



Trabuco Canyon Water District
Trabuco Canyon, California

Annual Comprehensive Financial Report

For the Fiscal Years Ended June 30, 2024 and 2023





Trabuco Canyon Water District

Annual Comprehensive Financial Report For the Fiscal Years Ended June 30, 2024 and 2023

**Trabuco Canyon Water District
32003 Dove Canyon Drive
Trabuco Canyon, California 92679**

**Prepared by:
Administrative Services Division**



Mission Statement

“The Trabuco Canyon Water District’s purpose as a public service agency is to provide service to our customers which instills trust regarding the quality and quantity of the water supply, reliable service for collection, treatment, and reuse of wastewater, a work environment where safety and health of employees and customers is our paramount concern, information to our customers to foster and maintain a well-informed community and cost effective and efficient services in a courteous manner.”

Board of Directors

Stephen Dopudja, President

Edward Mandich, Vice-President

Glenn Acosta, Director

Donald Chadd, Director

Michael Safranski, Director

District Management

Fernando Paludi, General Manager

Michael Perea, Assistant General Manager

Cindy Byerrum, District Treasurer

Trabuco Canyon Water District is a public agency serving portions of the cities of Rancho Santa Margarita, Mission Viejo, Lake Forest, and unincorporated Orange County.

TRABUCO CANYON WATER DISTRICT
For the Fiscal Years Ended June 30, 2024 and 2023
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Introductory Section

STAFF MEMBERS

Fernando Paludi, General Manager
Michael Perea, District Secretary
Cindy Byerrum, District Treasurer
Hanson Bridgett, LLP, Legal
Counsel



BOARD OF DIRECTORS

Stephen Dopudja, President
Edward Mandich, Vice President
Glenn Acosta, Director
Don Chadd, Director
Michael Safranski, Director

December 31, 2024

To the Honorable Board of Directors of the Trabuco Canyon Water District and Members of the Community

It is my pleasure to submit the Trabuco Canyon Water District's (District) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024 (FY 2024). The financial statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited with generally accepted auditing standards.

The District is ultimately responsible for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures in this financial report. I believe that the data presented is accurate in all material respects. This report is designed in a manner that helps to enhance the understanding of the District's financial position and activities. The management of the District has established an internal controls framework that is designed to protect the District's assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP.

The District's financial statements have been audited by Nigro and Nigro, PC, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2024 are free of material misstatement. The independent audit involved examining, on a test basis, the evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was reasonable basis for rendering an unmodified opinion which states that the District's financial statements for the fiscal year ended June 30, 2023 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report.

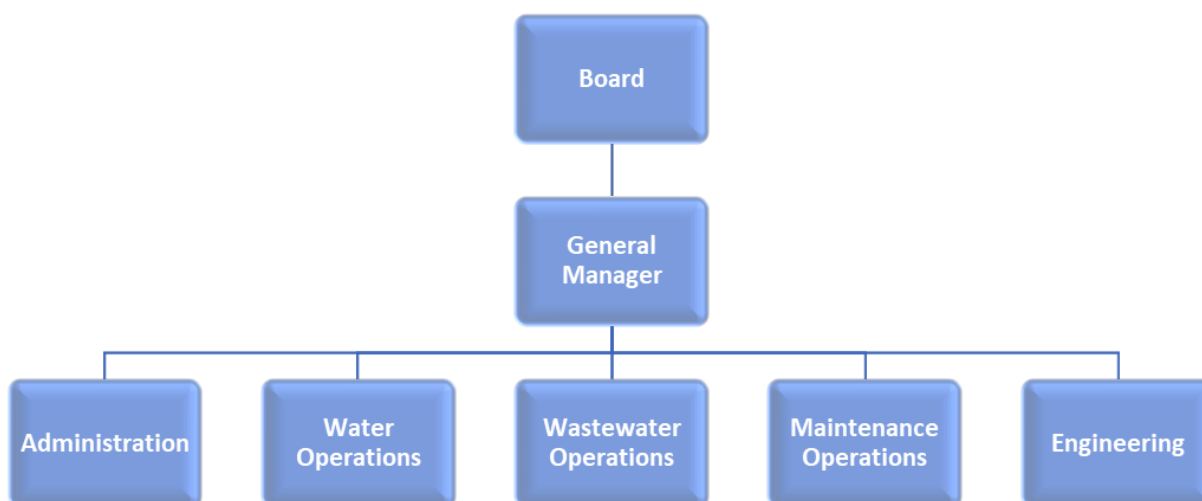
GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of a Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The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

This report is organized into three sections: (1) Introductory, (2) Financial, and (3) Statistical. The Introductory section offers general information about the District's organizational structure and water and sewer systems, the economic environment, as well as the District's major initiatives and accomplishments. The Financial section includes the Independent Auditor's Report, Management's Discussion and Analysis, and the financial statements with accompanying notes including required supplementary reports. The supplementary reports segment contains selected financial information in greater detail than presented in the financial statements in accordance with the District's internal fund structure. The Statistical section includes additional tables of unaudited data depicting select information about the District.

District Organizational Structure and Leadership

The Trabuco Canyon Water District is a county water district organized in 1962 and existing pursuant to California Water Code Sections 30000 (the County Water District Law) and other applicable provisions of State law. The District serves portions of the cities of Rancho Santa Margarita, Mission Viejo, Lake Forest, and unincorporated Orange County. The District is governed by a five-member publicly elected Board of Directors. The District's Board of Directors meets on the third Thursday of each month and the public is encouraged to attend.

The General Manager administers the day-to-day operations of the District in accordance with policies established by the Board of Directors. The District employs 21 regular employees organized in five departments: Administration, Engineering, Water Operations, Wastewater Operations, and Maintenance Operations as presented below.

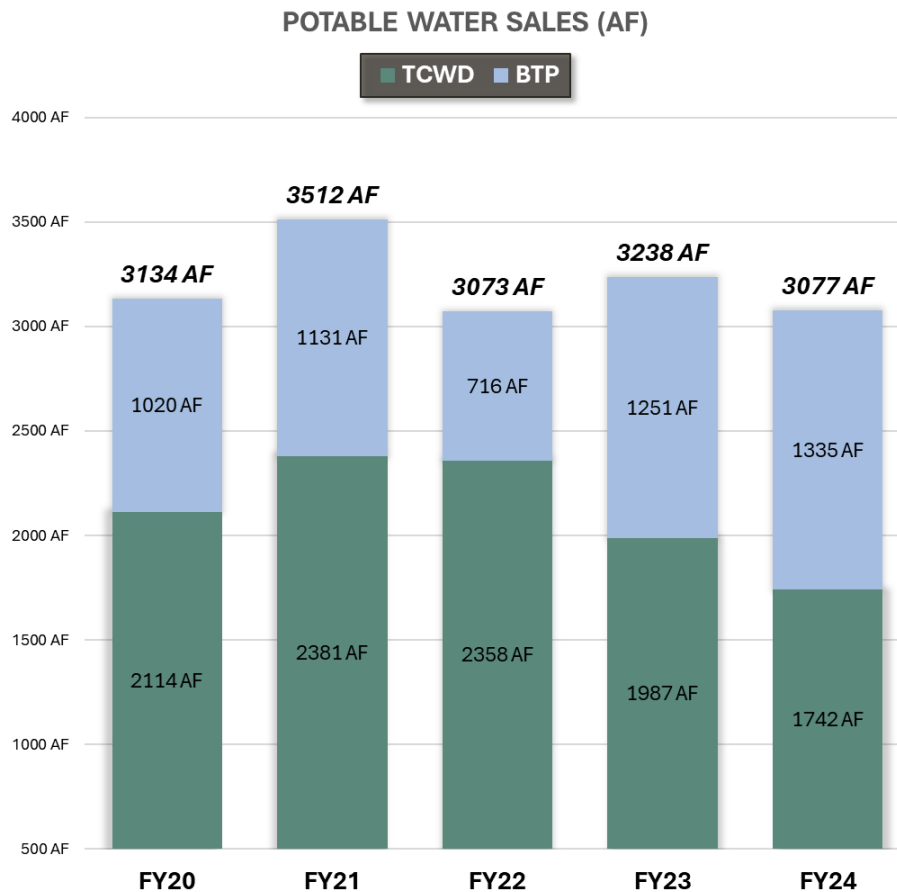


District Services

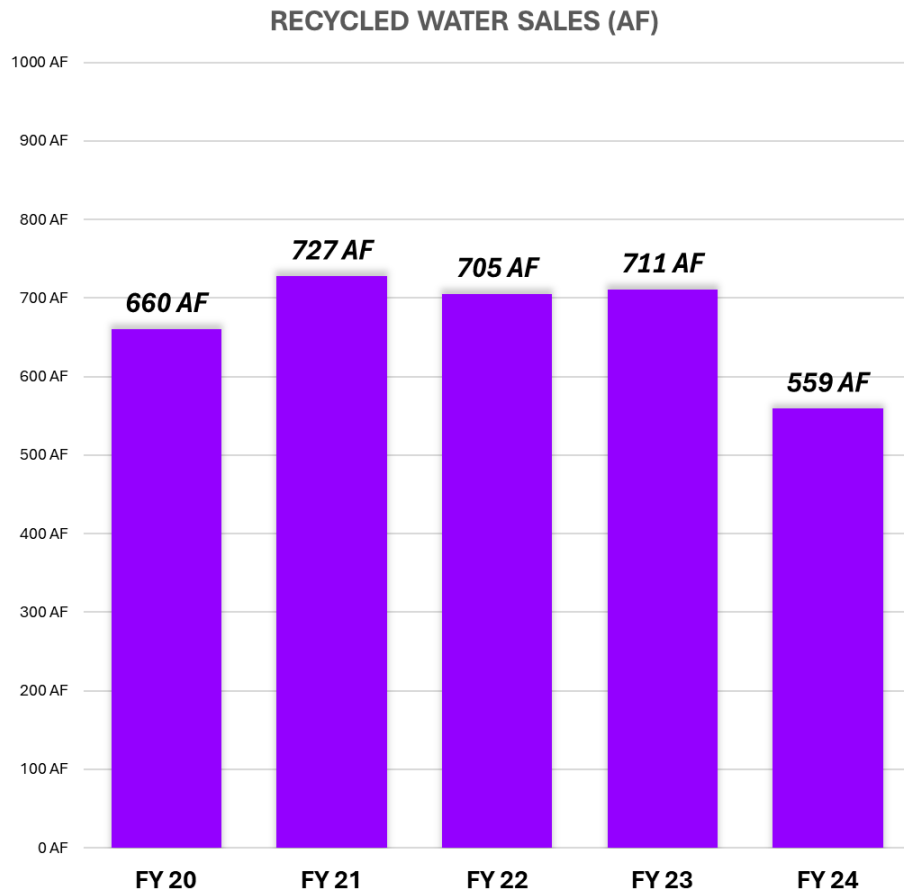
The District is relatively small but complex in operations with a diversified portfolio of water resource management solutions and practices for the customers in its service area. In addition to the provision of safe drinking water, the District manages the sanitary sewer system in the master planned communities east of Plano Trabuco Road and is committed to water recycling and urban runoff capture and reuse to help meet commercial irrigation demand.

Residential customers represent approximately 95% of the District's potable water customer accounts and consume approximately 83% of the potable water produced annually by the District. The District currently operates a drinking water filtration plant and two groundwater wells with a combined production capacity of 900 gallons per minute. The number of District potable water connections increased by 47 in FY 2024. Additionally, the District is the permitted distributor of recycled water from the Robinson Ranch Wastewater Treatment Plant.

The District's annual water-related revenues are predominantly variable and correlated to the volume of water sold to homes, business, and other users. Sales of potable or drinking water for indoor and outdoor use, including landscape irrigation, comprise nearly two-thirds of all revenue from customer charges. After dropping in FY 2019, annual water sales rebounded through FY 2022 before dropping again significantly, reflecting wetter-than-average weather in both FY 2023 and FY 2024. For FY 2025, sales are projected to decrease 1% to hedge against continued wetter-than-normal weather modeling for the state of California.



The District beneficially reuses 100% of the sewage or wastewater collected within its service territory, east of Plano Trabuco Road. This “recycled water” produced at the Robinson Ranch Wastewater Treatment Plant is augmented by natural urban runoff captured through a network of basins and Dove Lake and used for landscape irrigation by several Homeowners Associations (HOAs). Recycled water represents 100% conservation of drinking water supplies, which would otherwise be used for irrigation purposes. Recycled water supplies are limited and carefully managed by District operations personnel to maximize its benefit. Similar to demand for drinking water, demand for recycled water reached a low point in FY 2019 but increased in FY 2020 and remained steady until dropping significantly in FY 2024 due to predominantly wet conditions locally. Demand is projected to decrease to 700 acre-feet during the budget year in recognition of anticipated wet hydrology locally that will dampen demand for irrigation water.



Water Use Efficiency Programs

The District is committed to promoting and supporting efficient water use by its customers and demonstrates this commitment by reducing water waste, providing ongoing education and awareness of available financial incentives, and performing water use consultations. During 2023, the District completed the service area-wide installation of smart water meters and launched the on-line consumption data access portal for all residential customers to monitor their water use in near-real time. This water consumption awareness and early leak-detection capability has been proven to increase water use efficiency and conservation.

Local Economic Condition and Outlook

The District continues to be impacted by post-pandemic price inflation and procurement delays that have driven up the cost of labor, materials, and equipment for District operations and capital projects. In addition, water conservation initiatives and wet weather have also impacted water sales within the District service area. The District has addressed these issues in the 2023 Cost of Service Study which has provided a basis for implementing utility rates from FY 2023-24 through FY 2027-28. The first of these rate implementations became effective July 1, 2023, with subsequent rate increases planned for July 1st of each following year within the rate-setting period. The rate adjustments within the rate-setting period are designed to maintain a high-level of ongoing service, invest in critical infrastructure, and promote long-term financial stability for the District. A long-range financial plan is reviewed each year to monitor changing conditions, compare actual financial results against rate

study projections, and determine if previously authorized rate adjustments are still necessary to meet District debt covenants and reserve policy, or if adjustments are warranted.

Major Planned Initiatives and Significant Projects

During FY 2025, the District expects to complete or advance several important capital projects intended to modernize operations, and refurbish and replace capital facilities:

- Complete the final phase of the Golf Club Sewer Lift Station Rehabilitation Project. The facility plays a critical role in pumping sewer flows received from two other stations nearly 300 ft in elevation to the Robinson Ranch Wastewater Treatment Plant. When complete, the District will have invested over \$3 million in modernizing this facility for future generations.
- Provide final approvals for 65 new single-family homes in Saddle Crest community and accept ownership of associated water and sewer facilities.
- Complete engineering design and bid documents for replacement of large-scale air blowers that provide aeration for the wastewater treatment process. The project includes replacement of the blower room motor control center and other electrical improvements. Total estimated project cost is \$2 million.
- Complete engineering design and bid documents for the replacement of over one mile of drinking water transmission pipeline within Live Oak Canyon Road between Cooks Corner and the District's reservoir tanks at Harris Grade. Total project cost including construction is estimated to be \$3.5 million.
- Procure engineering design and permitting services for several scheduled capital improvement projects, including the seismic upgrade of the outlet structure for Dove Dam and Reservoir (total estimated project cost between \$1.5 million - \$2.5 million); improvements to the Dove and Robinson Ranch Recycled Water Pump Station (total estimated project cost of \$1.4 million); and improvements to the Dove and Tick Creek Runoff Recovery Pump Stations (total estimated project cost of \$1.2 million).
- Replace the outlet gate at the bottom of the open reservoir that holds recycled water produced at the Wastewater Treatment Plant. This project, expected to total \$200,000, will be performed predominantly by professional divers.

FY 2024 Accomplishments

Notable accomplishments across the District from FY 2024 include:

- Prepared and submitted four grant funding applications totaling \$5.3 million in potential awards for infrastructure projects and computer server upgrades.
- Received a \$578,000 federal grant award for the implementation of the Dove and Tick Creek Pump Station Improvements Project. Combined with a previous \$378,000 grant award from the State of California, the project's \$1 million total cost will be almost entirely funded through non-ratepayer sources.
- Completed a private placement borrowing transaction that generated \$20.5 million in proceeds to fund infrastructure improvements and maintain rate stability.
- Conducted an annual review of the District's Financial Plan and identified areas of savings that resulted in a reduction in previously authorized rate adjustments effective July 1, 2024.

- TCWD operations crews completed an overhaul of the aeration system for one of the large mixing basins at the Wastewater Treatment Plant, at less than half the cost of using outside contractors and saving the District an estimated \$60,000.

Internal Control Structure

District management is responsible for the establishment and maintenance of an internal control structure that ensures that District assets are protected from loss, theft, or misuse. The internal control structure also warrants that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The District's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

The Board of Directors approves an operating and capital budget annually prior to the start of each fiscal year. The budget reflects the District's priorities and needs for the upcoming year and provides the basis for reporting and control of financial operations and accountability for the District's activities. The budget and reporting treatment applied to the District are consistent with the accrual basis of accounting and the financial statement basis.

Investment Policy

The Board of Directors has adopted an investment policy that conforms to state law and prudent money management. The objectives of the Investment Policy are safety, liquidity, and return on investment. District funds are invested in the State Treasurer's Local Agency Investment Fund (LAIF), California Cooperative Liquid Assets Security System (CLASS) and checking accounts.

Independent Audit and Financial Reporting

The State Law and Bond covenants require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of Nigro & Nigro, PC has conducted the audit of the District's financial statements for FY 2024. Their unmodified Independent Auditor's Report appears in the Financial Section.

Risk Management

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Authority). The purpose of the Authority is to arrange and administer insurance programs for the pooling of self-insured losses and to purchase excess insurance coverage, as necessary.

Other References

More information is contained in the Management's Discussion and Analysis and in the Notes to the Basic Financial Statements found in the Financial Section of the report.

Acknowledgements

Preparation of this report is the result of the collective efforts of District staff. I would like to thank the Board for their leadership and continued interest in, and support of, prudent fiscal management of the District. I would also like to extend my appreciation to all employees for their support of the District's mission, and for their dedication to providing the highest level of professionalism, teamwork, and service to our valued customers, and a special thank you to Karen Warner, Principal Accountant, who was instrumental in the preparation of this report.

Respectfully submitted,

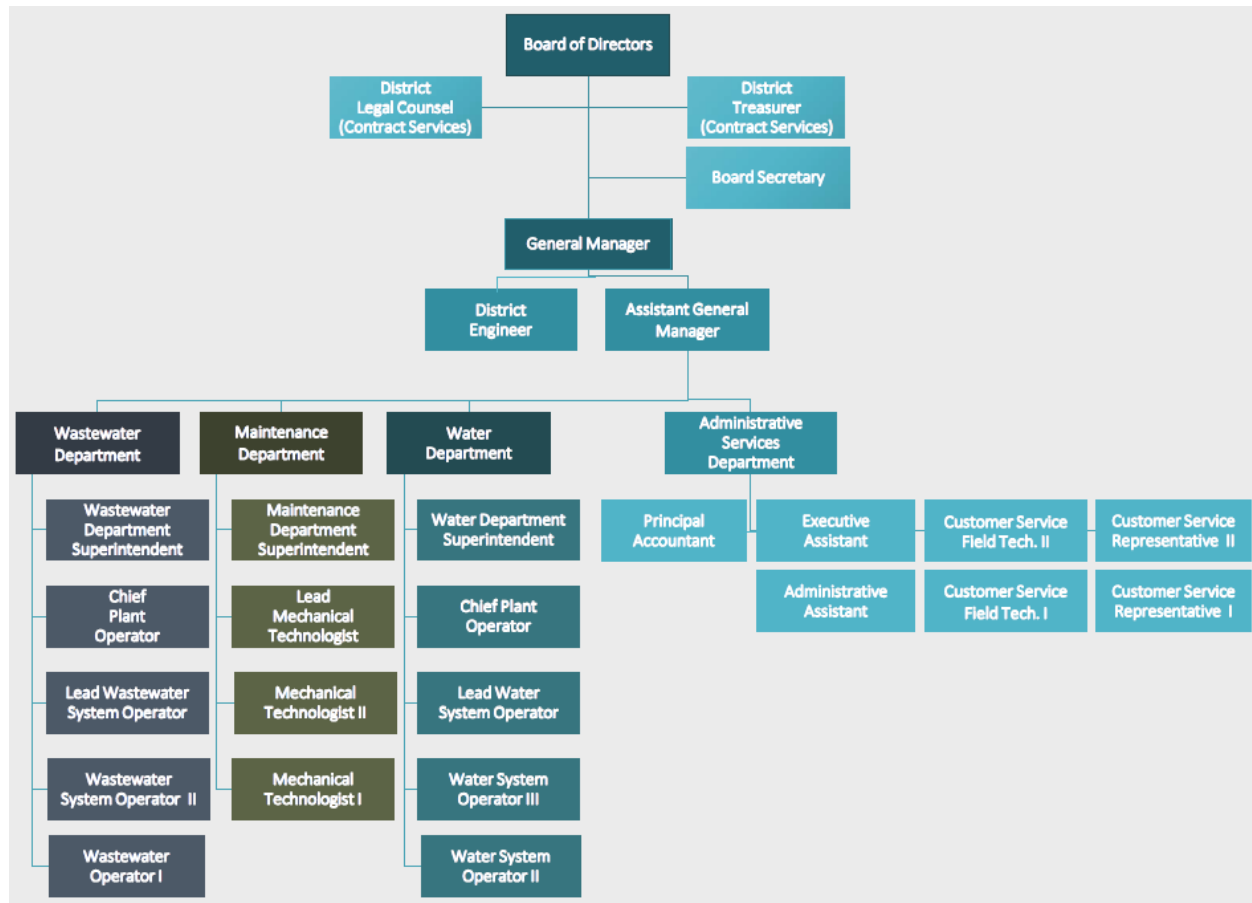
A handwritten signature in black ink, appearing to read "F. Paludi", with a stylized flourish at the end.

Fernando Paludi, P.E.

General Manager

TRABUCO CANYON WATER DISTRICT

Organizational Chart



TRABUCO CANYON WATER DISTRICT

GFOA Certificate of Achievement for Excellence in Financial Reporting



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Trabuco Canyon Water District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Trabuco Canyon Water District
Trabuco Canyon, California

Opinion

We have audited the accompanying financial statements of the Trabuco Canyon Water District (District), which comprise the balance sheets as of June 30, 2024 and 2023, and related statements of revenue, expenses, and changes in net position, and cash flows for the years then ended, and related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2024 and 2023, and the respective changes in its financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency'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 Agency'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 Agency's Proportionate Share of the Plan's Net Pension Liability, Schedule of the Agency's Contributions to the Pension Plan, Schedule of Changes in the Agency's Net OPEB Liability and Related Ratios, and Schedule of the Agency's Contributions to the OPEB Plan 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements as a whole. The Balance Sheets – Combined – Internal Funds and Schedule of Revenues, Expenses and Changes in Net Position – Combined – Internal Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 31, 2024, on our consideration of the Agency'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 Agency'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 Agency's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Nigro & Nigro, PC". The signature is written in a cursive, flowing style.

Murrieta, California
December 31, 2024

TRABUCO CANYON WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2024 and 2023

Management's Discussion and Analysis (MD&A) offers readers of Trabuco Canyon Water District's (District's) financial statements a narrative overview of the District's financial activities for the years ended June 30, 2024 and 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 2024, the District's net position decreased 5.75%, or \$2,509,174 from the prior year's net position of \$43,634,531 to \$41,125,357, as a result of the year's operations.
- In fiscal year 2023, the District's net position decreased 6.56%, or \$3,064,906 from the prior year's net position of \$46,699,437 to \$43,634,531, as a result of the year's operations
- In fiscal year 2024, operating revenues increased by 27.67%, or \$2,715,863 from \$9,813,737 to \$12,529,600, from the prior year, primarily due to increases in water and sewer service charges.
- In fiscal year 2023, operating revenues increased by 8.82%, or \$795,146 from \$9,018,591 to \$9,813,737, from the prior year, primarily due to increases in wholesale water sales as well as increases in water and sewer service charges.
- In fiscal year 2024, operating expenses before depreciation expense increased by 8.72% or \$1,075,040 from \$12,325,384 to \$13,400,424, from the prior year, primarily due to increases source of supply and in general and administrative expenses.
- In fiscal year 2023, operating expenses before depreciation expense increased by 10.13% or \$1,133,474 from \$11,191,910 to \$12,325,384, from the prior year, primarily due to increases in general and administrative expenses.

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.

TRABUCO CANYON WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2024 and 2023

FINANCIAL ANALYSIS OF THE DISTRICT

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

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

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

Condensed Balance Sheets

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Change</u>	<u>June 30, 2022</u>	<u>Change</u>
Assets:					
Current assets	\$ 6,097,470	\$ 3,637,958	\$ 2,459,512	\$ 1,816,129	\$ 1,821,829
Non-current assets	15,156,646	7,018,855	8,137,791	12,846,062	(5,827,207)
Capital assets, net	48,117,797	49,617,239	(1,499,442)	49,313,230	304,009
Total assets	<u>69,371,913</u>	<u>60,274,052</u>	<u>9,097,861</u>	<u>63,975,421</u>	<u>(3,701,369)</u>
Deferred outflows of resources	<u>2,822,616</u>	<u>2,508,005</u>	<u>314,611</u>	<u>1,411,844</u>	<u>1,096,161</u>
Total assets and deferred outflows of resources	<u>\$ 72,194,529</u>	<u>\$ 62,782,057</u>	<u>\$ 9,412,472</u>	<u>\$ 65,387,265</u>	<u>\$ (2,605,208)</u>
Liabilities:					
Current liabilities	\$ 3,269,712	\$ 2,402,381	\$ 867,331	\$ 2,735,477	\$ (333,096)
Non-current liabilities	27,328,249	16,097,840	11,230,409	13,565,271	2,532,569
Total liabilities	<u>30,597,961</u>	<u>18,500,221</u>	<u>12,097,740</u>	<u>16,300,748</u>	<u>2,199,473</u>
Deferred inflows of resources	<u>471,211</u>	<u>647,305</u>	<u>(176,094)</u>	<u>2,387,080</u>	<u>(1,739,775)</u>
Net position:					
Net investment in capital assets	37,290,826	40,918,075	(3,627,249)	44,617,301	(3,699,226)
Restricted for capital improvements	3,864,207	3,885,460	(21,253)	5,292,370	(1,406,910)
Unrestricted	(29,676)	(1,169,004)	1,139,328	(3,210,234)	2,041,230
Total net position	<u>41,125,357</u>	<u>43,634,531</u>	<u>(2,509,174)</u>	<u>46,699,437</u>	<u>(3,064,906)</u>
Total liabilities, deferred outflows of resources and net position	<u>\$ 72,194,529</u>	<u>\$ 62,782,057</u>	<u>\$ 9,412,472</u>	<u>\$ 65,387,265</u>	<u>\$ (2,605,208)</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$41,125,357 and \$43,634,531 as of June 30, 2024 and June 30, 2023, respectively.

TRABUCO CANYON WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2024 and 2023

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Balance Sheets (continued)

By far the largest portion of the District's net position (91% and 94% as of June 30, 2024 and 2023, respectively) reflects the District's net investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

At the end of year 2024, the District showed a negative (deficit) balance in its unrestricted net position of (\$29,676) which was due to the estimated \$2,745,592 amount for the net pension and net OPEB liabilities and their related deferred outflows/inflows. At the end of year 2023, the District showed a negative (deficit) balance in its unrestricted net position of (\$1,169,004) which was due to the estimated \$2,305,533 amount for the net pension and net OPEB liabilities and their related deferred outflows/inflows.

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

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Change</u>	<u>June 30, 2022</u>	<u>Change</u>
Operating revenues	\$ 12,529,600	\$ 9,813,737	\$ 2,715,863	\$ 9,018,591	\$ 795,146
Operating expenses	<u>(13,400,424)</u>	<u>(12,325,384)</u>	<u>(1,075,040)</u>	<u>(11,191,910)</u>	<u>(1,133,474)</u>
Operating income before depreciation	(870,824)	(2,511,647)	1,640,823	(2,173,319)	(338,328)
Depreciation expense	<u>(4,347,932)</u>	<u>(4,357,962)</u>	10,030	<u>(4,129,429)</u>	<u>(228,533)</u>
Operating income	(5,218,756)	(6,869,609)	1,650,853	(6,302,748)	(566,861)
Non-operating revenues(expenses), net	<u>2,709,582</u>	<u>2,391,802</u>	<u>317,780</u>	<u>1,861,731</u>	<u>530,071</u>
Capital contributions	<u>-</u>	<u>1,412,901</u>	<u>(1,412,901)</u>	<u>823,101</u>	<u>589,800</u>
Change in net position	(2,509,174)	(3,064,906)	555,732	(3,617,916)	553,010
Net position:					
Beginning of year	<u>43,634,531</u>	<u>46,699,437</u>	<u>(3,064,906)</u>	<u>50,317,353</u>	<u>(3,617,916)</u>
End of year	<u>\$ 41,125,357</u>	<u>\$ 43,634,531</u>	<u>\$ (2,509,174)</u>	<u>\$ 46,699,437</u>	<u>\$ (3,064,906)</u>

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years.

A closer examination of the sources of changes in net position reveals that:

In fiscal year 2024, the District's net position decreased 5.75%, or \$2,509,174 from the prior year's net position of \$43,634,531 to \$41,125,357, as a result of the year's operations.

In fiscal year 2023, the District's net position decreased 6.56%, or \$3,064,906 from the prior year's net position of \$46,699,437 to \$43,634,531, as a result of the year's operations.

TRABUCO CANYON WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2024 and 2023

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

The following tables present the detailed breakdown of the information presented in the condensed summary.

Total Revenues

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Increase (Decrease)</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
Operating revenues:					
Water consumption sales	\$ 3,642,268	\$ 3,577,112	\$ 65,156	\$ 3,995,932	\$ (418,820)
Water service charges	3,256,048	1,300,466	1,955,582	1,150,052	150,414
Sewer service charges	2,480,724	2,098,956	381,768	1,881,560	217,396
Reclaimed water sales	815,093	634,941	180,152	716,515	(81,574)
Recycled water sales	286,858	272,892	13,966	222,925	49,967
Wholesale water sales - Baker Treatment Plan	1,831,802	1,629,310	202,492	865,032	764,278
Other operating revenues	216,807	300,060	(83,253)	186,575	113,485
Total operating revenues	<u>12,529,600</u>	<u>9,813,737</u>	<u>2,715,863</u>	<u>9,018,591</u>	<u>795,146</u>
Non-operating revenues:					
Property taxes	2,312,186	2,203,522	108,664	2,077,576	125,946
Investment earnings	357,229	325,827	31,402	(109,229)	435,056
Rental revenue	27,065	27,064	1	27,064	-
Other non-operating revenues	267,005	34,966	232,039	205,537	(170,571)
Total non-operating revenues	<u>2,963,485</u>	<u>2,591,379</u>	<u>372,106</u>	<u>2,200,948</u>	<u>390,431</u>
Total revenues	<u>\$ 15,493,085</u>	<u>\$ 12,405,116</u>	<u>\$ 3,087,969</u>	<u>\$ 11,219,539</u>	<u>\$ 1,185,577</u>

In fiscal year 2024 operating revenues increased by 27.67%, or \$2,715,863 from \$9,813,737 to \$12,529,600, from the prior year, primarily due to increases in water and sewer service charges. Non-operating revenues increased by \$372,106 primarily due to an increase in other non-operating revenues.

In fiscal year 2023, operating revenues increased by 8.82%, or \$795,146 from \$9,018,591 to \$9,813,737, from the prior year, primarily due to increases in wholesale water sales as well as increases in water and sewer service charges. Non-operating revenues increased by \$390,431 primarily due to an increase in investment earnings.

TRABUCO CANYON WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2024 and 2023

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Expenses

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>Increase (Decrease)</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
Operating expenses:					
Source of supply	\$ 3,862,414	\$ 3,325,796	\$ 536,618	\$ 3,724,291	\$ (398,495)
Pumping and power	339,222	279,177	60,045	283,159	(3,982)
Water treatment	167,006	351,136	(184,130)	266,246	84,890
Transmission and distribution	184,811	279,192	(94,381)	224,226	54,966
Sewer operations	643,577	566,643	76,934	443,417	123,226
Reclaimed operations	292,386	264,100	28,286	250,643	13,457
Recycled operations	314,574	291,563	23,011	250,711	40,852
General and administrative	7,596,434	6,967,777	628,657	5,749,217	1,218,560
Total operating expenses	<u>13,400,424</u>	<u>12,325,384</u>	<u>1,075,040</u>	<u>11,191,910</u>	<u>1,133,474</u>
Depreciation expense	4,347,932	4,357,962	(10,030)	4,129,429	228,533
Non-operating expenses:					
Interest expense	178,714	189,447	(10,733)	102,610	86,837
Cost of debt issuance	65,000	-	65,000	84,501	(84,501)
Property tax administration expense	10,189	10,130	59	11,508	(1,378)
Uncollectable federal grant	-	-	-	140,598	(140,598)
Total non-operating expenses	<u>253,903</u>	<u>199,577</u>	<u>54,326</u>	<u>339,217</u>	<u>(139,640)</u>
Total expenses	<u>\$ 18,002,259</u>	<u>\$ 16,882,923</u>	<u>\$ 1,119,336</u>	<u>\$ 15,660,556</u>	<u>\$ 1,222,367</u>

In fiscal year 2024, operating expenses before depreciation expense increased by 8.72% or \$1,075,040 from \$12,325,384 to \$13,400,424, from the prior year, primarily due to increases source of supply and in general and administrative expenses. Non-operating expenses increased by \$54,326 primarily due to a one-time debt issuance cost.

In fiscal year 2023, operating expenses before depreciation expense increased by 10.13% or \$1,133,474 from \$11,191,910 to \$12,325,384, from the prior year, primarily due to increases in general and administrative expenses. Non-operating expenses decreased by \$139,640 primarily due to a one-time uncollectable federal grant revenue of \$140,598 in the prior year.

Capital Assets

	<u>Balance June 30, 2024</u>	<u>Balance June 30, 2023</u>	<u>Balance June 30, 2022</u>
Capital assets:			
Non-depreciable assets	\$ 6,131,719	\$ 4,816,815	\$ 3,630,311
Depreciable assets	126,648,551	125,261,793	122,571,597
Accumulated depreciation	<u>(84,662,473)</u>	<u>(80,461,369)</u>	<u>(76,888,678)</u>
Total capital assets, net	<u>\$ 48,117,797</u>	<u>\$ 49,617,239</u>	<u>\$ 49,313,230</u>

At June 30, 2024 and 2023, the District's investment in capital assets amounted to \$48,117,797 and \$49,617,239 (net of accumulated depreciation), respectively. Capital asset additions for 2024 amounted to \$2,814,346 for various projects and equipment. See Note 6 for further information.

TRABUCO CANYON WATER DISTRICT
Management’s Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2024 and 2023

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Debt Administration

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

Long-term debt:	Balance	Balance	Balance
	June 30, 2024	June 30, 2023	June 30, 2022
Loans payable	\$ 22,087,738	\$ 11,770,766	\$ 11,957,505

For the years ended June 30, 2024 and 2023, long-term debt increased by \$10,316,972 and decreased by \$186,739, respectively. See Note 8 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

The District’s Board of Directors and management considered many factors when setting the fiscal year 2024 user fees and charges. A projection is made on the acre feet of water that will be purchased and sold. The District also looks at the increased cost of the source of supply. Since the District heavily relies on imported water, the costs are directly passed through by Metropolitan Water District. Some are fixed costs that do not vary depending upon the amount of water sold. Other expenses are budgeted individually to account for increases in such things as vehicle expenses and insurance coverages. The District’s customer base has not changed significantly; therefore, revenue and costs are more easily projected. Questions concerning the information about the economic analysis, revenue and expense assumptions, and other budgetary process parameters utilized in the annual budget preparation can be obtained from the District’s Finance department.

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 General Manager, at 32003 Dove Canyon Drive, Trabuco Canyon, California 92679, (949) 858-0277.

TRABUCO CANYON WATER DISTRICT

Balance Sheets

June 30, 2024 and 2023

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	2024	2023
Current assets:		
Cash and cash equivalents (Note 2)	\$ 3,322,824	\$ 822,212
Accrued interest receivable	2,506	5,689
Accounts receivable, net (Note 4)	2,098,459	1,877,325
Lease receivable (Note 5)	30,122	28,631
Other receivables	565,223	799,355
Prepaid expenses	78,336	104,746
Total current assets	6,097,470	3,637,958
Non-current assets:		
Restricted – cash and cash equivalents (Note 2 and 3)	15,106,824	6,931,270
Restricted – accrued interest receivable (Note 3)	18,150	25,792
Lease receivable - (Note 5)	31,672	61,793
Capital assets – not being depreciated (Note 6)	6,131,719	4,816,815
Capital assets – being depreciated, net (Note 6)	41,986,078	44,800,424
Total non-current assets	63,274,443	56,636,094
Total assets	69,371,913	60,274,052
Deferred outflows of resources:		
Deferred amounts related to net OPEB liability (Note 9)	966,636	652,712
Deferred amounts related to net pension liability (Note 10)	1,855,980	1,855,293
Total deferred outflows of resources	2,822,616	2,508,005
Total assets and deferred outflows of resources	\$ 72,194,529	\$ 62,782,057
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 2,889,396	\$ 2,050,388
Deposits and unearned revenues	182,718	162,994
Long-term liabilities – due within one year:		
Compensated absences (Note 7)	100,445	94,027
Loans payable (Note 8)	97,153	94,972
Total current liabilities	3,269,712	2,402,381
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 7)	186,539	174,621
Loans payable (Note 8)	21,990,585	11,675,794
Net OPEB liability (Note 9)	948,175	443,127
Net pension liability (Note 10)	4,202,950	3,804,298
Total non-current liabilities	27,328,249	16,097,840
Total liabilities	30,597,961	18,500,221
Deferred inflows of resources:		
Deferred amounts related to leases (Note 5)	54,128	81,192
Deferred amounts related to net OPEB liability (Note 9)	265,351	314,253
Deferred amounts related to net pension liability (Note 10)	151,732	251,860
Total deferred inflows of resources	471,211	647,305
Net position:		
Net investment in capital assets (Note 11)	37,290,826	40,918,075
Restricted for capital improvements (Note 3)	3,864,207	3,885,460
Unrestricted (Deficit) (Note 12)	(29,676)	(1,169,004)
Total net position	41,125,357	43,634,531
Total liabilities, deferred inflows of resources and net position	\$ 72,194,529	\$ 62,782,057

TRABUCO CANYON WATER DISTRICT*Statements of Revenues, Expenses and Changes in Net Position
For the Fiscal Years Ended June 30, 2024 and 2023*

	2024	2023
Operating revenues:		
Water consumption sales	\$ 3,642,268	\$ 3,577,112
Water service charges	3,256,048	1,300,466
Sewer service charges	2,480,724	2,098,956
Reclaimed water sales	815,093	634,941
Recycled water sales	286,858	272,892
Wholesale water sales – Baker Treatment Plant	1,831,802	1,629,310
Other operating revenues	216,807	300,060
Total operating revenues	12,529,600	9,813,737
Operating expenses:		
Source of supply	3,862,414	3,325,796
Pumping and power	339,222	279,177
Water treatment	167,006	351,136
Transmission and distribution	184,811	279,192
Sewer operations	643,577	566,643
Reclaimed operations	292,386	264,100
Recycled operations	314,574	291,563
General and administrative	7,596,434	6,967,777
Total operating expenses	13,400,424	12,325,384
Operating loss before depreciation	(870,824)	(2,511,647)
Depreciation expense	(4,347,932)	(4,357,962)
Operating loss	(5,218,756)	(6,869,609)
Non-operating revenues(expenses):		
Property taxes	2,312,186	2,203,522
Investment earnings	357,229	325,827
Rental revenue	27,065	27,064
Interest expense	(178,714)	(189,447)
Cost of debt issuance	(65,000)	-
Property tax administration charge	(10,189)	(10,130)
Other non-operating revenues	267,005	34,966
Total non-operating revenues(expenses), net	2,709,582	2,391,802
Change in net position before capital contributions	(2,509,174)	(4,477,807)
Capital contributions:		
Water reliability and emergency storage fees	-	865,302
Capital grants	-	506,804
Contributed capital – other	-	40,795
Total capital contributions	-	1,412,901
Change in net position	(2,509,174)	(3,064,906)
Net position:		
Beginning of year	43,634,531	46,699,437
End of year	<u>\$ 41,125,357</u>	<u>\$ 43,634,531</u>

TRABUCO CANYON WATER DISTRICT*Statements of Cash Flows**For the Fiscal Years Ended June 30, 2024 and 2023*

	2024	2023
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 12,865,298	\$ 8,715,271
Cash paid to employees for salaries and wages	(2,981,093)	(2,846,507)
Cash paid to vendors and suppliers for materials and services	(9,102,858)	(9,736,508)
Net cash provided by (used in) operating activities	781,347	(3,867,744)
Cash flows from non-capital financing activities:		
Proceeds from property taxes	2,301,997	2,189,440
Net cash provided by non-capital financing activities	2,301,997	2,189,440
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(2,848,490)	(4,661,971)
Capital grants	-	506,804
Capital contributions	-	906,097
Proceeds from loan payable	20,443,000	-
Principal paid on long-term debt	(10,191,028)	(186,739)
Interest paid on long-term debt	(178,714)	(189,447)
Net cash provided by (used in) capital and related financing activities	7,224,768	(3,625,256)
Cash flows from investing activities:		
Investment earnings	368,054	320,912
Net cash provided by (used in) investing activities	368,054	320,912
Net increase(decrease) in cash and cash equivalents	10,676,166	(4,982,648)
Cash and cash equivalents:		
Beginning of year	7,753,482	12,736,130
End of year	\$ 18,429,648	\$ 7,753,482
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	\$ 3,322,824	\$ 822,212
Restricted – cash and cash equivalents	15,106,824	6,931,270
Total cash and cash equivalents	\$ 18,429,648	\$ 7,753,482

TRABUCO CANYON WATER DISTRICT
Statements of Cash Flows (continued)
For the Fiscal Year Ended June 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (5,218,756)	\$ (6,869,609)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	4,347,932	4,357,962
Rental and contract revenue	27,065	27,064
Other non-operating revenues	267,005	34,966
Change in assets - (increase)decrease:		
Accounts receivable, net	(221,134)	(699,795)
Lease receivable	28,630	27,195
Other receivables	234,132	(487,896)
Prepaid expenses	26,410	(9,599)
Change in deferred outflows of resources - (increase)decrease		
Deferred amounts related to net OPEB liability	(313,924)	(99,098)
Deferred amounts related to net pension liability	(687)	(997,063)
Change in liabilities - increase(decrease):		
Accounts payable and accrued expenses	839,008	(352,296)
Deposits and unearned revenues	19,724	(21,590)
Compensated absences	18,336	110,451
Net OPEB liability	505,048	644,819
Net pension liability	398,652	2,206,520
Change in deferred inflows of resources - increase(decrease)		
Deferred amounts related to leases	(27,064)	(27,064)
Deferred amounts related to net OPEB liability	(48,902)	(433,627)
Deferred amounts related to net pension liability	(100,128)	(1,279,084)
Total adjustments	<u>6,000,103</u>	<u>3,001,865</u>
Net cash provided by (used in) operating activities	<u>\$ 781,347</u>	<u>\$ (3,867,744)</u>

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Trabuco Canyon Water District (District) was organized in January 1962, under provisions of the County Water District Act (Sections 30000 et. seq. of the Water Code of the State of California). The District is governed by a Board of Directors made up of five members elected by the qualified voters in the District. The purpose of the District is to finance, construct, operate and maintain a water system and wastewater system to serve properties within the District's boundaries. The Trabuco Canyon Water District includes the accounts of the District, Trabuco Canyon Improvement Corporation and Trabuco Canyon Public Financing Authority as blended component units.

The Trabuco Canyon Public Financing Authority (Authority) was organized on August 8, 1993, pursuant to the Government Code of the State of California (Title 1, Division 7 Section 6500 of the California Government Code), as a Joint Powers Agency, solely for the purpose of providing financial assistance to the District. Complete financial statements for the Authority are available at the District's office or upon request of the District's Treasurer at 32003 Dove Canyon Drive, Trabuco Canyon, California 92679.

The Trabuco Canyon Improvement Corporation (Corporation) was organized on September 1, 1988, pursuant to the Nonprofit Benefit Corporation Law of the State of California (Title 1, Division 2, Part 2 of the California Corporations Code), solely for the purpose of providing financial assistance to the District by financing the water improvement facilities for proposed future developments within the District.

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.

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

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

B. Basis of Presentation, Basis of Accounting (continued)

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.

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.

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

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)

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

Customer accounts receivable consist of amounts owed by private individuals and organizations for services rendered in the regular course of business operations. Receivables are shown net of allowances for doubtful accounts. Uncollectable accounts are based on prior experience and management's assessment of the collectability of existing accounts.

5. Prepaids

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

6. Lease Receivable and Deferred Inflows of Resources

The primary objective is to enhance the relevance and consistency of information about the governments' leasing activities. As a lessor, the District is required to recognize a lease receivable and a deferred inflow of resources at the commencement of the lease term, with certain exceptions. The District's lease receivable is measured at the present value of the lease payments expected to be received during the lease term. Under the lease agreement, the District may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is measured at the value of the lease receivable in addition to any payments received at or before the commencement of the lease term that relate to future periods. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

7. Capital Assets

Capital assets are stated at cost or at their estimated acquisition 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
Transmission and distribution system	5-40 years
Wastewater system	4-40 years
Structures and improvements	10-30 years
Equipment	3-15 years

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

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)

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 is to permit employees to accumulate earned vacation up to a total of 240 hours with amounts exceeding the limit being paid out as part of the employee's regular compensation. Upon termination of employment, employees are paid all unused vacation and forfeit any unused sick time. Upon retirement employees are paid all unused vacation and 50% of any unused sick time.

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.

The following timeframes are used for pension reporting:

	<u>2024</u>	<u>2023</u>
Valuation Date	June 30, 2022	June 30, 2021
Measurement Date	June 30, 2023	June 30, 2022
Measurement Period	July 1, 2022 to June 30, 2023	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 systemically 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 as 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 lives of all members that are provided the benefits (active, inactive and retirees) as of the beginning of the measurement period.

June 30, 2024 and 2023

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TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

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

E. Property Taxes

The Orange County Assessor's Office assesses all real and personal property within the County each year. The Orange County Tax Collector's Office bills and collects the District's share of property taxes. The Orange County Auditor-Controller's Office remits current property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article XIII A of the State Constitution at one percent (1%) of countywide assessed valuations. Property taxes receivable at year-end are related to property taxes collected by the Orange 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 CASH EQUIVALENTS

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

Description	June 30, 2024	June 30, 2023
Cash and cash equivalents	\$ 3,322,824	\$ 822,212
Restricted – cash and cash equivalents	15,106,824	6,931,270
Total cash and cash equivalents	\$ 18,429,648	\$ 7,753,482

Cash and cash equivalents consisted of the following:

Description	June 30, 2024	June 30, 2023
Demand deposits held with financial institutions	\$ 1,517,383	\$ 1,003,523
Local Agency Investment Fund (LAIF)	1,824,006	2,210,241
California Cooperative Liquid Assets Securities System (CLASS)	15,088,259	4,539,718
Total cash and cash equivalents	\$ 18,429,648	\$ 7,753,482

Demand Deposits with Financial Institutions

At June 30, 2024 and 2023, the carrying amount of the District's demand deposits were \$1,517,383 and \$1,003,523, respectively, and the financial institution's balances were \$1,637,733 and \$985,311, respectively. 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.

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

The California Government Code requires California banks and savings and loan associations to secure an entity's deposits by pledging government securities with a value of 110% of an entity's deposits. California law also allows financial institutions to secure entity deposits by pledging first trust deed mortgage notes having a value of 150% of an entity's total deposits. The entity's Treasurer may waive the collateral requirement for deposits which are fully insured up to \$250,000 by the FDIC. The collateral for deposits in federal and state-chartered banks is held in safekeeping by an authorized agent of depository recognized by the State of California Department of Banking. The collateral for deposits with savings and loan associations is generally held in safekeeping by the Federal Home Loan Bank in San Francisco, California as an agent of depository. These securities are physically held in an undivided pool for all California public agency depositors. Under Government Code Section 53655, the placement of securities by a bank or savings and loan association with an agent of depositor has the effect of perfecting the security interest in the name of the local governmental agency. Accordingly, all collateral held by California agents of depository are considered to be held for, and in the name of, the local government.

Custodial Credit Risk

The custodial credit risk for *deposits* is the risk that in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District's investment policy requires that collateral be held by an independent third party with whom the District has a current custodial agreement.

Local Agency Investment Fund (LAIF)

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests taxpayers' money to manage the State's cash flow and strengthen the financial security of local governmental entities. PMIA policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). The LAIF allows cities, counties and special districts to place money in a major portfolio and, at no additional costs to taxpayers, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from the LAIF at any time as LAIF is highly liquid and carries a dollar-in dollar-out amortized cost methodology.

The District is a voluntary participant in LAIF. The fair value of the District's investment in this pool is reported at an amount 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 the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF. LAIF is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis and it is Not Rated under the current credit risk ratings format. For financial reporting purposes, the District considers LAIF a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2024, and 2023, the District held \$1,824,006 and \$2,210,241 in LAIF, respectively.

California Cooperative Liquid Assets Securities System (California CLASS)

The California Cooperative Liquid Assets Securities System (California CLASS) is a joint exercise of powers entity authorized under Section 6509.7, California Government Code. California CLASS is a pooled investment option that was created via a joint exercise of powers agreement by and among California public agencies. California CLASS provides California public agencies with a convenient method for investing in high-quality, short- to medium-term securities carefully selected to optimize interest earnings while prioritizing safety and liquidity. The California CLASS Prime and Enhanced Cash funds offer public agencies the opportunity to strengthen and diversify their cash management programs in accordance with the safety, liquidity, and yield hierarchy that governs the investment of public funds.

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 2 – CASH AND CASH EQUIVALENTS (continued)

The management of California CLASS is under the direction of a Board of Trustees comprised of eligible Participants of the program. The Board of Trustees has appointed Public Trust Advisors, LLC to serve as the Investment Advisor and Administrator of the program and has appointed U.S. Bank as the Custodian.

The District is a voluntary participant in California CLASS. The fair value of the District's investment in this pool is reported at an amount based upon the District's pro-rata share of the fair value provided by California CLASS for the entire California CLASS portfolio (in relation to the amortized cost of the of that portfolio). The balance available for withdrawal is based on the accounting records maintained by California CLASS. California CLASS is not categorized under the fair value hierarchy established by GAAP as it is held at an amortized cost basis. The California Class Prime and Enhanced Cash funds receive a credit rating of AAAM (S&P Global Ratings) and AAAsf/S1 (FitchRatings), respectively. For financial reporting purposes, the District considers California CLASS a cash equivalent due to its highly liquid nature and dollar-in dollar-out amortized cost methodology. As of June 30, 2024, and 2023, the District held \$15,088,259 and \$4,539,718 in California CLASS, respectively.

Concentration of Credit Risk

The District's investment policy contains no limitations on the amount that can be invested in any one governmental agency or non-governmental issuer beyond that stipulated by the California Government Code. There were no investments in any one governmental or non-governmental issuer that represented 5% or more of the District's total investments that are subject to disclosure.

NOTE 3 – RESTRICTED – ASSETS AND RESTRICTED – NET POSITION

Restricted assets as of June 30, were classified in the accompanying financial statements as follows:

Description	June 30, 2024	June 30, 2023
Restricted – cash and cash equivalents	\$ 15,106,824	\$ 6,931,270
Restricted - accrued interest receivable	18,150	25,792
Total restricted assets	\$ 15,124,974	\$ 6,957,062

Restricted assets for the year ended June 30, were restricted as follows:

Description	June 30, 2024	June 30, 2023
Unspent proceeds from loan issuance	\$ 11,260,767	\$ 3,071,602
Developer and other capital improvements	1,251,055	1,186,459
Water reliability and emergency storage	2,613,152	2,699,001
Total restricted assets	15,124,974	6,957,062
Less: Unspent proceeds from loan issuance	(11,260,767)	(3,071,602)
Total restricted – net position	\$ 3,864,207	\$ 3,885,460

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 4 – ACCOUNTS RECEIVABLE, NET

Accounts receivable, net of allowance for doubtful accounts consisted of the following:

Description	June 30, 2024	June 30, 2023
Accounts receivable	\$ 2,330,509	\$ 2,225,546
Allowance for doubtful accounts	(232,050)	(348,221)
Total accounts receivable, net	\$ 2,098,459	\$ 1,877,325

NOTE 5 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES

Changes in the District's lease receivable for the year ended June 30, 2024 was as follows:

Description	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Cellular antenna site rental	\$ 90,424	\$ -	\$ (28,630)	\$ 61,794

Changes in the District's lease receivable for the year ended June 30, 2023 was as follows:

Description	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Cellular antenna site rental	\$ 117,619	\$ -	\$ (27,195)	\$ 90,424

The District is reporting a total lease receivable of \$61,974 and \$90,424 and a total related deferred inflows of resources of \$54,128 and \$81,192 for the years ending June 30, 2024 and 2023, respectively. Also, the District is reporting total lease revenue of \$27,064 and \$27,064 and interest revenue of \$1,549 and \$2,106 related to lease payments received for the years ending June 30, 2024 and 2023, respectively.

The lease held by the District does not have an implicit rate of return, therefore the District used their incremental borrowing rate of 2.00% to discount the lease revenue to the net present value. In some cases leases contain termination clauses. In these cases the clause requires the lessee or lessor to show cause to terminate the lease. Also, certain leasing-types are considered "volatile leases." Those volatile leases were not extended past their initial lease period for financial statement recognition due to their volatility. The District's lease is summarized as follows:

Cellular Antenna Site Rental

The District, on July 1, 2020, renewed a continuous lease for 72 months as lessor for the use of a cellular antenna site rental. An initial lease receivable was recorded in the amount of \$162,385. As of June 30, 2024, the value of the lease receivable was \$61,794. The lease is required to make monthly fixed payments of \$2,070 for the first 12-month period, then increase 3.0% per year. The lease has an interest rate of 2.00%. The value of the deferred inflow of resource was \$54,128 as of June 30, 2024. The District recognized lease revenue of \$27,064 and interest revenue of \$1,549 during the fiscal year. The lessee will be evaluated by the District for future extensions after the completion of this lease period. Since this is considered a volatile lease only this lease period has been recognized.

TRABUCO CANYON WATER DISTRICT*Notes to Financial Statements**June 30, 2024 and 2023***NOTE 5 – LEASE RECEIVABLE AND DEFERRED INFLOWS OF RESOURCES – LEASES (continued)**

Minimum future lease receipts for the next four fiscal years are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 30,122	\$ 963	\$ 31,085
2026	31,672	347	32,019
Total	61,794	\$ 1,310	\$ 63,104
Current	(30,122)		
Long-term	\$ 31,672		

Changes in the District's deferred inflows of resources related to leases for June 30, 2024 is as follows:

<u>Description</u>	<u>Balance July 1, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2024</u>
Cellular antenna site rental	\$ 81,192	\$ -	\$ (27,064)	\$ 54,128

Changes in the District's deferred inflows of resources related to leases for June 30, 2023 is as follows:

<u>Description</u>	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2023</u>
Cellular antenna site rental	\$ 108,256	\$ -	\$ (27,064)	\$ 81,192

The amounts reported as deferred inflows of resources related to leases for the year ended June 30, 2024, will be amortized in future periods as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Inflows of Resources</u>
2025	\$ 27,064
2026	27,064
Total	\$ 54,128

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

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

Description	Balance July 1, 2023	Additions	Deletions/ Transfers	Balance June 30, 2024
Non-depreciable assets:				
Land	\$ 2,339,113	\$ -	\$ -	\$ 2,339,113
Construction-in-process	2,477,702	2,848,490	(1,533,586)	3,792,606
Total non-depreciable assets	<u>4,816,815</u>	<u>2,848,490</u>	<u>(1,533,586)</u>	<u>6,131,719</u>
Depreciable assets:				
Water transmission and distribution system	59,016,943	470,705	(22,336)	59,465,312
Recycled water and wastewater system	59,394,792	685,257	(116,033)	59,964,016
Structures and improvements	1,620,185	41,449	-	1,661,634
Machinery and equipment	5,229,873	336,175	(8,459)	5,557,589
Total depreciable assets	<u>125,261,793</u>	<u>1,533,586</u>	<u>(146,828)</u>	<u>126,648,551</u>
Accumulated depreciation:				
Water transmission and distribution system	(35,290,721)	(1,772,652)	22,336	(37,041,037)
Recycled water and wastewater system	(41,397,387)	(1,958,716)	116,033	(43,240,070)
Structures and improvements	(1,320,203)	(61,567)	-	(1,381,770)
Machinery and equipment	(2,453,058)	(554,997)	8,459	(2,999,596)
Total accumulated depreciation	<u>(80,461,369)</u>	<u>(4,347,932)</u>	<u>146,828</u>	<u>(84,662,473)</u>
Total depreciable assets, net	<u>44,800,424</u>	<u>(2,814,346)</u>	<u>-</u>	<u>41,986,078</u>
Total capital assets, net	<u>\$ 49,617,239</u>	<u>\$ 34,144</u>	<u>\$ (1,533,586)</u>	<u>\$ 48,117,797</u>

In fiscal year 2024, major capital asset additions amounted to \$2,848,490, and depreciation expense amounted to \$4,347,932.

TRABUCO CANYON WATER DISTRICT*Notes to Financial Statements**June 30, 2024 and 2023***NOTE 6 – CAPITAL ASSETS AND DEPRECIATION (continued)**

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	\$ 2,339,113	\$ -	\$ -	\$ 2,339,113
Construction-in-process	1,291,198	4,596,646	(3,410,142)	2,477,702
Total non-depreciable assets	3,630,311	4,596,646	(3,410,142)	4,816,815
Depreciable assets:				
Water transmission and distribution system	58,691,677	1,822,413	(1,497,147)	59,016,943
Recycled water and wastewater system	58,710,883	888,945	(205,036)	59,394,792
Structures and improvements	1,620,185	-	-	1,620,185
Machinery and equipment	3,548,852	764,109	916,912	5,229,873
Total depreciable assets	122,571,597	3,475,467	(785,271)	125,261,793
Accumulated depreciation:				
Water transmission and distribution system	(34,890,472)	(1,897,396)	1,497,147	(35,290,721)
Recycled water and wastewater system	(39,715,024)	(1,887,399)	205,036	(41,397,387)
Structures and improvements	(1,245,659)	(74,544)	-	(1,320,203)
Machinery and equipment	(1,037,523)	(498,623)	(916,912)	(2,453,058)
Total accumulated depreciation	(76,888,678)	(4,357,962)	785,271	(80,461,369)
Total depreciable assets, net	45,682,919	(882,495)	-	44,800,424
Total capital assets, net	\$ 49,313,230	\$ 3,714,151	\$ (3,410,142)	\$ 49,617,239

In fiscal year 2023, major capital asset additions amounted to \$4,661,971, and depreciation expense amounted to \$4,357,962.

NOTE 7 – COMPENSATED ABSENCES

Changes in compensated absences amounts for the year ended June 30, 2024, were as follows:

Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year	Due in More Than One Year
\$ 268,648	\$ 280,696	\$ (262,360)	\$ 286,984	\$ 100,445	\$ 186,539

Changes in compensated absences amounts 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
\$ 158,197	\$ 267,799	\$ (157,348)	\$ 268,648	\$ 94,027	\$ 174,621

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 8 – LOANS PAYABLE

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

Loans Payable	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024	Current Portion	Long-term Portion
SRF Loan Payable	\$ 1,770,766	\$ -	\$ (191,028)	\$ 1,579,738	\$ 97,153	\$ 1,482,585
Bank of the West Loan Payable	10,000,000	-	(10,000,000)	-	-	-
2024 Project Loan Payable	-	20,508,000	-	20,508,000	-	20,508,000
Total loans payable	<u>\$ 11,770,766</u>	<u>\$ 20,508,000</u>	<u>\$ (10,191,028)</u>	<u>\$ 22,087,738</u>	<u>\$ 97,153</u>	<u>\$ 21,990,585</u>

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

Loans Payable	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Current Portion	Long-term Portion
SRF Loan Payable	\$ 1,957,505	\$ -	\$ (186,739)	\$ 1,770,766	\$ 94,972	\$ 1,675,794
Bank of the West Loan Payable	10,000,000	-	-	10,000,000	-	10,000,000
Total loans payable	<u>\$ 11,957,505</u>	<u>\$ -</u>	<u>\$ (186,739)</u>	<u>\$ 11,770,766</u>	<u>\$ 94,972</u>	<u>\$ 11,675,794</u>

2011 State Revolving Fund Loan

In fiscal year 2011, the District and the State of California, Department of Public Health, entered into a contract for a construction loan in the amount of \$3,694,264 under the Safe Drinking Water State Revolving Fund Law of 1977. The purpose of the loan was to assist the District in financing construction of the Trabuco Creek Wells Facility, which will enable the District to meet the State of California's safe drinking water standards. The loan proceeds were disbursed to the District based upon project expenditures submitted. The final construction costs totaled and submitted were \$3,682,316, which was \$11,948 less than the original contracted amount. The loan is scheduled to mature in fiscal year 2032. Principal and interest installments are payable each fiscal year at a rate of 2.2836% on July 1st and January 1st. Annual debt service requirements on the loan are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ 97,153	\$ 18,037	\$ 115,190
2026	197,647	32,734	230,381
2027	202,186	28,195	230,381
2028	206,829	23,552	230,381
2029	211,580	18,802	230,382
2030-2032	664,343	26,801	691,144
Total	1,579,738	\$ 148,121	\$ 1,727,859
Current	(97,153)		
Long-term	<u>\$ 1,482,585</u>		

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

2022 – Loan Payable

On February 15, 2022, the District entered into a agreement of \$10,000,000 with Bank of the West to provide funds for various capital improvement projects. The terms of the agreement provide for interest payable semi-annually on January 1st and July 1st at a rate of 1.45% per annum. The principle of the note is payable on the maturity date of July 1, 2024, or on any date prior. This loan is considered a short-term loan agreement until other financing is secured by the District. No loan amortization schedule is available. The loan was paid in full during fiscal year 2024.

2024 – Loan Payable

On April 1, 2024, the District entered into an installment purchase agreement with the Trabuco Canyon Public Finance Authority (Authority) to provide funds for various capital improvement projects as well as to refinance the \$10,000,000 2022 project loan payable. Through an assignment agreement also dated April 1st, 2024, the Authority agrees to sell, assign and transfer to Capital One Public Funding, LLC (Lender), the right to receive all installment payments from the District. The terms of the agreement provide for interest payable semi-annually on January 1st and July 1st at a rate of 4.61% per annum, with principal payments due annually on July 1st. The loan is set to mature on July 1st, 2044. Annual debt service requirements on the loan are as follows:

Fiscal Year	Principal	Interest	Total
2025	\$ -	\$ 506,850	\$ 506,850
2026	639,000	930,690	1,569,690
2027	669,000	900,540	1,569,540
2028	701,000	868,962	1,569,962
2029	734,000	835,885	1,569,885
2030-2034	4,222,000	3,626,180	7,848,180
2035-2039	5,315,000	2,531,697	7,846,697
2040-2044	6,694,000	1,153,514	7,847,514
2045	1,534,000	35,359	1,569,359
Total	20,508,000	\$ 11,389,677	\$ 31,897,677
Current	-		
Long-term	\$ 20,508,000		

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Summary

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

Description	2024	2023
OPEB related deferred outflows	\$ 966,636	\$ 652,712
Net other post-employment benefits liability(asset)	948,175	443,127
OPEB related deferred inflows	265,351	314,253

A. General Information about the OPEB Plan

Plan Description

The District through a single-employer defined benefit plan, offers post-retirement health benefits to eligible employees at retirement as a continuation of the available active medical coverage. An employee is eligible for continuation of medical coverage at retirement provided they are vested in their CalPERS pension benefit and commence payment of their pension benefit upon retirement with the District. Vesting requires at least 5 years of CalPERS eligible service. All employee with at least 5 years of CalPERS service will be eligible to continue coverage if retiring from the District and CalPERS and receive the CalPERS minimum required contribution. Vesting is based on years-of-service increasing 5% per year from 10-years (50%) to 20+years (100%).

Employees Hired Prior to April 1, 2014

The District's financial obligation is to pay for the retiree and eligible dependent coverage up to a monthly maximum which is targeted at the PERS Choice Plan at the family coverage level (currently \$1,914.33). The District's contribution will continue for the lifetime of the retiree and any surviving eligible spouse.

Employees Hired on or After April 1, 2014

The District's contribution is 100% of the coverage level elected by the retiree up to the 100/90 State Annuitant rates multiplied by a vesting schedule (below). 100/90 amount is 100% of the weighted average of single coverage and 90% of the weighted average of the additional premium for two party and family coverage for the 4 PEMHCA plans with the highest State enrollment in the prior year. The 100/90 State Annuitant rates are published each year. The 2023 monthly rates are \$734 single, \$1,398 two-party and \$1,788 family and the 2024 monthly rates are \$767 single, \$1,461 two-party and \$1,868 family.

Employees Covered

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

	2023	2022
Inactive plan members or beneficiaries currently receiving benefit payments	11	9
Inactive plan members entitled to but not yet receiving benefit payments	-	-
Active plan members	22	21
Total	33	30

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

A. General Information about the OPEB Plan (continued)

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, the District has pre-funded contributions to the CERBT OPEB Trust and the District has been requesting reimbursement from the accumulating assets in the OPEB Trust on an annual basis.

Contributions

Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District. For fiscal year ended June 30, 2023, the measurement period, the District's contributions totaling \$206,821 included \$153,958 in current year premium payments reimbursed by the CERBT OPEB Trust and an implied subsidy of \$52,863.

Accounting for the Plan

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

Method Used to Value Investments

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

B. Net OPEB Liability

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

Actuarial Assumptions

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

Valuation Date	June 30, 2023	June 30, 2021
Measurement Date	June 30, 2023	June 30, 2022
Actuarial Cost Method	Entry age normal, level percentage of payroll	Entry age normal, level percentage of payroll
Asset Valuation Method	Market value of assets as of the measurement date	Market value of assets as of the measurement date
Actuarial Assumptions:		
Discount Rate	6.75%	6.75%
Long-Term Expected Rate of Return on Investments	6.75%	6.75%
Inflation	2.50%	2.50%
Payroll increases	2.75%	2.75%
Healthcare Trend Rates	6.50% trending down 0.25% annually to 4.50% in 2029+	6.50% trending down 0.25% annually to 4.50% in 2029+
Morbidity	CalPERS 2021 Study	Healthy Actives and Retirees: SOA Pub-2010 Scale MP-2019
Mortality	CalPERS 2021 Study	Healthy Actives and Retirees: SOA Pub-2010 Scale MP-2019
Disability	Not Valued	Not Valued
Retirement	CalPERS Public Agency Miscellaneous 2.5% @55 and 2% @62	CalPERS Public Agency Miscellaneous 2.5% @55 and 2% @62
Percent Married	80% of future retirees would enroll a spouse	85% of future retirees would enroll a spouse

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

B. Net OPEB Liability (continued)

Actuarial Assumptions (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
CERBT:		
Global Equities	59.00%	5.50%
Global Debt Securities	25.00%	2.35%
Inflation Assets	5.00%	1.50%
REITs	8.00%	3.65%
Commodities	3.00%	1.75%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the City'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/(Asset)

The changes in the total OPEB liability for June 30, 2024, were as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2023 (Measurement date June 30, 2022)	\$ 3,549,353	\$ 3,106,226	\$ 443,127
Changes for the year:			
Service cost	99,904	-	99,904
Interest	236,841	199,504	37,337
Differences in experience	146,127	-	146,127
Changes in assumption	273,764	-	273,764
Employer contributions	-	52,863	(52,863)
Benefit payments	(206,821)	(206,821)	-
Administrative expenses	-	(779)	779
Net changes	549,815	44,767	505,048
Balance at June 30, 2024 (Measurement date June 30, 2023)	\$ 4,099,168	\$ 3,150,993	\$ 948,175

TRABUCO CANYON WATER DISTRICT*Notes to Financial Statements**June 30, 2024 and 2023***NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)****C. Changes in the Net OPEB Liability/(Asset) (continued)**

The changes in the total OPEB liability for June 30, 2023, were as follows:

	Increase (Decrease)		
	Total	Plan Fiduciary	Net OPEB
	OPEB Liability	Net Position	Liability/(Asset)
Balance at June 30, 2022 (Measurement date June 30, 2021)	\$ 3,386,041	\$ 3,587,733	\$ (201,692)
Changes for the year:			
Service cost	97,230	-	97,230
Interest	226,428	(480,474)	706,902
Employer contributions as benefit payments	-	160,346	(160,346)
Benefit payments	(160,346)	(160,346)	-
Administrative expenses	-	(1,033)	1,033
Net changes	163,312	(481,507)	644,819
Balance at June 30, 2023 (Measurement date June 30, 2021)	\$ 3,549,353	\$ 3,106,226	\$ 443,127

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/(asset) 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 or 1 percentage point higher than the current discount rate:

Sensitivity of the Net OPEB liability(asset) to changes in the discount rate for the fiscal year ended June 30, 2024:

1% Decrease	Discount Rate	1% Increase
5.75%	6.75%	7.75%
\$ 1,394,204	\$ 948,175	\$ 570,972

Sensitivity of the Net OPEB liability(asset) to changes in the discount rate for the fiscal year ended June 30, 2023:

1% Decrease	Discount Rate	1% Increase
5.75%	6.75%	7.75%
\$ 855,941	\$ 443,127	\$ 96,906

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

C. Changes in the Net OPEB Liability (continued)

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

The following presents the total OPEB liability/(asset) 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:

Sensitivity of the Net OPEB liability(asset) to changes in the healthcare trend rate for June 30, 2024:

Healthcare Cost		
5.5% Decreasing to 3.5%	6.5% Decreasing to 4.5%	7.5% Decreasing to 5.5%
\$ 504,028	\$ 948,175	\$ 1,487,498

Sensitivity of the Net OPEB liability(asset) to changes in the healthcare trend rate for June 30, 2023:

Healthcare Cost		
5.5% Decreasing to 3.5%	6.5% Decreasing to 4.5%	7.5% Decreasing to 5.5%
\$ 7,703	\$ 443,127	\$ 976,193

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

For the fiscal year ended June 30, 2024, and 2023, the District recognized OPEB expense of \$238,605 and \$139,112, respectively.

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Account Description	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions made after the measurement date	\$ 70,540	\$ -
Changes in assumptions	244,007	(196,634)
Differences between expected and actual experience	418,938	(68,717)
Differences between projected and actual earnings on OPEB plan investments	233,151	-
Total Deferred Outflows/(Inflows) of Resources	\$ 966,636	\$ (265,351)

TRABUCO CANYON WATER DISTRICT*Notes to Financial Statements**June 30, 2024 and 2023***NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)****D. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB (continued)**

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

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB contributions made after the measurement date	\$ 27,145	\$ -
Changes in assumptions	-	(231,792)
Differences between expected and actual experience	340,981	(82,460)
Differences between projected and actual earnings on OPEB plan investments	284,586	-
Total Deferred Outflows/(Inflows) of Resources	\$ 652,712	\$ (314,252)

The differences between projected and actual earnings on plan investments is amortized over five years. The District reported \$70,540 and \$27,145 in 2024 and 2023, respectively, 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, 2024, and 2024, respectively.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense in fiscal year 2024 as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2025	\$ 101,292
2026	83,410
2027	194,539
2028	50,016
2029	42,140
Thereafter	159,348
Total	\$ 630,745

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense in fiscal year 2024 as follows:

<u>Amortization Period Fiscal Year Ended June 30</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2024	\$ 58,778
2025	54,661
2026	36,799
2027	147,908
2028	3,387
Thereafter	9,802
Total	\$ 311,335

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 10 – PENSION PLAN

Summary

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

Description	2024	2023
Pension related deferred outflows	\$ 1,855,980	\$ 1,855,293
Net pension liability	4,202,950	3,804,298
Pension related deferred inflows	151,732	251,860

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".

A. General Information about the Pension Plan

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	2.5% @ 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	2.0% to 2.7%	1.0% to 2.0%
Required member contribution rates	8.000%	6.750%
Required employer contribution rates – FY 2022	13.300%	7.540%
Required employer contribution rates – FY 2023	13.330%	7.600%

Plan Description

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

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 10 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

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

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	10	11	21
Transferred and terminated members	24	8	32
Retired members and beneficiaries	15	-	15
Total plan members	49	19	68

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

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	10	10	20
Transferred and terminated members	25	7	32
Retired members and beneficiaries	15	-	15
Total plan members	50	17	67

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.

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.

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 10 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

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

Contribution Type	Miscellaneous Plans		Total
	Classic	PEPRA	
	Tier 1	Tier 2	
Contributions – employer	\$ 491,291	\$ 80,257	\$ 571,548

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

Contribution Type	Miscellaneous Plans		Total
	Classic	PEPRA	
	Tier 1	Tier 2	
Contributions – employer	\$ 475,189	\$ 66,359	\$ 541,548

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

Proportionate Share of Net Pension Liability and Pension Expense

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2023, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

TRABUCO CANYON WATER DISTRICT*Notes to Financial Statements**June 30, 2024 and 2023***NOTE 10 – 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, 2024:

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2024	Fiscal Year Ending June 30, 2023	
Measurement Date	June 30, 2023	June 30, 2022	
Percentage of Risk Pool Net Pension Liability	0.084052%	0.081302%	0.002750%
Percentage of Plan Net Pension Liability	0.033690%	0.032935%	0.000755%

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

	Percentage Share of Risk Pool		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2023	Fiscal Year Ending June 30, 2022	
Measurement Date	June 30, 2022	June 30, 2021	
Percentage of Risk Pool Net Pension Liability	0.081302%	0.084147%	-0.002845%
Percentage of Plan Net Pension Liability	0.032935%	0.029543%	0.003392%

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

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, 2022 (Measurement Date)	\$ 16,370,562	\$ 12,566,264	\$ 3,804,298
Balance as of June 30, 2023 (Measurement Date)	\$ 17,669,012	\$ 13,466,062	\$ 4,202,950
Change in Plan Net Pension Liability	\$ 1,298,450	\$ 899,798	\$ 398,652

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

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)	\$ 14,596,115	\$ 12,998,337	\$ 1,597,778
Balance as of June 30, 2022 (Measurement Date)	\$ 16,370,562	\$ 12,566,264	\$ 3,804,298
Change in Plan Net Pension Liability	\$ 1,774,447	\$ (432,073)	\$ 2,206,520

TRABUCO CANYON WATER DISTRICT*Notes to Financial Statements**June 30, 2024 and 2023***NOTE 10 – 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)**

For the fiscal year ended June 30, 2024, the District recognized pension expense of \$869,386. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 571,548	\$ -
Difference between actual and proportionate share of employer contributions	37,393	(88,814)
Adjustment due to differences in proportions	98,084	(29,611)
Differences between expected and actual experience	214,709	(33,307)
Differences between projected and actual earnings on pension plan investments	680,495	-
Changes in assumptions	253,751	-
Total Deferred Outflows/(Inflows) of Resources	\$ 1,855,980	\$ (151,732)

For the fiscal year ended June 30, 2023, the District recognized pension expense of \$471,920. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 541,548	\$ -
Difference between actual and proportionate share of employer contributions	90,813	(128,780)
Adjustment due to differences in proportions	59,860	(71,912)
Differences between expected and actual experience	76,398	(51,168)
Differences between projected and actual earnings on pension plan investments	696,846	-
Changes in assumptions	389,830	-
Total Deferred Outflows/(Inflows) of Resources	\$ 1,855,295	\$ (251,860)

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 10 – 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 (EARS�) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARS� for the measurement period is 3.8 years.

An amount of \$571,548 and \$541,548 for 2024, and 2023, respectively, were 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 years ending June 30, 2025 and 2024, respectively.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2024 will be recognized as a reduction to pension expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2025	\$ 349,498
2026	233,735
2027	529,942
2028	19,525
Total	\$ 1,132,700

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions at June 30, 2023 will be recognized as a reduction to pension expense as follows:

Amortization Period Fiscal Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2024	\$ 279,333
2025	234,148
2026	122,190
2027	426,215
Total	\$ 1,061,886

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 10 – PENSION PLAN (continued)

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

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

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

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
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

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

Investment Type	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%	0.05%
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 2022 Asset Liability Management study.

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 10 – PENSION PLAN (continued)

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

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.

Subsequent Events

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

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

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

Changes in the discount rate for the year ended June 30, 2024, was as follows:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate -	Current	Discount Rate +
	1% 5.90%	Discount Rate 6.90%	1% 7.90%
CalPERS – Miscellaneous Plan	\$ 6,592,609	\$ 4,202,950	\$ 2,236,056

Changes in the discount rate for the year ended June 30, 2023, was as follows:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate -	Current	Discount Rate +
	1% 5.90%	Discount Rate 6.90%	1% 7.90%
CalPERS – Miscellaneous Plan	\$ 6,035,901	\$ 3,804,298	\$ 1,968,243

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.

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 11 – NET INVESTMENT IN CAPITAL ASSETS

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

Description	June 30, 2024	June 30, 2023
Net investment in capital assets:		
Capital assets – not being depreciated	\$ 6,131,719	\$ 4,816,815
Capital assets, net – being depreciated	41,986,078	44,800,424
Loans payable – current portion	(97,153)	(94,972)
Loans payable – non-current portion	(21,990,585)	(11,675,794)
Unspent proceeds from loan issuance (Note 3)	11,260,767	3,071,602
Total net investment in capital assets	\$ 37,290,826	\$ 40,918,075

NOTE 12 – NET POSITION – UNRESTRICTED (DEFICIT)

As of June 30, 2024 and 2023, the District had an unrestricted net position deficit of (\$29,676) and (\$1,169,004), respectively. Due to the nature of the deficit from the implementation of GASB Statements No. 68 (net pension liability) and No. 75 (net OPEB liability) in the prior fiscal years, the District will continue to make its actuarial determined contributions to CalPERS and annually review its outstanding net pension and net OPEB liability funding requirements for future periods to reduce its deficit position.

NOTE 13 – 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.

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 14 – RISK MANAGEMENT POOL

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 and 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. Further information about the Insurance Authority is as follows:

A. Entity	ACWA-JPIA
B. Purpose	To pool member contributions and realize the advantages of self-insurance
C. Participants	As of September 30, 2023 – 401 member districts
D. Governing board	Nine representatives employed by members
E. Condensed financial information	September 30, 2023
Audit signed	March 20, 2024
Statement of financial position:	Sept 30, 2023
Total assets	<u>\$ 288,462,503</u>
Deferred outflows	<u>4,654,911</u>
Total liabilities	<u>167,203,667</u>
Deferred inflows	<u>5,200,835</u>
Net position	<u><u>\$ 120,712,912</u></u>
Statement of revenues, expenses and changes in net position:	
Total revenues	\$ 248,013,664
Total expenses	<u>(240,084,673)</u>
Change in net position	7,928,991
Beginning – net position	<u>112,783,921</u>
Ending – net position	<u><u>\$ 120,712,912</u></u>
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.

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 14 – RISK MANAGEMENT POOL (continued)

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

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

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

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

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

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

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

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2024, 2023, and 2022. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2024, 2023, and 2022.

NOTE 15 – COMMITMENTS AND CONTINGENCIES

Economic Dependency

The District purchases a majority of its source of supply from the Santiago Aqueduct Commission. Interruption of this source would impact the District negatively.

Grant Awards

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

TRABUCO CANYON WATER DISTRICT

Notes to Financial Statements

June 30, 2024 and 2023

NOTE 15 – COMMITMENTS AND CONTINGENCIES (continued)

Excluded Leases – Short-Term Leases and De Minimis Leases

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

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

Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water and wastewater facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from a combination of debt, the District's replacement reserves and capital contributions. As of June 30, 2024, the District has committed approximately \$5,160,339 to complete projects currently in construction-in-progress.

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 16 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through December 31, 2024, the date which the financial statements were available to be issued.

Required Supplementary Information

TRABUCO CANYON WATER DISTRICT*Schedule of the District's Proportionate Share of the Net Pension Liability
For the Years Ended June 30, 2024 and 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	0.024334%	\$	1,514,199	\$	1,619,883	93.48%	83.03%
June 30, 2015	0.029498%		2,024,702		1,659,539	122.00%	76.75%
June 30, 2016	0.028990%		2,508,531		1,602,525	156.54%	72.83%
June 30, 2017	0.295680%		2,932,288		1,688,233	173.69%	72.81%
June 30, 2018	0.030022%		2,892,988		1,537,659	188.14%	73.98%
June 30, 2019	0.030748%		3,150,747		1,695,414	185.84%	73.12%
June 30, 2020	0.031247%		3,399,815		2,011,870	168.99%	75.18%
June 30, 2021	0.029543%		1,597,778		2,133,046	74.91%	89.05%
June 30, 2022	0.032935%		3,804,298		2,185,024	174.11%	76.76%
June 30, 2023	0.033690%		4,202,950		2,383,857	176.31%	76.21%

Notes to Schedule:**Benefit Changes:**

There were no changes in benefits.

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

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

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

There were no changes in assumptions.

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

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

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

There were no significant changes in assumptions.

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

The discount rate was reduced to 6.90% and inflation rate to 2.30%.

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

There were no significant changes in assumptions.

Certain amounts have been updated per the 2020 CalPERS Actuarial Valuations

TRABUCO CANYON WATER DISTRICT*Schedule of the District's Contributions to the Defined Benefit Pension Plan
For the Years Ended June 30, 2024 and 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	265,436	(265,436)	-	1,659,539	15.99%
June 30, 2016	264,450	(264,450)	-	1,602,525	16.50%
June 30, 2017	278,521	(278,521)	-	1,688,233	16.50%
June 30, 2018	301,990	(301,990)	-	1,537,659	19.64%
June 30, 2019	347,954	(347,954)	-	1,695,414	20.52%
June 30, 2020	417,043	(417,043)	-	2,011,870	20.73%
June 30, 2021	469,516	(708,896)	(239,380)	2,133,046	22.01%
June 30, 2022	487,803	(487,803)	-	2,185,024	22.32%
June 30, 2023	541,548	(541,548)	-	2,383,857	22.72%
June 30, 2024	571,548	(571,548)	-	2,493,136	22.92%

Notes to Schedule:

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

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 (2.5%@55), 52 years (2.0%@62)
Mortality	Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

Certain amounts have been updated per the 2020 CalPERS Actuarial Valuations

TRABUCO CANYON WATER DISTRICT

Schedule of Changes in the District's Net OPEB Liability and Related Ratios For the Years Ended June 30, 2024 and 2023

	Last Ten Fiscal Years*				
Fiscal Year Ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Total OPEB liability:					
Service cost	\$ 99,904	\$ 97,230	\$ 105,855	\$ 103,022	\$ 101,477
Interest	236,841	226,428	216,193	213,932	195,787
Changes of assumptions	273,764	-	(226,454)	-	(97,270)
Differences between expected and actual experience	146,127	-	305,472	(123,689)	159,266
Changes of benefit terms	-	-	-	-	-
Benefit payments	(206,821)	(160,346)	(117,348)	(118,587)	(86,591)
Administrative expense	-	-	16,207	-	-
Net change in total OPEB liability	549,815	163,312	299,925	74,678	272,669
Total OPEB liability - beginning	3,549,353	3,386,041	3,086,116	3,011,438	2,738,769
Total OPEB liability - ending	4,099,168	3,549,353	3,386,041	3,086,116	3,011,438
Plan fiduciary net position:					
Contributions - employer	52,863	-	108,754	281,864	259,180
Net investment income	204,452	242,141	194,837	89,611	137,226
Investment gains and losses	(4,948)	(722,615)	555,649	-	-
Employer contributions as benefit payments	-	160,346	117,348	-	-
Administrative expense	(779)	(1,033)	(1,033)	(1,213)	(467)
Other expense	-	-	-	-	-
Benefit payments	(206,821)	(160,346)	(117,348)	(118,587)	(86,591)
Net change in plan fiduciary net position	44,767	(481,507)	858,207	251,676	309,348
Plan fiduciary net position - beginning	3,106,226	3,587,733	2,729,526	2,477,850	2,168,502
Plan fiduciary net position - ending	3,150,993	3,106,226	3,587,733	2,729,526	2,477,850
District's net OPEB liability	\$ 948,175	\$ 443,127	\$ (201,692)	\$ 356,590	\$ 533,588
Plan fiduciary net position as a percentage of the total OPEB liability	76.87%	87.52%	105.96%	88.45%	82.28%
Covered payroll	2,546,507	2,383,857	2,133,046	1,753,930	1,706,988
District's net OPEB liability as a percentage of covered payroll	37.23%	18.59%	-9.46%	20.33%	31.26%

Notes to Schedule:

Benefit Changes:

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

Changes in Assumptions:

Measurement Date June 30, 2019 – Inflation decreased to 2.50% and payroll increases include merit increases
Measurement Date June 30, 2020 – Inflation increased to 2.75%
Measurement Date June 30, 2021 – Discount rate decreased to 6.75% and inflation decreased to 2.50%
Measurement Date June 30, 2022 – There were no changes in assumptions
Measurement Date June 30, 2023 – Mortality and retirement rates were updated to the CalPERS 2021 study from the CalPERS 2017 study.

TRABUCO CANYON WATER DISTRICT

Schedule of Changes in the District's Net OPEB Liability and Related Ratios (continued) For the Years Ended June 30, 2024 and 2023

	Last Ten Fiscal Years*	
Fiscal Year Ended	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2018	June 30, 2017
Total OPEB liability:		
Service cost	\$ 98,521	\$ 92,077
Interest	181,652	167,849
Changes of assumptions	-	-
Differences between expected and actual experience	-	-
Changes of benefit terms	-	-
Benefit payments	(75,817)	(62,564)
Administrative expense	-	-
Net change in total OPEB liability	204,356	197,362
Total OPEB liability - beginning	2,534,413	2,337,051
Total OPEB liability - ending	2,738,769	2,534,413
Plan fiduciary net position:		
Contributions - employer	245,243	175,489
Net investment income	146,228	168,197
Investment gains and losses	-	-
Employer contributions as benefit payments	-	-
Administrative expense	(993)	(852)
Other expense	(2,457)	-
Benefit payments	(75,817)	(62,564)
Net change in plan fiduciary net position	312,204	280,270
Plan fiduciary net position - beginning	1,856,298	1,576,028
Plan fiduciary net position - ending	2,168,502	1,856,298
District's net OPEB liability	\$ 570,267	\$ 678,115
Plan fiduciary net position as a percentage of the total OPEB liability	79.18%	73.24%
Covered payroll	1,668,352	1,668,352
District's net OPEB liability as a percentage of covered payroll	34.18%	40.65%

Notes to Schedule:

Benefit Changes:

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

Measurement Date June 30, 2018 – 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 assumptions

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

TRABUCO CANYON WATER DISTRICT

Schedule of the District Contributions to the Other Post-Employment Benefits Plan For the Years Ended June 30, 2024 and 2023

Fiscal Year Ended	Last Ten Fiscal Years*				
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Actuarially determined contribution	\$ 206,821	\$ 108,754	\$ 108,754	\$ 166,309	\$ 172,589
Contributions in relation to the actuarially determined contributions	(206,821)	(108,754)	(108,754)	(281,864)	(259,180)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ (115,555)	\$ (86,591)
Covered payroll	\$ 2,383,857	\$ 2,133,046	\$ 2,133,046	\$ 1,753,930	\$ 1,706,930
Contributions as a percentage of covered payroll	8.68%	5.10%	5.10%	16.07%	15.18%

Notes to Schedule:

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

Contribution Rates:

Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age	Entry Age
Amortization method	(1)	(1)	(1)	(1)	(1)
Amortization period	20-years	20-years	20-years	20-years	20-years
Asset valuation method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Discount rate	6.75%	6.75%	6.75%	7.00%	7.00%
Inflation	2.75%	2.75%	2.75%	2.75%	2.50%
Payroll increases	2.75%+Merit	2.75%+Merit	2.75%+Merit	2.75%+Merit	2.75%+Merit
Mortality	(2)	(2)	(2)	(2)	(2)
Morbidity	(3)	(3)	(3)	(3)	(3)
Disability	Not Valued	Not Valued	Not Valued	Not Valued	Not Valued
Retirement	(4)	(4)	(4)	(4)	(4)
Percent Married	80%	85%	85%	85%	85%
Healthcare trend rates	(5)	(5)	(5)	(5)	(5)

(1) Closed period, level percent of pay

(2) FY 2023 and earlier. Healthy Actives and Retirees: SOA Pub-2010 Scale MP-2019. For FY 2024 and later. CalPERS 2021 study.

(3) FY 2023 and earlier. Healthy Actives and Retirees: SOA Pub-2010 Scale MP-2019. For FY 2024 and later. CalPERS 2021 study.

(4) CalPERS Public Agency Miscellaneous 2.5% @55 and 2% @62

(5) 6.50% trending down 0.25% annually to 4.50% in 2029+

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

TRABUCO CANYON WATER DISTRICT*Schedule of the District Contributions to the Other Post-Employment Benefits Plan(continued)
For the Years Ended June 30, 2024 and 2023*

	Last Ten Fiscal Years*	
Fiscal Year Ended	June 30, 2019	June 30, 2018
Actuarially determined contribution	\$ 169,426	\$ 175,489
Contributions in relation to the actuarially determined contributions	(245,243)	(175,489)
Contribution deficiency (excess)	<u>\$ (75,817)</u>	<u>\$ -</u>
Covered payroll	\$ 1,668,352	\$ 1,668,352
Contributions as a percentage of covered payroll	14.70%	10.52%

Notes to Schedule:

Valuation Date	June 30, 2017	June 30, 2017
Methods and Assumptions Used to Determine Contribution Rates:		
Actuarial cost method Entry age normal	Entry Age	Entry Age
Amortization method Closed period, level percent of pay	(1)	(1)
Amortization period	20-years	20-years
Asset valuation method	Fair Value	Fair Value
Discount rate	7.00%	7.00%
Inflation	2.75%	2.75%
Payroll increases	3.00%	3.00%
Mortality	(2)	(2)
Morbidity	(3)	(3)
Disability	Not Valued	Not Valued
Retirement	(4)	(4)
Percent Married	85%	85%
Healthcare trend rates	(5)	(5)

(1) Closed period, level percent of pay

(2) FY 2023 and earlier. Healthy Actives and Retirees: SOA Pub-2010 Scale MP-2019. For FY 2024 and later. CalPERS 2021 study.

(3) FY 2023 and earlier. Healthy Actives and Retirees: SOA Pub-2010 Scale MP-2019. For FY 2024 and later. CalPERS 2021 study.

(4) CalPERS Public Agency Miscellaneous 2.5% @55 and 2% @62

(5) 6.50% trending down 0.25% annually to 4.50% in 2029+

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

Supplementary Information

TRABUCO CANYON WATER DISTRICT
Balance Sheets – Combined – Internal Funds
June 30, 2024 (With Comparative Amounts as of June 30, 2023)

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>Water</u>	<u>Sewer</u>	<u>Recycled Water</u>	<u>Reclaimed Water</u>	<u>2024</u>	<u>2023</u>
Current assets:						
Cash and cash equivalents	\$ 3,728,742	\$ 109,807	\$ (1,368,506)	\$ 852,781	\$ 3,322,824	\$ 822,212
Accrued interest receivable	(44,731)	42,779	2,229	2,229	2,506	5,689
Accounts receivable, net	1,437,515	396,752	43,131	221,061	2,098,459	1,877,325
Accounts receivable - due from other governments	-	-	-	-	-	-
Lease receivable	30,122	-	-	-	30,122	30,122
Other receivables	276,731	266,339	11,302	10,851	565,223	799,355
Prepaid expenses	47,225	17,707	6,702	6,702	78,336	104,746
Total current assets	5,475,604	833,384	(1,305,142)	1,093,624	6,097,470	3,639,449
Non-current assets:						
Restricted – cash and cash equivalents	7,981,447	6,156,749	484,314	484,314	15,106,824	6,931,270
Restricted - accrued interest receivable	16,346	1,804	-	-	18,150	25,792
Lease receivable	31,672	-	-	-	31,672	31,672
Capital assets – not being depreciated	2,641,160	3,292,199	99,180	99,180	6,131,719	4,816,815
Capital assets – being depreciated, net	24,322,497	13,866,189	2,624,824	1,172,568	41,986,078	44,800,424
Total non-current assets	34,993,122	23,316,941	3,208,318	1,756,062	63,274,443	56,605,973
Total assets	40,468,726	24,150,325	1,903,176	2,849,686	69,371,913	60,245,422
Deferred outflows of resources:						
Deferred amounts related to net OPEB liability	676,644	241,660	24,166	24,166	966,636	652,712
Deferred amounts related to net pension liability	1,299,187	463,993	46,400	46,400	1,855,980	1,855,293
Total deferred outflows of resources	1,975,831	705,653	70,566	70,566	2,822,616	2,508,005
Total assets and deferred outflows of resources	\$ 42,444,557	\$ 24,855,978	\$ 1,973,742	\$ 2,920,252	\$ 72,194,529	\$ 62,753,427
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>						
Current liabilities:						
Accounts payable and accrued expenses	\$ 1,892,331	\$ 899,945	\$ 49,653	\$ 47,467	\$ 2,889,396	\$ 2,050,388
Deposits and unearned revenues	50,624	130,951	571	572	182,718	162,994
Long-term liabilities – due within one year:						
Compensated absences	65,546	28,466	3,217	3,216	100,445	94,027
Loans payable	97,153	-	-	-	97,153	94,972
Total current liabilities	2,105,654	1,059,362	53,441	51,255	3,269,712	2,402,381
Non-current liabilities:						
Long-term liabilities – due in more than one year:						
Compensated absences	121,729	52,865	5,972	5,973	186,539	174,621
Loans payable	12,603,369	7,908,530	739,343	739,343	21,990,585	11,675,794
Net OPEB liability	663,724	237,043	23,704	23,704	948,175	443,127
Net pension liability	2,942,064	1,050,738	105,074	105,074	4,202,950	3,804,298
Total non-current liabilities	16,330,886	9,249,176	874,093	874,094	27,328,249	16,097,840
Total liabilities	18,436,540	10,308,538	927,534	925,349	30,597,961	18,500,221
Deferred inflows of resources:						
Deferred amounts related to leases	54,128	-	-	-	54,128	81,192
Deferred amounts related to net OPEB liability	185,745	66,338	6,634	6,634	265,351	314,253
Deferred amounts related to net pension liability	106,213	37,933	3,793	3,793	151,732	251,860
Total deferred inflows of resources	346,086	104,271	10,427	10,427	471,211	647,305
Net position:						
Net investment in capital assets	18,503,476	15,301,656	2,468,975	1,016,719	37,290,826	40,918,075
Restricted for capital improvements	3,757,452	106,755	-	-	3,864,207	3,885,460
Unrestricted	1,401,003	(965,242)	(1,433,194)	967,757	(29,676)	(1,169,004)
Total net position	23,661,931	14,443,169	1,035,781	1,984,476	41,125,357	43,634,531
Total liabilities, deferred inflows of resources and net position	\$ 42,444,557	\$ 24,855,978	\$ 1,973,742	\$ 2,920,252	\$ 72,194,529	\$ 62,782,057

TRABUCO CANYON WATER DISTRICT

Schedule of Revenues, Expenses and Changes in Net Position – Combined – Internal Funds For the Year Ended June 30, 2024 (With Comparative Amounts as of June 30, 2023)

	Water	Sewer	Recycled Water	Reclaimed Water	2024	2023
Operating revenues:						
Water consumption sales	\$ 3,642,268	\$ -	\$ -	\$ -	\$ 3,642,268	\$ 3,577,112
Water service charges	3,256,048	-	-	-	3,256,048	1,300,466
Sewer service charges	-	2,480,724	-	-	2,480,724	2,098,956
Reclaimed water sales	-	-	-	815,093	815,093	634,941
Recycled water sales	-	-	286,858	-	286,858	272,892
Wholesale water sales – BTP	1,831,802	-	-	-	1,831,802	1,629,310
Other operating revenues	139,095	68,237	18	9,457	216,807	300,060
Total operating revenues	8,869,213	2,548,961	286,876	824,550	12,529,600	9,813,737
Operating expenses:						
Source of supply	3,862,414	-	-	-	3,862,414	3,325,796
Pumping and power	339,222	-	-	-	339,222	279,177
Water treatment	167,006	-	-	-	167,006	351,136
Transmission and distribution	184,811	-	-	-	184,811	279,192
Sewer operations	-	643,577	-	-	643,577	566,643
Reclaimed operations	-	-	-	292,386	292,386	264,100
Recycled operations	-	-	314,574	-	314,574	291,563
General and administrative	4,931,077	2,152,715	261,668	250,974	7,596,434	6,967,777
Total operating expenses	9,484,530	2,796,292	576,242	543,360	13,400,424	12,325,384
Operating income(loss) before depreciation	(615,317)	(247,331)	(289,366)	281,190	(870,824)	(2,511,647)
Depreciation expense	(2,151,674)	(1,900,100)	(188,232)	(107,926)	(4,347,932)	(4,357,962)
Operating income(loss)	(2,766,991)	(2,147,431)	(477,598)	173,264	(5,218,756)	(6,869,609)
Non-operating revenues(expenses):						
Property taxes	1,156,093	832,387	161,853	161,853	2,312,186	2,203,522
Investment earnings	50,368	274,773	16,044	16,044	357,229	325,827
Rental revenue	27,065	-	-	-	27,065	27,064
Interest expense	(136,906)	(34,840)	(3,484)	(3,484)	(178,714)	(189,447)
Cost of debt issuance	(45,500)	(16,250)	(1,625)	(1,625)	(65,000)	-
Property tax administration charge	(5,922)	(4,267)	-	-	(10,189)	(10,130)
Uncollectable FEMA receivable	-	-	-	-	-	-
Transfers In/(Out)	-	-	-	-	-	-
Other non-operating revenues	235,756	30,485	382	382	267,005	34,966
Total non-operating revenues(expenses), net	1,280,954	1,082,288	173,170	173,170	2,709,582	2,391,802
Change in net position before capital contribs.	(1,486,037)	(1,065,143)	(304,428)	346,434	(2,509,174)	(4,477,807)
Capital contributions:						
Water reliability and emergency storage fees	-	-	-	-	-	865,302
Capital grants	-	-	-	-	-	506,804
Contributed capital – other	-	-	-	-	-	40,795
Total capital contributions	-	-	-	-	-	1,412,901
Change in net position	(1,486,037)	(1,065,143)	(304,428)	346,434	(2,509,174)	(3,064,906)
Net position:						
Beginning of year	25,147,968	15,508,312	1,340,209	1,638,042	43,634,531	46,699,437
End of year	\$ 23,661,931	\$ 14,443,169	\$ 1,035,781	\$ 1,984,476	\$ 41,125,357	\$ 43,634,531

Statistical Section

TRABUCO CANYON WATER DISTRICT

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

The following statistical section of the District's annual comprehensive financial report presents detailed and historical information as a reference for understanding the information included in the basic financial statements, notes to financial statements, and required supplementary information.

Financial Trends Schedules **Pages 55-58**

Presents information to assist the reader in understanding how the District's financial position has performed over time.

Revenue Capacity Schedules **Pages 59-64**

Presents information to assist the reader in understanding the District's major revenue sources.

Debt Capacity Schedule **Pages 65-66**

Presents information to assist the reader in understanding the District's current levels of outstanding debt and the ability to issue additional debt in the future.

Demographic and Economic Information **Page 67**

Presents demographic and economic information to assist the reader in understanding the environment in which the District operates.

Operating Information **Pages 68-69**

Presents data related to District infrastructure and services to assist the reader in understanding how District's financial information relates to services provided by the District.

Trabuco Canyon Water District
Changes in Net Position and Net Position by Component
For the Past Ten Fiscal Years

	Fiscal Year				
	FY 2024	FY 2023	FY 2022	FY 2021	FY 2020
Changes in Net Position					
Operating Revenues (see Schedule 2)	12,529,599	9,813,737	9,018,591	8,929,018	8,201,075
Operating Expenses (see Schedule 3)	<u>(17,748,356)</u>	<u>(16,683,346)</u>	<u>(15,321,337)</u>	<u>(15,399,978)</u>	<u>(14,200,695)</u>
Operating Income (Loss)	(5,218,757)	(6,869,609)	(6,302,746)	(6,470,959)	(5,999,620)
Nonoperating Revenues (Expenses)					
Property Taxes	2,314,232	2,203,522	2,077,577	2,048,226	1,936,412
Special Assessments For Debt Service	-	-	-	-	-
Investment Earnings	355,184	325,827	(109,229)	26,761	119,066
Rental Revenue	28,164	27,064	27,063	24,836	24,112
Interest Expense	(178,714)	(189,447)	(102,612)	(51,932)	(60,635)
Amortization Of Bond Discount	-	-	-	-	-
Cost of Debt Issuance	(65,000)	-	(84,500)	-	(850)
Property Tax Administration Charge	(10,189)	(10,130)	(11,508)	(12,429)	(11,846)
Capacity Assignment Revenue	-	-	-	-	4,526,000 ⁽¹⁾
Other Non-Operating Revenue	265,906	34,966	205,536	106,336	48,065
Other Non-Operating Expense	<u>-</u>	<u>-</u>	<u>(140,598)</u> ⁽²⁾	<u>-</u>	<u>-</u>
Total Non-Operating, Net	<u>2,709,582</u>	<u>2,391,802</u>	<u>1,861,730</u>	<u>2,141,798</u>	<u>6,580,325</u>
Net Income (Loss) before Capital Contributions	(2,509,175)	(4,477,807)	(4,441,017)	(4,329,161)	580,705
Capital Contributions					
Water Reliability and Emergency Storage Fees	-	865,302	823,102	822,779	833,511
Capital Grants	-	506,804	-	99,750	1,400,052
Developer Impact Fees	-	-	-	-	-
Contributed Capital - Other	<u>-</u>	<u>40,795</u>	<u>-</u>	<u>1,077,826</u>	<u>-</u>
Total Capital Contributions	<u>-</u>	<u>1,412,901</u>	<u>823,102</u>	<u>2,000,355</u>	<u>2,233,563</u>
Increase (Decrease) in Net Position	(2,509,175)	(3,064,906)	(3,617,915)	(2,328,807)	2,814,268
Net Position at Beginning of Year	43,634,474	46,699,380	50,312,017	52,640,824	49,826,556
Prior Period Adjustments (PPA)	<u>-</u>	<u>-</u>	<u>5,278</u> ⁽⁴⁾	<u>-</u>	<u>-</u>
Net Position at End of Year	41,125,299	43,634,474	46,699,380	50,312,017	52,640,824
Net Position, Restated by Component					
Net Investment in Capital Assets	37,290,826	40,918,075	44,617,301	47,913,266	44,976,850
Restricted	3,864,207	3,885,460	5,292,370	5,104,320	3,254,760
Unrestricted	<u>(29,676)</u>	<u>(1,169,004)</u>	<u>(3,210,234)</u>	<u>(2,705,511)</u>	<u>4,409,211</u>
Total Net Position	<u>41,125,357</u>	<u>43,634,531</u>	<u>46,699,437</u>	<u>50,312,075</u>	<u>52,640,821</u>

Source: TCWD Accounting Department

Notes

(1) FY 20 Capacity assignment revenue from another agency's forfeiture in shared plant asset with TCWD.

(2) Grant receivable realized as uncollectable during FY 22 for \$140K.

(3) Reimbursement of \$50K to developer per contractual obligations.

(4) PPA related to implementation of GASB 87.

(5) PPA related to implementation of GASB 75.

(6) PPA related to implementation of GASB 68 and 71.

PPA = Prior Period Adjustment

Trabuco Canyon Water District
Changes in Net Position and Net Position by Component
For the Past Ten Fiscal Years

	Fiscal Year				
	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Changes in Net Position					
Operating Revenues (see Schedule 2)	7,449,430	8,576,909	6,778,177	5,193,572	5,840,471
Operating Expenses (see Schedule 3)	(12,936,934)	(13,182,336)	(10,763,964)	(9,832,915)	(10,316,721)
Operating Income (Loss)	(5,487,505)	(4,605,428)	(3,985,787)	(4,639,343)	(4,476,250)
Nonoperating Revenues (Expenses)					
Property Taxes	1,768,141	1,629,213	1,519,447	1,482,960	1,378,635
Special Assessments For Debt Service	-	-	-	-	828,076
Investment Earnings	228,244	149,070	59,342	41,324	23,520
Rental Revenue	23,410	22,728	23,116	21,423	23,217
Interest Expense	(121,869)	(176,022)	(227,673)	(277,950)	(364,859)
Amortization Of Bond Discount	-	-	-	-	-
Cost of Debt Issuance	(7,213)	(6,467)	(4,714)	(38,202)	(114,814)
Property Tax Administration Charge	(11,467)	(12,141)	(8,346)	(12,330)	(16,687)
Capacity Assignment Revenue	-	-	-	-	-
Other Non-Operating Revenue	94,192	103,154	42,169	19,900	90,411
Other Non-Operating Expense	-	(50,000) ⁽³⁾	-	-	-
Total Non-Operating, Net	<u>1,973,438</u>	<u>1,659,534</u>	<u>1,403,341</u>	<u>1,237,126</u>	<u>1,847,500</u>
Net Income (Loss) before Capital Contributions	(3,514,066)	(2,945,894)	(2,582,447)	(3,402,216)	(2,628,750)
Capital Contributions					
Water Reliability and Emergency Storage Fees	854,770	962,266	930,279	905,773	908,667
Capital Grants	48,109	1,695,352	103,667	23,804	46,157
Developer Impact Fees	-	-	1,822,446	782,108	1,155,097
Contributed Capital - Other	-	-	-	-	-
Total Capital Contributions	<u>902,879</u>	<u>2,657,618</u>	<u>2,856,393</u>	<u>1,711,685</u>	<u>2,109,921</u>
Increase (Decrease) in Net Position	(2,611,187)	(288,276)	273,946	(1,690,532)	(518,829)
Net Position at Beginning of Year	52,437,744	53,097,066	52,823,120	54,513,652	56,845,558
Prior Period Adjustments (PPA)	-	(371,046) ⁽⁵⁾	-	-	(1,813,077) ⁽⁶⁾
Net Position at End of Year	<u>49,826,556</u>	<u>52,437,744</u>	<u>53,097,066</u>	<u>52,823,120</u>	<u>54,513,652</u>
Net Position, Restated by Component					
Net Investment in Capital Assets	43,977,274	44,564,894	41,957,303	42,059,413	40,817,878
Restricted	6,426,257	7,312,853	7,364,937	5,401,951	12,099,753
Unrestricted	(576,976)	560,000	3,774,827	5,361,757	1,596,021
Total Net Position	<u>49,826,555</u>	<u>52,437,747</u>	<u>53,097,067</u>	<u>52,823,121</u>	<u>54,513,652</u>

Source: TCWD Accounting Department

Notes

(1) FY 20 Capacity assignment revenue from another agency's forfeiture in shared plant asset with TCWD.

(2) Grant receivable realized as uncollectable during FY 22 for \$140K.

(3) Reimbursement of \$50K to developer per contractual obligations.

(4) PPA related to implementation of GASB 87.

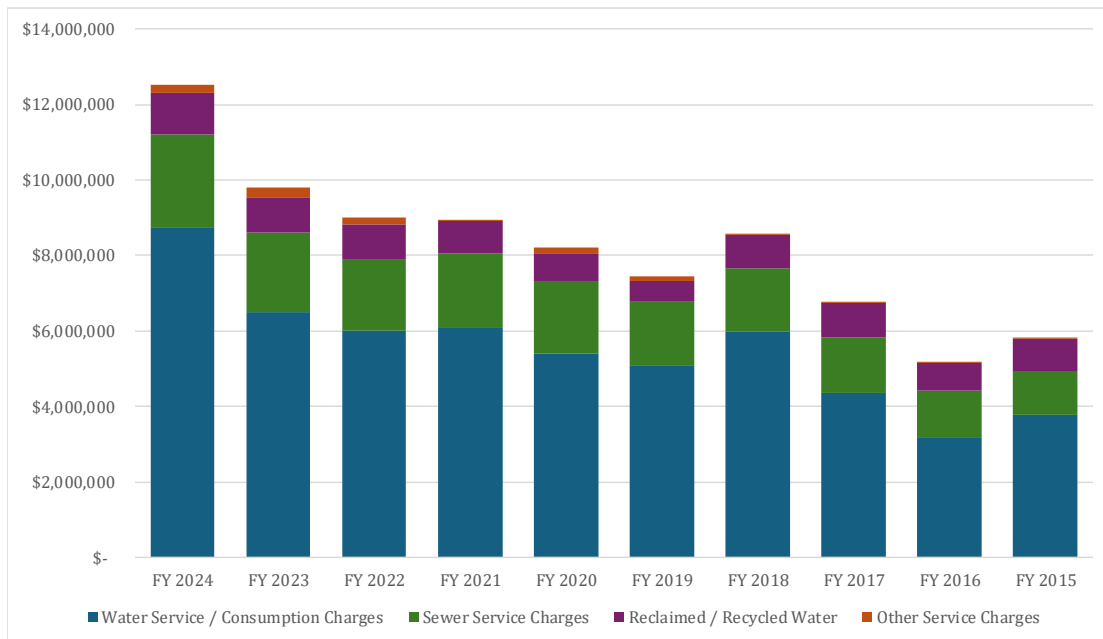
(5) PPA related to implementation of GASB 75.

(6) PPA related to implementation of GASB 68 and 71.

PPA = Prior Period Adjustment

Trabuco Canyon Water District
Operating Revenues by Source
For the Past Ten Fiscal Years

Fiscal Year	Water Service / Consumption Charges	Sewer Service Charges	Reclaimed / Recycled Water	Other Service Charges	Total Operating Revenue
FY 2024	\$ 8,730,117	\$ 2,480,724	\$ 1,101,951	\$ 216,807	\$ 12,529,599
FY 2023	6,506,887	2,098,956	907,833	300,060	9,813,737
FY 2022	6,011,015	1,881,562	939,440	186,574 ⁽²⁾	9,018,591
FY 2021	6,096,488	1,955,994	859,761	16,775 ⁽³⁾	8,929,018
FY 2020	5,408,715	1,918,114	723,088	151,158	8,201,075
FY 2019	5,104,538	1,680,060	550,646	114,185 ⁽⁴⁾	7,449,430
FY 2018	5,983,944	1,670,020	886,517	36,428	8,576,909
FY 2017	4,349,376	1,490,075	912,854	25,872	6,778,177
FY 2016	3,166,148	1,249,959	751,903	25,562	5,193,572
FY 2015	3,767,974	1,163,483	874,333	34,681	5,840,471



Source: TCWD Accounting Department

Notes

(1) Water sales varies depending upon a variety of external factors beyond TCWD's control such as rainfall, population growth and supply fluctuations.

(2) Other service charges increased due to customer late charges of \$179K, which resumed during the fiscal year.

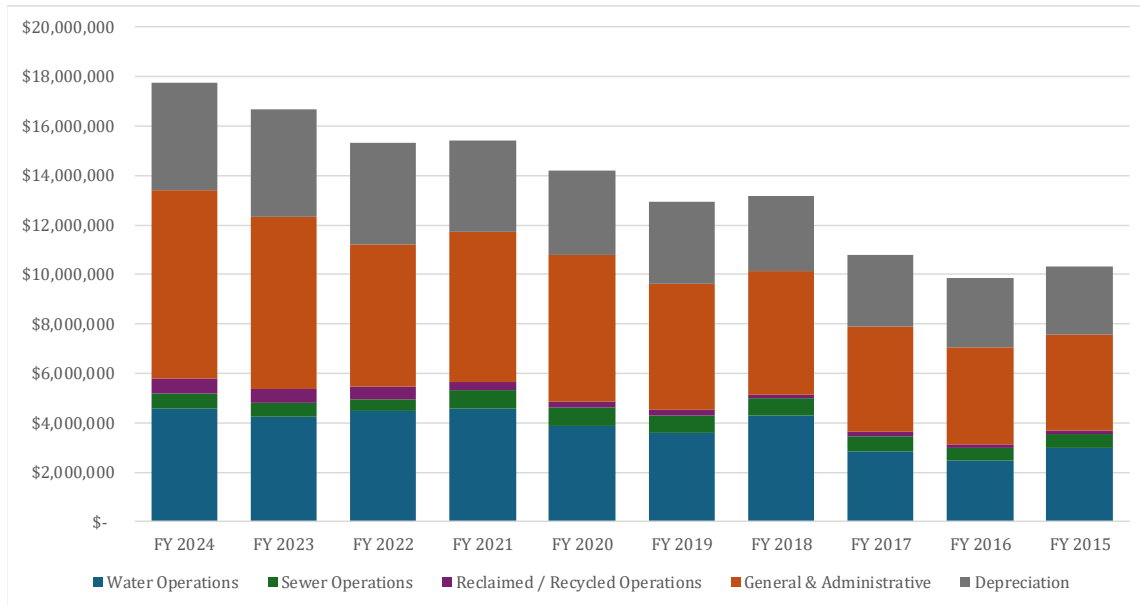
(3) Other service charges decreased due to the suspension of customer late charges during the COVID-19 pandemic.

(4) Increased due to \$108K in unusual customer late charges.

(5) Prior year revenues may be reclassified to conform to current year presentation.

Trabuco Canyon Water District
Operating Expenses by Activity
For the Past Ten Fiscal Years

Fiscal Year	Water Operations	Sewer Operations	Reclaimed / Recycled Operations	General & Administrative	Depreciation	Total Operating Expenses
FY 2024	\$ 4,553,453	\$ 643,577	\$ 606,960	\$ 7,596,434	\$ 4,347,932	\$ 17,748,356
FY 2023	4,235,301	566,643	555,663	6,967,777	4,357,962	16,683,346
FY 2022	4,497,922	443,416	501,353	5,749,217	4,129,429	15,321,337
FY 2021	4,551,853	760,443	326,133	6,071,979	3,689,570	15,399,978
FY 2020	3,855,349	770,328	239,354	5,907,002	3,428,662	14,200,695
FY 2019	3,585,547	705,447	251,063	5,090,651	3,304,226	12,936,934
FY 2018	4,275,792	698,653	170,398	4,986,713	3,050,781	13,182,336
FY 2017	2,853,732	618,484	151,604	4,261,266	2,878,879	10,763,964
FY 2016	2,456,988	521,905	162,804	3,894,940	2,796,279	9,832,915
FY 2015	3,002,022	539,339	134,154	3,869,773	2,771,434	10,316,721



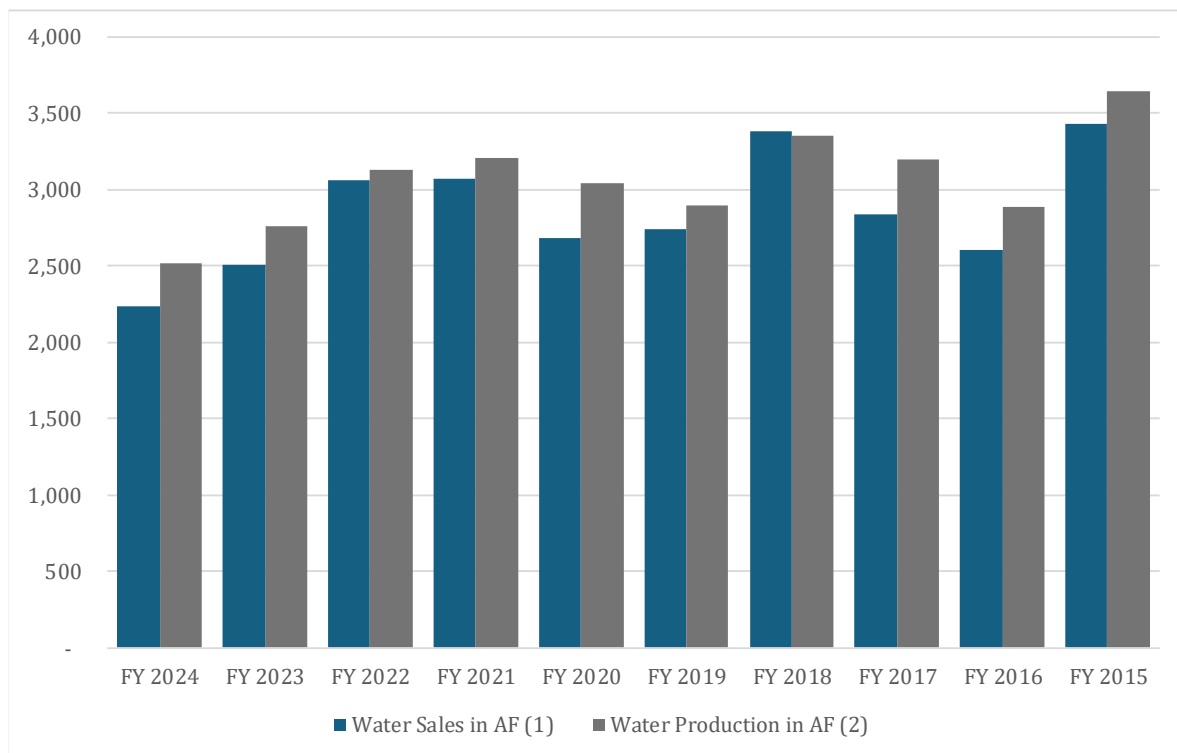
Source: TCWD Accounting Department

Notes

- (1) Water purchases will vary depending upon a variety of external factors beyond TCWD's control such as rainfall, population growth and supply fluctuations.
- (2) Reclaimed and Recycled expenses were separated and accounted for beginning in fiscal year 2020.
- (3) Expenses in prior years may be reclassified to conform to current year presentation.

Trabuco Canyon Water District
Revenue Base
For the Past Ten Fiscal Years

Fiscal Year	Water Sales in AF ⁽¹⁾	Water Production in AF ⁽²⁾
FY 2024	2,237	2,520
FY 2023	2,508	2,762
FY 2022	3,061	3,128
FY 2021	3,069	3,207
FY 2020	2,683	3,039
FY 2019	2,736	2,896
FY 2018	3,382	3,351
FY 2017	2,835	3,200
FY 2016	2,604	2,885
FY 2015	3,431	3,649



Source: TCWD Accounting Department

Notes

(1) Water sold will vary depending upon a variety of external factors beyond TCWD's control such as rainfall, population growth and supply fluctuations. Excludes Baker Treatment Plant wholesale water pass-through sales.

(2) Production includes both potable and non-potable water.

Trabuco Canyon Water District

Water Rates

For the Past Ten Fiscal Years

Fiscal Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Potable Water Consumption per Hundred Cubic Feet (HCF)										
SF Residential - Tier 1	4.40	2.92	2.70	2.50	2.68	2.55	2.42	2.30	2.19	2.19
SF Residential - Tier 2	5.12	3.72	3.44	3.18	2.98	2.83	2.69	2.56	2.43	2.24
SF Residential - Tier 3	5.64	7.06	6.53	6.04	5.91	5.62	5.35	5.09	4.84	2.30
SF Residential - Tier 4		9.16	8.48	7.85	7.30	6.95	6.61	6.29	5.99	2.79
SF Residential - Tier 5	*3 tier structure beginning FY 2024									3.34
SF Residential - Tier 6										3.95
SF Residential - Tier 7										4.70
SF Residential - Tier 8										5.57
Multi-Family Tier 1	4.62	4.86	3.17	2.93	3.08	2.93	2.79	2.65	2.52	2.64
Multi-Family Tier 2	5.64									
Irrigation - HOAs	4.73	4.86	4.50	4.16	3.65	3.47	3.30	3.14	2.99	2.91
Irrigation - Commercial	4.73	4.86	4.50	4.16	3.65	3.47	3.30	3.14	2.99	3.02
Commercial	4.73	3.76	3.48	3.22	3.23	3.07	2.92	2.78	2.64	2.76
Agriculture	4.73	6.17	5.71	5.28	3.73	3.55	3.38	3.21	3.05	
Agriculture - Tier 1 - Jan-Jun										2.45
Agriculture - Tier 2 - Jan-Jun										3.30
Agriculture - Tier 3 - Jan-Jun										3.85
Agriculture - Tier 4 - Jan-Jun										4.39
Agriculture - Tier 5 - Jan-Jun										4.93
Agriculture - Tier 1 - Jul-Dec										2.45
Agriculture - Tier 2 - Jul-Dec										3.48
Agriculture - Tier 3 - Jul-Dec										4.19
Agriculture - Tier 4 - Jul-Dec										4.91
Agriculture - Tier 5 - Jul-Dec										5.64
Construction	4.77	4.35	4.02	3.72	4.70	4.47	4.25	4.04	3.84	3.64
Recycled Water Consumption per Hundred Cubic Feet (HCF)										
Non-Domestic - Dove	4.08	3.47	2.99	2.71	2.40	2.37	2.37	2.37	2.37	2.37
Non-Domestic - Golf Course	4.08	3.47	2.99	2.71	2.50	2.41	2.41	2.41	2.41	2.49
Non-Domestic - Other	4.08	3.47	2.99	2.71	2.41	2.41	2.41	2.41	2.41	2.49
Monthly Fixed Service Charge by Meter - Potable Water										
5/8 inch	46.84	21.04	19.48	18.03	16.67	15.87	15.11	14.39	13.70	8.25
3/4 inch	46.84	21.04	19.48	18.03	16.67	15.87	15.11	14.39	13.70	10.76
1 inch	94.93	30.70	28.42	26.31	24.00	22.85	21.76	20.72	19.73	16.77
1 1/2 inch	175.08	54.85	50.78	47.01	43.85	41.76	39.77	37.87	36.06	31.78
2 inch	271.26	83.81	77.60	71.85	65.04	61.94	58.99	56.18	53.50	49.79
3 inch	575.83	175.57	162.56	150.51	134.03	127.64	121.56	115.77	110.25	91.83
4 inch	1,024.67	310.77	287.75	266.43	233.19	222.08	211.50	201.42	191.82	151.87
6 inch	2,098.68	779.18	721.46	668.01	579.72	552.11	525.81	500.77	476.92	302.00
Hydrant Meter	575.83	175.57	162.56	150.51	135.01	128.58	122.45	116.61	111.05	56.90
Monthly Fixed Service Charge by Meter - Recycled Water										
5/8 inch	25.76	21.04	19.48	18.03	16.67	15.87	15.11	14.39	13.70	8.25
3/4 inch	25.76	21.04	19.48	18.03	16.67	15.87	15.11	14.39	13.70	10.76
1 inch	52.21	30.70	28.42	26.31	24.00	22.85	21.76	20.72	19.73	16.77
1 1/2 inch	96.29	54.85	50.78	47.01	43.85	41.76	39.77	37.87	36.06	31.78
2 inch	149.19	83.81	77.60	71.85	65.04	61.94	58.99	56.18	53.50	49.79
3 inch	316.71	175.57	162.56	150.51	134.03	127.64	121.56	115.77	110.25	91.83
4 inch	563.57	310.77	287.75	266.43	233.19	222.08	211.50	201.42	191.82	151.87
6 inch	1,154.27	779.18	721.46	668.01	579.72	552.11	525.81	500.77	476.92	302.00
10 inch	3,711.06	2,034.69	1,883.97	1,744.41	1,513.42	1,441.35	1,372.71	1,307.34	1,245.08	482.14
Monthly Water Reliability and Emergency Storage (WRES) Charge										
5/8 inch		16.04	16.04	16.04	16.04	16.50	16.50	16.50	16.50	16.50
3/4 inch		16.04	16.04	16.04	16.04	16.50	16.50	16.50	16.50	16.50
1 inch		25.25	25.25	25.25	25.25	26.39	26.39	26.39	26.39	26.39
1 1/2 inch		38.48	38.48	38.48	38.48	39.59	39.59	39.59	39.59	39.59
2 inch		51.30	51.30	51.30	51.30	52.78	52.78	52.78	52.78	52.78
3 inch		76.95	76.95	76.95	76.95	79.17	79.17	79.17	79.17	79.17
4 inch		102.60	102.60	102.60	102.60	105.56	105.56	105.56	105.56	105.56
6 inch		153.90	153.90	153.90	153.90	158.34	158.34	158.34	158.34	158.34
1 1/2 inch Non-Domestic		32.70	32.70	32.70	32.70	33.64	33.64	33.64	33.64	33.64
2 inch Non-Domestic		43.60	43.60	43.60	43.60	44.86	44.86	44.86	44.86	44.86
3 inch Non-Domestic		65.42	65.42	65.42	65.42	67.30	67.30	67.30	67.30	67.30
4 inch Non-Domestic		87.21	87.21	87.21	87.21	89.73	89.73	89.73	89.73	89.73
10 inch Non-Domestic		218.03	218.03	218.03	218.03	224.32	224.32	224.32	224.32	224.32

Source: TCWD Accounting Department

Notes

(1) The District is required to follow Proposition 218 procedures when raising or adjusting rates.

(2) For more information on the District's rate structure, visit <https://www.tcwd.ca.gov/your-water/district-rates-fees-charges>

Trabuco Canyon Water District
Wastewater Rates
For the Past Ten Fiscal Years

Fiscal Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Monthly Wastewater Service Charge - Residential										
Single Family Residential	45.92	39.56	37.32	35.20	32.62	31.06	29.57	28.15	24.47	19.80
Multi-Family Residential (per DU)	45.92	35.47	28.61	26.99	32.62	31.06	29.57	28.15	24.47	11.58
Monthly Wastewater Service Charge - Commercial										
5/8 inch	12.58	5.14	4.85	4.58	6.20	5.90	5.61	5.34	4.64	5.00
3/4 inch	12.58	5.14	4.85	4.58	6.20	5.90	5.61	5.34	4.64	7.19
1 inch	12.58	5.14	4.85	4.58	6.20	5.90	5.61	5.34	4.64	11.58
1 1/2 inch	12.58	5.14	4.85	4.58	6.20	5.90	5.61	5.34	4.64	22.56
2 inch	12.58	5.14	4.85	4.58	6.20	5.90	5.61	5.34	4.64	35.74
3 inch	12.58	5.14	4.85	4.58	6.20	5.90	5.61	5.34	4.64	66.48
4 inch	12.58	5.14	4.85	4.58	6.20	5.90	5.61	5.34	4.64	110.40
6 inch	12.58	5.14	4.85	4.58	6.20	5.90	5.61	5.34	4.64	220.19
8 inch	12.58	5.14	4.85	4.58	6.20	5.90	5.61	5.34	4.64	351.94
Volumetric Rate per Hundred Cubic Feet (HCF)										
Commercial - Low	4.78	5.69	5.36	5.05	4.38	4.17	3.97	3.78	3.28	1.92
Commercial - Medium	8.00	7.21	6.80	6.41	7.05	6.71	6.39	6.08	5.28	2.72
Commercial - High	12.36	9.44	8.90	8.39	10.66	10.15	9.66	9.20	8.00	4.30

Source: TCWD Accounting Department

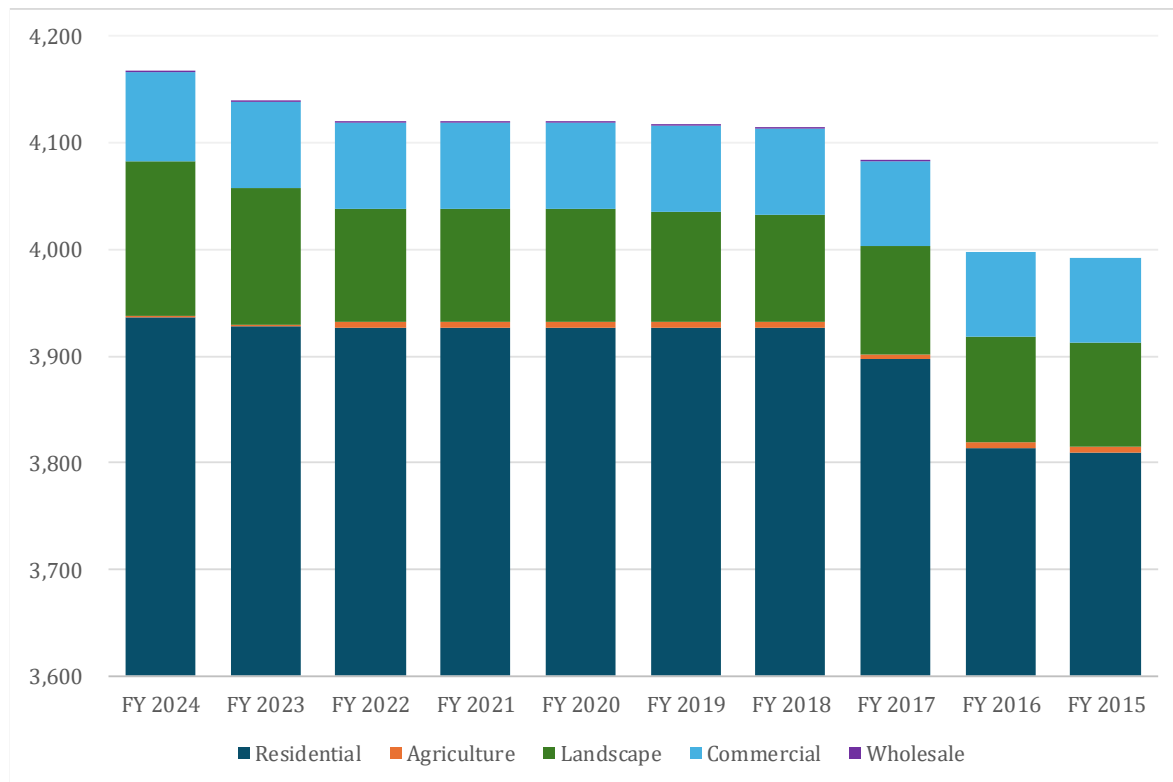
Notes

(1) The District is required to follow Proposition 218 procedures when raising or adjusting rates.

(2) For more information on the District's rate structure, visit <https://www.tcwd.ca.gov/your-water/district-rates-fees-charges>

Trabuco Canyon Water District
Water Customers by Type
For the Past Ten Fiscal Years

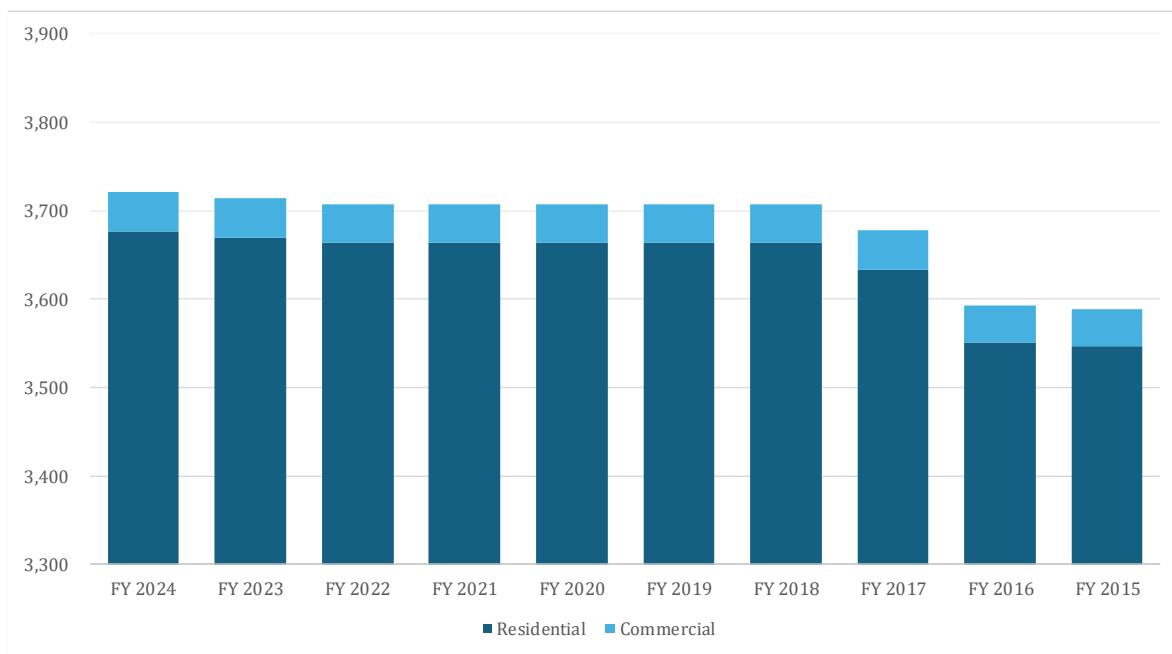
Fiscal Year	Residential	Agriculture	Landscape	Commercial	Wholesale	Total Customers
FY 2024	3,936	2	145	83	1	4,167
FY 2023	3,928	2	128	81	1	4,140
FY 2022	3,927	5	106	81	1	4,120
FY 2021	3,927	5	106	81	1	4,120
FY 2020	3,927	5	106	81	1	4,120
FY 2019	3,927	5	104	81	1	4,118
FY 2018	3,927	5	101	81	1	4,115
FY 2017	3,897	5	101	80	1	4,084
FY 2016	3,814	5	100	79	-	3,998
FY 2015	3,810	5	98	79	-	3,992



Source: TCWD Accounting Department

Trabuco Canyon Water District
Wastewater Customers by Type
For the Past Ten Fiscal Years

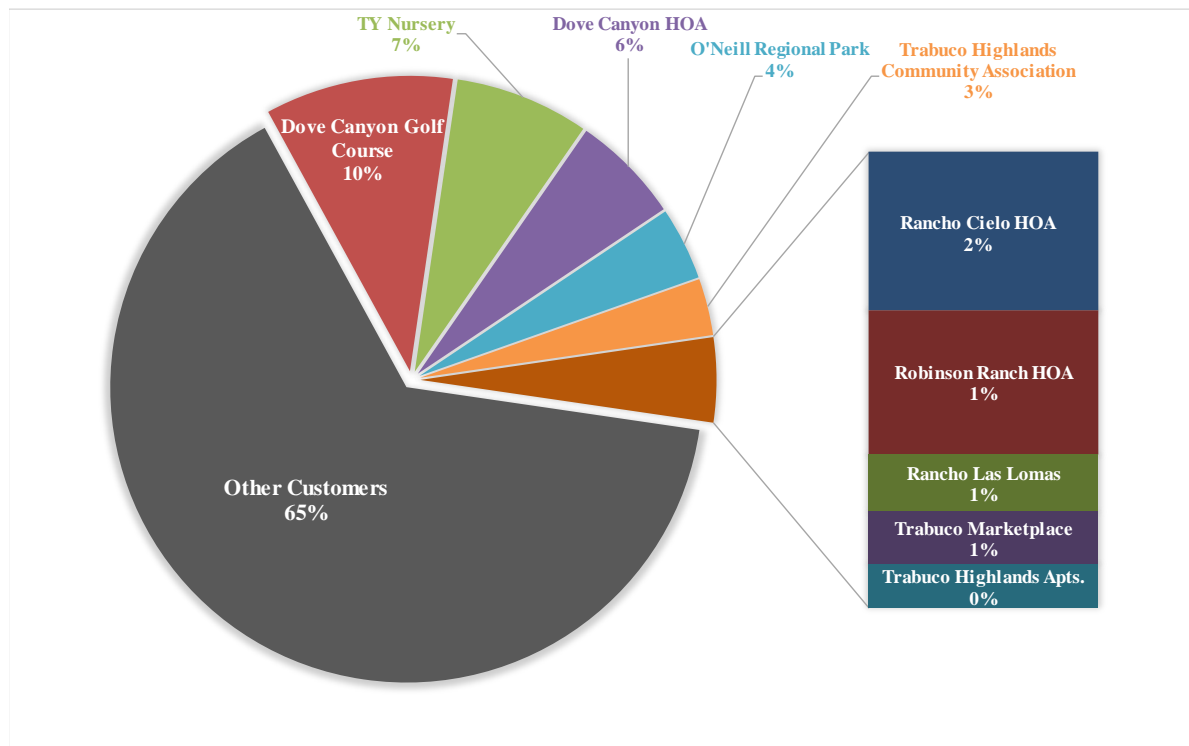
Fiscal Year	Residential	Commercial	Total Customers
FY 2024	3,676	45	3,721
FY 2023	3,670	45	3,715
FY 2022	3,664	44	3,708
FY 2021	3,664	44	3,708
FY 2020	3,664	44	3,708
FY 2019	3,664	44	3,708
FY 2018	3,664	43	3,707
FY 2017	3,634	44	3,678
FY 2016	3,551	42	3,593
FY 2015	3,547	42	3,589



Source: TCWD Accounting Department

Trabuco Canyon Water District
Principal Water Customers
Current Fiscal Year and Ten Years Ago

Customer	2023		2014	
	Water Sold (AF) ⁽²⁾	Percentage of Total	Water Sold (AF)	Percentage of Total
1 Dove Canyon Golf Course	257.4	10.3%	371.6	6.5%
2 TY Nursery	183.4	7.3%	243.9	1.4%
3 Dove Canyon HOA	149.5	6.0%	237.2	4.5%
4 O'Neill Regional Park	99.9	4.0%	52.9	2.2%
5 Trabuco Highlands Community Association	77.8	3.1%	169.3	4.9%
6 Rancho Cielo HOA	40.3	1.6%	82.8	1.4%
7 Robinson Ranch HOA	36.7	1.5%	66.0	0.9%
8 Rancho Las Lomas	14.7	0.6%	35.3	0.4%
9 Trabuco Marketplace	13.3	0.5%	16.5	1.8%
10 Trabuco Highlands Apts.	11.2	0.4%	50.8	10.0%
	884.2	35.3%	1,326.4	34.0%



Source: TCWD Accounting Department

Notes

One Acre Foot is equivalent to approximately 325,900 gallons.

Trabuco Canyon Water District
Ratio of Outstanding Debt
For the Past Ten Fiscal Years

Fiscal Year	Refunding Revenue Bonds	2011 State Revolving Fund Loan	Bank of The West Loan Payable	2024 Debt Issuance	Total Debt Outstanding	Per Capita ⁽¹⁾	As a Share of Personal Income ⁽²⁾
FY 2024	\$ -	\$ 1,675,794	\$ -	\$ 20,000,000 ⁽⁴⁾	\$ 21,675,794	\$ 1,677.56	1.98%
FY 2023	-	1,770,766	10,000,000 ⁽³⁾		11,770,766	910.98	1.07%
FY 2022	-	1,957,505	10,000,000		11,957,505	925.43	1.10%
FY 2021	-	2,140,052	-		2,140,052	165.63	0.20%
FY 2020	-	2,318,501	-		2,318,501	179.44	0.25%
FY 2019	890,000	2,492,943	-		3,382,943	261.82	0.37%
FY 2018	1,711,898	2,663,469	-		4,375,367	338.62	0.51%
FY 2017	2,493,795	2,912,107	-		5,405,902	425.26	0.68%
FY 2016	3,235,693	2,993,121	-		6,228,814	489.99	0.82%
FY 2015	4,502,362	3,152,418	-		7,654,780	602.17	1.02%



Source: TCWD Accounting Department

Notes

(1) Population estimate for per capita figures is based on TCWD's Urban Water Management Plan which is updated every five years.

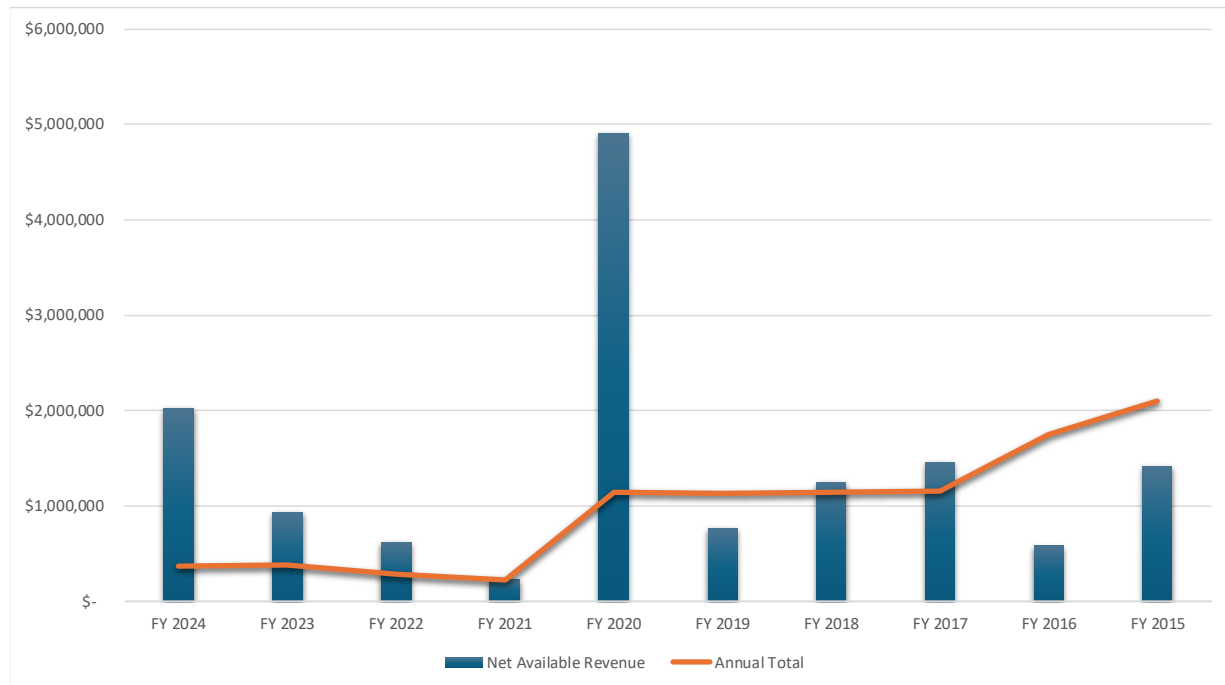
(2) Personal income information is based on County of Orange data, which is representative of the conditions and experiences of TCWD.

(3) The District received \$10M in loan proceeds from Bank of The West for use on capital projects during FY 2022 and FY 2023.

(4) The District issued new debt in FY 2024 to payoff the Bank of the West \$10M loan proceeds as well as fund new capital improvement projects over the next three fiscal years.

Trabuco Canyon Water District
Debt Service Coverage
For the Past Ten Fiscal Years

Fiscal Year	Revenues (1),(7)	Expenses (2)	Net Available Revenue	Debt Service			Coverage Ratio (6),(8)
				Principal	Interest	Annual Total	
FY 2024	\$ 15,493,085	\$ 13,475,613	\$ 2,017,471	\$ 191,028	\$ 178,714	\$ 369,742	5.46
FY 2023	13,270,418	12,335,514	934,904	186,739	189,448	376,187	2.49
FY 2022	12,042,640	11,428,515	614,125	182,547	102,612	285,159	2.15
FY 2021	11,957,956	11,722,836	235,120	178,449	51,932	230,381	1.02
FY 2020	15,688,241	10,784,729	4,903,512	1,062,473	85,053	1,147,526 (3)	4.27
FY 2019	10,418,187	9,651,388	766,799	993,601	141,233	1,134,834	0.68
FY 2018	11,443,339	10,200,164	1,243,176	949,816	194,123	1,143,939	1.09
FY 2017	9,352,530	7,898,146	1,454,384	906,116	244,487	1,150,603	1.26
FY 2016	7,664,952	7,087,167	577,784	1,437,498	309,268	1,746,766 (4)	0.33
FY 2015	9,092,999	7,676,789	1,416,210	1,693,962	400,922	2,094,884 (5)	0.68



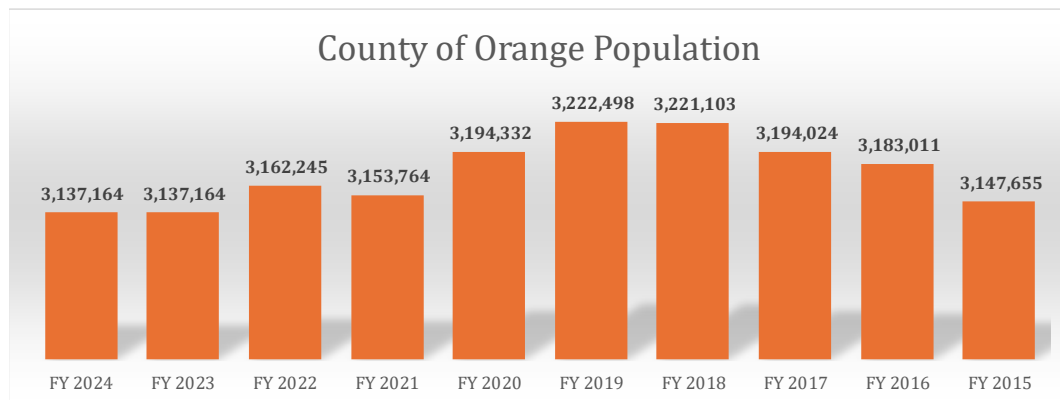
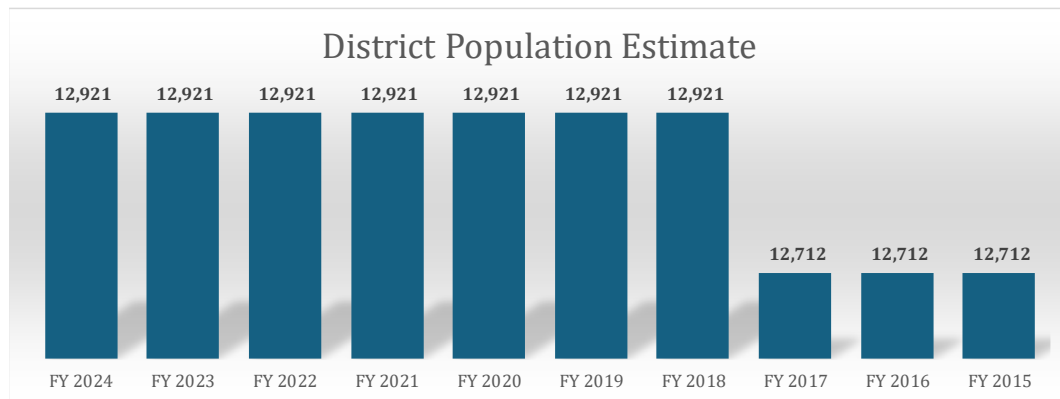
Source: TCWD Accounting Department

Notes

- (1) Revenues include operating and non-operating revenues.
- (2) Expenses include operating and non-operating expenses less depreciation, amortization and interest.
- (3) 1994 Series C Revenue Refunding Bonds fully repaid during FY 2020.
- (4) 1994 Series A Revenue Refunding Bonds fully repaid during FY 2016.
- (5) 1994 Series B Revenue Refunding Bonds fully repaid during FY 2015.
- (6) Calculations are on an accrual basis, not a cash paid basis.
- (7) Revenues include Water Reliability and Emergency Services revenues.
- (8) Calculation are not calculated in accordance with the Bank of the West credit agreements in connection with debt service coverage requirements.

Trabuco Canyon Water District
Demographic and Economic Statistics
For the Past Ten Fiscal Years

Fiscal Year	District	County of Orange Data ⁽²⁾			
	Population Estimate ⁽¹⁾	Unemployment Rate	Population	Personal Income	Per Capita Personal Income
FY 2024	(4) 12,921	4.0%	3,137,164	266,043,000	84,804
FY 2023	12,921	3.6%	3,137,164	266,043,000	84,804
FY 2022	12,921	2.8%	3,162,245	267,143,000	84,479
FY 2021	12,921	6.3%	3,153,764	258,933,000	82,103
FY 2020	12,921	12.3%	3,194,332	226,531,000	70,917
FY 2019	12,921	3.0%	3,222,498	230,180,000	71,429
FY 2018	12,921	3.1%	3,221,103	215,479,000	66,896
FY 2017	12,712	4.2%	3,194,024	199,492,000	62,458
FY 2016	12,712	4.4%	3,183,011	190,978,000	59,999
FY 2015	12,712	4.0%	3,147,655	185,500,000	58,933



Source: California Department of Finance and California Labor Market Info

Notes

(1) Population estimate is based on TCWD's Urban Water Management Plan which is updated every five years

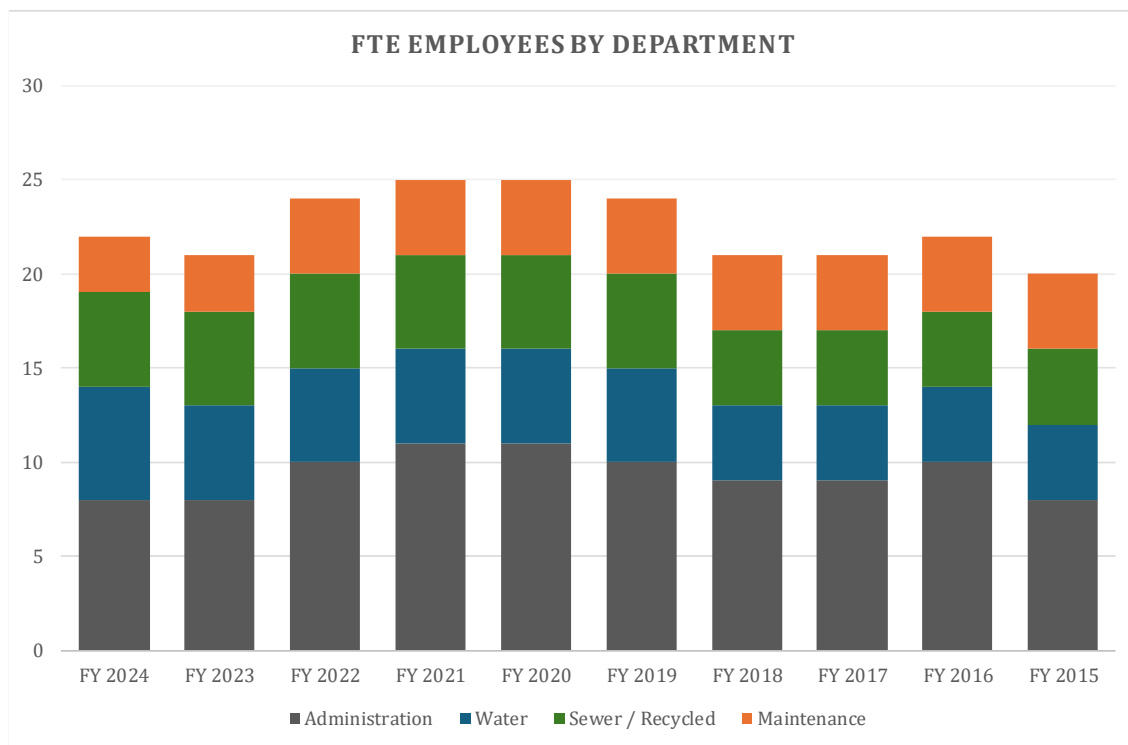
(2) Certain economic indicators such as unemployment rate and personal income are not calculated separately for TCWD. Therefore, TCWD has chosen to use the County of Orange data, which is representative of the conditions and experiences of TCWD.

(3) Certain economic indicators such as unemployment rate and personal income are not calculated separately for TCWD. Therefore, TCWD has chosen to use the County of Orange data, which is representative of the conditions and experiences of TCWD.

(4) The County of Orange ACFR not available at time of publication so estimates were used.

Trabuco Canyon Water District
Personnel Trends
For the Past Ten Fiscal Years

Fiscal Year	Administrati on	Water	Sewer / Recycled	Maintenance	Total
FY 2024	8	6	5	3	22
FY 2023	8	5	5	3	21
FY 2022	10	5	5	4	24
FY 2021	11	5	5	4	25
FY 2020	11	5	5	4	25
FY 2019	10	5	5	4	24
FY 2018	9	4	4	4	21
FY 2017	9	4	4	4	21
FY 2016	10	4	4	4	22
FY 2015	8	4	4	4	20



Source: Trabuco Canyon Water District Accounting Department and Operations Department

Trabuco Canyon Water District
Miscellaneous Operating Statistics
For the Past Ten Fiscal Years

	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY
TCWD SERVICE AREA	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
# Water Connections	4,139	4,113	4,092	4,092	4,092	4,090	4,087	4,056	3,970	3,964
# Recycled Water Connections	28	27	28	28	28	28	28	28	28	28
# Water & Recycled Water Connections	4,167	4,140	4,120	4,120	4,120	4,118	4,115	4,084	3,998	3,992
Number of Sewer Connections	3721	3715	3708	3708	3708	3708	3707	3678	3593	3589
Approximate Area (Acres)	8200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200	8,200
Number of Water Pump Stations	9	9	9	9	9	9	9	9	9	9
Number of Reservoirs	8	8	8	8	8	8	8	8	8	8
Number of Wells	2	2	2	2	2	2	2	2	2	2
Number of Water Treatment Plants	2	2	2	2	2	2	2	2	2	2
Number of Sewage Treatment Plants	1	1	1	1	1	1	1	1	1	1
Miles of Pipeline	66	66	66	66	66	66	66	66	66	66
System Capacity										
Imported (Acre-Feet)	4,343	4,343	4,343	4,343	4,343	4,343	4,343	4,343	4,343	4,343
Imported (Billion Gallons)	1.42	1.42	1.42	1.42	1.42	1.42	1.42	1.42	1.42	1.42
Water Demand (1)										
Imported (Acre-Feet)	3,077	3,777	4,083	3,703	3,776	4,483	3,290	2,604	3,431	3,725
Imported (Billion Gallons)	1.00	1.23	1.33	1.21	1.23	1.46	1.07	0.85	1.12	1.21

Source: Trabuco Canyon Water District Accounting Department and Operations Department

Notes

(1) Water demand on this schedule includes Baker Treatment Plant pass-through wholesale water.

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
Trabuco Canyon Water District
Trabuco Canyon, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Trabuco Canyon Water District (District), which comprise the balance sheet as of June 30, 2024, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 31, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Murrieta, California
December 31, 2024