CALLEGUAS MUNICIPAL WATER DISTRICT

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

For the Fiscal Year Ended
June 30, 2023
(With Comparative Amounts as of June 30, 2022)

NIGRO & NIGRO PC

BOARD OF DIRECTORS

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

MANAGEMENT PERSONNEL

Name	Position
Tony Goff	General Manager
Kristine McCaffrey, P.E.	Deputy General Manager
Fernando Baez	Manager of Engineering
Dan Drugan	Manager of Resources
Rob Peters	Manager of Operations and Maintenance
Dan Smith	Manager of Finance
Grant Burton	Manager of HR and Risk Management
Wes Richardson	Manager of Information Technology
Henry Graumlich	Associate General Manager
Ian Prichard	Associate General Manager

CALLEGUAS MUNICIPAL WATER DISTRICT
For the Fiscal Year Ended June 30, 2023
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Introductory Section

BACKGROUND: WHO IS CALLEGUAS?

Calleguas Municipal Water District ("District") was created as a special district in 1953 by ballot measure for the purpose of providing southeast Ventura County with a reliable supply of high-quality supplemental water. Today Calleguas provides water service to an estimated population of 640,000 through 21 retail water purveyors. The District's 366-square-mile service area includes the cities of Oxnard, Port Hueneme, Camarillo, Thousand Oaks, Simi Valley, Moorpark, and surrounding unincorporated areas including Naval Base Ventura County, Oak Park, Lake Sherwood, Somis and Bell Canyon.

Calleguas' Mission

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

The District is a member agency of the Metropolitan Water District of Southern California (MWD). Water is delivered into the Calleguas service area through a system connection with Metropolitan. The majority of Calleguas' water supply is treated at Metropolitan's Jensen Treatment Facility in Granada Hills. The District then conveys the high-quality drinking water through 150 miles of 18 inch to 78-inch diameter pipelines, nine reservoirs, five hydroelectric generators, and six pump stations to local cities and water agencies for delivery to consumers. In order provide customers with water during outages of imported supplies, the District also owns and operates a lake with a surface water treatment plant and an aquifer storage and recovery (ASR) facility with 18 wells, as well as an interconnection with the Crestview Mutual Water Company. To facilitate development of local brackish groundwater supplies and potable reuse of recycled water, Calleguas operates an 22mile-long Salinity Management Pipeline (SMP) with an outfall extending into the Pacific Ocean.

WATER SUPPLY

The last few years have presented significant challenges for water supply as California has experienced "weather whiplash," with multiple record dry years followed by an unusually wet year during Water Year 2022-23. The District entered fall 2022 with unprecedented water use restrictions, as back-to-back dry years resulted in 5 percent allocations from the State Water Project (SWP) and mandatory conservation actions were implemented by Metropolitan under its Emergency Water Conservation Program (EWCP) effectively limiting outdoor water use to just one day per week within Calleguas' service area. These restrictions resulted in the District and its retail member agencies achieving unprecedented water conservation. The District has reduced imported water use by a total of 31% compared with FY 2021-22, with some individual retailers achieving greater than a 50% reduction in imported water demands. The District's water sales in the first half of FY 2022-23 included extraordinary supplies (pumping of stored water from the Las Posas ASR Wellfield).

With record snowfall in the mountain areas where SWP water originates in early 2023, water supply conditions changed dramatically and the EWCP was lifted in February 2023. However, demands remained low both due to more water efficient behavior by customers and significant local precipitation, which reduced outdoor water demands for irrigation.

The updated 5-year water sales forecast is presented in the supplementary information section of this report. As of November 2023, the District is on pace to have lower water sales in FY 2023-24 than its previous sales forecast had anticipated. If the trend continues, the District will be on pace to miss the forecast by 4,500 acrefeet. These reduced sales are reflected in the updated 5-year water sales forecast in this report.

Water sales continue to fluctuate based on wet or dry weather patterns. In FY 2022-23, the District experienced a 28.6% decrease in water sales compared to the previous fiscal year. The District continues to manage its operating expenses to reflect the changing water sales from year to year as well as implement water rate increases to ensure funding for the District's operations, capital needs, and debt service.

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

In order to provide reliable water during an outage, the District has completed a Water Supply Alternatives Study (WSAS). The WSAS identified and evaluated 123 potential alternative water supplies that enable Calleguas to continue to cost-effectively provide a reliable water supply to its service area during an outage of imported water. Several projects have already been approved and are in progress including Crestview Well No. 8, Lake Bard Pump Station, and Fairview Well Rehabilitation. Building upon the WSAS, the District has undertaken development of a Water Resources Implementation Strategy (WRIST). The WRIST involves extensive regional collaboration to evaluate portfolios of potential projects to address long-term supply reliability and resiliency, along with outages. The selected portfolio will assist the District in achieving the "New Model of Resilience" envisioned by the Strategic Plan Update adopted in August 2023.

STORAGE

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

Additionally, through the Las Posas ASR Project the District currently has 105,506 AF of stored water in the east Las Posas Subbasin management area (28,319 AF), west Las Posas Subbasin management area (25,192 AF), and the Oxnard Plain Subbasin (51,995 AF).

SALINITY MANAGEMENT PIPELINE

The SMP is a regional pipeline that collects the salty water byproduct generated by brackish groundwater desalting facilities and potential potable reuse projects, as well as excess recycled water, and conveys that water to the ocean for discharge. The SMP improves water supply reliability by facilitating the development of local water supply projects. Highly treated wastewater/excess recycled water, which is too saline for discharge to local streams, is also sent to the SMP during wet periods when it is not needed for irrigation.

Financial Section

NIGRO & NIGRO PC
A Professional Accountancy Corporation

INDEPENDENT AUDITORS' REPORT

Board of Directors
Calleguas Municipal Water District
Thousand Oaks, California

Opinion

We have audited the accompanying financial statements of the Calleguas Municipal Water District (District), which comprise the balance sheet as of June 30, 2023, and related statements of revenue, expenses, and changes in net position, and cash flows for the year then ended, and related notes to the financial statements, as listed in the table of contents.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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Auditor's Responsibilities for the Audit of the Financial Statements

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Other Information

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

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

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2022, from which such partial information was derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued a separate report dated December 20, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Nigro & Nigro, PC

Murrieta, California
December 20, 2023

Management's Discussion and Analysis (MD&A) offers readers of Calleguas Municipal Water District's financial statements a narrative overview of the District's financial activities for the year ended June 30, 2023. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- In fiscal year 2023, the District's net position decreased 0.27%, or $1,464,575 from the prior year's net position of $533,774,497 to $532,309,922, as a result of the year's operations.
- In fiscal year 2023, operating revenues decreased by 24.81%, or $37,253,929 from $150,143,189 to $112,889,260, from the prior year, primarily due to a $38,115,063 decrease in water sales.
- In fiscal year 2023, operating expenses before depreciation expense decreased by 11.24% or $13,605,438 from $121,022,537 to $107,417,099 from the prior year, primarily due to a decrease in costs for the District's source of supply of $28,091,669. All other operating cost categories increased.

REQUIRED FINANCIAL STATEMENTS

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

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

FINANCIAL ANALYSIS OF THE DISTRICT

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

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

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

Condensed Balance Sheets

	June 30, 2023	June 30, 2022	Change	June 30, 2021	Change
Assets:					
Current assets	$ 254,288,671	$ 268,714,904	$ (14,426,233)	$ 266,296,313	$ 2,418,591
Non-current assets	11,227,341	10,836,108	391,233	8,790,815	2,045,293
Capital assets, net	462,970,821	456,684,060	6,286,761	460,854,772	(4,170,712)
Total assets	728,486,833	736,235,072	(7,748,239)	735,941,900	293,172
Deferred outflows of resources	13,275,050	8,768,214	4,506,836	9,417,013	(648,799)
Total assets and deferred outflows of resources	$ 741,761,883	$ 745,003,286	$ (3,241,403)	$ 745,358,913	$ (355,627)
Liabilities:					
Current liabilities	$ 30,836,332	$ 31,434,941	$ (598,609)	$ 34,424,301	$ (2,989,360)
Non-current liabilities	176,210,947	175,797,396	413,551	191,285,898	(15,488,502)
Total liabilities	207,047,279	207,232,337	(185,058)	225,710,199	(18,477,862)
Deferred inflows of resources	2,404,682	3,996,452	(1,591,770)	1,636,698	2,359,754
Net position:					
Net investment in capital assets	293,831,581	280,002,359	13,829,222	278,627,684	1,374,675
Restricted for debt service reserves	11,227,341	9,744,423	1,482,918	8,790,815	953,608
Unrestricted	227,251,000	244,027,715	(16,776,715)	230,593,517	13,434,198
Total net position	532,309,922	533,774,497	(1,464,575)	518,012,016	15,762,481
Total liabilities, deferred outflows of resources and net position	$ 741,761,883	$ 745,003,286	$ (3,241,403)	$ 745,358,913	$ (355,627)

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by $532,309,922 as of June 30, 2023.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Balance Sheets (continued)

By far the largest portion of the District's net position (55% as of June 30, 2023) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

At the end of year 2023, the District showed a positive balance in its unrestricted net position of $227,251,000 which may be utilized in future years.

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

	June 30, 2023	June 30, 2022	Change	June 30, 2021	Change
Operating revenues	$ 112,889,260	$ 150,143,189	$ (37,253,929)	$ 156,956,588	$ (6,813,399)
Operating expenses	(107,417,099)	(121,022,537)	13,605,438	(130,587,645)	9,565,108
Operating income before depreciation	5,472,161	29,120,652	(23,648,491)	26,368,943	2,751,709
Depreciation expense	(15,176,902)	(15,940,809)	763,907	(14,761,004)	12,316,817
Operating income	(9,704,741)	13,179,843	(22,884,584)	11,607,939	(9,565,108)
Non-operating revenues(expenses), net	6,795,814	1,128,947	5,666,867	1,969,734	(840,787)
Change in net position before capital	(2,908,927)	14,308,790	(17,217,717)	13,577,673	4,662,631
Capital contributions:					
Local capital contributions	1,444,352	1,453,691	(9,339)	2,137,365	(683,674)
Change in net position	(1,464,575)	15,762,481	(17,227,056)	15,715,038	47,443
Net position:					
Beginning of year	533,774,497	518,012,016	15,762,481	502,296,978	15,715,038
End of year	$ 532,309,922	$ 533,774,497	$ (1,464,575)	$ 518,012,016	$ 15,762,481

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, net position decreased 0.27%, or $1,464,575 from the prior year's net position of $533,774,497 to $532,309,922, as a result of the year's operations.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Revenues

	June 30, 2023	June 30, 2022	Increase (Decrease)	June 30, 2021	Increase (Decrease)
Operating revenues:					
Water sales	$ 95,175,211	$ 133,290,274	$ (38,115,063)	$ 140,946,567	$ (7,656,293)
Capacity reservation charge	7,348,086	7,233,510	114,576	6,429,822	803,688
Readiness-to-serve-purveyors	7,582,728	6,519,444	1,063,284	6,295,572	223,872
Water standby charges	1,381,714	1,420,806	(39,092)	1,442,109	(21,303)
Pumping power revenue	1,010,405	1,389,461	(379,056)	1,580,228	(190,767)
Salinity Management Pipeline fees	335,969	197,706	138,263	164,211	33,495
Other operating revenues	55,147	91,988	(36,841)	98,079	(6,091)
Total operating revenues	112,889,260	150,143,189	(37,253,929)	156,956,588	(6,813,399)
Non-operating:					
Property taxes	11,100,420	10,222,205	878,215	9,865,259	356,946
Investment earnings	3,159,653	(1,921,039)	5,080,692	630,002	(2,551,041)
Sale of capital assets	16,213	11,497	4,716	(538,422)	549,919
Insurance recovery proceeds	-	-	-	967,383	(967,383)
Other non-operating revenues	129,730	76,048	53,682	190,103	(114,055)
Total non-operating	14,406,016	8,388,711	6,017,305	11,114,325	(2,725,614)
Total revenues	$ 127,295,276	$ 158,531,900	$ (31,236,624)	$ 168,070,913	$ (9,539,013)

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

In fiscal year 2022, operating revenues decreased by 4.34%, or $6,813,399 from $156,956,588 to $150,143,189, from the prior year, primarily due to a $7,656,293 decrease in water sales.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Expenses

	June 30, 2023	June 30, 2022	Increase (Decrease)	June 30, 2021	Increase (Decrease)
Operating expenses:					
Source of supply	$ 79,198,810	$ 107,290,479	$ (28,091,669)	$ 111,294,763	$ (4,004,284)
Pumping	2,787,501	1,617,340	1,170,161	1,455,952	161,388
Administration	4,385,182	1,423,312	2,961,870	1,711,656	(288,344)
Administrative services	3,306,283	1,515,048	1,791,235	1,930,884	(415,836)
Engineering	2,247,808	805,742	1,442,066	2,664,198	(1,858,456)
Resources, conservation and governmental	1,976,964	904,990	1,071,974	652,444	252,546
Operations and maintenance	13,514,551	7,465,626	6,048,925	10,877,748	(3,412,122)
Total operating expenses	107,417,099	121,022,537	(13,605,438)	130,587,645	(9,565,108)
Depreciation expense	15,176,902	15,940,809	(763,907)	14,761,004	1,179,805
Non-operating expenses:					
Interest expense	7,125,745	6,555,954	569,791	7,408,919	(852,965)
Tax collection and financing charges	442,295	538,339	(96,044)	489,389	48,950
Cost of debt issuance	-	-	-	303,167	(303,167)
Project related expenses	42,162	165,471	(123,309)	943,116	(777,645)
Total non-operating	7,610,202	7,259,764	350,438	9,144,591	(1,884,827)
Total expenses	$ 130,204,203	$ 144,223,110	$ (14,018,907)	$ 154,493,240	$ (11,449,935)

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

In fiscal year 2022, operating expenses before depreciation expense decreased by 7.32% or $9,565,108 from $130,587,645 to $121,022,537 from the prior year, primarily due to decreases in costs for the District's source of supply as well as decreases in engineering, and operations and maintenance costs.

Capital Assets

Capital assets:	Balance June 30, 2023	Balance June 30, 2022
Non-depreciable assets	$ 53,357,929	$ 38,919,175
Depreciable assets	653,043,691	646,331,957
Accumulated depreciation	(243,430,799)	(228,567,072)
Total capital assets, net	$ 462,970,821	$ 456,684,060

At the end of year 2023, the District's investment in capital assets amounted to $462,970,821 (net of accumulated depreciation), respectively. Capital asset additions amounted to $21,463,663 for various projects and equipment. See Note 5 for further information.

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

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

Long-term debt:	Balance June 30, 2023	Balance June 30, 2022
Bonds payable	$ 173,825,408	$ 181,890,406

Long-term debt decreased by a total of $8,064,998 for the year ended June 30, 2023. Principal payments were $7,720,000 and amortization of the debt premiums amounted to $344,998. See Note 7 for further information.

NOTES TO THE BASIC FINANCIAL STATEMENTS

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

CONDITIONS AFFECTING CURRENT AND FUTURE FINANCIAL POSITION

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

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

CALLEGUAS MUNICIPAL WATER DISTRICT

Balance Sheets

June 30, 2023 (With Comparative Amounts as of June 30, 2022)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2023	2022
Current assets:		
Cash and cash equivalents (Note 2)	$ 2,673,495	$ 3,925,282
Investments (Note 2)	172,036,005	187,606,513
Accrued interest receivable	1,070,498	532,563
Accounts receivable	16,387,680	16,738,987
Inventory – water-in-storage (Note 4)	53,665,627	55,411,507
Inventory – pipeline	4,449,000	4,449,000
Prepaid expenses	4,006,366	51,052
Total current assets	254,288,671	268,714,904
Non-current assets:		
Restricted – cash and cash equivalents (Note 2 and 3)	11,227,341	9,744,423
Net OPEB asset (Note 8)	-	1,091,685
Capital assets – not being depreciated (Note 5)	53,357,929	38,919,175
Capital assets – being depreciated, net (Note 5)	409,612,892	417,764,885
Total non-current assets	474,198,162	467,520,168
Total assets	728,486,833	736,235,072
Deferred outflows of resources:		
Deferred amounts related to refunding of long-term debt (Note 7)	4,686,168	5,208,705
Deferred amounts related to net OPEB liability (Note 8)	1,514,149	974,357
Deferred amounts related to net pension liability (Note 9)	7,074,733	2,585,152
Total deferred outflows of resources	13,275,050	8,768,214
Total assets and deferred outflows of resources	$ 741,761,883	$ 745,003,286

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	2023	2022
Current liabilities:		
Accounts payable and accrued expenses	$ 18,207,424	$ 19,556,305
Accrued salaries and benefits	272,866	462,235
Retentions payable	951,251	314,426
Deposits and unearned revenues	93,710	46,056
Accrued interest payable	3,134,231	3,204,128
Long-term liabilities – due within one year:		
Compensated absences (Note 6)	151,850	131,791
Bonds payable (Note 7)	8,025,000	7,720,000
Total current liabilities	30,836,332	31,434,941
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 6)	860,483	746,817
Bonds payable (Note 7)	165,800,408	174,170,406
Net OPEB liability (Note 8)	415,445	-
Net pension liability (Note 9)	9,134,611	880,173
Total non-current liabilities	176,210,947	175,797,396
Total liabilities	207,047,279	207,232,337
Deferred inflows of resources:		
Deferred amounts related to net OPEB liability (Note 8)	994,558	2,193,975
Deferred amounts related to net pension liability (Note 9)	1,410,124	1,802,477
Total deferred inflows of resources	2,404,682	3,996,452
Net position:		
Net investment in capital assets (Note 10)	293,831,581	280,002,359
Restricted for debt service reserves (Note 3)	11,227,341	9,744,423
Unrestricted	227,251,000	244,027,715
Total net position	532,309,922	533,774,497
Total liabilities, deferred inflows of resources and net position	$ 741,761,883	$ 745,003,286

CALLEGUAS MUNICIPAL WATER DISTRICT

Statements of Revenues, Expenses and Changes in Net Position

For the Fiscal Year Ended June 30, 2023 (With Comparative Amounts as of June 30, 2022)

	2023	2022
Operating revenues:		
Water sales	$ 95,175,211	$ 133,290,274
Capacity reservation charge	7,348,086	7,233,510
Readiness-to-serve-purveyors	7,582,728	6,519,444
Water standby charges	1,381,714	1,420,806
Pumping power revenue	1,010,405	1,389,461
Salinity Management Pipeline fees	335,969	197,706
Other operating revenues	55,147	91,988
Total operating revenues	112,889,260	150,143,189
Operating expenses:		
Source of supply	79,198,810	107,290,479
Pumping	2,787,501	1,617,340
Administration	4,385,182	1,423,312
Administrative services	3,306,283	1,515,048
Engineering	2,247,808	805,742
Resources, conservation and governmental	1,976,964	904,990
Operations and maintenance	13,514,551	7,465,626
Total operating expenses	107,417,099	121,022,537
Operating income before depreciation	5,472,161	29,120,652
Depreciation expense	(15,176,902)	(15,940,809)
Operating income(loss)	(9,704,741)	13,179,843
Non-operating revenues(expenses):		
Property taxes	11,100,420	10,222,205
Investment earnings	3,159,653	(1,921,039)
Sale of capital assets	16,213	11,497
Other non-operating revenues	129,730	76,048
Interest expense	(7,125,745)	(6,555,954)
Tax collection and financing charges	(442,295)	(538,339)
Project related expenses	(42,162)	(165,471)
Total non-operating revenue, net	6,795,814	1,128,947
Change in net position before capital contributions	(2,908,927)	14,308,790
Capital contributions:		
Local capital contributions	1,444,352	1,453,691
Total capital contributions	1,444,352	1,453,691
Change in net position	(1,464,575)	15,762,481
Net position:		
Beginning of year	533,774,497	518,012,016
End of year	$ 532,309,922	$ 533,774,497

CALLEGUAS MUNICIPAL WATER DISTRICT

Statements of Cash Flows

For the Fiscal Year Ended June 30, 2023 (With Comparative Amounts as of June 30, 2022)

	2023	2022
Cash flows from operating activities:		
Cash receipts from customers and others	$ 113,417,951	$ 153,605,353
Cash paid to employees for salaries and wages	(10,203,114)	(8,785,406)
Cash paid to vendors and suppliers for materials and services	(93,137,542)	(123,091,987)
Net cash provided by operating activities	10,077,295	21,727,960
Cash flows from non-capital financing activities:		
Proceeds from property taxes, net of collection fees paid	10,658,125	9,683,866
Net cash provided by non-capital financing activities	10,658,125	9,683,866
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(21,463,663)	(11,770,097)
Proceeds from the sale of capital assets	16,213	11,497
Proceeds from local capital contributions	1,444,352	1,453,691
Principal paid on long-term debt	(7,720,000)	(5,655,000)
Interest and redemption expenses paid on long-term debt	(7,018,103)	(6,363,891)
Net cash used in capital and related financing activities	(34,741,201)	(22,323,800)
Cash flows from investing activities:		
Sale of investments	85,975,535	119,909,830
Purchase of investments	(74,249,382)	(128,739,583)
Investment earnings	2,510,759	1,518,718
Net cash provided by (used in) investing activities	14,236,912	(7,311,035)
Net increase in cash and cash equivalents	231,131	1,776,991
Cash and cash equivalents:		
Beginning of year	13,669,705	11,892,714
End of year	$ 13,900,836	$ 13,669,705
Reconciliation of cash and cash equivalents to the balance sheet:		
Cash and cash equivalents	$ 2,673,495	$ 3,925,282
Restricted – cash and cash equivalents	11,227,341	9,744,423
Total cash and cash equivalents	$ 13,900,836	$ 13,669,705

CALLEGUAS MUNICIPAL WATER DISTRICT

Statements of Cash Flows (continued)

For the Fiscal Year Ended June 30, 2023 (With Comparative Amounts as of June 30, 2022)

	2023	2022
Reconciliation of operating income(loss) to net cash provided by operating activities:		
Operating income(loss)	$ (9,704,741)	$ 13,179,843
Adjustments to reconcile operating income(loss) to net cash provided by operating activities:		
Depreciation	15,176,902	15,940,809
Other non-operating revenues	129,730	76,048
Project related expenses	(42,162)	(165,471)
Change in assets – (increase)decrease:		
Accounts receivable	351,307	3,648,880
Inventory – water-in-storage	1,745,880	(945,777)
Change in deferred outflows of resources – (increase)decrease		
Deferred amounts related to net OPEB obligation	(539,792)	(225,425)
Deferred amounts related to net pension liability	(4,489,581)	351,687
Change in liabilities – increase(decrease):		
Accounts payable and accrued expenses	(1,348,881)	(4,907,130)
Accrued salaries and benefits	(189,369)	(232,055)
Retentions payable	636,825	258,195
Deposits and unearned revenues	47,654	(262,764)
Compensated absences	133,725	46,294
Net OPEB obligation	1,507,130	(1,439,572)
Net pension liability	8,254,438	(5,955,356)
Change in deferred inflows of resources – increase(decrease)		
Deferred amounts related to net OPEB obligation	(1,199,417)	1,874,530
Deferred amounts related to net pension liability	(392,353)	485,224
Total adjustments	19,782,036	8,548,117
Net cash provided by operating activities	$ 10,077,295	$ 21,727,960
Noncash investing, capital and financing transactions		
Change in fair-value of investments	$ 110,959	$ (3,344,445)
Amortization of bond premium	$ 344,998	$ 412,924
Amortization of deferred amounts related to refunding of long-term debt	$ (522,537)	$ (522,537)

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

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

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

B. Basis of Presentation, Basis of Accounting

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

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. Inventories and Water in Storage

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

7. Capital Assets

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

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

8. Deferred Outflows/Inflows of Resources

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

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

9. Compensated Absences

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

10. Pensions

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

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

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

10. Pensions (continued)

The following timeframes are used for pension reporting:

Valuation Date June 30, 2021
Measurement Date June 30, 2022
Measurement Period July 1, 2021 to June 30, 2022

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

11. Postemployment Benefits Other Than Pensions (OPEB)

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

The following timeframes are used for OPEB reporting:

Valuation Date June 30, 2021
Measurement Date June 30, 2022
Measurement Period July 1, 2021 to June 30, 2022

12. Net Position

Net position is classified into two components: net investment in capital assets and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets -** This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- **Restricted net position -** This component of net position is restricted by external creditors, grantors, contributors or laws or regulations of other governments.

- **Unrestricted net position -** This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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

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

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

The property tax calendar is as follows:

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

NOTE 2 – CASH AND INVESTMENTS

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

Description	June 30, 2023
Cash and cash equivalents	$ 2,673,495
Investments	172,036,005
Restricted – cash and cash equalivents	11,227,341
Total cash and investments	$ 185,936,841

Cash and investments consisted of the following:

Description	June 30, 2023
Petty cash	$ 1,400
Demand deposits held with financial institutions	2,672,095
Investments	183,263,346
Total cash and investments	$ 185,936,841

NOTE 2 – CASH AND INVESTMENTS (continued)

Demand Deposits with Financial Institutions
At June 30, 2023, the carrying amount of the District's demand deposits were $2,672,095 and the financial institution's balances were $3,102,285. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution's balance and the District's balance for each year.

Custodial Credit Risk – Deposits
Custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The Fair value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2023, the District's deposits were covered by the Federal Deposit Insurance Corporation insurance limits or collateralized as required by California law.

Investments
The District's investments as of June 30, 2023 are presented in the following Investment Table:

				Maturity		
Type of Investments	**Measurement Input**	**Credit Rating**	**Total Fair Value**	**12 Months or Less**	**13 to 24 Months**	**25 to 120 Months**
U.S. treasury obligations	Level 2	N/A	$ 60,979,266	$ 15,698,549	$ 27,100,317	$ 18,180,400
U.S. government sponsored agency securities	Level 2	A to AAA	38,545,769	5,957,032	1,822,906	30,765,831
Asset-backed securities	Level 2	A to AAA	10,117,209	197,320	492,324	9,427,565
Medium-term corporate notes	Level 2	A to AAA	37,604,423	11,894,631	9,051,378	16,658,414
MortgageBacked Securities	Level 2	A to AAA	933,101	-	-	933,101
Municipal securities	Level 2	A to AAA	7,741,376	7,741,376	-	-
Commercial paper	Level 2	A to AAA	3,436,559	3,436,559	-	-
Supernational bonds	Level 2	A to AAA	2,485,773	-	2,485,773	-
Negotiable certificates-of-deposit	Level 2	AAA	4,133,136	4,133,136	-	-
Local Agency Investment Fund (LAIF)	N/A	N/A	1,869,710	1,869,710	-	-
Ventura County Investment Pool (VCIP)	N/A	N/A	827,576	827,576	-	-
Money-market mutual funds	N/A	N/A	3,362,107	3,362,107	-	-
Held by bond trustee:						
Money-market mutual funds	N/A	N/A	11,227,341	11,227,341	-	-
Total investments			$ 183,263,346	$ 66,345,337	$ 40,952,698	$ 75,965,311

NOTE 2 – CASH AND INVESTMENTS (continued)

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

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

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

NOTE 2 – CASH AND INVESTMENTS (continued)

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

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

Disclosures Relating to Credit Risk
Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented in the Investment Table are Standard & Poor's credit ratings for the District's investments as of June 30, 2023. U.S. treasury obligations are not required to be rated and therefore no rating has been assigned.

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

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

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

NOTE 3 – RESTRICTED ASSETS AND NET ASSETS

The balance at June 30, 2023 consists of the following:

Description	June 30, 2023
Restricted – cash and cash equalivents	$ 11,227,341
Total restricted for debt service reserves	**$ 11,227,341**

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

NOTE 4 – INVENTORY – WATER-IN-STORAGE

The balance at June 30, 2023 consists of the following:

Description	June 30, 2023
Groundwater basins	$ 42,520,672
Lake Bard	10,768,472
Transmission system	376,483
Total water-in-storage	**$ 53,665,627**

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for the fiscal year ended June 30, 2023, were as follows:

Description	Balance July 1, 2022	Additions	Deletions/ Transfers	Balance June 30, 2023
Non-depreciable assets:				
Land and rights of way	$ 12,286,881	$ 452,886	$ -	$ 12,739,767
Construction-in-process	26,632,294	20,890,202	(6,904,334)	40,618,162
Total non-depreciable assets	38,919,175	21,343,088	(6,904,334)	53,357,929
Depreciable assets:				
Water distribution system	580,510,113	6,384,103	-	586,894,216
Buildings and improvements	37,282,214	-	-	37,282,214
Equipment	28,539,630	640,806	(313,175)	28,867,261
Total depreciable assets	646,331,957	7,024,909	(313,175)	653,043,691
Accumulated depreciation:				
Water distribution system	(203,256,239)	(11,768,633)	-	(215,024,872)
Buildings and improvements	(3,763,401)	(1,011,428)	-	(4,774,829)
Equipment	(21,547,432)	(2,396,841)	313,175	(23,631,098)
Total accumulated depreciation	(228,567,072)	(15,176,902)	313,175	(243,430,799)
Total depreciable assets, net	417,764,885	(8,151,993)	-	409,612,892
Total capital assets, net	$ 456,684,060	$ 13,191,095	$ (6,904,334)	$ 462,970,821

NOTE 6 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended June 30, 2023, were as follows:

Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year	Due in More Than One Year
$ 878,608	$ 947,825	$ (814,100)	$ 1,012,333	$ 151,850	$ 860,483

NOTE 7 – BONDS PAYABLE

Changes in bonds payable for the year ended June 30, 2023, were as follows:

Description	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Current Portion	Long-term Portion
2008 Series A	$ 40,300,000	$ -	$ (1,200,000)	$ 39,100,000	$ 1,250,000	$ 37,850,000
2010 Series B	74,750,000	-	(2,745,000)	72,005,000	2,845,000	69,160,000
2014 Series A	5,270,000	-	(1,670,000)	3,600,000	1,755,000	1,845,000
2016 Series A	20,750,000	-	(1,465,000)	19,285,000	1,530,000	17,755,000
2021 Series A	39,145,000	-	(640,000)	38,505,000	645,000	37,860,000
Sub-total bonds payable	180,215,000	-	(7,720,000)	172,495,000	8,025,000	164,470,000
Less: Unamortized bond – premiums	1,675,406	-	(344,998)	1,330,408	-	1,330,408
Total bonds payable	$ 181,890,406	$ -	$ (8,064,998)	$ 173,825,408	$ 8,025,000	$ 165,800,408

The annual debt service requirements, including computing interest at 1.78% for the 2008 Series A Refunding Revenue Bonds, for all the Bonds outstanding at June 30, 2023, are as follows:

Fiscal Year	Principal	Interest	Total
2024	$ 8,025,000	$ 6,687,902	$ 14,712,902
2025	8,340,000	6,337,396	14,677,396
2026	8,635,000	6,206,626	14,841,626
2027	8,915,000	5,859,734	14,774,734
2028	9,215,000	5,489,429	14,704,429
2029-2033	51,160,000	21,264,347	72,424,347
2034-2038	62,495,000	9,763,529	72,258,529
2039-2042	15,710,000	957,876	16,667,876
Total	172,495,000	$ 62,566,839	$ 235,061,839
Current	(8,025,000)		
Long-term	$ 164,470,000		

Changes in the deferred outflows of resources regarding the loss on refunding of the revenue bonds for the year ended June 30, 2023, was as follows:

Description	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Deferred amounts related to refunding	$ 5,208,705	$ -	$ (522,537)	$ 4,686,168

NOTE 7 – BONDS PAYABLE (continued)

2008 Series A Variable Rate Refunding Revenue Bonds
Pursuant to an indenture dated March 1, 2008, the Calleguas-Las Virgenes Public Financing Authority issued the 2008 Series A Variable Rate Refunding Revenue Bonds in the amount of $40,300,000 to provide funds to the District to refund the 2007 Series B Auction Rate Revenue Bonds and pay costs of issuance. Principal is payable annually on July 1 of each year beginning July 1, 2023 and ending July 1, 2037. Interest is paid at a variable rate, which is determined weekly. Interest is payable monthly on the first business day of the month so long as the bonds bear interest at the weekly rate. The District, at its option, may convert the bonds to a fixed interest rate upon 60 days' notice to the bond counsel. Payments of principal redemption (but not any premium) and interest are supported by a letter of credit issued by Wells Fargo Bank, National Association. The credit facility will also be drawn on if other funds are not available to purchase bonds tendered by the owner. At June 30, 2023, the outstanding balance on the 2008 Series A Variable Rate Refunding Revenue Bonds amounted to $39,100,000.

2010 Series B Water Revenue Bonds
Pursuant to an indenture dated February 1, 2010, the Calleguas-Las Virgenes Public Financing Authority issued the 2010 Series B Water Revenue Bonds in the amount of $77,400,000 to provide funds to the District to finance the acquisition and construction of water system improvements and pay costs of issuance. Principal is payable annually on July 1 of each year with the final payment due July 1, 2040, and interest is payable semiannually on July 1 and January 1 or each year bearing interest rates ranging from 5.449% to 5.944%. The bonds are federally taxable Build America Bonds issued under the American Recovery and Reinvestment Act of 2009. Under the Build America Bonds program, the District will receive a cash subsidy from the U.S. Treasury equal to 35% of the interest paid, payable biannually. The bonds are subject to mandatory sinking fund requirements starting July 1, 2022. At June 30, 2023, the outstanding balance on the 2010 Series B Water Revenue Bonds amounted to $72,005,000.

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

In 2021, the District advanced refunded $34,145,000 of the 2014 Series A bonds. At June 30, 2023, the outstanding balance of the 2014 Series A Refunding Revenue Bonds amounted to $3,600,000.

NOTE 7 – BONDS PAYABLE (continued)

2016 Series A Refunding Revenue Bonds
Pursuant to an indenture dated April 1, 2016, the Calleguas-Las Virgenes Public Financing Authority issued the 2016 Series A Refunding Revenue Bonds in the amount of $27,585,000 to provide funds to the District to partially refund and defease the 2006 Series A Revenue Bonds and pay costs of issuance. Principal is payable annually on July 1 of each year with the final payment due July 1, 2032, and interest is payable semiannually on July 1 and January 1 of each year bearing interest rates ranging from 3% to 5%. The net proceeds of the 2016 Series A Refunding Revenue Bonds and amounts from the 2006 Series A Revenue Bonds reserve fund were deposited in an irrevocable trust with an escrow agent to purchase U.S. government securities to provide for debt service and refunding of the 2006 Series A Revenue Bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately $1.5 million. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2032 using the straight-line method. The advance refunding decreased the total debt service payments by $4,917,385 over the 17 years and resulted in an economic gain of $4,105,122. For financial reporting purposes, the 2006 Series A Revenue Bonds has been considered defeased and therefore partially removed as a liability from the financial statements. The 2006 Series A Revenue Bonds were redeemed on July 1, 2016. At June 30, 2023, the outstanding balance of the 2016 Series A Refunding Revenue Bonds amounted to $19,285,000.

2021 Series A Refunding Revenue Bonds
Pursuant to an indenture dated April 6, 2021, the Calleguas-Las Virgenes Public Financing Authority issued the 2021 Series A Refunding Revenue Bonds in the amount of $39,145,000 to provide funds to the District to partially refund and defease the 2014 Series A Revenue Bonds and pay costs of issuance. Principal is payable annually on July 1 of each year with the final payment due July 1, 2037, and interest is payable semiannually on July 1 and January 1 of each year bearing interest rates ranging from 0.135% to 2.565%. The net proceeds of the 2021 Series A Refunding Revenue Bonds and amounts from the 2014 Series A Revenue Bonds reserve fund were deposited in an irrevocable trust with an escrow agent to purchase U.S. government securities to provide for debt service and refunding of the 2014 Series A Revenue Bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately $1.8 million. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2037 using the straight-line method. The advance refunding decreased the total debt service payments by approximately $3,602,871 over the 16 years and resulted in an economic gain of $2,721,398 For financial reporting purposes, the 2014 Series A Revenue Bonds has been considered partially defeased and therefore partially removed as a liability from the financial statements. The 2014 Series A Revenue Bonds were redeemed on April 6, 2021. At June 30, 2023, the outstanding balance of the 2021 Series A Refunding Revenue Bonds amounted to $38,505,000.

NOTE 7 – BONDS PAYABLE (continued)

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

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

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

Line of Credit
In conjunction with the issuance of the 2008 Series A Variable Rate Refunding Revenue Bonds, the District had a line of credit in the amount of $40,903,891 that was used to fund construction. The line of credit expires on April 24, 2025. As of June 30, 2023, no amounts are drawn on the line of credit.

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

Description	2023
OPEB related deferred outflows	$ 1,514,149
Net OPEB liability(asset)	415,445
OPEB related deferred inflows	994,558

A. General Information about the OPEB Plan

Plan description

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

Employees Covered

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

	2022
Inactive plan members or beneficiaries currently receiving benefit payments	36
Inactive plan members entitled to but not yet receiving benefit payments	6
Active plan members	67
Total	109

Funding Policy

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

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan (continued)

Contributions
Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District. For fiscal year ended June 30, 2022, the measurement period, the District's contributions totaling $792,095 included $389,000 placed in its CERBT OPEB Trust, $343,095 in current year premium payments, and an implied subsidy of $60,000.

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

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

B. Net OPEB Liability
The District's total OPEB liability was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2022. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions
The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Market value of assets as of the measurement date
Actuarial Assumptions:	
Discount Rate	5.50%
Long-Term Expected Rate of Return on Investments	5.50%
Inflation	2.50%
Payroll increases	2.75% per year
Medical trend rates	Non-medicare - 6.5% for 2023, decreasing to an ultimate rate of 3.75% in 20 Medicare - 5.65% for 2023, decreasing to an ultimate rate of 3.75% in 2076
Mortality	CalPERS 2000-2019 Experience Study
Mortality improvement	Post-retirement mortality projected fully generational with Society of Actuaries Scale MP-2021

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

B. Net OPEB Liability (continued)

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	40.00%	4.82%
Fixed income	43.00%	1.47%
TIPS	5.00%	1.29%
Commodities	4.00%	3.76%
REITs	8.00%	0.84%
Total	100.00%	

Discount Rate

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

C. Changes in the Net OPEB Liability

The changes in the total OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at July 1, 2022 (Measurement date July 1, 2021)	$ 10,734,244	$ 11,825,929	$ (1,091,685)
Changes for the year:			
Service cost	213,756	-	213,756
Interest	591,203	-	591,203
Differences in experience	-	-	-
Changes in assumption	-	-	-
Employer contributions	-	793,679	(793,679)
Net investment income	-	(1,491,274)	1,491,274
Benefit payments	(403,095)	(403,095)	-
Administrative expenses	-	(4,576)	4,576
Net changes	401,864	(1,105,266)	1,507,130
Balance at June 30, 2023 (Measurement date June 30, 2022)	$ 11,136,108	$ 10,720,663	$ 415,445

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

C. Changes in the Net OPEB Liability (continued)

Changes of Assumptions
As of June 30, 2022, the measurement period, there were no changes in assumptions.

Change of Benefit Terms
As of June 30, 2022, the measurement period, there were no changes in benefits.

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

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

	1% Decrease 4.50%	Discount Rate 5.50%	1% Increase 6.50%
Net OPEB Liability	$ 1,946,051	$ 415,445	$ (848,636)

Sensitivity of the Total OPEB Liability to Changes in Medical Trend Rates
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower:

		Healthcare Cost	
	5.50% Decreasing to 2.75%	6.50% Decreasing to 3.75%	7.50% Decreasing to 4.75%
Net OPEB Liability	$ (1,098,828)	$ 415,445	$ 2,296,363

D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB
For the year ended June 30, 2023, the District recognized an OPEB expense of $170,407. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions made after the measurement date	$ 404,278	$ -
Changes in assumptions	153,711	(151,765)
Differences between expected and actual experience	-	(842,793)
Differences between projected and actual earnings on OPEB plan investments	957,952	-
Total Deferred Outflows/(Inflows) of Resources	$ 1,515,941	$ (994,558)

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

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

The differences between projected and actual earnings on plan investments is amortized over five years. The District reported $404,278 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2024	$ 10,612
2025	23,944
2026	9,518
2027	277,296
2028	(127,442)
Thereafter	(76,823)
Total	$ 117,105

At June 30, 2023, the District had no outstanding amounts of contributions to the OPEB plan required for the year ended June 30, 2023.

NOTE 9 – PENSION PLAN

Summary

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

Description	2023
Pension related deferred outflows	$ 7,074,733
Net pension liability	9,134,611
Pension related deferred inflows	1,410,124

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

NOTE 9 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

The Plan

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

	Miscellaneous Plans	
	Classic Tier 1	**PEPRA Tier 2**
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	1.426%-2.418%	1.0% to 2.5%
Required member contribution rates	7.000%	6.750%
Required employer contribution rates – FY 2022	10.340%	7.590%

Plan Description

The District contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2022 Annual Actuarial Valuation Reports. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

At June 30, 2022 measurement date, the following members were covered by the benefit terms:

	Miscellaneous Plans		
Plan Members	**Classic Tier 1**	**PEPRA Tier 2**	**Total**
Active members	44	26	70
Transferred and terminated members	19	5	24
Retired members and beneficiaries	61	1	62
Total plan members	124	32	156

All qualified permanent and probationary employees are eligible to participate in the District's cost-sharing multiple-employer defined benefit pension plans administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by state statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

NOTE 9 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

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

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

Contributions for the year ended June 30, 2023, were as follows:

	Miscellaneous Plans		
Contribution Type	**Classic Tier 1**	**PEPRA Tier 2**	**Total**
Contributions – employer	$ 1,387,837	$ 223,779	$ 1,611,616

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

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

NOTE 9 – PENSION PLAN (continued)

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

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

The following table shows the District's proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2022:

Plan Type and Balance Descriptions	Plan Total Pension Liability	Plan Fiduciary Net Position	Change in Plan Net Pension Liability
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2021 (Measurement Date)	$ 50,530,388	$ 49,650,215	$ 880,173
Balance as of June 30, 2022 (Measurement Date)	$ 56,265,228	$ 47,130,617	$ 9,134,611
Change in Plan Net Pension Liability	$ 5,734,840	$ (2,519,598)	$ 8,254,438

The District's proportionate share percentage of the net pension liability for the June 30, 2022, measurement date was as follows:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2023	Fiscal Year Ending June 30, 2022	Change Increase/ (Decrease)
Measurement Date	June 30, 2022	June 30, 2021	
Percentage of Risk Pool Net Pension Liability	0.195216%	0.046354%	0.148862%
Percentage of Plan Net Pension Liability	0.079082%	0.016275%	0.062807%

For the fiscal year ended June 30, 2023, the District recognized a pension expense of $4,984,119. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions made after the measurement date	$ 1,611,616	$ -
Difference between actual and proportionate share of employer contributions	-	(1,287,263)
Adjustment due to differences in proportions	2,670,427	-
Differences between expected and actual experience	183,441	(122,861)
Differences between projected and actual earnings on pension plan investments	1,673,218	-
Changes in assumptions	936,031	-
Total Deferred Outflows/(Inflows) of Resources	$ 7,074,733	$ (1,410,124)

NOTE 9 – PENSION PLAN (continued)

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

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

An amount of $1,611,616 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2024	$ 1,204,693
2025	1,145,783
2026	679,121
2027	1,023,396
Total	$ 4,052,993

Actuarial Methods and Assumptions Used to Determine Total Pension Liability
For the measurement period ending June 30, 2022 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2021, total pension liability. The June 30, 2022, total pension liability was based on the following actuarial methods and assumptions:

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

NOTE 9 – PENSION PLAN (continued)

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

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

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

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

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

[1] An expected inflation of 2.3% is used for this period.
[2] Figures are based on the 2021 Asset Liability Management study.

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

NOTE 9 – PENSION PLAN (continued)

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

Subsequent Events
On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

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

	Plan's Net Pension Liability/(Asset)		
Plan Type	**Discount Rate - 1% 5.90%**	**Current Discount Rate 6.90%**	**Discount Rate + 1% 7.90%**
CalPERS – Miscellaneous Plan	$ 16,804,576	$ 9,134,611	$ 2,824,133

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

C. Payable to the Pension Plans
At June 30, 2023, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2023.

NOTE 10 – NET INVESTMENT IN CAPITAL ASSETS

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

Description	June 30, 2023	June 30, 2022
Net investment in capital assets:		
Capital assets – not being depreciated	$ 53,357,929	$ 38,919,175
Capital assets, net – being depreciated	409,612,892	417,764,885
Deferred amounts – refunding of long-term debt	4,686,168	5,208,705
Bonds payable – current portion	(8,025,000)	(7,720,000)
Bonds payable – non-current portion	(165,800,408)	(174,170,406)
Total net investment in capital assets	$ 293,831,581	$ 280,002,359

NOTE 11 – DEFERRED COMPENSATION SAVINGS PLAN

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

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

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

NOTE 12 – RISK MANAGEMENT

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

A.	**Entity**	ACWA-JPIA
B.	**Purpose**	To pool member contributions and realize the advantages of self-insurance
C.	**Participants**	As of September 30, 2022 – 396 member districts
D.	**Governing board**	Nine representatives employed by members
E.	**Condensed financial information**	September 30, 2022
	Audit signed	February 7, 2022

Statement of financial position:	**Sept 30, 2022**
Total assets	$ 246,615,214
Deferred outflows	6,108,562
Total liabilities	137,126,606
Deferred inflows	2,813,249
Net position	$ 112,783,921
Statement of revenues, expenses and changes in net position:	
Total revenues	$ 175,619,417
Total expenses	(212,646,028)
Change in net position	(37,026,611)
Beginning – net position	149,810,532
Ending – net position	$ 112,783,921

F. Member agencies share of year-end financial position Not Calculated

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

Property Loss – The Insurance Authority has pooled self-insurance up to $100,000 per occurrence and has purchased excess insurance coverage up to $500,000,000 (total insurable value of $48,405,017). The District has a $2,500 deductible for buildings, personal property and fixed equipment, a $25,000/$50,000 deductible for accidental mechanical breakdown, a $1,000 deductible for mobile equipment, and a $500 deductible for licensed vehicles.

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

NOTE 12 – RISK MANAGEMENT (continued)

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

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

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

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

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

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

The District pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims expended. The nature and amount of these adjustments cannot be estimated and are charged to expenses as invoiced. There were no instances in the past three years where a settlement exceeded the District's coverage. Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2023, 2022, and 2021. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2023, 2022, and 2021.

Unemployment Insurance – The District has elected to participate in a self-insured unemployment insurance plan with the State of California, whereby unemployment insurance claims are reimbursed directly to the Employment Development Department as incurred. These payments are made in lieu of funding an account through regular quarterly payroll tax contributions. There were no material expenditures for unemployment insurance claims for the year ended June 30, 2023.

NOTE 13 – RELATED-PARTY TRANSACTIONS

A member of the District's Board of Directors retired from a construction company in 2003. The Board member's direct family member currently serves as the President and CEO of the construction company. In fiscal year 2022-2023, the District paid $849,318 to the construction company for services provided. In addition, as of June 30, 2023, the District has outstanding contracts with the construction company totaling $1,118,482. The board member in question's term ended in December of 2023.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Excluded Leases – Short-Term Leases and De Minimis Leases

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

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

Construction Contracts

At June 30, 2023, the District had capital projects under construction with an estimated cost to complete of approximately $14,447,845.

Litigation

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

NOTE 15 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through December 20, 2023, the date which the financial statements were available to be issued.

Required Supplementary Information

CALLEGUAS MUNICIPAL WATER DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2023

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

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

Notes to Schedule:

Benefit Changes:
There were no changes in benefits.

Changes in Assumptions:
From fiscal year June 30, 2015 and June 30, 2016:

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

From fiscal year June 30, 2016 to June 30, 2017:
There were no changes in assumptions.

From fiscal year June 30, 2017 to June 30, 2018:
The discount rate was reduced from 7.65% to 7.15%.

From fiscal year June 30, 2018 to June 30, 2019:
There were no significant changes in assumptions.

From fiscal year June 30, 2019 to June 30, 2020:
There were no significant changes in assumptions.

From fiscal year June 30, 2020 to June 30, 2021:
There were no significant changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022:
There were no significant changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023:
The discount rate was reduced from 7.15% to 6.90% and the inflation rate from 2.50% to 2.30%.

*Fiscal year 2014 was the first measurement date year of implementation; therefore, only nine years are shown.

CALLEGUAS MUNICIPAL WATER DISTRICT

Schedule of the District's Contributions to the Defined Benefit Pension Plan

For the Year Ended June 30, 2023

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

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

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2015	June 30, 2012	Entry Age	Fair Value	2.75%	7.65%
June 30, 2016	June 30, 2013	Entry Age	Fair Value	2.75%	7.65%
June 30, 2017	June 30, 2014	Entry Age	Fair Value	2.75%	7.65%
June 30, 2018	June 30, 2015	Entry Age	Fair Value	2.75%	7.15%
June 30, 2019	June 30, 2016	Entry Age	Fair Value	2.50%	7.15%
June 30, 2020	June 30, 2017	Entry Age	Fair Value	2.50%	7.15%
June 30, 2021	June 30, 2018	Entry Age	Fair Value	2.50%	7.15%
June 30, 2022	June 30, 2019	Entry Age	Fair Value	2.50%	7.15%
June 30, 2023	June 30, 2020	Entry Age	Fair Value	2.30%	6.90%

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

*Fiscal year 2015 was the first measurement date year of implementation; therefore, only nine years are shown.

CALLEGUAS MUNICIPAL WATER DISTRICT

Schedule of Changes in the District's Net OPEB Liability and Related Ratios

For the Year Ended June 30, 2023

Last Ten Fiscal Years*

Fiscal Year Ended	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
Measurement Date	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**
Total OPEB liability:						
Service cost	$ 213,756	$ 243,080	$ 238,765	$ 247,270	$ 240,068	$ 233,076
Interest	591,203	691,632	668,177	644,668	609,404	576,607
Changes of assumptions	-	207,645	(194,648)	(69,566)	-	-
Differences between expected and actual experience	-	(1,052,697)	-	(134,108)	-	-
Benefit payments	(403,095)	(356,878)	(325,810)	(281,424)	(303,478)	(280,334)
Net change in total OPEB liability	401,864	(267,218)	386,484	406,840	545,994	529,349
Total OPEB liability - beginning	10,734,244	11,001,462	10,614,978	10,208,138	9,662,144	9,132,795
Total OPEB liability - ending	11,136,108	10,734,244	11,001,462	10,614,978	10,208,138	9,662,144
Plan fiduciary net position:						
Contributions - employer	793,679	740,878	786,810	739,424	743,478	715,334
Net investment income	(1,491,274)	1,883,526	467,591	545,285	418,927	428,746
Administrative expense	(4,576)	(3,487)	(4,263)	(1,648)	(12,553)	(3,126)
Benefit payments	(403,095)	(356,878)	(325,810)	(281,424)	(303,478)	(280,334)
Net change in plan fiduciary net position	(1,105,266)	2,264,039	924,328	1,001,637	846,374	860,620
Plan fiduciary net position - beginning	11,825,929	9,561,890	8,637,562	7,635,925	6,789,551	5,928,931
Plan fiduciary net position - ending	10,720,663	11,825,929	9,561,890	8,637,562	7,635,925	6,789,551
District's net OPEB liability	$ 415,445	$ (1,091,685)	$ 1,439,572	$ 1,977,416	$ 2,572,213	$ 2,872,593
Plan fiduciary net position as a percentage of the total OPEB liability	96.27%	110.17%	86.91%	81.37%	74.80%	70.27%
Covered payroll	8,123,104	8,279,580	7,739,962	7,265,664	6,840,936	6,703,386
District's net OPEB liability as a percentage of covered payroll	5.11%	-13.19%	18.60%	27.22%	37.60%	42.85%

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2017 – There were no changes in benefits
Measurement Date June 30, 2019 – There were no changes in benefits
Measurement Date June 30, 2019 – There were no changes in benefits
Measurement Date June 30, 2020 – There were no changes in benefits
Measurement Date June 30, 2021 – There were no changes in benefits
Measurement Date June 30, 2022 – There were no changes in benefits

Changes in Assumptions:

Measurement Date June 30, 2017 – There were no changes in assumptions
Measurement Date June 30, 2018 – There were no changes in benefits
Measurement Date June 30, 2019 – Mortality improvement scale was updated to Scale MP-2019
Measurement Date June 30, 2020 – There were no changes in assumptions
Measurement Date June 30, 2021 – The interest rate assumption changed to 5.50% and inflation changed to 2.50%.
Measurement Date June 30, 2022 – There were no changes in assumptions
Mortality improvement scale was updated to Scale MP-2021

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

CALLEGUAS MUNICIPAL WATER DISTRICT

Schedule of Contributions – Other Post-Employment Benefits (OPEB) Plan
For the Year Ended June 30, 2023

Last Ten Fiscal Years*

Fiscal Year Ended	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
Actuarially determined contribution	$ 150,000	$ 389,000	$ 384,000	$ 461,000	$ 458,000	$ 440,000
Contributions in relation to the actuarially determined contributions	(404,278)	(793,679)	(740,878)	(786,810)	(739,424)	(743,478)
Contribution deficiency (excess)	$ (254,278)	$ (404,679)	$ (356,878)	$ (325,810)	$ (281,424)	$ (303,478)
Covered payroll	$ 9,804,769	$ 8,123,104	$ 8,279,580	$ 7,739,962	$ 7,265,664	$ 6,840,936
Contributions as a percentage of covered payroll	4.12%	9.77%	8.95%	10.17%	10.18%	10.87%
Notes to Schedule:						
Valuation Date	June 30, 2021	June 30, 2021	June 30, 2019	June 30, 2019	June 30, 2017	June 30, 2017
Methods and Assumptions Used to Determine Contribution Rates:						
Actuarial cost method Entry age normal	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method Closed period, level percent of pay	(1)	(1)	(1)	(1)	(1)	(1)
Amortization period	12.4-years	12.4-years	13.4-years	15.1-years	20-years	20-years
Asset valuation method	5-year rolling	5-year rolling	5-year rolling	5-year rolling	5-year rolling	5-year rolling
Discount rate	5.50%	5.50%	6.25%	6.25%	6.25%	6.25%
Inflation	2.50%	2.50%	2.75%	2.75%	2.75%	2.75%
Medical trend rates	(2)	(2)	(2)	(2)	(2)	(2)
Mortality	(3)	(3)	(3)	(3)	(3)	(3)
Mortality improvement	(4)	(4)	(4)	(4)	(4)	(4)

(1) Closed period, level percent of pay
(2) Non-medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0 in 2076
Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0 in 2076
(3) CalPERS 2000-2019 Experience Study
(4) Post-retirement mortality projected fully generational with Society of Actuaries Scale MP-2021

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

Other Information

CALLEGUAS MUNICIPAL WATER DISTRICT

Schedule of Historic and Projected Water Sales (Unaudited)

For the Fiscal Years Ended June 30, 2019 to 2023 With Further Projections

						Projected		
	2019	2020	2021	2022	2023	2024	2025	2030
PURVEYORS:								
City of Simi Valley:								
Ventura County Water Works District #8	18,021	18,693	20,968	18,630	13,043	15,793	16,355	16,767
Golden State Water	5,217	5,228	5,492	4,896	3,477	4,297	4,450	4,561
Total Simi Valley	23,238	23,921	26,460	23,526	16,520	20,090	20,805	21,328
City of Thousand Oaks:								
City of Thousand Oaks	9,503	9,854	10,957	9,854	6,661	8,276	8,571	8,787
California American Water Company	13,969	14,341	15,869	14,657	10,685	12,287	12,725	13,044
California Water Service Company	6,753	6,888	7,424	6,673	4,597	5,715	5,918	6,067
Total City of Thousand Oaks	30,225	31,083	34,250	31,184	21,943	26,278	27,214	27,898
City of Moor park:								
Ventura County Water Works District #1	6,905	7,112	8,044	6,849	5,193	6,027	6,242	6,399
City of Camarillo:								
City of Camarillo	4,370	4,358	5,321	5,693	2,976	4,015	4,158	4,263
Camrosa County Water District	4,549	5,589	6,416	5,152	3,225	4,406	4,563	4,678
Total City of Camarillo	8,919	9,947	11,737	10,845	6,201	8,421	8,721	8,941
City of Oxnard:								
City of Oxnard	10,501	10,154	8,807	10,040	6,909	8,203	8,495	8,708
Unincorporated:								
Berylwood Heights Mutual Water Company	-	-	-	6	-	1	1	1
Brandeis Mutual Water Company	54	54	54	49	25	42	43	44
Butler Ranch Mutual Water Company	-	-	-	-	-	-	-	-
Crestview Mutual Water Company	178	40	328	218	-	135	140	143
Oak Park Water Service	1,957	2,056	2,255	1,973	1,396	1,703	1,764	1,808
Pleasant Valley Mutual Water Company	351	397	430	243	40	258	267	274
Solano Verde Mutual Water Company	262	265	351	337	218	253	262	269
Ventura County Water Works District #19	562	368	10	10	169	198	205	210
Ventura County Water Works District #38	1,494	1,620	1,902	1,710	1,145	1,391	1,441	1,477
Total Unincorporated	4,858	4,800	5,330	4,546	2,993	3,981	4,123	4,226
TOTAL WATER SALES	84,646	87,017	94,628	86,990	59,759	73,000	75,600	77,500

CALLEGUAS MUNICIPAL WATER DISTRICT
Schedule of Annual Water Rates (Unaudited)
For the Years 2015 to 2024

Year	MWD Charge	O & M	Capital Charge	Total
2015	$ 923	$ 60	$ 227	$ 1,173
2016	942	75	240	1,210
2017	979	77	244	1,257
2018	1,015	77	283	1,300
2019	1,050	79	294	1,375
2020	1,078	82	312	1,423
2021	1,104	84	319	1,507
2022	1,143	89	329	1,561
2023	1,209	123	300	1,632
2024	1,256	202	272	1,730

CALLEGUAS MUNICIPAL WATER DISTRICT

Schedule of Assessed Valuation and Secured Tax Levy (Unaudited)

For the Fiscal Years Ended June 30, 2015 to 2024

Fiscal Year	Assessed Valuation Within District (1)	Percent Change	Property Tax Levy	Percent Change
2015	$ 81,710,493	3.0%	$ 6,054,333	3.4%
2016	86,590,685	6.0%	6,433,015	6.3%
2017	90,722,781	4.8%	6,754,044	5.0%
2018	91,778,094	1.2%	7,051,746	4.4%
2019	100,662,215	9.7%	7,732,107	9.6%
2020	104,311,428	3.6%	8,057,156	4.2%
2021	108,290,803	3.8%	8,379,333	4.0%
2022	112,701,592	4.1%	8,645,821	3.2%
2023	120,594,600	7.0%	9,265,577	7.2%
2024	127,100,841	5.4%	9,765,467	5.4%

(1) 000's omitted

CALLEGUAS MUNICIPAL WATER DISTRICT

Schedule of Historic Operating Results (Unaudited)

For the Fiscal Year Ended June 30, 2019 to 2023

	2019	2020	2021	2022	2023
Revenues:					
Water sales	$118,158,991	$125,807,108	$140,946,567	$133,290,274	$ 95,175,211
Capacity reservation charge	6,732,324	6,216,468	6,429,822	7,233,510	7,348,086
Readiness to serve - purveyors	6,273,480	6,168,036	6,295,572	6,519,444	7,582,728
Pumping power revenue	1,345,353	1,414,735	1,580,228	1,389,461	1,010,405
SMP revenues	182,167	167,790	164,211	197,706	335,969
Interest income	3,536,323	3,751,825	2,601,655	1,423,406	3,048,694
Taxes	8,775,866	9,088,083	9,865,259	10,222,205	11,100,420
Property standby charges	1,399,910	1,350,698	1,442,109	1,420,806	1,381,714
Build America Bond Subsidy	1,486,855	1,484,951	1,495,182	1,435,134	1,363,563
Other revenues	129,070	85,153	190,103	168,036	184,877
Total Revenues	148,020,339	155,534,847	171,010,708	163,299,982	128,531,667
Expenditures:					
Cost of water	86,825,950	92,372,026	103,248,802	98,598,641	69,658,983
Capacity reservation charge-MV	1,849,430	1,622,550	1,818,375	2,124,445	2,131,550
Readiness to serve - MWD	6,218,205	6,235,811	6,227,586	6,567,393	7,408,276
Pumping power	1,520,636	1,123,090	1,455,952	1,617,340	2,787,501
O & M expenses	15,805,195	22,771,485	19,269,435	12,818,528	25,915,245
Total Expenditures	112,219,416	124,124,962	132,020,150	121,726,347	107,901,555
Net Revenues	$ 35,800,923	$ 31,409,885	$ 38,990,558	$ 41,573,635	$ 20,630,112
Debt Service Coverage	2.06	1.84	2.29	3.44	1.41
Cash Balance - End of Year	$168,664,325	$169,086,493	$186,315,054	$191,531,795	$174,709,500

CALLEGUAS MUNICIPAL WATER DISTRICT

Schedule of Projected Operating Results (Unaudited)

For the Fiscal Years Ended June 30, 2024 to 2028

	2024	2025	2026	2027	2028
Revenues:					
Water sales	$122,520,160	$131,770,725	$141,708,355	$152,059,115	$162,883,535
Pumping power revenue	300,000	300,000	300,000	300,000	300,000
Readiness to serve - purveyors	7,465,390	7,966,260	8,511,560	8,952,580	9,284,380
Capacity reservation charge	8,358,310	9,243,360	9,778,100	9,945,210	10,747,320
Pumping power revenue	1,000,000	1,030,000	1,060,900	1,092,730	1,125,510
SMP fees	958,910	1,189,240	1,272,210	1,355,470	3,749,940
Interest income	3,125,000	4,294,110	4,216,170	3,709,910	3,116,030
Taxes	10,950,000	11,169,000	11,392,380	11,620,230	11,852,630
Property standby charges	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Build America Bond Subsidy	1,391,340	1,336,630	1,279,880	1,215,640	1,148,870
Other revenues	72,720	73,930	75,170	76,430	77,720
Total Revenues	157,541,830	169,773,255	180,994,725	191,727,315	205,685,935
Expenditures:					
Cost of water	89,888,780	95,648,070	102,925,490	110,751,200	119,173,590
Capacity reservation charge-MV	2,066,640	2,351,040	2,682,840	2,910,360	3,242,160
Readiness to serve - MWD	8,358,310	9,243,360	9,778,100	9,945,210	10,747,320
Pumping power	1,800,000	1,822,500	1,845,280	1,868,350	1,891,700
O & M expenses	28,906,186	27,788,197	28,571,798	29,735,383	30,372,052
Total Expenditures	131,019,916	136,853,167	145,803,508	155,210,503	165,426,822
Net Revenues	$ 26,521,914	$ 32,920,088	$ 35,191,217	$ 36,516,812	$ 40,259,113
Debt Service:					
Interest expense	$ 7,066,400	$ 6,942,900	$ 6,857,200	$ 6,492,190	$ 6,103,250
Bond principal payments	8,025,000	8,340,000	8,866,430	9,383,410	9,694,650
Total Debt Service	$ 15,091,400	$ 15,282,900	$ 15,723,630	$ 15,875,600	$ 15,797,900
Debt Service Coverage	1.76	2.15	2.24	2.30	2.55
Projected Water Sales (Acre Feet`	67,200	70,560	72,680	73,040	73,400

Other Independent Auditors' Reports

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

Board of Directors
Calleguas Municipal Water District
Thousand Oaks, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, financial statements of the Calleguas Municipal Water District (District), which comprise the balance sheet as of June 30, 2023, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 20, 2023.

Internal Control Over Financial Reporting

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

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

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

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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

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

Nigro & Nigro, PC

Murrieta, California
December 20, 2023