22	473.35	534.89	550.93	578.47	662.36	662.36	773.14	758.81
Irrigation 3/4"	35.82	36.89	42.05	47.52	48.94	51.38	57.54	57.54	56.08	60.35
Irrigation 1"	54.50	56.13	63.98	72.30	74.46	78.18	87.29	87.29	91.33	94.69
Irrigation 1-1/2"	66.95	68.95	78.60	88.82	91.48	96.05	136.86	136.86	150.08	151.92
Irrigation 2"	129.20	133.07	151.69	171.41	176.55	185.37	196.35	196.35	220.58	220.60
Irrigation 3"	203.91	210.02	239.42	270.54	278.65	292.58	384.74	384.74	443.82	438.07
Irrigation 4"	403.13	415.22	473.35	534.89	550.93	578.47	662.36	662.36	773.14	758.81

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.

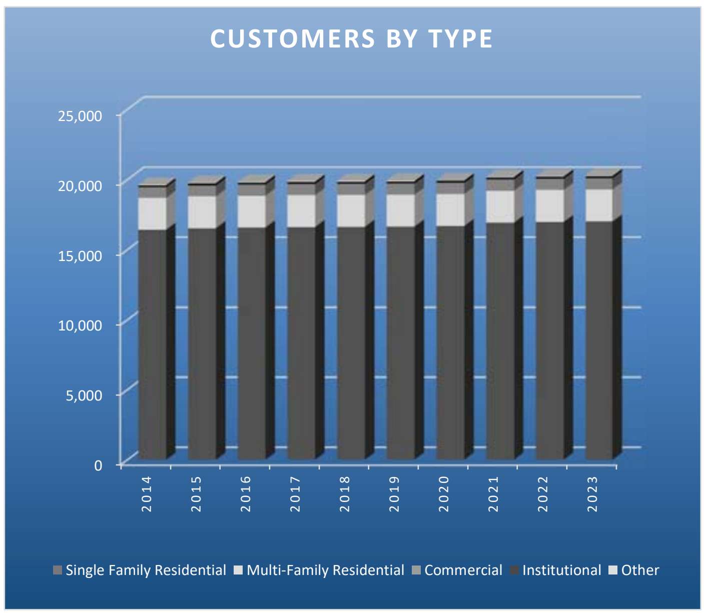
Source:

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
2014	16,425	2,280	771	118	51	19,645
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



Source: District Administrative Services Department
District Water Efficiency Department

Customer	2023 Billed Units (ccf's)	2023 Percentage of Total
San Juan Unified School Distri	100,925	2.21%
Sunrise Recreation Park Dist	92,737	2.03%
JMK Investments	77,302	1.70%
JRK Investors	50,851	1.12%
Mt Vernon Memorial Park	39,063	0.86%
Conference Claimants Endowment	28,939	0.58%
Wedgewood Commons Apts LLC	26,274	0.63%
City of Citrus Heights	26,160	0.57%
Salishan Apartments	23,722	0.54%
Knaggs Meadows LLC	21,588	0.51%
Total Billed Units: Principal customers	487,561	10.76%
Total Billed Units	4,560,425	100.00%

Customer	2013 Billed Units (ccf's)	2013 Percentage of Total
San Juan Unified School Distri	123,462	2.02%
Sunrise Recreation Park Dist	90,650	1.49%
JMK Investments	80,262	1.32%
JRK Investors	67,255	1.10%
Mt Vernon Memorial Park	39,728	0.65%
Conference Claimants Endowment	36,618	0.60%
Wedgewood Commons Apts LLC	34,940	0.57%
City of Citrus Heights	33,047	0.54%
Salishan Apartments	30,134	0.49%
Knaggs Meadows LLC	27,235	0.45%
Total Billed Units: Principal customers	563,331	9.24%
Total Billed Units	6,099,109	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 Debt	Total No. of Connections [5]	Total Debt Per Capita (Rounded) [5]
2014	-	-	2,980,000	2,095,000	357,305	5,432,305	19,645	276.52
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

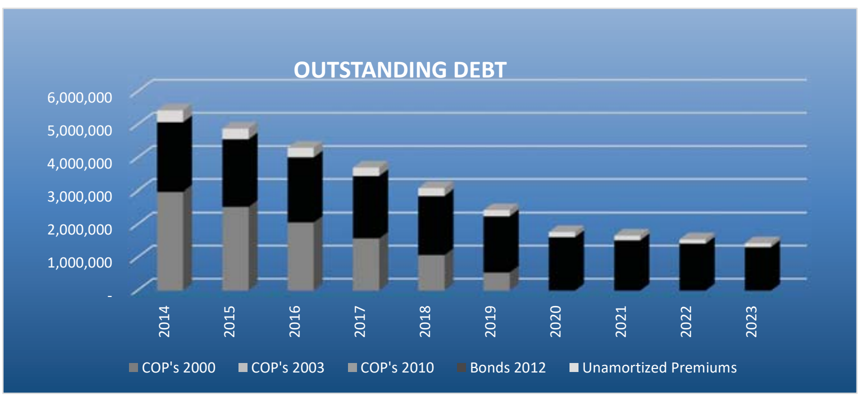
Notes:

(1) In October 2000, the District issued $7,900,000 of Certificates of Participation, Series 2000 to finance the cost of capital improvement p

(2) In December 2003, the District issued $2,915,000 of Certificates of Participation, Series 2003 to finance the cost of capital improvemer

(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.

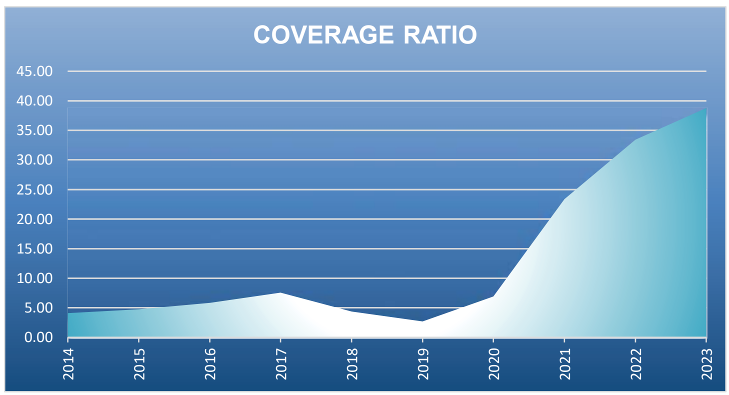
(4) In April 2012, the District issued $2,275,000 of Revenue Refunding Bonds, Series 2012 to retire the outstanding 2003 Certificates of Pa



Source: District Administrative Services Department

Last Ten Fiscal Years
Schedule 9

Fiscal Year	Net Revenues	Operating Expenses	Net Available Revenues	Debt Service Principal	Debt Service Interest	Debt Service Total	Coverage Ratio
2014	$ 11,328,895	$ (8,362,101)	$ 2,966,794	530,000	$ 195,210	$ 725,210	4.09
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	(14,194,472)	5,216,562	100,000	55,981	155,981	33.44
2023	21,611,727	(15,570,838)	6,040,889	105,000	50,767	155,767	38.78



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

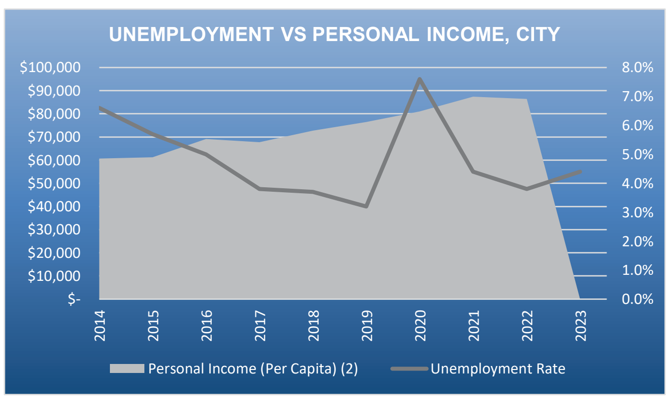
Fiscal Year	Total Number of Connections	City of Citrus Heights [1]				County of Sacramento [1]			
		Population [3]	Unemployment Rate	Personal Income (thousands of dollars) [2]	Personal Income (Per Capita) [2]	Population [3]	Unemployment Rate	Personal Income (thousands of dollars) [2]	Personal Income (Per Capita) [2]
2014	19,645	85,891	6.6%	5,212,811	60,691	1,478,137	6.3%	61,655,311	41,711
2015	19,785	86,759	5.7%	5,308,263	61,184	1,496,644	5.4%	65,485,904	43,755
2016	19,851	87,380	5.0%	6,043,288	69,161	1,514,460	5.0%	70,110,288	46,294
2017	19,902	87,931	3.8%	5,952,753	67,698	1,530,615	3.9%	72,878,844	47,614
2018	19,911	87,910	3.7%	6,388,859	72,675	1,540,975	3.8%	76,832,281	49,860
2019	19,937	87,796	3.2%	6,710,775	76,436	1,552,058	3.2%	80,968,990	52,169
2020	19,958	87,583	7.6%	7,102,719	81,097	1,559,146	8.3%	85,776,037	55,015
2021	20,201	87,404	4.4%	7,640,071	87,411	1,585,055	3.1%	90,909,126	57,354
2022	20,251	87,708	3.8%	7,581,480	86,440	1,576,639	3.5%	105,716,828	66,696
2023	20,289	86,239	4.4%	n/a	n/a	1,578,938	4.4%	n/a	n/a

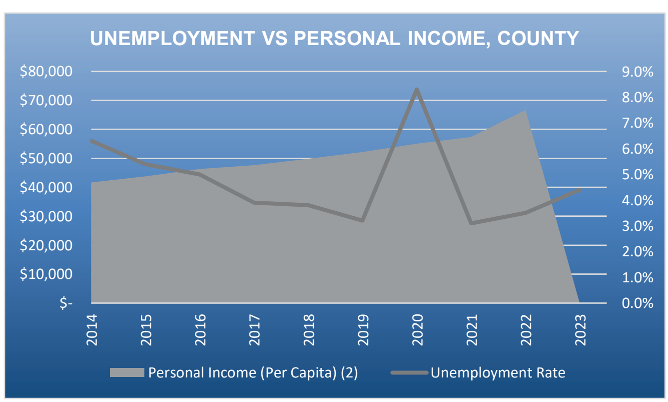
Notes:

(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 separatemly 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

(2) Personal income and per capita personal income is not yet available for Fiscal Year 2023.

(3) Population data is not yet available for Fiscal Year 2021.





Sources:

U.S. Bureau of Economic Analysis
U.S. Bureau of Labor Statistics
U.S. Census Bureau

Principal Employers [1]

Current Fiscal Year and Ten Years Ago
Schedule 12

2023			
Employer	**Employees**	**Rank**	**Percentage of Employment**
State of California	113,610	1	15.89%
UC Davis Health	16,075	2	1.90%
County of Sacramento	13,611	3	1.66%
Kaiser Permanente	11,856	4	2.25%
United States Government	10,699	5	1.03%
Sutter Health	10,129	6	1.50%
Dignity Health	7,353	7	1.42%
San Juan Unified School District	5,346	8	0.60%
Intel	4,300	9	0.47%
Los Rios Community College District	3,366	10	0.75%
Total	196,345		27.47%
Total County Employment	715,102		100.00%

2013 [2]			
Employer	**Employees**	**Rank**	**Percentage of Employment**
State of California	77,172	1	11.45%
Kaiser Permanente	15,585	2	2.31%
UC Davis Health	14,510	3	2.15%
Sacramento County	12,360	4	1.83%
Sutter Health	10,764	5	1.60%
Sutter Health	6,507	4	0.97%
Dignity Health	5,756	6	0.85%
Intel Corporation	6,000	5	0.89%
Elk Grove Unified School District	5,535	9	0.82%
San Juan Unified School District	4,700	10	0.70%
Total	158,889		23.57%
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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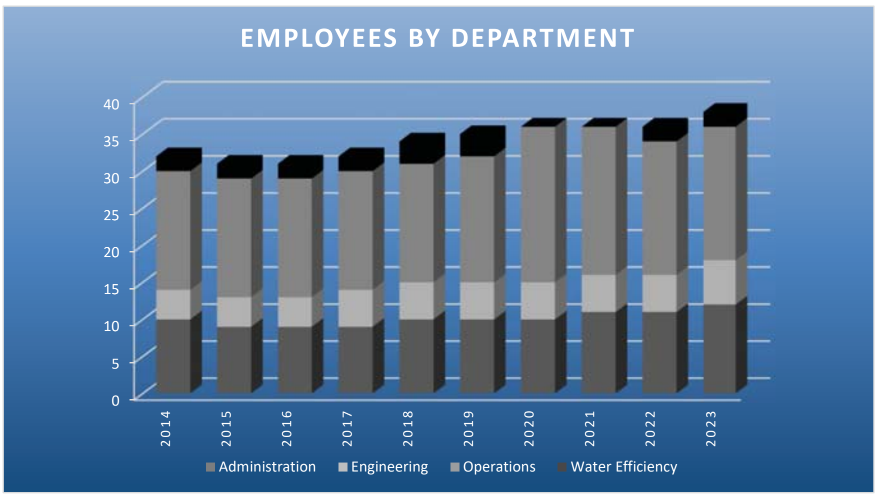
Operating Information

CITRUS HEIGHTS WATER DISTRICT
District Employees by Department

Last Ten Fiscal Years
Schedule 11

Department	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Administration	10	9	9	9	10	10	10	11	11	12
Engineering	4	4	4	5	5	5	5	5	5	6
Operations	16	16	16	16	16	17	21	20	18	18
Water Efficiency	2	2	2	2	3	3	0	0	2	2
Total	32	31	31	32	34	35	36	36	36	38

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
2014	19,645	11,937.24	243.80	4	19,538	2,062
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

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

6230 Sylvan Road
Citrus Heights, CA 95610

Citrus Heights Water District
916-725-6873 www.chwd.org