



**WESTERN MUNICIPAL
WATER DISTRICT**

Powered by water. Driven by service.

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

For the fiscal year ended June 30, 2024

2023-24



ANNUAL COMPREHENSIVE FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Prepared by: Western Municipal Water District's Finance Department

WESTERN MUNICIPAL WATER DISTRICT

Western Municipal Water District (Western Water) is securing your water supply for today and tomorrow. Western Water is one of the largest public agencies in Riverside County providing water, wastewater (sewer), and recycled water services to nearly 1 million people, both wholesale and retail customers, across 527-square miles in western Riverside County.

MISSION

To provide water supply, wastewater disposal, and water resource management to the public in a safe, reliable, environmentally sensitive, and financially responsible manner.

VISION

To enhance Western Water's leadership role by integrating the best-in-business processes and business systems while developing a leading-edge workforce that continuously creates greater efficiency and value for our customers.

VALUES

Service excellence

Exceeding the expectations of all customers and stakeholders.

Public trust, accountability, and transparency

Maintaining a standard of exceptional integrity, honor, and respect through open communication and accessibility.

Efficiency

Ensuring that our dedication to efficiency standards extends across Western Water and beyond water resources, providing guidance to all financial and operational decisions.

Environmental stewardship

Promoting responsible and sustainable practices in water and other natural resources.

Water supply reliability

Securing a safe and stable water supply through diverse source strategies and innovative water resource management.

Fiscal responsibility and value

Ensuring the financial stability of Western Water and value to the customer through sound fiscal management and disciplined decision making.

Employee empowerment

Fostering an environment where organizational effectiveness is valued, mutual respect is paramount, and employee support and development is fundamental to our core culture.

Innovation

Continuously seeking and introducing new ideas, services, and opportunities in all that we do. We thrive on our ability to find solutions and possibilities through the ingenuity and creativity of our team.

Powered by water. Driven by service.

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024



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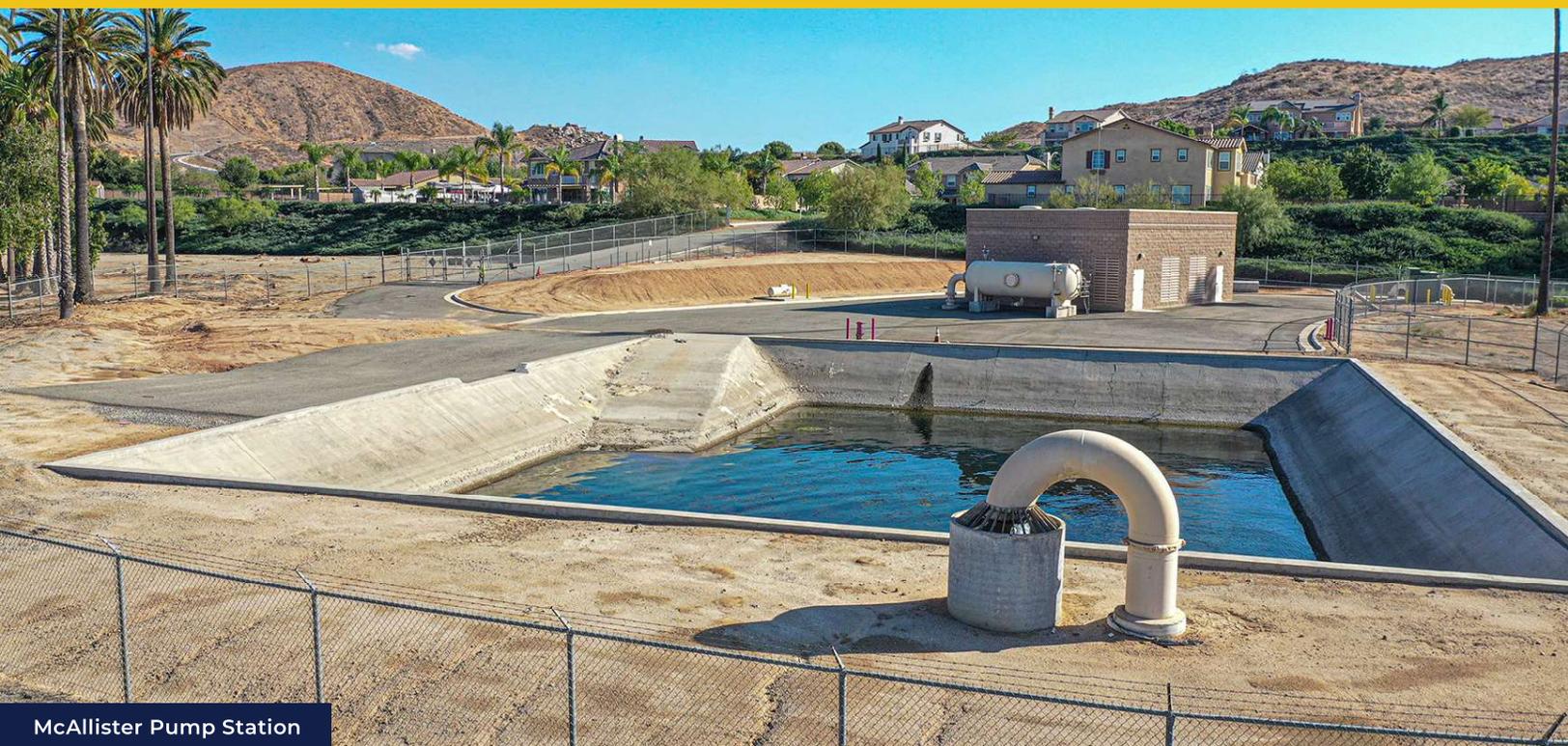
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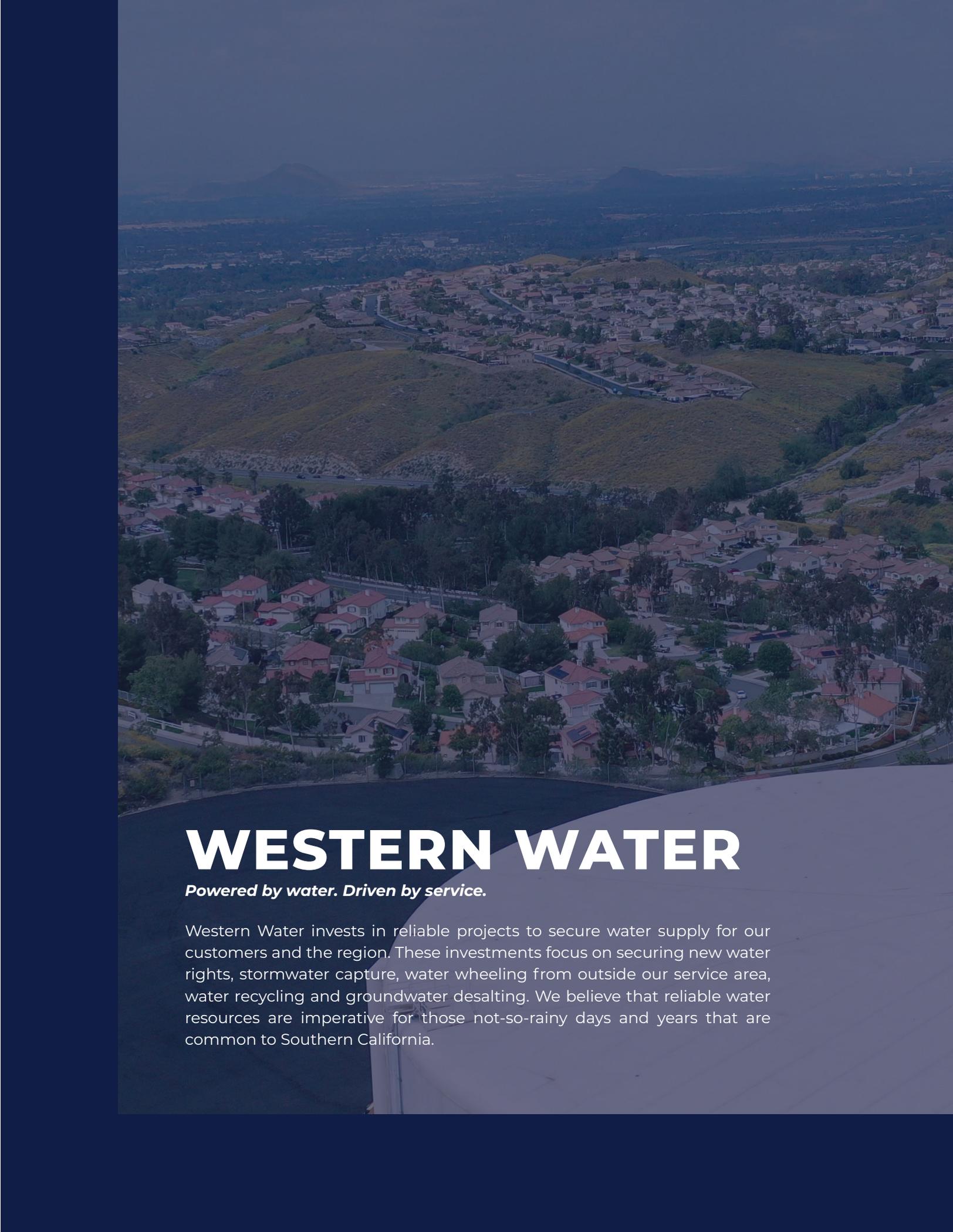
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McAllister Pump Station



WESTERN WATER

Powered by water. Driven by service.

Western Water invests in reliable projects to secure water supply for our customers and the region. These investments focus on securing new water rights, stormwater capture, water wheeling from outside our service area, water recycling and groundwater desalting. We believe that reliable water resources are imperative for those not-so-rainy days and years that are common to Southern California.

INTRODUCTORY SECTION



ANNUAL COMPREHENSIVE
FINANCIAL REPORT
2023-24



Craig D. Miller
General Manager

MESSAGE FROM THE GENERAL MANAGER

January 24, 2025

To the Board of Directors and customers served by Western Water,

I am pleased to present Western Municipal Water District's (Western Water) Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024. Our Finance Department has prepared this report following the guidelines recommended by the Governmental Accounting Standards Board (GASB) and generally accepted accounting principles (GAAP).

Western Water remains committed to using customer revenue responsibly to build, monitor, and maintain the systems that deliver water and wastewater (sewer) service—both for today and for future generations. We are accountable for the accuracy of the data presented, as well as the completeness and fairness of the report, including its disclosures. We believe the information is accurate in all material respects and transparently represents Western Water's operations and financial condition.

This report includes all necessary disclosures to enhance understanding of our financial position. In accordance with GAAP, it features a narrative introduction, overview, and analysis, along with the basic financial statements presented in the form of Management's Discussion and Analysis (MD&A). This transmittal letter is designed to complement the MD&A, which should be reviewed alongside the basic financial statements. The MD&A is located immediately after the report from the independent audit firm.

Western Water's basic financial statements have been audited by Clifton Larson Allen, LLP, a licensed and reputable firm of certified public accountants. The independent audit aims to provide reasonable assurance that Western Water's basic financial statements for the fiscal year ended June 30, 2024, are free of material misstatements. The audit process involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles applied, evaluating significant estimates made by management, and reviewing the overall presentation of the financial statements.

The independent auditors have issued an unmodified opinion, affirming that Western Water's basic financial statements for the fiscal year ended June 30, 2024, are fairly presented in accordance with GAAP. The independent auditor's report is included as the first component of the financial section of this document.

Sincerely,

Craig D. Miller
General Manager

REPORTING ENTITY AND ITS SERVICES

WESTERN WATER'S SERVICE AREA

Western Municipal Water District (Western Water) is one of the largest public agencies in Riverside County, providing water, wastewater, and recycled water services to nearly a million people, both wholesale and retail customers, who live, work and play within 527 square miles in one of California's most populous regions. Within Western Water's service boundaries are the cities of Canyon Lake, Corona, Eastvale, Jurupa Valley, Lake Elsinore, Murrieta, Norco, Riverside, and Temecula. Western Water provides imported water to its service area as a supplement to the region's local water supply.



The assessed valuation of Western Water's service area has grown from less than \$150 million when formed in 1954 to approximately \$127 billion in this past fiscal year. The population of Riverside County is about 2.4 million, of which Western Water both directly and indirectly serves approximately 980,800 people - or 40 percent of the county's population.

WESTERN WATER'S AUTHORITY

Western Water was formed by voters on January 19, 1954, under the Municipal Water District Act of 1911, to distribute supplemental water purchased from The Metropolitan Water District of Southern California (MWD) to a growing western Riverside County. Before Western Water's creation, the local water supply was primarily groundwater wells that would become insufficient to support the growing region's water demands.

Western Water is authorized to acquire, distribute, store, treat, recycle, recapture, and salvage any water (including sewage) for the beneficial use of Western Water, its residents within the service area, or the owners of rights to water within Western Water's boundaries.



The Municipal Water District Act of 1911 authorizes Western Water to exercise the power of eminent domain; to levy and collect taxes; to fix, revise and collect rates or other charges for the delivery of water, to use facilities or property, or provision for service; and to fix in each fiscal year a water and/or wastewater standby charge on land within the boundaries of Western Water to which water and wastewater services are made available by Western Water. Western Water may also issue bonds, borrow money, and incur debt.

REPORTING ENTITY AND ITS SERVICES

GOVERNANCE

Western Water is a quasi-governmental agency (Special District) of the state of California. Western Water is not regulated by the Public Utilities Commission, but instead is governed by a body of five directors who are publicly elected for a four-year term from comparably sized divisions based on population.

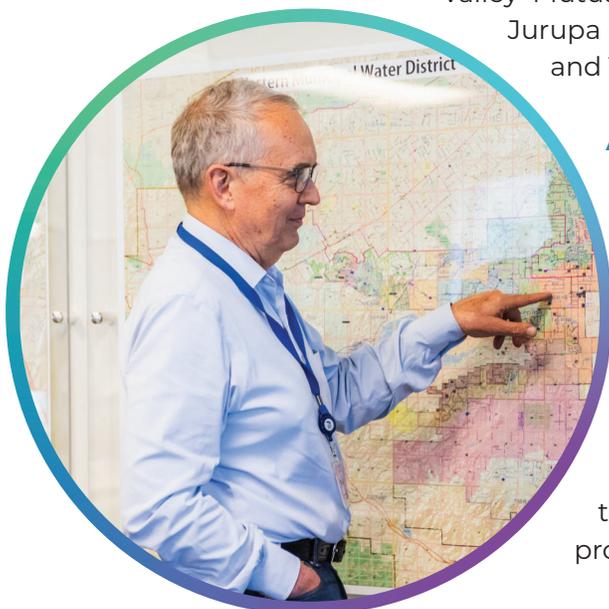
Since the year of its inception, Western Water has been a member of MWD, which is a cooperative organization of 26 cities and water agencies that are responsible for providing imported water to arid Southern California. Western Water has one representative on the MWD Board.

Western Water employs 157 full-time staff under the direction of the board-appointed general manager. Western Water's general manager is also a court-appointed member of the watermaster committees with responsibilities for reporting compliance with water quality and quantity provisions of court orders regarding water rights issues in the Santa Ana River watershed and the San Bernardino groundwater basin area.



WATER SERVICES

Western Water serves approximately 25,100 retail, residential and commercial accounts and eight water agencies and cities with water from both the Colorado River and the State Water Project - purchased from MWD - and from local sources. In fiscal year 2024, Western Water delivered 77,847 acre-feet of water in its retail and wholesale service area (please refer to Tables VIII and IX in the Statistical section for additional information). This is equal to about 25 billion gallons, or nearly 38,000 Olympic sized swimming pools. Approximately 62 percent of the purchased water delivered was potable water (drinking water); the balance was non-potable or raw water. Western Water delivered 73 percent of its water to wholesale customers and the rest to direct customers. Wholesale customers that buy water from Western Water and in turn sell the water to their own customers are Box Springs Mutual Water Company, the cities of Corona and Norco, Eagle Valley Mutual Water Company, Elsinore Valley Municipal Water District, Jurupa Community Services District, Rancho California Water District, and Temescal Valley Water District.



ARLINGTON DESALTER AND THE COMBINED DESALTER ENTERPRISE PROGRAM

To reduce dependence on imported water, Western Water invested in local water supplies and infrastructure to serve existing and future retail and wholesale water demands. To fully optimize the benefits of these investments, Western Water launched the Combined Desalter Enterprise Program (Program). This Program conveys local desalted groundwater to participating wholesale customers (Jurupa Community Services District and the cities of Norco and Corona), and to the Riverside retail service area. The goal of the Program is to produce and deliver 10,000 acre-feet of water annually.

REPORTING ENTITY AND ITS SERVICES

The Program utilizes Western Water's entitlement to 3,534 acre-feet of water from the Chino Basin that was secured by investing in the Chino Basin Desalter Authority Expansion Project. The rest of the Program water is supplied by Western Water's Arlington Desalter, a 7.2 million-gallon per day (MGD) reverse osmosis water treatment plant that turns brackish (salty) groundwater into high-quality drinking water.

The strategic location of the recently constructed Sterling Pump Station and La Sierra Pipeline connects the Arlington Desalter to the Mills Gravity Line (MGL), effectively connecting two sections of Western Water's distribution system that were previously separated. This connection allows Program water to be delivered to the Riverside retail service area and the MGL providing greater operational flexibility and enhanced regional reliability and resiliency.

RETAIL WATER SERVICES

Western Water supplies water directly to approximately 25,100 residential, commercial, and agricultural users in the communities of El Sobrante, Lake Mathews, March Air Reserve Base, Mission Grove, Orangecrest, Rainbow Canyon, Temescal Creek, Woodcrest, and portions of the cities of Riverside and Murrieta. The Murrieta service area, unlike most of Western Water's retail service area, has its own local groundwater wells that are supplemented by imported water supplies.

Arlington Desalter reverse osmosis membranes



Reverse osmosis (RO) system during a RO membrane change out at the Arlington Desalter

SEWER AND RECYCLED WATER SERVICES

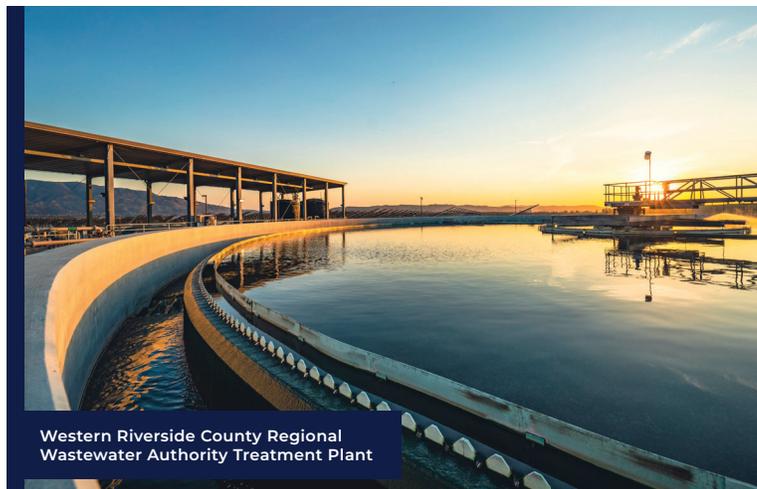
WESTERN WATER RECYCLING FACILITY

Western Water owns and operates the Western Water Recycling Facility (WWRF), which provides wastewater collection and treatment for the March Air Reserve Base and nearby residential and commercial customers located in portions of the city and county of Riverside. WWRF has a 3 MGD capacity and is currently operating at about 1.6 MGD.

WWRF provides wastewater treatment services for about 1,900 customers including the March Air Reserve Base and several commercial customers. The treated wastewater from WWRF is used in Western Water's recycled water system. Supplemented with non-potable local groundwater and surface water from the Colorado River Aqueduct, the tertiary treated recycled water from WWRF is used by customers to irrigate landscaping and agriculture.

WESTERN RIVERSIDE COUNTY REGIONAL WASTEWATER AUTHORITY'S TREATMENT PLANT

Western Water is one of the five member agencies comprising the Western Riverside County Regional Wastewater Authority (WRCRWA). Since 1998, Western Water has been the contracted operator of the



Western Riverside County Regional Wastewater Authority Treatment Plant

WRCRWA treatment plant located near the Santa Ana River, west of the city of Norco. Agencies and communities served by the plant include the city of Corona, Home Gardens Sanitary District, Jurupa Community Services District, the city of Norco, and Western Water.

The treatment plant has a total capacity of 14 MGD, and currently processes an average of 9.09 MGD from residential and commercial wastewater customers, some of which are in Western Water's retail service area. Of the total plant capacity of 14 MGD, Western Water owns treatment capacity rights of 1.93 MGD. Wastewater flows from

Western Water customers averages 0.91 MGD, or 47 percent of the treatment capacity right.

In 2018 the plant completed a \$74.3 million upgrade and expansion to 14 MGD to better serve the needs of the steady growth in the region. Since Western Water's existing owned capacity is sufficient for its current and future customers, Western Water did not participate in the plant expansion cost, but participated in related odor control costs. WRCRWA received a change of use permit from the State Water Resources Control Board (SWRCB) in February 2018, allowing WRCRWA member agencies to use some or all of its recycled water for beneficial reuse (e.g., irrigation, groundwater recharge). WRCRWA continues to pursue the highest and most efficient use of its recycled water. This includes opportunities to connect WRCRWA with other agencies to sell surplus recycled water.

SEWER AND RECYCLED WATER SERVICES

LA SIERRA SERVICE AREA

Western Water provides wastewater collection and conveyance services to approximately 5,300 customers in the La Sierra area of the city of Riverside. The collected wastewater, averaging about 0.91 MGD, flows to the WRCRWA treatment plant with ultimate disposal of the tertiary treated wastewater into the Prado Basin. The collection system serving La Sierra is maintained by Western Water personnel who ensure pipelines and lift stations are functioning properly.

SANTA ROSA REGIONAL RESOURCES AUTHORITY

Western Water is one of the three member agencies comprising the Santa Rosa Regional Resources Authority (SRRRA), located in Murrieta. SRRRA is responsible for collecting, treating and disposing of or recycling wastewater for residents and businesses in the Murrieta, Temecula, and Wildomar communities. This joint powers authority comprises Elsinore Valley Municipal Water District, Rancho California Water District, and Western Water. Wastewater flows originating in the SRRRA service area are treated at the Santa Rosa Water Reclamation Facility. The treatment plant has a capacity of 5 MGD. On average, the plant currently treats 3.13 MGD, of which Western Water's portion was .80 MGD in fiscal year 2024.

MURRIETA SERVICE AREA

Western Water provides wastewater collection and conveyance services to approximately 2,300 customers surrounding the historic downtown area of the city of Murrieta. Treatment of about .80 MGD of wastewater from the Murrieta area is provided by SRRRA. In addition, Eastern Municipal Water District provides treatment services to 74 of Western Water's Murrieta commercial customers.

INLAND EMPIRE BRINE LINE

The Inland Empire Brine Line (Brine Line), is an industrial wastewater disposal system owned by the Santa Ana Watershed Project Authority (SAWPA). The Brine Line is designed to convey 30 MGD of non-reclaimable wastewater from the upper Santa Ana River basin area to the ocean for disposal after treatment by the Orange County Sanitation District. The non-reclaimable wastewater consists of desalter brine concentrate, or salt-laden waste, and industrial wastewater. The Brine Line dischargers include desalter facilities operated by the Chino Desalter Authority, city of Corona, Eastern Municipal Water District, Western Water and other commercial and industrial entities. Western Water is a member agency of SAWPA and operates a wastewater disposal station located at the city of Corona's Wastewater Treatment Plant No. 1, which has a connection to the Brine Line.



One of the rotary drum thickeners for wastewater at the Santa Rosa Regional Resources Authority (SRRRA)

ECONOMIC CONDITIONS AND OUTLOOK

As with all industries, the water industry is affected by a wide variety of economic factors, including legislative action, regulatory requirements, inflation, and labor force availability. Significant factors that particularly affect Western Water are the availability and cost of water, energy costs, and property development.

For Western Water, efficient water use by all customers is paramount. As California continues to ebb and flow between dry and wet cycles, it is Western Water's responsibility to help communicate the value of water and assist customers in using it wisely. In order to assist its customers to continue to save water, Western Water has increased indoor and outdoor rebate funding available to customers. Western Water is participating in all Department of Water Resources (DWR) and State Water Resources Control Board (SWRCB) working groups to lobby for future water use efficiency standards that are achievable by water users Statewide.

In response to legislation by State Assembly Bill (AB) 1668 and Senate Bill (SB) 606, Western Water continues to work with the DWR and the SWRCB to develop a long-term framework that will make water conservation a California way of life. This framework will help to improve the resiliency of California supplies in times of drought. Western Water is also participating in working groups hosted by DWR and SWRCB, ranging in topics from water loss reporting and data streaming to standard outdoor water use objectives.

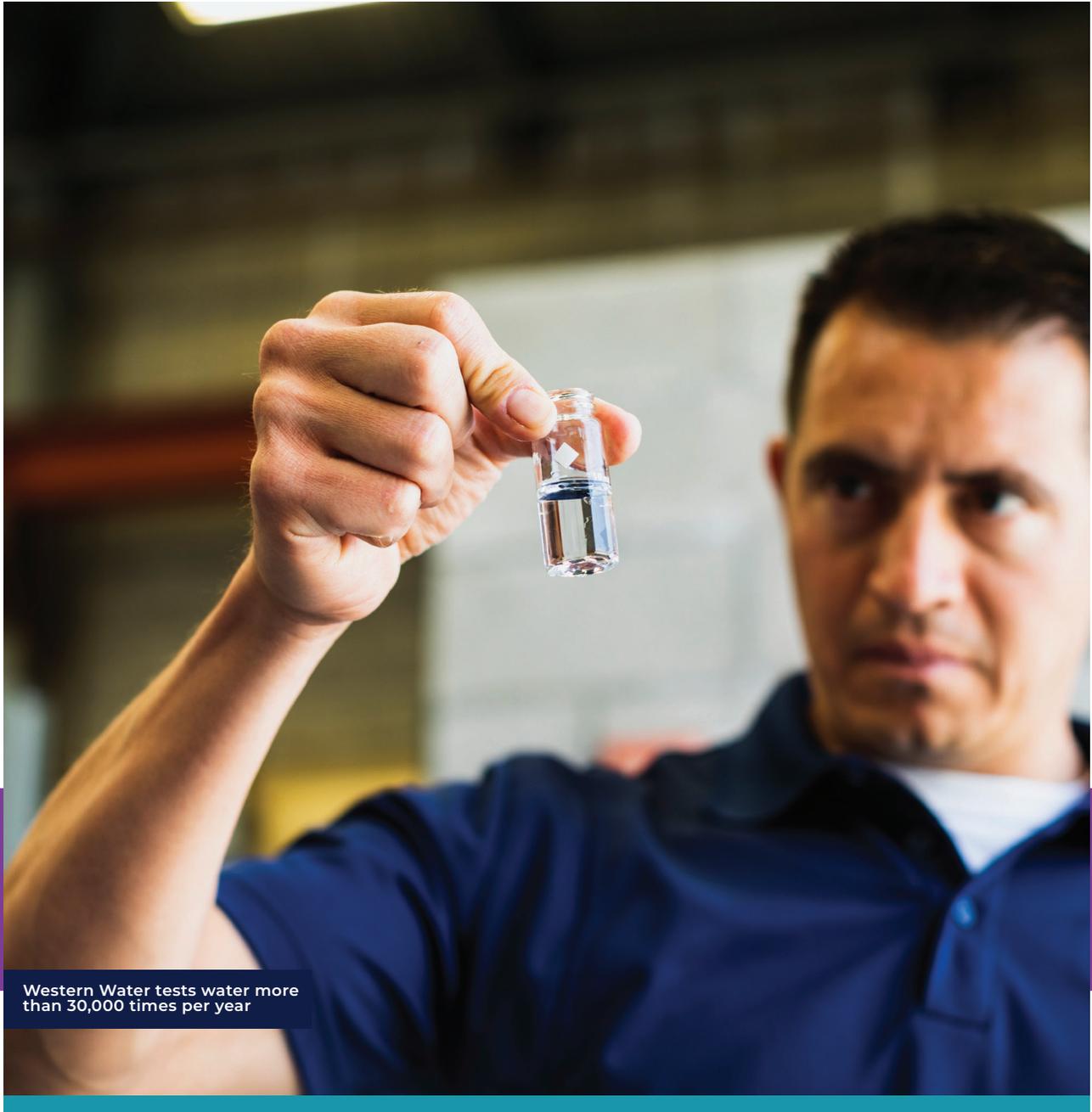
Although Western Water has increased local water supplies over the years, it is still heavily dependent upon imported supplies from MWD for 54 percent of all water for its retail customers. MWD continues to experience increases in the cost of acquiring and delivering water to member agencies, such as Western Water. As a result, MWD's full-service potable water volumetric cost with increase from \$1,256 per acre-foot to \$1,395 per acre-foot on January 1, 2025, an 11.06 percent increase.



Fully treated and disinfected
"recycled water" from the
Western Water Recycling Facility

ECONOMIC CONDITIONS AND OUTLOOK

New meter connections per year have steadily increased due to development activity. Western Water continues to plan for and construct the necessary infrastructure capable of accommodating the significant long-term growth expected in the region. In addition, Western Water is aggressively pursuing alternative sources of water and expanding efficiency and education programs, as well as increasing the use of non-potable and recycled water where appropriate.



Western Water tests water more than 30,000 times per year

MAJOR INITIATIVES

At Western Municipal Water District (Western Water), we pride ourselves on developing innovative solutions to address our most pressing water challenges. Guided by a highly skilled and dedicated team, we lead with vision, creativity, and persistence to tackle critical issues head-on, ensuring a sustainable water future for generations to come.

Since 1954, Western Water has been steadfast in delivering reliable water and wastewater services, distributing approximately 25 billion gallons of water annually across both our wholesale—where we provide water in bulk to other agencies or utilities—and retail service areas, where we directly serve individual customers. However, our true strength extends beyond sheer volume. It's the clear vision that propels us forward, ensuring sustainable growth, innovation in service delivery, and a commitment to meeting the evolving needs of our communities. This forward-thinking approach allows us to anticipate future water needs and implement strategies that ensure water availability, quality, and sustainability.



The Sterling Pump Station can pump more than 9,000 gallons of water per minute through the La Sierra Pipeline

COLLABORATION: THE KEY TO CALIFORNIA'S WATER FUTURE

With most of our water traveling over 500 miles from Northern California, Western Water's commitment to collaboration extends far beyond our region. We have taken a leadership role in statewide coalitions to address California's water supply crisis, championing solutions that benefit families, agriculture, and the environment. By uniting diverse stakeholders, we have elevated water reliability as a top priority, driving immediate action. Our efforts have directly influenced policy, advancing statewide water priorities through legislative solutions and strategic partnerships.

INVESTING IN INFRASTRUCTURE AND INNOVATION FOR WATER RELIABILITY

Western Water's infrastructure projects have been vital in reinforcing water reliability. We have successfully completed capital improvement pipeline replacement projects in Woodcrest and Mission Grove, replacing more than 12,000 linear feet of aging steel pipelines to ensure reliable water delivery for homes and businesses. These upgrades are part of our broader approach to resilient infrastructure, safeguarding against the risks posed by aging systems and growing demand.

Beyond infrastructure, we have prioritized water quality through innovative programs like the unidirectional flushing program in Murrieta and the completion of the North Well treatment facility, also in Murrieta.

Our new Water Filling Station in Gavilan Hills exemplifies our commitment to ensuring access for all, particularly those without direct water connections. The filling station becomes another reliable connection with the convenience of purchasing the water needed with a credit or debit card.

Together, these initiatives enhance water service today and ensure high-quality water for future generations.

MAJOR INITIATIVES

EXPANDING WATER STORAGE CAPACITY WITH KEY PARTNERS

Capitalizing on wet weather while preparing for future dry periods, Western Water's Board has approved a significant investment in its groundwater banking program. This initiative aims to enhance water supply reliability by storing surplus water underground during wet seasons, ready for extraction during droughts. Already achieving milestones with over 8,000 acre-feet of water stored, Western Water plans to expand capacity further in 2025, bolstering resilience against California's unpredictable climate.

Western Water is also a key partner in the Santa Ana River Conservation and Conjunctive Use Program, supported by \$55 million in Proposition 84 funds, with \$26 million allocated to Western Water. This program includes critical infrastructure improvements like pipelines, pump stations, and wells to distribute stored water across the region, ensuring a more robust and sustainable water supply system. These efforts reflect Western Water's commitment to proactive water management.

TRANSPARENCY, ACCOUNTABILITY, AND GRANT FUNDING

In a world where every drop counts, so does every dollar. This year, Western Water secured \$59 million in grant funding, which will help finance critical projects focused on water resiliency, contamination solutions, and infrastructure upgrades without overburdening our customers. Our commitment to fiscal responsibility and customer-focused innovation positions Western Water as a trusted steward of public funds.



FINANCIAL POLICIES AND CONTROLS

Western Water has formally adopted the following financial policies and implemented the following internal controls:

CASH RESERVE POLICY

This policy states the purpose, source, and minimum/maximum funding levels for each of its designated reserves. These reserves have been established to meet internal requirements and/or external legal requirements. This policy enables restricting funds for future infrastructure needs, replacement of aging facilities, bond reserves, and various operating reserves to mitigate unexpected occurrences. These reserves are critical to Western Water's financial strength and high credit ratings.



INTEREST AND FINANCIAL RISK MANAGEMENT POLICY

The purpose of this policy is to establish guidelines for the use and management of all interest rate and risk management agreements incurred in connection with the expected issuance of new bonds, notes, and other obligations, or to accompany bonds already issued, or to manage other risks of Western Water. This policy sets forth the manner of execution of swaps, and provides for security and payment provisions, risk considerations, and certain other relevant provisions.

DEBT AND FINANCIAL MANAGEMENT POLICY

Western Water's debt and financial management policy is designed to establish parameters for issuing debt and provide guidance to decision-makers concerning all options available to finance infrastructure and other capital projects so that the most prudent, equitable and cost-effective method of financing is selected. The policy also documents the objectives to be achieved by staff both prior and subsequent to debt issuance. It promotes objectivity in the decision-making process and facilitates the financing process by establishing important policy decisions in advance.

INVESTMENT POLICY

The investment policy establishes guidelines and practices to be used in effectively managing Western Water's available cash and investment portfolio. It applies to all cash and investment assets of Western Water except those funds maintained in deferred compensation accounts for employees, and those funds maintained for the retired employee medical benefit. All Western Water monies, including those not required for immediate expenditure, are to be invested in compliance with governing provisions of law (California Government Code Sections 53600 et seq.). The policy lists in detail authorized investments and the percentage of portfolio limitations and required credit ratings for each investment type.

ACCOUNTING AND REPORTING CONTROLS

Western Water's Finance Department is responsible for providing financial services including accounting and reporting, budgeting, accounts payable and receivable, purchasing, and custody and investment of funds. Western Water accounts for its activities as an enterprise fund and prepares its financial statements on the accrual basis of accounting, under which revenues are recognized when earned and expenses are recorded when liabilities are incurred. It is the intent of the board of directors to manage Western Water's operations as a business, thus matching revenues against the costs of providing the services. Western Water also reports on fiduciary fund activities for the Western Municipal Water District Retirement Medical Plan, an Other Post-Employment Benefit Plan. The fiduciary fund reporting focuses on economic resources and are accounted for under the accrual basis of accounting.

FINANCIAL POLICIES AND CONTROL

INTERNAL CONTROLS

Western Water operates within a system of internal accounting controls established and continually reviewed by management to provide reasonable assurance that assets are adequately safeguarded and transactions are recorded in accordance with Western Water policies and procedures. When establishing and reviewing controls, management must consider the cost of the control and the value of the benefit derived from its utilization. Management typically maintains or implements only those controls for which its value adequately exceeds its costs. Past audits have not noted any weaknesses in internal controls.

BUDGETARY CONTROLS

Though Western Water is not legally required to adopt and adhere to a budget or present budgetary comparison information, the board of directors has chosen to approve a two-year operating budget as a management tool. Quarterly comparison reports of budget to actual are prepared and presented at a summary level to the board of directors, along with explanations of significant variances.



The Victoria Recharge Basin will increase groundwater storage through the capture and recharge of stormwater during wet years

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement (COA) for Excellence in Financial Reporting to Western Water for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2023. This is the 19th year that Western Water has achieved this prestigious award. To be awarded a COA, a government must publish an easily readable and efficiently organized ACFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A COA is valid for a period of one year only. We believe that our current ACFR continues to meet the COA Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

We would like to express our appreciation to the Finance Department staff and the independent accounting firm of Clifton Larson Allen, LLP for the efforts made to prepare this report. We would also like to thank the board of directors for their continued interest and support in all aspects of Western Water's financial management.

Respectfully submitted,



Craig D. Miller
General Manager



Richard R. Aragon
Assistant General Manager / Chief Financial Officer

AWARDS AND ACKNOWLEDGMENTS



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Western Municipal Water District
of Riverside County, California**

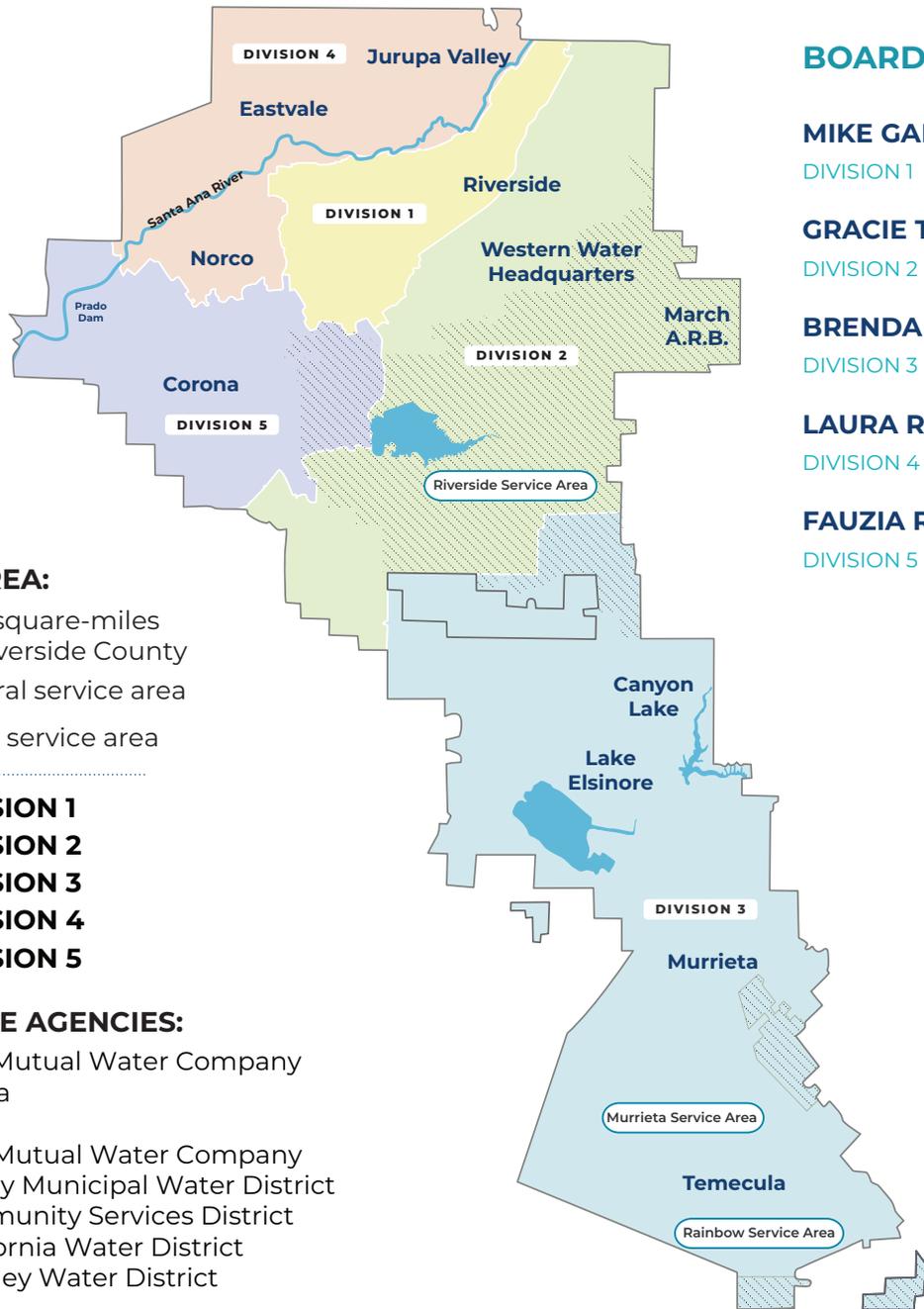
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morrill

Executive Director/CEO

WESTERN WATER'S SERVICE AREA MAP



SERVICE AREA:

Roughly 527 square-miles in western Riverside County

General service area

Retail service area

DIVISION 1

DIVISION 2

DIVISION 3

DIVISION 4

DIVISION 5

WHOLESALE AGENCIES:

- Box Springs Mutual Water Company
- City of Corona
- City of Norco
- Eagle Valley Mutual Water Company
- Elsinore Valley Municipal Water District
- Jurupa Community Services District
- Rancho California Water District
- Temescal Valley Water District

Agencies also within Western's boundaries are City of Riverside, Home Gardens County Water District, Home Gardens Sanitary District, and Rubidoux Community Services District.

BOARD OF DIRECTORS

MIKE GARDNER

DIVISION 1

GRACIE TORRES

DIVISION 2

BRENDA DENNSTEDT

DIVISION 3

LAURA ROUGHTON

DIVISION 4

FAUZIA RIZVI

DIVISION 5



WESTERN WATER OFFICIALS

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

ELECTED BOARD OF DIRECTORS

Mike Gardner, division 1, president

LENGTH OF SERVICE

3 YEARS

Gracie Torres, division 2

5 YEARS

Brenda Dennstedt, division 3

17 YEARS

Laura Roughton, division 4, vice president

2 YEAR

Fauzia Rizvi, division 5, secretary/treasurer

3 YEARS

EXECUTIVE MANAGEMENT TEAM

Craig D. Miller, general manager

LENGTH OF SERVICE

10 YEARS

Timothy T. Barr, deputy general manager

29 YEARS

Kevin C. Mascaro, assistant general manager/chief financial officer

20 YEARS

Sarah Macdonald, assistant general manager/communications and customer experience

5 YEARS

Candi Judd, director of human resources

8 YEARS

Christopher Fike, director of maintenance operations

9 YEARS

Derek Kawaii, director of engineering

18 YEARS

Gary Miller, director of system operations

8 YEARS

Joshua Aguilar, deputy director of water resources

2 YEARS

Mike Mouser, director of information services

8 YEARS

Paul Rugge, executive director of operations

19 YEARS

Ryan Shaw, director of water resources

7 YEARS

Sonia Huff, deputy director of engineering

22 YEARS

Tony Pollak, deputy director of systems operations

10 YEARS

Veronica Zheng, director of finance

14 YEARS

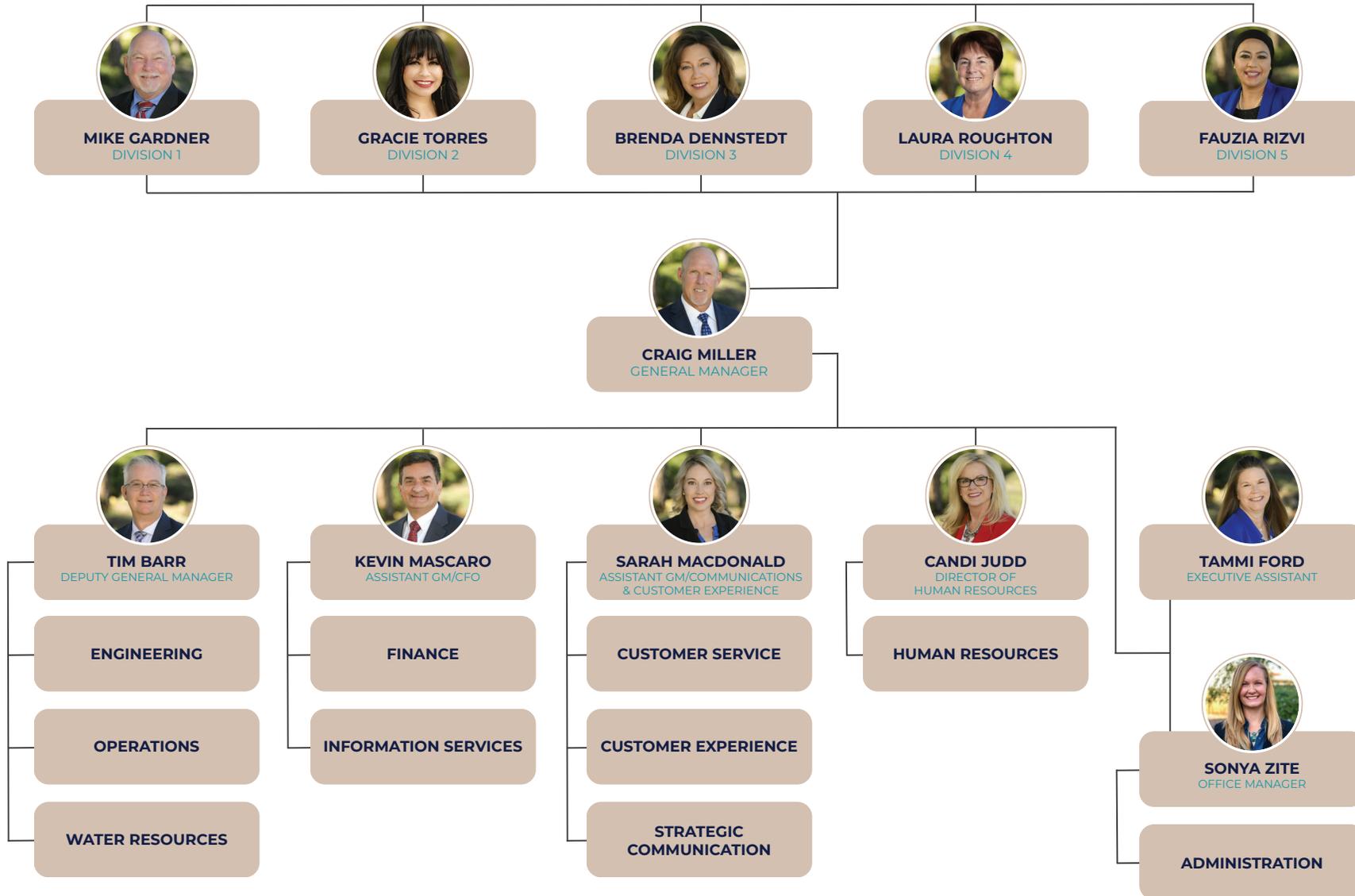
GENERAL COUNSEL

Best Best & Krieger, LLP

LENGTH OF SERVICE

68 YEARS

ORGANIZATIONAL CHART





INDEPENDENT AUDITORS' REPORT

Board of Directors
Western Municipal Water District
Riverside, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Western Municipal Water District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the fiduciary activities of the District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the fiduciary activities were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the District's proportionate share of the plan's net pension liability and related ratios as of the measurement date, the schedule of contributions - pension, the schedule of changes in the net other postemployment benefits (OPEB) liability and related ratios, and the schedule of contributions – OPEB, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Irvine, California
January 24, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Western Municipal Water District of Riverside County (Western Water), we offer readers of the basic financial statements this narrative overview and analysis of the financial activities of Western Water for the year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with the preceding Independent Auditor's Report, and the accompanying notes to the basic financial statements.

Overview

Western Water

Western Water was formed in 1954 under the Municipal Water District Act of 1911 for the purpose of bringing supplemental water from the Metropolitan Water District of Southern California to a growing western Riverside County. Western Water operates under the authority of the California Water Code and engages in various activities classified as "proprietary." The primary activities of Western Water include the sale and delivery of potable and non-potable water to wholesale, domestic, agricultural and commercial accounts, as well as the collection, treatment and disposal of wastewater. Western Water also provides both operating and administrative contract services to other agencies within its 527-square-mile service area.

Required Financial Statements

The basic financial statements of Western Water report information utilizing the full accrual basis of accounting and conform to accounting principles that are generally accepted in the United States of America. The basic financial statements consist of three interrelated statements designed to provide the reader with relevant, understandable data on Western Water's financial condition and operating results. They are the Statement of Net Position, the Statement of Revenues, Expenses and Change in Net Position, and the Statement of Cash Flows.

The *Statement of Net Position* presents information on Western Water's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and provides information about the nature and amounts of investments in resources and obligations to Western Water's creditors with the remaining balance being reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of Western Water is improving or deteriorating. However, one must consider other non-financial factors such as changes in economic conditions, population growth, zoning, and new or changed government legislation.

The *Statement of Revenues, Expenses and Change in Net Position* identifies Western Water's revenues and expenses for the fiscal year. It provides information on operations over the past fiscal year and can be used to determine whether Western Water has recovered all of its projected costs through user fees, tax revenues and other service-related charges.

The *Statement of Cash Flows* presents information regarding Western Water's cash receipts and cash payments for the fiscal year according to whether they stem from operating activities, non-capital financing activities, capital and related financing activities or investing activities. From this statement, the reader can obtain comparative information on the sources and uses of Western Water's cash.

The *Notes to the Basic Financial Statements* provide additional information that is essential to a full understanding of the data provided in the basic financial statements and are an integral part of the basic financial statements.

In addition, Western Water reports information on a Fiduciary Fund where Western Water holds the assets as a trustee for the benefit of others. The Fiduciary Fund Statements consist of the Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

The *Statement of Fiduciary Net Position* presents information on assets, liabilities, and deferred outflow and inflow of resources of fiduciary activities.

The *Statement of Changes in Fiduciary Net Position* presents additions and deductions to or from net position of the Fiduciary Fund.

Summary Financial Information and Analysis

Western Water's Statement of Net Position remains strong, providing a foundation for continued growth within Western Water's service area. Historically, Western Water experiences a loss at the operating level, meaning operating revenues are less than operating expenses. This operating loss is normally offset by net non-operating revenues. In fiscal year 2024, this loss has been offset by net non-operating revenues primarily from property tax revenues, investment earnings and capacity rights sales. Explanations for significant changes from the prior year are provided in the discussion that follows.

Statements of Net Position

The following table compares the various categories of assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position between the current and prior fiscal year.

Condensed Statements of Net Position as of June 30, 2024 and 2023

	As of June 30,		Increase (Decrease)	
	2024	2023	\$ Change	% Change
Assets				
Current	\$ 291,491,451	\$ 270,647,522	\$ 20,843,929	7.7%
Noncurrent:				
Capital	467,205,188	458,470,403	8,734,785	1.9%
Other	74,137,319	59,199,639	14,937,680	25.2%
Total Assets	<u>\$ 832,833,958</u>	<u>\$ 788,317,564</u>	<u>\$ 44,516,394</u>	<u>5.6%</u>
Deferred Outflows of Resources	<u>\$ 23,762,892</u>	<u>\$ 23,799,113</u>	<u>(36,221)</u>	<u>-0.2%</u>
Liabilities				
Current	\$ 49,454,743	\$ 50,636,745	\$ (1,182,002)	-2.3%
Noncurrent	227,341,318	226,898,159	443,159	0.2%
Total Liabilities	<u>\$ 276,796,061</u>	<u>\$ 277,534,904</u>	<u>\$ (738,843)</u>	<u>-0.3%</u>
Deferred Inflows of Resources	<u>\$ 13,103,279</u>	<u>\$ 13,445,100</u>	<u>\$ (341,821)</u>	<u>-2.5%</u>
Net Position				
Net investment in capital assets	\$ 283,773,471	\$ 277,868,096	\$ 5,905,375	2.1%
Restricted for debt service	1,510,763	1,510,763	-	0.0%
Restricted for capacity charges	30,368,532	25,492,336	4,876,196	19.1%
Restricted for other post-employment benefits (OPEB)	7,362,569	6,953,711	408,858	5.9%
Restricted for construction-related escrow accounts	765,394	-	765,394	100.0%
Unrestricted	242,916,781	209,311,767	33,605,014	16.1%
Total Net Position	<u>\$ 566,697,510</u>	<u>\$ 521,136,673</u>	<u>\$ 45,560,837</u>	<u>8.7%</u>

Assets

At June 30, 2024, total assets increased by \$44.5 million, or 5.6% as compared to June 30, 2023. This increase is primarily due to increases in 1) cash and investments of \$21.1 million primarily from interest and dividends of \$7.2 million, net unrealized and realized gains in Western Water's investment portfolio of \$4.2 million, property tax revenue of \$3.8 million, and capacity charges and grants of \$6.0 million, 2) additional net capital assets of \$8.7 million, 3) stored groundwater inventory of \$4.4 million and 4) notes receivable of \$8.8 million due to the sale of service rights in the Mills Gravity Line to Elsinore Valley Municipal Water District (EVMWD).

Deferred Outflows of Resources

Deferred outflows of resources are consumption of net position that apply to future periods. As of June 30, 2024, total deferred outflows of resources decreased by \$0.1 million, or 0.2% as compared to June 30, 2023. This is largely due to a decrease in the deferred outflow of resources related to debt refunding of \$0.9 million offset by increases to deferred pension outflow and deferred OPEB outflow in the amounts of \$0.4 million and \$0.4 million, respectively. Information on Western Water's pensions and OPEBs can be found in Notes 10 and 11, respectively, of the Notes to the Basic Financial Statements.

Liabilities

At June 30, 2024, total liabilities decreased by \$0.7 million, or 0.3% as compared to June 30, 2023. This is primarily due to decreases in current liabilities of \$1.1 million (decrease in customer deposits and unearned revenue of \$3.8 million offset by an increase in accounts payable and accrued expenses of \$2.7 million) offset by increases in non-current liabilities of \$0.4 million. Information on Western Water's liabilities can be found in Notes 7, 10 and 11, respectively, of the Notes to the Basic Financial Statements.

Deferred Inflows of Resources

Deferred inflows of resources are acquisition of net position applicable to a future reporting period. As of June 30, 2024, total deferred inflows of resources decreased by \$0.3 million, or 2.5% as compared to June 30, 2023. This is primarily due to decreases in deferred inflows of resources related to leases, pensions and OPEBs in the amounts of \$0.1 million, \$0.4 million and \$0.1 million, respectively, offset by an increase in deferred inflows of resources related to interest rate swap of \$0.3 million. Information on Western Water's interest rate swap, pensions, OPEBs and leases can be found in Notes 8, 10, 11 and 13, respectively, of the Notes to the Basic Financial Statements.

Net Position

Net position is the net from Western Water's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position increased as of June 30, 2024 by \$45.6 million, or 8.7% as compared to June 30, 2023. Net position is classified into six categories: 1) net investment in capital assets, 2) restricted for debt service, 3) restricted for capacity charges, 4) restricted for other post-employment benefits, 5) restricted for construction-related escrow accounts and 6) unrestricted.

Net Investment in Capital Assets – The amount of net investment in capital assets, net of related debt, is the carrying value of capital assets less accumulated depreciation and less any liability outstanding related to the capital assets. The amount as of June 30, 2024 was \$283.8 million. The \$5.9 million, or 2.1% increase in fiscal year 2024 is detailed in the next table. Note that the amounts reported as “related debt” in the following table can either increase if debt proceeds are applied to fund capital assets, or decrease due to required annual debt service payments.

Net Investment in Capital Assets as of June 30, 2024 and 2023

	As of June 30,		Increase (Decrease)	
	2024	2023	\$ Change	% Change
Plant, building and improvements	\$ 477,389,556	\$ 477,389,556	\$ -	0.0%
Capacity rights	137,201,607	136,306,046	895,561	0.7%
Construction in progress	53,510,009	34,090,787	19,419,222	57.0%
Land and land improvements	17,668,663	17,668,663	-	0.0%
Equipment and vehicles	18,812,494	18,812,494	-	0.0%
Right of use leased and subscription-based assets	6,538,930	2,160,367	4,378,563	202.7%
Total capital assets	711,121,259	686,427,913	24,693,346	3.6%
Less accumulated depreciation	(243,916,071)	(227,957,510)	(15,958,561)	7.0%
Capital assets, net	467,205,188	458,470,403	8,734,785	1.9%
Less related debt:				
State Water Resources Control Board				
La Sierra Project	32,328,257	33,338,936	(1,010,679)	-3.0%
Western Riverside County Regional Wastewater Authority	481,354	511,124	(29,770)	-5.8%
Santa Rosa Regional Resources Authority	11,732,471	12,393,053	(660,582)	-5.3%
2012 Series A bonds	24,281,671	25,544,652	(1,262,981)	-4.9%
2020 Series A bonds	100,856,447	100,196,171	660,276	0.7%
Note on vehicle leases		45,752	(45,752)	-100.0%
Note on headquarters building	2,724,440	4,041,226	(1,316,786)	-32.6%
Revolving Note Payable	4,998,529	109,883	4,888,646	
Lease and subscription-based payables	2,841,492	1,792,267	1,049,225	58.5%
Acquisition and construction of capital assets in accounts payable	3,187,056	2,629,243	557,813	21.2%
Net investment in capital assets	\$ 283,773,471	\$ 277,868,096	\$ 5,905,375	2.1%

Restricted for Capacity Charges – The \$30.4 million restricted for capacity charges at June 30, 2024 reflects added facilities charges and distribution system fees received from land owners and developers for the future expansion of water distribution and wastewater treatment and conveyance systems. An equivalent amount is reported in the Assets section of the Statement of Net Position as part of the restricted investments line item (classified as capacity charges in Note 3 of the Notes to the Basic Financial Statements). Net position becomes restricted when constraints placed on use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Additional information related to restricted cash and investments can be found in Note 3 of the Notes to the Basic Financial Statements.

Restricted for other post-employment benefits (OPEB) – The \$7.4 million restricted for OPEB at June 30, 2024 consists of net assets recognized for OPEB.

Restricted for construction-related escrow accounts – The \$0.8 million restricted for construction-related escrow accounts at June 30, 2024 consists of cash in bank escrow accounts to be released to the contractor upon successful completion of the related construction project.

Unrestricted – The unrestricted amount is the portion of net position that is not already classified in the above categories. The total amount of unrestricted net position at June 30, 2024 was \$242.9 million. Although these funds are not restricted, the Board of Directors of Western Water has designated these funds for various construction projects, system improvements and operations.

Changes in Net Position

The following table compares the various categories of revenues, expenses and changes in net position between the current and prior fiscal year:

Condensed Statements of Revenues, Expenses and Changes in Net Position for the Fiscal Years Ended June 30, 2024 and 2023

	Fiscal Years Ended June 30,		Increase (Decrease)	
	2024	2023	\$ Change	% Change
Operating Revenue	\$ 138,503,062	\$ 125,213,685	\$ 13,289,377	10.6%
Operating Expenses	(159,089,941)	(141,241,014)	(17,848,927)	12.6%
Net Non-operating Revenue	50,787,277	30,142,813	20,644,464	68.5%
Net Income (Loss) Before Capital Contributions	30,200,398	14,115,484	16,084,914	114.0%
Capital Contributions	15,360,439	9,348,189	6,012,250	64.3%
Change in Net Position	45,560,837	23,463,673	22,097,164	94.2%
Net Position, July 1	521,136,673	497,673,000	23,463,673	4.7%
Net Position, June 30	\$ 566,697,510	\$ 521,136,673	\$ 45,560,837	8.7%

Combined Revenue

The following table presents a comparison of revenues by category for the fiscal years ended June 30, 2024 and 2023:

Revenues by Category for the Fiscal Years Ended June 30, 2024 and 2023

	Fiscal Years Ended June 30,		Increase (Decrease)	
	2024	2023	\$ Change	% Change
Water sales	\$ 89,803,872	\$ 79,412,015	\$ 10,391,857	13.1%
Water service	25,039,170	23,920,251	1,118,919	4.7%
Wastewater disposal	16,314,298	15,710,393	603,905	3.8%
Contractual services	7,146,951	6,044,627	1,102,324	18.2%
Property taxes	36,667,081	32,871,464	3,795,617	11.5%
Investment earnings	11,200,381	911,945	10,288,436	1128.2%
Capacity rights sales	8,453,404	222,552	8,230,852	3698.4%
Other	1,469,108	2,748,777	(1,279,669)	-46.6%
Total revenues	196,094,265	161,842,024	34,252,241	21.2%
Capital contributions	15,360,439	9,348,189	6,012,250	64.3%
Total revenues and capital contributions	\$ 211,454,704	\$ 171,190,213	\$ 40,264,491	23.5%

Combined revenue (excluding capital contributions) for fiscal year 2024 totaled \$196.1 million, an increase of \$34.3 million, or 21.2% from fiscal year 2023. The most significant variances from fiscal year 2023 to 2024 were in four revenue categories: water sales (\$10.4 million increase), property taxes (\$3.8 million increase), investment earnings (\$10.3 million increase) and capacity right sales (\$8.2 million).

Water Sales - The \$10.4 million increase in water sales was a result of an increase in demand in Western Water's wholesale service area due to higher sales to EVMWD and the City of Corona during the fiscal year.

Property Taxes - The \$3.8 million increase was attributable to higher receipts from countywide assessed valuations with the dissipating effects of the pandemic contributing to the recovering economy and new residential, commercial and industrial construction in Western Water’s service area.

Investment Earnings - The \$10.3 million increase in investment earnings was primarily due to a reduction in prior year's unrealized losses from fair market value adjustments of Western Water's investments associated with market reaction to the modest Federal Funds Rate reductions during the year.

Capacity Rights Sales – The \$8.3 million increase was due to the sale of 6 Cubic Feet per Second (CFS) service rights in the Mills Gravity Line to EVMWD.

Capital Contributions

During fiscal year 2024, Western Water experienced an increase of \$6.0 million, or 64.3% from fiscal year 2023, in capital contributions. Capital contributions include water and sewer added facilities charges (capacity charges), contributed assets from developers and grant proceeds. The increase in capital contributions is mainly due to higher capacity charge revenues compared to the prior year.

Combined Expenses

The following table presents a comparison of expenses by category for the fiscal year ended June 30, 2024 and 2023:

Expenses by Category for the Fiscal Years Ended June 30, 2024 and 2023

Expense Category	Fiscal Years Ended June 30,		Increase (Decrease)	
	2024	2023	\$ Change	% Change
Source of supply	\$ 1,606,742	\$ 1,512,718	\$ 94,024	6.2%
Purchased water	76,783,173	66,588,834	10,194,339	15.3%
Pumping - booster pumps	6,711,868	6,733,795	(21,927)	-0.3%
Water treatment	5,913,441	5,344,748	568,693	10.6%
Transmission and distribution	13,929,597	12,065,586	1,864,011	15.4%
Administrative and general	15,681,894	13,133,141	2,548,753	19.4%
Contractual services	6,016,625	4,947,799	1,068,826	21.6%
Wastewater disposal	13,000,396	12,021,543	978,853	8.1%
Depreciation and amortization	16,095,818	16,039,268	56,550	0.4%
Interest expense	4,737,345	4,916,254	(178,909)	-3.6%
Other	5,416,968	4,422,854	994,114	22.5%
Total expenses	<u>\$ 165,893,867</u>	<u>\$ 147,726,540</u>	<u>\$ 18,167,327</u>	12.3%

Combined expenses for fiscal year 2024 totaled \$165.9 million, an increase of \$18.2 million, or 12.3% from fiscal year 2023, which is primarily due to an increase in 1) purchased water, in the amount of \$10.2 million, 2) transmission and distribution expense of \$1.9 million, and 3) administrative and general expense of \$2.5 million.

Purchased Water – The \$10.2 million increase in purchased water expense was mainly due to increase in demand in Western Water's wholesale service area due to higher sales to EVMWD and the City of Corona during the fiscal year.

Transmission and Distribution – The \$1.9 million increase in transmission and distribution expense is due to higher allocated fixed and variable indirect costs of \$0.5 million, labor costs of \$0.2 million and engineering and design contract services of \$1.1 million.

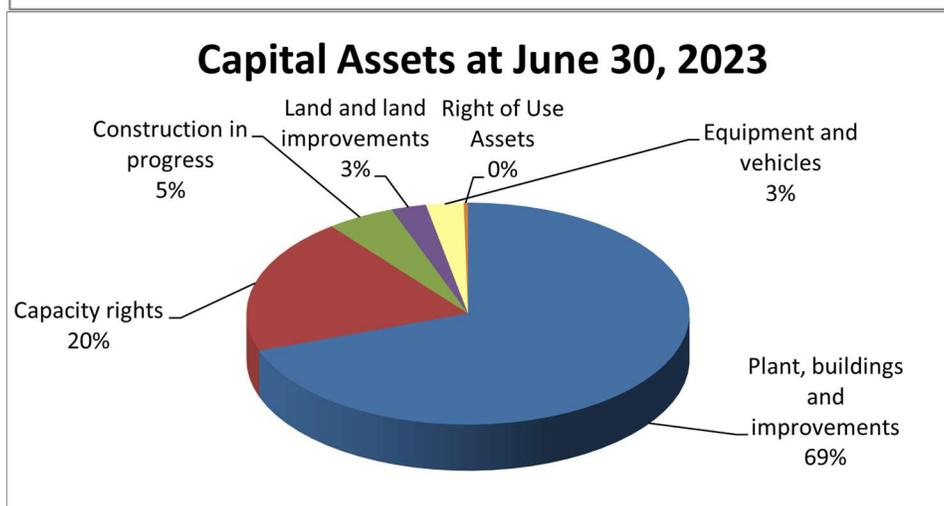
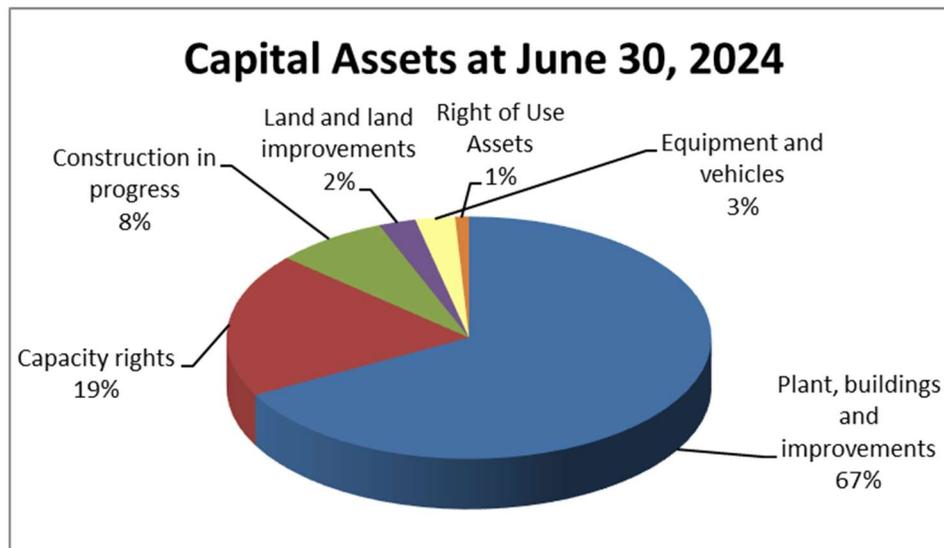
Administrative and General – The \$2.5 million increase in administrative and general expense is primarily due to higher FICA and health insurance expenses of \$0.6 million, higher labor costs of \$0.6 million, and higher vacation, sick and admin pay of \$0.6 million.

Capital Assets

Western Water’s investment in capital assets as of June 30, 2024 was \$467.2 million (net of accumulated depreciation). This includes investment in buildings, building improvements, capacity rights, land, land improvements, equipment, vehicles, and plant assets such as supply sources, pumping stations, water treatment plant, transmission and distribution pipelines, wastewater plant, etc. Additional information can be found in Note 6 of the Notes to the Basic Financial Statements.

The following table summarizes Western Water’s capital assets, net of accumulated depreciation, at June 30:

	2024	2023
Plant, buildings and improvements	\$ 477,389,556	\$ 477,389,556
Capacity rights	137,201,607	136,306,046
Construction and right of use subscription-in-progress	53,510,009	34,090,787
Land and land improvements	17,668,663	17,668,663
Equipment and vehicles	18,812,494	18,812,494
Right of use leased and subscription-based assets	6,538,930	2,160,367
Total capital assets	711,121,259	686,427,913
Less accumulated depreciation	(243,916,071)	(227,957,510)
Total capital assets, net of accumulated depreciation	<u>\$ 467,205,188</u>	<u>\$ 458,470,403</u>



Long-term Liabilities

As of June 30, 2024, Western Water has outstanding long-term liabilities of \$227.3 million. Long-term liabilities include a swap liability, compensated absences, amounts due to other governments, bonds, leases, notes payable, net pension and OPEB liabilities. Additional information regarding long-term debt can be found in Note 7 of the Notes to the Basic Financial Statements, information regarding the swap liability can be found in Note 8, and information regarding the net pension liability can be found in Note 10.

Western Water's outstanding long-term liabilities as of June 30 are as follows:

	<u>2024</u>	<u>2023</u>
Compensated absences	\$ 5,981,620	\$ 4,840,855
Lease and subscription-based payable	2,841,492	1,792,267
Due to other governments	44,542,082	46,243,113
Bonds payable		
Revenue bonds	121,355,000	123,555,000
Unamortized premium	23,883,215	25,789,095
Swap liability	1,720,733	2,095,969
Note payable	7,724,441	5,086,978
Net pension liability	28,641,008	26,040,982
Total long-term liabilities	<u>236,689,591</u>	<u>235,444,259</u>
Less current portion	<u>(9,348,273)</u>	<u>(8,546,100)</u>
Total long-term liabilities, net of current portion	<u>\$ 227,341,318</u>	<u>\$ 226,898,159</u>

Economic Factors and Next Year's Budgets and Rates

Anticipated growth will further create demand for water supply, wastewater treatment and disposal, and additional capital facilities. These demands have been anticipated in Western Water's facility master plans with new supply demands being met through imported water, interties with neighboring agencies, desalted water, maximizing reclaimed water and conservation. Western Water's 2025 fiscal year budget includes \$23.2 million in capital projects, net of estimated grant funding and financing proceeds.

Rates effective July 1, 2024 as recommended by a cost-of-service study, were adopted by the Board of Directors on June 2, 2021. This resulted in an increase for fiscal year 2025 of 4.4% to the median residential customer water bill in the Riverside service area, 4.1% to customers in the Murrieta service area, and 4.5% to customers in the Rainbow service area. In 2021, when we set water rates and charges, we projected future costs from our water supplier, Metropolitan Water District (MWD). However, MWD's rates for calendar year 2025 are higher than estimated in 2021 when developing the current rates. To address these increased costs, we are applying the pass-through provision authorized by the Board of Directors in Resolution 3159, adopted on June 2, 2021. The new pass-through rates went into effect in January 2025, which resulted in an increase of 3.9% to the median residential customer water bill in the Riverside service area and 1.7% to customers in the Murrieta service area, and 6.2% to customers in the Rainbow service area. A rate increase of 3% for most of Western Water's wastewater customers went into effect on July 1, 2024, to accommodate rising costs to operate and maintain the wastewater system. However, third-party wastewater treatment provider costs have been higher than estimated and the sewer pass-through provision has also been enacted.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the Western Municipal Water District of Riverside County's finances for the Board of Directors, customers, taxpayers, creditors and other interested parties. Questions concerning any of the information provided in the report or requests for additional information should be addressed to Western Water's Finance Department, 14205 Meridian Parkway, Riverside, CA 92518.

Western Municipal Water District
Statement of Net Position
June 30, 2024

Assets and Deferred Outflows of Resources

Current assets:	
Cash (note 2)	\$ 16,667,161
Restricted cash (note 3)	930,669
Investments (note 2)	233,764,612
Receivables, net (note 4)	30,973,393
Lease receivable (note 13)	97,095
Stored groundwater inventory	5,938,595
Materials and supplies inventory	2,170,503
Other current assets	949,423
Total current assets	291,491,451
Non-current assets:	
Restricted investments (notes 2, 3)	50,241,580
Notes receivable (note 4)	10,887,417
Assessments receivable	2,096,400
Derivative instrument - interest rate swap (note 8)	3,069,835
Net OPEB asset (note 11)	7,362,569
Lease receivable (note 13)	479,518
Capital assets not being depreciated (note 6)	166,246,704
Capital assets being depreciated, net (note 6)	300,958,484
Total non-current assets	541,342,507
Total assets	832,833,958
Deferred outflows of resources:	
Deferred outflow of resources - debt refunding	6,962,787
Deferred outflow of resources - pension (note 10)	12,409,668
Deferred outflow of resources - OPEB (note 11)	4,390,437
Total deferred outflows of resources	23,762,892

Liabilities, Deferred Inflows of Resources, and Net Position

Current liabilities:	
Accounts payable and accrued expenses	28,520,182
Customer deposits and unearned revenue	5,001,016
Construction advances	5,286,519
Accrued interest payable	1,298,753
Long-term liabilities - due in less than one year:	
Compensated absences (note 5)	3,439,915
Lease and subscription-based payable (notes 13 and 14)	542,332
Due to other governments (note 7)	1,724,179
Note payable (note 7)	1,346,847
Bonds payable (note 7)	2,295,000
Total current liabilities	49,454,743
Non-current liabilities:	
Long-term liabilities - due in more than one year:	
Compensated absences (note 5)	2,541,705
Lease and subscription-based payable (notes 13 and 14)	2,299,160
Due to other governments (note 7)	42,817,903
Note payable (note 7)	6,377,594
Bonds payable (note 7)	144,663,948
Net pension liability (note 10)	28,641,008
Total non-current liabilities	227,341,318
Total liabilities	276,796,061
Deferred inflows of resources:	
Deferred inflow of resources - deferred swap inflow (note 8)	3,069,835
Deferred inflow of resources - pension (note 10)	657,700
Deferred inflow of resources - OPEB (note 11)	8,845,001
Deferred inflow of resources - leases	530,743
Total deferred inflows of resources	13,103,279
Net Position:	
Net investment in capital assets (note 9)	283,773,471
Restricted for debt service (note 3)	1,510,763
Restricted for capacity charges (note 3)	30,368,532
Restricted for OPEB Benefits	7,362,569
Restricted for construction-related escrow accounts	765,394
Unrestricted	242,916,781
Total net position	\$ 566,697,510

See accompanying notes to the basic financial statements.

**Western Municipal Water District
Statement of Revenues, Expenses and Change in Net Position
For the Year Ended June 30, 2024**

Operating Revenues:	
Water sales	\$ 89,803,872
Water service	25,039,170
Wastewater disposal	16,314,298
Other charges and services	198,771
Contractual services	<u>7,146,951</u>
Total operating revenues	<u>138,503,062</u>
Operating Expenses:	
Source of supply	1,606,742
Purchased water	76,783,173
Pumping - booster pumps	6,711,868
Water treatment	5,913,441
Transmission and distribution	13,929,597
Customer accounts	1,810,255
Administrative and general	15,681,894
Contractual services	6,016,625
Wastewater disposal	13,000,396
Other operating expense	<u>1,540,132</u>
Total operating expenses before depreciation and amortization	<u>142,994,123</u>
Operating income before depreciation and amortization	(4,491,061)
Depreciation and amortization	<u>(16,095,818)</u>
Operating loss	<u>(20,586,879)</u>
Non-operating revenues (expenses):	
Property taxes and assessments	36,667,081
Investment earnings	11,200,381
Interest expense	(4,737,345)
Capacity rights sales	8,453,404
Other revenues	1,270,337
Other expenses	<u>(2,066,581)</u>
Total net non-operating revenues	<u>50,787,277</u>
Income before capital contributions	<u>30,200,398</u>
Capital contributions:	
Capacity charges	10,909,557
Developer capital contributions	228,637
Federal, state and local capital grants	<u>4,222,245</u>
Total capital contributions	<u>15,360,439</u>
Change in net position	45,560,837
Net position, beginning of year	<u>521,136,673</u>
Net position, end of year	<u>\$ 566,697,510</u>

See accompanying notes to the basic financial statements.

**Western Municipal Water District
Statement of Cash Flows
For the Year Ended June 30, 2024**

Cash flows from operating activities:	
Cash receipts from customers for water sales and services	\$ 131,840,965
Cash paid to employees for salaries and wages	(25,358,090)
Cash paid to vendors and suppliers for materials and services	(120,464,598)
Net cash used in operating activities	<u>(13,981,723)</u>
Cash flows from non-capital financing activities:	
Proceeds from property taxes and assessments	<u>36,813,921</u>
Net cash provided by non-capital financing activities	<u>36,813,921</u>
Cash flows from capital and related financing activities:	
Proceeds from capacity rights sales	8,448,663
Acquisition of notes receivable	(6,869,965)
Acquisition and construction of capital assets	(18,395,349)
Proceeds from capital contributions	19,405,804
Principal paid on long-term debt	(5,649,374)
Interest paid on long-term debt	(6,096,269)
Net cash used in capital and related financing activities	<u>(9,156,490)</u>
Cash flows from investing activities:	
Investment earnings	5,230,910
Purchase of investments	(105,388,369)
Proceeds from sale of investments	<u>74,482,505</u>
Net cash used in investing activities	<u>(25,674,954)</u>
Net decrease in cash	(11,999,246)
Cash, beginning of year	<u>29,597,076</u>
Cash, end of year	<u><u>\$ 17,597,830</u></u>
Reconciliation of cash to statement of net position:	
Cash	\$ 16,667,161
Restricted cash	930,669
Total cash	<u><u>\$ 17,597,830</u></u>

Continued on next page

See accompanying notes to the basic financial statements.

**Western Municipal Water District
Statement of Cash Flows (Continued)
For the Year Ended June 30, 2024**

Reconciliation of operating loss to net cash used in operating activities:

Operating loss	<u>\$ (20,586,879)</u>
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Adjustments to reconcile operating loss to net cash used in operating activities:

Depreciation	15,904,846
Amortization	190,972
Other revenues	1,270,337
Other expenses	(1,970,900)

Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:

(Increase) decrease in assets:	
Accounts receivable	(2,406,862)
Stored groundwater inventory	(4,413,500)
Materials and supplies inventory	(562,973)
Other current and noncurrent assets	285,784
Net OPEB asset	(408,858)
(Increase) decrease in deferred outflow of resources:	
Deferred outflow of resources - pension	(407,503)
Deferred outflow of resources - OPEB	(489,508)
Increase (decrease) in liabilities:	
Accounts payable and accrued expenses	1,890,783
Customer deposits and unearned revenue	(5,525,572)
Compensated absences	1,140,765
Net pension liability	2,600,026
Decrease in deferred inflow of resources:	
Deferred inflow of resources - pension	(431,036)
Deferred inflow of resources - OPEB	(61,645)
Total adjustments	6,605,156
Net cash used in operating activities	\$ (13,981,723)

Supplemental disclosure of non-cash capital and related financing and investing activities:

Increase in fair value of investments	\$ 5,202,446
Capital Contribution	228,637
Acquisition and construction of capital assets in accounts payable	3,187,056
Acquisition of capital assets in long-term debt	5,435,029
State capital grant revenue	3,048,061

See accompanying notes to the basic financial statements.

**Western Municipal Water District
Statement of Fiduciary Net Position
June 30, 2024**

		<u>OPEB Trust Fund</u>
Assets		
Cash and investments - OPEB Trust:		
Money Market Funds	\$	195,171
Exchange-Traded Funds:		
Small Cap U.S. Equity		2,289,420
Mid Cap U.S. Equity		3,525,830
Large Cap U.S. Equity		3,721,164
International Equity		2,416,638
Emerging Market Equity		1,137,760
U.S. Core Bonds		6,340,400
U.S. High Yield Bonds		1,140,667
International Bonds		389,360
Real Estate		1,197,768
International Real Estate		329,428
Other		147,076
Total investments		<u>22,830,682</u>
Accrued interest		<u>24,303</u>
Total assets		<u><u>22,854,985</u></u>
Liabilities		
Accrued expenses		<u>7,747</u>
Net position restricted for OPEB	\$	<u><u>22,847,238</u></u>

See accompanying notes to the basic financial statements.

**Western Municipal Water District
Statement of Change in Fiduciary Net Position
For the Year Ended June 30, 2024**

	OPEB Trust Fund
Additions:	
Contributions:	
Employer contributions	\$ 109,717
Total contributions	109,717
Investment income:	
Net increase in fair value of investments	1,540,880
Interest	(63,354)
Dividends	604,076
Total investment income	2,081,602
Less: investment expense	(40,033)
Net investment income	2,041,569
Total additions	2,151,286
Deductions:	
Benefits	601,217
Administrative expense	32,358
Total deductions	633,575
Change in net position	1,517,711
Net position restricted for OPEB, beginning of year	21,329,527
Net position restricted for OPEB, end of year	\$ 22,847,238

See accompanying notes to the basic financial statements.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

Western Municipal Water District of Riverside County (Western Water) was formed in 1954 and created for the purpose of importing and delivering water to wholesale and retail customers within its service area. Western Water is governed by a five-member Board of Directors (the Board) who serve overlapping four-year terms. Western Water purchases approximately 78% of its water from the Metropolitan Water District of Southern California (MWD). Approximately 38% of the purchased water from MWD comes from the Colorado River aqueduct and approximately 62% comes from the State Water Project.

The criteria used in determining the scope of the financial reporting entity is based on Codification of Governmental Accounting and Financial Reporting Standards, Part II. Financial Reporting, Section 2100: *Defining the Financial Reporting Entity*. Western Water 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. Western Water 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.

The Western Municipal Water District Facilities Authority (the Authority) was created in October 2002 by a joint exercise of powers agreement for the purpose of financing public capital improvements. It is governed by a Board of Directors comprising Western Water's Board of Directors. The Authority has issued debt that is secured solely from installment payments payable under an installment purchase agreement entered into between Western Water and the Authority. All accounts or funds created and established pursuant to any instrument or agreement to which the Authority is a party, and any interest earned or accrued thereon, shall inure to the benefit of Western Water. Separate financial statements are not prepared for the Authority. It is reported as a blended component unit.

Fiduciary Component Unit

The Western Municipal Water District Retirement Medical Benefits Plan (the Medical Plan), an Other Post-Employment Benefit Plan, provides advance funding for post-employment healthcare benefits to eligible employees and eligible dependents in accordance with plan provisions. Separate financial statements are prepared for the Voluntary Employee's Beneficiary Association (VEBA) Trust, established by Western Water for the Medical Plan, and may be obtained at Western Municipal Water District, 14205 Meridian Parkway, Riverside, CA 92518.

B. Basis of Accounting and Measurement Focus

Western Water reports its activities as a special-purpose government engaged in business-type activities using the economic resources measurement focus, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where, in most instances, the intent of Western Water is that the costs of providing water or wastewater disposal to its service area on a continuing basis be financed or recovered primarily through user charges (water sales, water service charges and wastewater disposal), capital grants and similar funding.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024**

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

B. Basis of Accounting and Measurement Focus, continued

Revenues and expenses are recognized on the full accrual basis of accounting.

Revenues are recognized in the accounting period in which they are earned and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

Operating revenues and expenses, such as water sales, water purchases and wastewater disposal, result from exchange transactions associated with the principal activity of Western Water. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration and depreciation expenses are also considered operating expenses. Other revenues and expenses not included in the above categories are reported as non-operating revenues and expenses.

Western Water also reports on fiduciary fund activities. The Other Post-Employment Benefit Trust Fund is used to account for contribution and distributions related to the Medical Plan.

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

1. Investments

Investments are generally reported in the accompanying statement of net position at fair value. Fair value 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 measurement date. Changes in fair value that occur during a fiscal year are recognized as investment earnings reported for that fiscal year. In addition to the change in fair value, other investment earnings includes interest income and any gains or losses realized upon liquidation or sale of investments.

2. Receivables, Net Allowance for Uncollectible Accounts

Western Water extends credit to customers in the normal course of operations. Account write-offs are based on management's evaluation of customer accounts and creditor's ability to pay. The allowance for doubtful accounts is deducted against receivables on the statement of net position.

3. Property Taxes and Assessments

The County of Riverside Assessor's Office assesses all real and personal property within Riverside County (the County) each year. The County of Riverside Tax Collector's Office bills and collects Western Water's share of property taxes and assessments. The County of Riverside Treasurer's Office remits current and delinquent property tax collections to Western Water throughout the year. Property tax revenue is recognized in the period levied for, less an allowance estimated for uncollectibles. 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 County, which have not been credited to Western Water's cash balance as of June 30. The property tax calendar is as follows:

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024**

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position, continued

Lien Date	January 1
Levy Date	July 1 to June 30
Due Date	November 1 - First Installment February 1 - Second Installment
Delinquent Date	December 10 - First Installment April 10 - Second Installment

4. Hedge Accounting

Western Water applies the provisions of Governmental Accounting Standards Board (GASB) Statement No. 53, *Accounting and Financial Reporting for Derivative Financial Instruments*, as amended by GASB Statement No. 64, *Derivative Instruments: Application of Hedge Accounting Termination Provisions*.

Western Water has determined that its interest rate swap agreement for reducing interest rate risk exposure on its variable-rate debt is a hedging derivative instrument. Under hedge accounting, the fair values of a hedging derivative instrument are reported as either an asset and deferred swap inflow or deferred swap outflow and a liability in a government's statement of net position.

5. Inventory

Materials and supplies inventory primarily consists of materials and supplies used in the construction and maintenance of Western Water's ongoing operations and are valued at weighted-average cost.

Stored groundwater inventory primarily consists of purchased water stored in various underground basins for future emergency use and are valued at weighted-average cost.

6. Restricted Assets

Restricted cash and investments are classified as restricted assets on the Statement of Net Position because these are maintained in separate bank accounts or tracked separately. Uses of these assets are restricted by applicable bond covenants, resolution, or contracts, such as with escrow agreements.

7. Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. Western Water policy has set the capitalization threshold for reporting capital assets at \$10,000 and an estimated useful life of more than one year. Donated assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position, continued

Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets, as follows:

Vehicles and Equipment	5 - 10 years
Right of use leased assets	5 - 10 years
Plant	20 - 75 years
Buildings	30 years

Western Water participates with various agencies entitling it to certain capacity rights. Such capacity rights are recorded as intangible assets and treated in accordance with GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. Western Water's participation in these agencies is through cash payments. Monies used for the construction or expansion of capital assets, such as pipelines, wastewater facilities, etc., are recorded as capacity rights and included in capital assets. The capacity rights have either an indefinite useful life or a definite useful life depending on any legal, contractual, regulatory, technological or other factors that limit the useful life of the asset. Capacity rights with definite useful lives are amortized over the life of the agreements.

A capital asset is considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstances is outside the normal life cycle of the capital asset. Western Water periodically evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Management has determined that there were no such impairments at June 30, 2024.

Lease and subscription right to use IT assets are defined as assets with an initial, individual cost of more than \$78,400 and an estimated useful life of at least one year.

The intangible right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease asset into place. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

The right to use subscription IT assets are recognized at the subscription commencement date and represent Western Water's right to use the underlying IT asset for the subscription term. The right to use subscription IT assets are measured at the initial value of the subscription liability plus any payments made to the vendor at the commencement of the subscription term, less any subscription incentives received from the vendor at or before the commencement of the subscription term, plus any capitalizable initial implementation costs necessary to place the subscription IT asset into service.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position, continued

The right to use subscription IT assets are amortized over the shorter of the subscription term or useful life of the underlying asset using the straight-line method. The amortization period varies based on the individual subscription IT arrangements.

8. Compensated Absences

Western Water's policy is to permit employees to accumulate earned vacation leave up to a maximum of 480 hours and at a rate of 10 to 20 days per year based on the number of years of employment. Sick leave accrues at a rate of eight hours per month up to a maximum of 1,600 hours. Compensated absences are accrued when earned and most are expected to be paid at 100% of the employee's current hourly pay.

9. Deferred Outflow of Resources and Deferred Inflow of Resources

Western Water applies the provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*. The statement requires that the difference between assets, deferred outflow of resources, liabilities, and deferred inflow of resources be reported as net position. The impact of deferred outflow of resources and deferred inflow of resources on net position are explained in the following paragraphs.

At June 30, 2024, Western Water has three items reported as deferred outflow of resources. The first item relates to the deferred outflow of resources on debt refunding of \$6,962,787 at June 30, 2024. This amount relates to previous debt refundings in 2012 and 2020. It represents the difference in the carrying value of refunded debts and their reacquisition prices, net of amortization. The deferred outflow of resources on refunding are amortized as a component of interest expense over the life of the old debt or the new debt, whichever is shorter. The second and third items are the deferred outflow of resources related to pension and OPEB in the amount of \$12,409,668 and \$4,390,437, respectively. These amounts include the pension contributions made after the measurement date of the net pension liability, differences between expected and actual experience for both pension and OPEB, changes in assumption for both pension and OPEB, net difference between projected and actual earnings on pension and OPEB plan investments, differences between the employer's contributions and the employer's proportionate share of contributions for pension, and adjustment due to differences in proportions for pension. Refer to Notes 10D and 11D for additional information.

At June 30, 2024, Western Water has four items reported as deferred inflow of resources. The first item relates to the deferred swap inflow of \$3,069,835. This amount would be recognized as an investment gain upon the early termination of the swap as it represents the fair market value or marked-to-market value of the swap at June 30, 2024. Western Water currently has no intention of terminating its interest rate swap agreement in advance. The second and third items relate to pension and OPEB in the amount of \$657,700 and \$8,845,001, respectively.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

C. Assets, Deferred Outflow of Resources, Liabilities, Deferred Inflow of Resources, and Net Position, continued

The amounts include the deferred inflow resulting from differences between expected and actual experience for both pension and OPEB, changes of assumption for OPEB, adjustment due to differences in proportion for pension, and differences between the employer's contributions and the employer's proportionate share of contributions for pension. Refer to Notes 10D and 11D for additional information. The fourth item relates to lease receivables in the amount of \$530,743. This amount is measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. The deferred inflows of resources is recognized as revenue over the life of the lease term.

10. Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

- **Net investment in capital assets** – This component of net position consists of capital assets, net of accumulated depreciation and reduced by any outstanding liability associated with the acquisition, construction or improvement of those assets.
- **Restricted for debt service** – This component of net position is restricted for debt service related to the La Sierra Project State Revolving Fund loan.
- **Restricted for capacity charges** – Restricted net position has constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Restricted for other post-employment benefits (OPEB)** – This component of net position consists of net position recognized for the OPEB.
- **Restricted for construction-related escrow accounts** – This component of net position consists of cash in escrow accounts until successful completion of related construction projects.
- **Unrestricted** – This component of net position consists of net position that does not meet the definition of *restricted* or *net investment in capital assets*.

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

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

D. Revenues

1. Water and Wastewater Services

Water and wastewater revenue is based on usage and recognized at the time of use. Customers are billed on a monthly cyclical basis. Estimated unbilled water and wastewater revenue based on estimated usage through June 30 has been recognized at year-end.

2. Capital Contributions

Capital contributions represent cash and capital asset additions contributed to Western Water by property owners, granting agencies or real estate developers desiring services that require capital expenditures or capacity commitment. Capital contributions are recognized on the statement of revenues, expenses and change in net position when the cash or capital assets are received.

3. Grants

When a grant agreement is approved and eligibility requirements are met, the amount is recorded as a receivable on the statement of net position and as capital grant contribution or non-operating grant revenue, as appropriate, on the statement of revenues, expenses and change in net position.

E. Pensions

For purposes of measuring the net pension liability (asset) and deferred outflows/inflows of resources related to pensions, and pension expense (income), information about the fiduciary net position of Western Water's California Public Employees' Retirement System (CalPERS) cost-sharing plan (Plan) and additions to/deductions from the Plan's 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.

F. Other Post-Employment Benefits (OPEB)

For purposes of measuring the net OPEB liability (asset) and deferred outflows/inflows of resources related to OPEB, and OPEB expense (income), information about the fiduciary net position of Western Water's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, Western Water's OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(1) Reporting Entity and Summary of Significant Accounting Policies, continued

G. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflow of resources, liabilities, deferred inflow of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

H. Budgetary Policies

Western Water adopts a biennial non-appropriated budget for planning, control and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(2) Cash and Investments

Cash and investments as of June 30, 2024 are classified in the financial statements as follows:

Cash	\$	16,667,161
Restricted Cash		930,669
Total cash		17,597,830
Investments		233,764,612
Restricted investments		50,241,580
Total investments		284,006,192
Total cash and investments	\$	301,604,022

Cash and investments as of June 30, 2024 consist of the following:

Petty cash	\$	16,394
Deposits with financial institution		16,650,767
Deposits with escrow agents		765,394
Deposits held by fiscal agent		165,275
Total cash	\$	17,597,830
Money Market Mutual Funds	\$	1,047,578
California Local Agency Investment Fund		16,796,813
U.S. Treasury Notes		85,812,746
Municipal Securities		8,318,937
Government-Sponsored Agency Securities		44,231,440
Corporate Medium-Term Notes		65,849,301
Asset-Backed Securities		14,593,698
Collateralized Mortgage Obligations		31,870,737
Supranationals		7,574,327
Held by Fiscal Agent:		
Local Agency Bonds		7,910,615
Total investments		284,006,192
Total cash and investments	\$	301,604,022

Investments Authorized by the California Government Code and Western Water's Investment Policy

The following table identifies the investment types that are authorized by Western Water in accordance with the California Government Code (or Western Water's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or Western Water's investment policy, where more restrictive) that address interest rate risk and concentration of credit risk.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(2) Cash and Investments, continued

Investments Authorized by the California Government Code and Western Water's Investment Policy, continued

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Municipal Securities	10 years	30%	5%
California State and Local Agency Obligations			
Notes or Bonds of any of the other 49 states			
U.S. Treasury Obligations	10 years	No limit	No limit
U.S. Government Agency Securities Obligations	10 years	No limit	25%
Banker's Acceptances	180 days	40%	5%
Prime Commercial Paper	270 days	40%	5%
Federally Insured Time Deposits (Non-negotiable CDs)	5 years	20% (combined with collateralized Time Deposits)	FDIC Limit
Collateralized Time Deposits (Non-negotiable CDs)	5 years	20% (combined with Federally- insured Time Deposits)	No limit
Certificate of Deposit Placement Services (CDARS)	5 years	30% (combined with CDs)	No limit
Negotiable Certificates of Deposit (NCDs)	5 years	30% (combined with CDARS)	5%
Repurchase Agreements	90 days	No limit	5%
Corporate Medium-Term Notes	5 years	30%	5%
Supranational	5 years	30%	10%
California State Local Agency Investment Fund (LAIF)	N/A	\$75 million	No limit
Mutual Funds	N/A	20% (combined with Money Market Mutual Funds)	10%
Money Market Mutual Funds	N/A	20% (combined with Mutual Funds)	No limit
Mortgage Pass-Through Securities, Asset-Backed Securities, Collateralized Mortgage Obligations (1)	5 years	20% (combined)	5%
County Pooled Investment Funds	N/A	No limit	No limit
CalTrust Pooled Investment Funds	N/A	No limit	No limit

(1) Not applicable to securities issued by a federal agency or Government-Sponsored Enterprise.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by a bond trustee are governed by provisions of the debt agreement rather than the general provisions of the California Government Code or Western Water's investment policy. The table below identifies the investment types that are authorized for investments held by a bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk and concentration of credit risk.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(2) Cash and Investments, continued

Investments Authorized by Debt Agreements, continued

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Government Obligations	No limit	No limit	No limit
Local Agency Bonds	No limit	No limit	No limit
U.S. Agency Securities	No limit	No limit	No limit
Certificates of Deposit	365 days	10%	No limit
Money Market Mutual Funds	N/A	No limit	No limit
Local Agency Investment Fund (LAIF)	N/A	No Limit up to maximum allowable per LAIF	No limit

Custodial Credit Risk

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 its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and Western Water’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government’s indirect investment in securities through the use of mutual funds or government investment pools (such as Local Agency Investment Fund (LAIF)). All investments, other than LAIF, are in the name of Western Water and held by a third-party custodian.

At June 30, 2024, the carrying amount of Western Water’s deposits was \$17,581,436, and the corresponding bank balance was \$19,933,137. The difference of \$2,351,701 was principally due to outstanding checks, wires and/or deposits in transit.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024**

(2) Cash and Investments, continued

Custodial Credit Risk, continued

Of the bank balances, up to \$250,000 is federally insured under the Federal Deposit Insurance Corporation per financial institution with balances in excess of \$250,000 collateralized in accordance with the California Government Code; however, the collateralized securities are not held in the name of Western Water.

	Bank Balance	FDIC Insurance
Deposits with financial institution	\$ 19,002,468	\$ 250,000
Deposits with escrow agents	765,394	250,000
Deposits held by fiscal agent	165,275	165,275
Total bank balance	\$ 19,933,137	\$ 665,275

Investment in State Investment Pool

Western Water is a voluntary participant in LAIF that is regulated by the California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The fair value of Western Water’s investment in this pool is reported in the accompanying financial statements at amounts based upon Western Water’s pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. LAIF is part of the California Pooled Money Investment Account (PMIA); included in LAIF's investment portfolio are mortgage-backed and other asset-backed securities, loans to certain state funds, securities with interest rates that vary according to changes in rates greater than a one-for-one basis, and structured notes. The amounts invested in LAIF are recorded as cash and investments. As of June 30, 2024, Western Water's total investment in LAIF was \$16,796,813.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. Western Water’s investment policy provides limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(2) Cash and Investments, continued

Maturities of investments at June 30, 2024 are as follows:

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1 - 5	6 - 10
U.S. Treasury Notes	\$ 85,812,746	\$ -	\$ 52,578,633	\$ 33,234,113
Municipal Securities	8,318,937	-	-	8,318,937
Government-Sponsored Agency Securities	44,231,440	5,128,668	36,089,060	3,013,712
Corporate Medium-Term Notes	65,849,301	3,658,780	62,190,521	-
Asset-Backed Securities	14,593,698	1,920,006	12,673,692	-
Collateralized Mortgage Obligations	31,870,737	1,965,257	16,281,367	13,624,113
Supranationals	7,574,327	-	7,574,327	-
California Local Agency Investment Fund	16,796,813	16,796,813	-	-
Money Market Mutual Funds	1,047,578	1,047,578	-	-
Held by Fiscal Agent:				
Local Agency Bonds	7,910,615	7,341,442	-	569,173
Total	\$ 284,006,192	\$ 37,858,544	\$ 187,387,600	\$ 58,760,048

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

Standard and Poor's credit ratings of investments as of June 30, 2024 were as follows:

Investment Type	Fair Value	Minimum Policy Rating	Exempt From Disclosure	Ratings as of Year-End				Not Rated
				AAA	AA	A	Others	
U.S. Treasury Notes	\$ 85,812,746	N/A	\$ 85,812,746	\$ -	\$ -	\$ -	\$ -	\$ -
Municipal Securities	8,318,937	A	-	3,219,887	5,099,050	-	-	-
Government-Sponsored Agency Securities	44,231,440	None	-	-	44,231,440	-	-	-
Corporate Medium-Term Notes	65,849,301	A **	-	-	19,132,558	43,071,293	3,645,450	-
Asset-Backed Securities	14,593,698	AA	-	11,375,154	-	-	-	3,218,544
Collateralized Mortgage Obligations	31,870,737	AA	-	1,505,666	30,365,071	-	-	-
Supranationals	7,574,327	AAA	-	7,574,327	-	-	-	-
California Local Agency Investment Fund	16,796,813	None	-	-	-	-	-	16,796,813
Money Market Mutual Funds	1,047,578	*	-	1,047,578	-	-	-	-
Held by Fiscal Agent:								
Local Agency Bonds	7,910,615	*	-	7,910,615	-	-	-	-
	<u>\$ 284,006,192</u>		<u>\$ 85,812,746</u>	<u>\$ 32,633,227</u>	<u>\$ 98,828,119</u>	<u>\$ 43,071,293</u>	<u>\$ 3,645,450</u>	<u>\$ 20,015,357</u>

* Highest rating by at least two nationally recognized statistical rating agencies.

** Rated A or higher by at least one nationally recognized statistical rating agencies. Three securities under Others had a split-rating of A/BBB+/A at June 30, 2024.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(2) Cash and Investments, continued

Concentration of Credit Risk

Western Water’s investment policy contains no limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer, other than the \$75 million limitation on LAIF, as stipulated by the California Government Code. Western Water’s investment with LAIF is 5.91% of Western Water’s total depository and investment portfolio as of June 30, 2024. Investments (excluding Held by Fiscal Agent) in any one issuer other than U.S. Treasury securities, mutual funds, external investment pools that represent 5% or more of total Western Water investments are as follows:

Issuer	Investment Type	Reported Amount	% of Total Investments
Federal Home Loan Bank	Government-Sponsored Agency Securities	\$ 17,041,323	6%
Federal National Mortgage Association	Government-Sponsored Agency Securities	16,825,463	6%
Federal Home Loan Mortgage Corporation	Collateralized Mortgage Obligations	31,870,737	11%

Fair Value Measurements

Western Water categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of investments. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant observable inputs. When quoted prices in active markets are not readily available, fair values are based on pricing models or matrices maximizing the use of observable inputs for similar securities as received by Western Water's investment advisor from a third party service provider. For Western Water's derivative instrument - interest rate swap, it is valued based on applying a standard interest rate swap valuation methodology and by taking into account certain observable interest curves. Level 3 inputs are significant unobservable inputs.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(2) Cash and Investments, continued

Western Water has the following recurring fair value measurements as of June 30, 2024:

Investment Type	Fair Value or Amortized Cost	Quoted Prices in Active Markets for Identical Assets Level 1	Significant Other Observable Inputs Level 2	Significant Unobservable Inputs Level 3
U.S. Treasury Notes	\$ 85,812,746	\$ -	\$ 85,812,746	\$ -
Municipal Securities	8,318,937	-	8,318,937	-
Government-Sponsored Agency Securities	44,231,440	-	44,231,440	-
Corporate Medium-Term Notes	65,849,301	-	65,849,301	-
Asset-Backed Securities	14,593,698	-	14,593,698	-
Collateralized Mortgage Obligations	31,870,737	-	31,870,737	-
Supranational	7,574,327	-	7,574,327	-
Money Market Mutual Funds	1,047,578	1,047,578	-	-
Held by Fiscal Agent:				
Local Agency Bonds	7,910,615	-	7,910,615	-
Investments at fair value	<u>267,209,379</u>	<u>1,047,578</u>	<u>266,161,801</u>	<u>-</u>
California Local Agency Investment Fund	16,796,813	-	-	-
Investment at amortized cost	<u>16,796,813</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 284,006,192</u>	<u>\$ 1,047,578</u>	<u>\$ 266,161,801</u>	<u>\$ -</u>
Derivative Instrument - interest rate swap	<u>\$ 3,069,835</u>	<u>\$ -</u>	<u>\$ 3,069,835</u>	<u>\$ -</u>

OPEB Trust Fund

Cash and investments as of June 30, 2024 classified on the Statement of Fiduciary Net Position consist of the following:

Money market funds	\$ 195,171
Exchange-traded funds:	
Small cap US equity	2,289,420
Mid cap US equity	3,525,830
Large cap US equity	3,721,164
International equity	2,416,638
Emerging market equity	1,137,760
US core bonds	6,340,400
US high yield bonds	1,140,667
International bonds	389,360
Real estate	1,197,768
International real estate	329,428
Commodities	147,076
Total cash and investments	<u>\$ 22,830,682</u>

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024**

(2) Cash and Investments, continued

OPEB Trust Fund, continued

Investments Authorized by the Trust Agreement

Investments of the OPEB Trust Fund are held by the trustee and governed by provisions of the trust agreement rather than the general provisions of the California Government Code. The table below identifies the investment classes that are authorized for investments held by the trustee. The table also identifies certain provisions of the trust agreement that address interest rate risk and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Exchange-traded funds and/or mutual funds:			
Equities			
Domestic	No limit	75%	No limit
International	No limit	50%	No limit
Real Estate			
Domestic	No limit	25%	No limit
International	No limit	10%	No limit
Commodities	No limit	25%	No limit
Bonds			
Domestic	No limit	75%	No limit
International	No limit	35%	No limit
Cash/Money market funds	N/A	10%	No limit

Custodial Credit Risk

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The OPEB Trust Fund's investment policy does not contain legal or policy requirements, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or Exchange-Traded Funds. All investments are in the name of the Trust and held by a third-party custodian.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to change in market interest rates. Interest rate risk applies to investments in debt securities.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(2) Cash and Investments, continued

OPEB Trust Fund, continued

Maturities of investments at June 30, 2024 are as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Money market funds	\$ 195,171	\$ 195,171	\$ -	\$ -	\$ -
Exchange-traded funds:					
US core bonds	6,340,400	6,340,400	-	-	-
US high yield bonds	1,140,667	1,140,667	-	-	-
International bonds	389,360	389,360	-	-	-
Total	\$ 8,065,598	\$ 8,065,598	\$ -	\$ -	\$ -

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization, Standard & Poor's and Moody's. Credit risk applies to investments in debt securities.

Credit ratings of investments at June 30, 2024 are as follows:

Investment Type	Minimum Legal Rating	Fair Value	Ratings as of Year-End AAA	Not Rated
Money market funds	N/A	\$ 195,171	\$ 195,171	\$ -
Exchange-traded funds:				
US core bonds	N/A	6,340,400	-	6,340,400
US high yield bonds	N/A	1,140,667	-	1,140,667
International bonds	N/A	389,360	-	389,360
		\$ 8,065,598	\$ 195,171	\$ 7,870,427

Concentration of Credit Risk

The OPEB Trust Fund's investment policy contains no limitations on the amounts that can be invested in any one issuer. The OPEB Trust Fund does not hold investments in any one issuer other than Mutual Funds or Exchange-Traded Funds that represent 5% or more of total investments.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(2) Cash and Investments, continued

OPEB Trust Fund, continued

Fair Value Measurements

The OPEB Trust Fund categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant observable inputs. When quoted prices in active markets are not readily available, fair values are based on pricing models or matrices maximizing the use of observable inputs for similar securities as received by the OPEB Trust Fund's investment manager from a third-party service provider. Level 3 inputs are significant unobservable inputs.

The hierarchy of the OPEB Trust Fund's investments at June 30, 2024 is as follows:

	Quoted Prices Level (1)	Quoted Prices Level (2)	Unobservable Inputs Level (3)	Total
Money market funds	\$ 195,171	\$ -	\$ -	\$ 195,171
Exchange-traded funds:				
Small cap US equity	2,289,420	-	-	2,289,420
Mid cap US equity	3,525,830	-	-	3,525,830
Large cap US equity	3,721,164	-	-	3,721,164
International equity	2,416,638	-	-	2,416,638
Emerging market equity	1,137,760	-	-	1,137,760
US core bonds	6,340,400	-	-	6,340,400
US high yield bonds	1,140,667	-	-	1,140,667
International bonds	389,360	-	-	389,360
Real estate	1,197,768	-	-	1,197,768
International real estate	329,428	-	-	329,428
Commodities	147,076	-	-	147,076
Total investments	<u>\$ 22,830,682</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,830,682</u>

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024**

(3) Restricted Cash and Investments

Restricted cash at June 30, 2024 are restricted as follows:

Cash in escrow and trustee accounts	\$ 765,394
2012 Series A Water Revenue Bonds Service Fund	66,582
2020 Series A Water Revenue Bonds Project Fund	97,222
2022 Series A Tax-Exempt Rate Revolving Notes	1,471
	\$ 930,669

Restricted investments at June 30, 2024 are restricted as follows:

Capacity charges	\$ 30,368,532
Customer deposits	2,690,351
Construction advances	5,286,519
Unearned revenues - SARCCUP grants	2,474,799
La Sierra Project SRF Loan Debt Service Requirement	1,510,763
2020 Series A Water Revenue Bonds Project Fund	7,910,616
	\$ 50,241,580

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(4) Receivables

Current Receivables, net

Current receivables at June 30, 2024 consisted of the following:

Utility services - wholesale	\$	18,692,365
Utility services - retail		7,753,159
Allowance for doubtful accounts		(158,379)
Accrued interest		1,787,888
Property taxes and assessments		959,847
Other		1,938,513
		\$ 30,973,393

Notes Receivable, Non-current

Non-current receivables at June 30, 2024 consisted of the following:

Note receivable from Elsinore Valley Municipal Water District	\$	7,247,844
Note receivable from Jurupa Community Services District		3,639,573
		\$ 10,887,417

In August 2023, Western Water entered into an agreement with Elsinore Valley Municipal Water District (EVMWD) for the purchase and sale of service rights in the Mills Pipeline to EVMWD. Per the agreement, EVMWD will receive two options to purchase 12 cubic feet per second (cfs) in the Mills Pipeline with 6 cfs purchased effective August 31, 2023 and the option for the other 6 cfs to be purchased before December 31, 2024. The 6 cfs sale of service rights by Western Water to EVMWD is for \$8,167,881 payable to Western Water in installments of \$555,178 annually on October 1st over 18 years at an annual rate of 2.5% with the loan receivable maturing on October 1, 2040.

In May 2004, Western Water sold 3.0 million gallons per day (MGD) of its capacity rights in Western Riverside County Regional Wastewater Authority (WRCRWA) to Jurupa Community Services District (Jurupa or JCSD) for \$9,486,754, for which a note was received. The note requires Jurupa to pay Western Water 29 annual principal payments ranging from \$198,884 to \$517,098 beginning January 1, 2005. The interest rate is variable and currently at 3.305%.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(5) Compensated Absences

Compensated absences comprise unpaid vacation and sick leave, which are accrued as earned. Western Water's liability for compensated absences is determined annually.

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

Balance at July 1, 2023	Earned	Taken	Balance at June 30, 2024	Current Portion	Long-term Portion
\$ 4,840,855	\$ 4,364,837	\$ (3,224,072)	\$ 5,981,620	\$ 3,439,915	\$ 2,541,705

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(6) Capital Assets

The balance in capital assets for the year ended June 30, 2024 are as follows:

	Balance at July 1, 2023	Additions	Deletions / Transfers	Balance at June 30, 2024
Capital assets not being depreciated:				
Land	\$ 8,598,253	\$ -	\$ -	\$ 8,598,253
Capacity rights	104,138,442	-	-	104,138,442
Construction-in-progress	32,674,524	21,436,557	(895,561)	53,215,520
Right of use subscription-in-progress	1,416,263	2,440,255	(3,562,029)	294,489
Total capital assets not being depreciated	<u>146,827,482</u>	<u>23,876,812</u>	<u>(4,457,590)</u>	<u>166,246,704</u>
Capital assets being depreciated:				
Land improvements	9,070,410	-	-	9,070,410
Plant	486,428	-	-	486,428
Source of supply - plant	682,448	-	-	682,448
Pumping plant	32,591,281	-	-	32,591,281
Water treatment plant	8,906,259	-	-	8,906,259
Transmission and distribution plant	288,871,253	-	-	288,871,253
Wastewater treatment plant	118,686,854	-	-	118,686,854
Buildings	27,165,033	-	-	27,165,033
Furniture, fixtures and office equipment	1,666,441	-	-	1,666,441
Vehicles	5,019,075	-	-	5,019,075
Right of use lease assets	1,841,786	328,227	(137,255)	2,032,758
Right of use subscription assets	318,581	4,187,591	-	4,506,172
Construction and maintenance equipment	2,650,499	-	-	2,650,499
Computer equipment	8,019,025	-	-	8,019,025
Miscellaneous equipment	1,457,454	-	-	1,457,454
Capacity rights	32,167,604	895,561	-	33,063,165
Total capital assets being depreciated	<u>539,600,431</u>	<u>5,411,379</u>	<u>(137,255)</u>	<u>544,874,555</u>
Less accumulated depreciation:				
Land improvements	(3,249,943)	(382,976)	-	(3,632,919)
Plant	(465,914)	(6,877)	-	(472,791)
Source of supply - plant	(682,448)	-	-	(682,448)
Pumping plant	(21,274,061)	(926,226)	-	(22,200,287)
Water treatment plant	(6,603,950)	(329,807)	-	(6,933,757)
Transmission and distribution plant	(112,695,622)	(7,697,347)	-	(120,392,969)
Wastewater treatment plant	(49,553,341)	(3,842,497)	-	(53,395,838)
Buildings	(10,953,662)	(900,854)	-	(11,854,516)
Furniture, fixtures and office equipment	(1,625,363)	(10,134)	-	(1,635,497)
Vehicles	(3,850,303)	(156,279)	-	(4,006,582)
Right of use lease assets	(335,946)	(354,911)	137,255	(553,602)
Right of use subscription assets	(17,699)	(312,816)	-	(330,515)
Construction and maintenance equipment	(1,336,712)	(195,797)	-	(1,532,509)
Computer equipment	(7,290,578)	(280,685)	-	(7,571,263)
Miscellaneous equipment	(1,227,978)	(17,409)	-	(1,245,387)
Capacity rights	(6,793,990)	(681,201)	-	(7,475,191)
Total accumulated depreciation	<u>(227,957,510)</u>	<u>(16,095,816)</u>	<u>137,255</u>	<u>(243,916,071)</u>
Total capital assets being depreciated, net	<u>311,642,921</u>	<u>(10,684,437)</u>	<u>-</u>	<u>300,958,484</u>
Total capital assets, net	<u>\$ 458,470,403</u>	<u>\$ 13,192,375</u>	<u>\$ (4,457,590)</u>	<u>\$ 467,205,188</u>

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(6) Capital Assets, continued

Construction-In-Progress

Western Water has been involved in various construction projects throughout the year. The balances of the various construction projects that compose the construction-in-progress balance at June 30, 2024 are as follows:

Cajalco Intake Switchgear and Motor Control Center Replacement	\$	8,271,328
Woodcrest Pipe Replacement		4,385,484
Mission Grove Pipeline Replacement		3,716,652
Magnolia Ave. Interconnection with Riverside Public Utilities		3,121,397
North Well 2 Wellhead Treatment		2,431,300
SARRCUP Non Potable Well No. 7		2,350,618
Cannon Pump Station & Intercon w/ RPU		1,649,805
SCADA Implementation		1,243,146
Waterline Replacement		1,096,178
1269 Force Main		936,093
SARCCUP Cannon/Campbell, Sterling & La Sierra, and Arlington Wells		857,792
Meter Replacement Phase III-Riverside		856,946
McKinley Grade Separation		835,387
Victoria Basin Monitoring		658,209
Content Management System		610,893
Arlington DeSalter Well #5 Rehab		606,386
Riverside Campbell Interconnection		545,002
Riverside North Recharge Basin		509,867
Various projects		18,533,037
Construction-in-progress	\$	<u>53,215,520</u>

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(7) Long-term Debt

Long-term debt activities for the year ended June 30, 2024 are as follows:

	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024	Current Portion	Long-term Portion
<u>Due to other governments:</u>						
Public Offering:						
Santa Rosa Regional Resources Authority: SRRRA 2017 Bond Issuance	\$ 6,514,094	\$ -	\$ (504,409)	\$ 6,009,685	\$ 509,019	\$ 5,500,666
Direct Borrowing:						
Western Riverside County Regional Wastewater Authority:						
State Water Resources Control Board - Plant Expansion	511,124	-	(29,770)	481,354	30,336	451,018
Santa Rosa Regional Resources Authority SRRRA SRF Loan	5,878,959	-	(156,173)	5,722,786	158,985	5,563,801
State Water Resources Control Board La Sierra Project	33,338,936	-	(1,010,679)	32,328,257	1,025,839	31,302,418
Total due to other governments	<u>46,243,113</u>	<u>-</u>	<u>(1,701,031)</u>	<u>44,542,082</u>	<u>1,724,179</u>	<u>42,817,903</u>
<u>Bonds payable:</u>						
Public Offering:						
2012 Series A bonds	33,900,000	-	(1,875,000)	32,025,000	1,955,000	30,070,000
2020 Series A bonds	89,655,000	-	(325,000)	89,330,000	340,000	88,990,000
Unamortized premium	25,789,095	-	(1,905,880)	23,883,215	-	23,883,215
Swap liability ¹	2,095,969	-	(375,236)	1,720,733	-	1,720,733
Total bonds payable	<u>151,440,064</u>	<u>-</u>	<u>(4,481,116)</u>	<u>146,958,948</u>	<u>2,295,000</u>	<u>144,663,948</u>
<u>Note payable:</u>						
Direct borrowing:						
Note payable - headquarters building	4,041,226	-	(1,316,785)	2,724,441	1,346,847	1,377,594
Note payable - vehicle	45,752	-	(45,752)	-	-	-
Revolving notes - Line of Credit						
Revolving notes, Series of 2022A	1,000,000	4,000,000	-	5,000,000	-	5,000,000
Total note payable	<u>5,086,978</u>	<u>4,000,000</u>	<u>(1,362,537)</u>	<u>7,724,441</u>	<u>1,346,847</u>	<u>6,377,594</u>
Lease payables²						
Lease payable - vehicles	1,048,767	328,227	(317,080)	1,059,914	288,229	771,685
Lease payable - Land	482,126	-	(6,538)	475,588	6,753	468,835
Total lease payable	<u>1,530,893</u>	<u>328,227</u>	<u>(323,618)</u>	<u>1,535,502</u>	<u>294,982</u>	<u>1,240,520</u>
Subscription-based³ payables						
Subscription liability	261,374	1,106,802	(62,186)	1,305,990	247,350	1,058,640
Total subscription-based payables	<u>261,374</u>	<u>1,106,802</u>	<u>(62,186)</u>	<u>1,305,990</u>	<u>247,350</u>	<u>1,058,640</u>
Total long-term debt	<u>\$ 204,562,422</u>	<u>\$ 5,435,029</u>	<u>\$ (7,930,488)</u>	<u>\$ 202,066,963</u>	<u>\$ 5,908,358</u>	<u>\$ 196,158,605</u>

⁽¹⁾Refer to Note 8 for further information on the swap liability agreement.

⁽²⁾Refer to Note 13 for further information on leases.

⁽³⁾Refer to Note 14 for further information on subscription-based information technology arrangements.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024**

(7) Long-term Debt, continued

Scheduled future debt service requirements of long-term debt excluding lease payables and subscription-based payables, for years subsequent to June 30, 2024 are as follows, assuming that the 2012 Series A is remarketed and the liquidity agreement is renewed. If the liquidity agreement for 2012 Series A is not renewed in September 2027, amounts due in fiscal year 2028 will increase by \$25,935,000 than the amount reported below.

Fiscal Years	Principal	Interest (1)	Total
2025	\$ 5,366,026	\$ 6,198,943	\$ 11,564,969
2026	5,510,207	6,061,511	11,571,718
2027	4,970,552	5,927,651	10,898,203
2028	11,011,793	5,778,946	16,790,739
2029	6,792,756	5,578,875	12,371,631
2030-2034	38,617,716	24,136,337	62,754,053
2035-2039	43,989,619	15,938,539	59,928,158
2040-2044	39,494,872	5,864,785	45,359,657
2045-2049	13,266,035	1,926,252	15,192,287
2050-2052	4,601,947	227,795	4,829,742
Total	<u>\$ 173,621,523</u>	<u>\$ 77,639,634</u>	<u>\$ 251,261,157</u>
Unamortized premium	23,883,215		
SWAP liability	<u>1,720,733</u>		
Total	199,225,471		
Less current portion	<u>(5,366,026)</u>		
Total non-current	<u>\$ 193,859,445</u>		

⁽¹⁾ The 2012 Series A bonds have an assumed interest rate of 2.715% based on the swap.

Due to Other Governments

Western Riverside County Regional Wastewater Authority (WRCRWA) - State Water Resources Control Board - Plant Expansion

This loan with WRCRWA is in connection with odor control improvements at the WRCRWA Plant and bears interest at 1.9% with a 20-year repayment term that began December 2018 and matures in December 2037. Western Water's loan amount is \$481,354 as of June 30, 2024.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024**

(7) Long-term Debt, continued

Due to Other Governments, continued

***Western Riverside County Regional Wastewater Authority (WRCRWA) - State Water Resources Control Board
- Plant Expansion, continued***

As of June 30, 2024, the future annual maturities of Western Water’s obligation are as follows:

Fiscal Years	Principal	Interest	Total
2025	\$ 30,336	\$ 9,146	\$ 39,482
2026	30,912	8,569	39,481
2027	31,499	7,982	39,481
2028	32,098	7,384	39,482
2029	32,708	6,774	39,482
2030-2034	173,100	24,307	197,407
2035-2038	150,701	7,226	157,927
Total	481,354	\$ 71,388	\$ 552,742
Less current portion	(30,336)		
Total non-current	\$ 451,018		

Santa Rosa Regional Resources Authority (SRRRA)

SRRRA 2017 Bonds

On August 1, 2017, Western Water entered into a Capacity Funding Agreement with SRRRA in connection with the issuance of the 2017A and 2017B revenue bonds by SRRRA (collectively referred herein as SRRRA Bonds) to finance the acquisition of the Santa Rosa Water Reclamation Facility (SRWRF) and plant upgrades. Series 2017A tax-exempt, fixed-rate revenue bonds were issued in the amount of \$24,040,000 with interest ranging from 3.00% to 5.00% maturing on August 1, 2034. Series 2017B taxable fixed-rate revenue bonds were issued in the amount of \$31,190,000 with interest ranging from 1.5% to 3.65% maturing on August 1, 2031. Under the Capacity Funding Agreement, Western Water's shares of the 2017A and 2017B revenue bonds are \$4,156,438 and \$5,752,289, as revised respectively, which are approximately 18% of the total SRRRA Bonds based on Western Water's ownership of the treatment capacity in the SRWRF. Western Water's share of the outstanding balance as of June 30, 2024 is \$6,009,685.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(7) Long-term Debt, continued

Due to Other Governments, continued

Santa Rosa Regional Resources Authority (SRRRA), continued

SRRRA 2017 Bonds, continued

As of June 30, 2024, the future annual maturities of Western Water's obligation are as follows:

Fiscal Years	Principal	Interest	Total
2025	\$ 509,019	\$ 211,639	\$ 720,658
2026	513,630	193,857	707,487
2027	512,449	175,479	687,928
2028	524,272	158,342	682,614
2029	540,516	138,584	679,100
2030-2034	3,409,799	374,891	3,784,690
Total	6,009,685	\$ 1,252,792	\$ 7,262,477
Less current portion	(509,019)		
Total non-current	<u>\$ 5,500,666</u>		

SRRRA SRF Loan

On January 2, 2018, Western Water entered into a Funding Agreement with SRRRA for the SRRRA State Revolving Fund Loan with the State Water Resources Control Board in order to finance the costs of rehabilitation projects with respect to the SRWRF. Western Water's revised share of debt service is \$6,033,974, which is approximately 20% of the SRRRA SRF loan based on Western Water's ownership of the treatment capacity in the SRWRF, with interest at 1.8% maturing on September 30, 2051. As of June 30, 2024, Western Water's share is \$5,722,786.

As of June 30, 2024, the future annual maturities of Western Water's obligation are as follows:

Fiscal Years	Principal	Interest	Total
2025	\$ 158,985	\$ 103,010	\$ 261,995
2026	161,846	100,149	261,995
2027	164,759	97,236	261,995
2028	167,725	94,270	261,995
2029	170,744	91,251	261,995
2030-2034	900,944	409,029	1,309,973
2035-2039	985,000	324,973	1,309,973
2040-2044	1,076,900	233,073	1,309,973
2045-2049	1,177,373	132,600	1,309,973
2050-2052	758,510	27,468	785,978
Total	\$ 5,722,786	\$ 1,613,059	\$ 7,335,845
Less current portion	(158,985)		
Total non-current	<u>\$ 5,563,801</u>		

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(7) Long-term Debt, continued

Due to Other Governments, continued

State Water Resources Control Board – La Sierra Project

On April 17, 2015, Western Water entered into an agreement with the State Water Resources Control Board (SWRCB) for a Clean Water State Revolving Fund Loan to finance the construction of the La Sierra Project. The maximum loan amount was \$24,000,000 with interest at 1.5%. On March 12, 2019, the SWRCB increased the original loan approval to \$35,794,100 with interest at 1.5%, which added funding for the construction of the Sterling Reservoir and Pump Station. Western Water’s annual repayment every July 1st, including principal and interest, is \$1,510,763. The repayment term is 30 years, maturing on July 1, 2050. Total proceeds from the loan were \$35,794,100. Western Water's loan amount is \$32,328,257 as of June 30, 2024.

The loan with the State Water Resources Control Board contains covenants and restrictions that include, but are not limited to, assurances relating to adherence to the Clean Water Act, Equal Opportunity and Civil rights laws, and certain other assurances.

As of June 30, 2024, the future annual maturities of Western Water's obligation are as follows:

Fiscal Years	Principal	Interest	Total
2025	\$ 1,025,839	\$ 484,924	\$ 1,510,763
2026	1,041,226	469,537	1,510,763
2027	1,056,845	453,918	1,510,763
2028	1,072,698	438,065	1,510,763
2029	1,088,788	421,975	1,510,763
2030-2034	5,693,873	1,859,941	7,553,814
2035-2039	6,133,918	1,419,896	7,553,814
2040-2044	6,607,972	945,842	7,553,814
2045-2049	7,118,662	435,152	7,553,814
2050-2051	1,488,436	22,327	1,510,763
Total	<u>32,328,257</u>	<u>\$ 6,951,577</u>	<u>\$ 39,279,834</u>
Less current portion	<u>(1,025,839)</u>		
Total non-current	<u>\$ 31,302,418</u>		

Bonds Payable

As provided in the Bond Master Installment Purchase Agreement, Western Water has created a Rate Stabilization Fund into which Western Water deposited \$20,000,000 in May 2009. The balance in the Rate Stabilization Fund is currently \$20,000,000, which is recorded as Investments in the basic financial statements, with no usage of such funding during fiscal year 2024.

In June 2012, the Authority issued \$43,775,000 of 2012 Series A Adjustable Rate Water Revenue Refunding Bonds (2012 Series A) to refund Western Water’s 2009 Series A Adjustable Rate Water Revenue Refunding Bonds (2009 Series A). The refunded bonds were fully redeemed.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(7) Long-term Debt, continued

Bonds Payable, continued

2012 Series A Bonds

The 2012 Series A Bonds are adjustable interest rate bonds with varying optional redemption provisions whose rates adjust from the remarketing of bonds tendered for redemption. An underlying credit facility that expires in September 2027 provides liquidity and security for redemption should remarketing efforts not provide sufficient funds. In addition to optional redemption, mandatory redemption occurs through scheduled sinking fund payments. The bonds are secured by a pledge of Western Water’s net revenues. Western Water is required to maintain net revenues equal to at least 110% of adjusted annual debt service. Refer to Note 8 for information on the interest-rate swap agreement associated with these bonds.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$12,538,597. The difference is reported on the accompanying financial statements as a deferred outflow of resources, which will be amortized through 2032. The balance of the deferred outflow is \$2,613,854 at June 30, 2024.

Scheduled principal maturities of \$25,935,000 occurring between fiscal year 2028-2043, along with any accrued interest would be due in fiscal year 2028 should the underlying credit facility, which matures in September 2027, not be renewed and the remarketing agent is unable to resell bonds that are tendered for redemption.

As of June 30, 2024, the future annual maturities of Western Water’s obligation are as follows if the bonds are successfully remarketed and the underlying credit facility is renewed over the original terms of the bonds:

Years Ending June 30,	Variable Rate Bonds		
	Principal	Interest (1)	Total
2025	\$ 1,955,000	\$ 869,479	\$ 2,824,479
2026	2,030,000	816,401	2,846,401
2027	2,105,000	761,286	2,866,286
2028	2,195,000	704,135	2,899,135
2029	2,280,000	644,541	2,924,541
2030-2034	10,035,000	2,245,169	12,280,169
2035-2039	-	1,550,944	1,550,944
2040-2043	11,425,000	999,120	12,424,120
Total	32,025,000	\$ 8,591,075	\$ 40,616,075
Less current portion	(1,955,000)		
Total non-current	\$ 30,070,000		

⁽¹⁾ Assuming an interest rate of 2.715% based on the swap.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(7) Long-term Debt, continued

Bonds Payable, continued

2020 Series A Bonds

In July 2020, the Authority issued \$90,260,000 of the 2020 Series A Water Revenue Bonds with original issue premium of \$31,341,035. The bonds were issued to: 1) refund the 2010 Series B Water Revenue, Taxable Build America Bonds (2010 Series B) in the amount of \$42,755,000, 2) refund the 2016 Series A Adjustable Rate Water Revenue Refunding Bonds (2016 Series A) in the amount of \$51,975,000 prior to the October 1, 2020 mandatory tender date, and 3) provide funds to acquire various capital improvements to Western Water's water and wastewater system facilities in the amount of \$25,500,000.

The 2020 Series A bonds bear stated interest at 5.0% and are payable semiannually on April 1st and October 1st through October 2050.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$5,706,939. The difference is reported on the accompanying financial statements as a deferred outflow of resources, which will be amortized through 2050. The balance of the deferred outflow is \$4,348,933 at June 30, 2024.

As of June 30, 2024, the outstanding balance on the 2020 Series A Revenue Bonds was \$89,330,000. The future annual maturities of Western Water's obligation are as follows:

Years Ending June 30,	Principal	Interest	Total
2025	\$ 340,000	\$ 4,466,500	\$ 4,806,500
2026	355,000	4,449,500	4,804,500
2027	1,100,000	4,431,750	5,531,750
2028	2,020,000	4,376,750	6,396,750
2029	2,680,000	4,275,750	6,955,750
2030-2034	18,405,000	19,223,000	37,628,000
2035-2039	36,720,000	12,635,500	49,355,500
2040-2044	20,385,000	3,686,750	24,071,750
2045-2049	4,970,000	1,358,500	6,328,500
2050-2051	2,355,000	178,000	2,533,000
Total	89,330,000	\$ 59,082,000	\$ 148,412,000
Less current portion	(340,000)		
Total non-current	\$ 88,990,000		

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(7) Long-term Debt, continued

Note Payable – Headquarters Building

In July 2016, Western Water refinanced the original unsecured financing done in September 2009 for the acquisition and development of its headquarters building. Along with this refinance, Western Water borrowed another \$8 million to accommodate the cash needs for certain capital projects. Terms of the note provide that Western Water is to make semiannual payments of \$700,546 every April 1st and October 1st, including interest, through April 2026. The note has a stated interest rate of 2.27%. As of June 30, 2024, the future annual maturities of Western Water’s obligation are as follows:

Fiscal Years	Principal	Interest	Total
2025	\$ 1,346,847	\$ 54,245	\$ 1,401,092
2026	1,377,594	23,498	1,401,092
Total	2,724,441	\$ 77,743	\$ 2,802,184
Less current portion	(1,346,847)		
Total non-current	<u>\$ 1,377,594</u>		

Note Payable - Vehicles

In August 2016, Western Water financed the purchase of certain vehicles used in Western Water operations. As of June 30, 2024, this note payable is fully paid off and the ending balance is zero.

Note Payable - 2022A Revolving Line of Credit

On August 17, 2022, the Board of Directors of both Western Water and its Facilities Authority adopted Resolution No. 3244 and No. 23, respectively, to issue a four-year Tax-Exempt Rate Revolving Notes, Series of 2022A (revolving line of credit) with TD Bank, N.A., in an amount not to exceed \$20.0 million that expires on August 30, 2026 to provide funding for Western Water’s Pipeline Replacement Program. This revolving line of credit has an interest rate based on a percentage of the Secured Overnight Financing Rate (SOFR) plus a margin based on Western Water’s credit rating. The interest rate as of June 30, 2024 was 4.57%. In addition, there is an unutilized fee of 0.20% of the balance of the revolving line of credit remaining after draws against the revolving line of credit. In conjunction with the issuance of the revolving line of credit, the Facilities Authority and Western Water entered into an Agency Agreement, an Installment Purchase Agreement and a Note Purchase and Continuing Covenant Agreement. As of June 30, 2024, and for the year then ended, there were two outstanding Notes, with a total outstanding principal balance of \$5 million.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(8) Interest Rate Swap

Western Water entered into an interest rate swap agreement for the Authority’s 2009 Series A Water Revenue Refunding Bonds. In connection with the refunding of the 2009 Series A Bonds, Western Water has amended and restated the swap agreement, with the same counterparty, essentially replacing the 2009 Series A Bonds with the 2012 Series A Bonds with no change in notional amounts. The amended agreement carries over the swap liability of \$7,765,573 from the prior agreement. Western Water subsequently entered the Second Amended and Restated Transaction swap agreement in December 2022 which amended some of the terms and conditions and changed the guarantor. The interest rates remained unchanged.

For the fiscal year ended June 30, 2024, the balance of the swap liability is \$1,720,733. The swap liability is amortized as a component of interest expense over the life of the old debt or the new debt, whichever is shorter. Because of the carryover, the new agreement is considered a hybrid instrument for financial reporting, whose pay fixed rate of 2.715% (off-market rate) enables the pay-down of the carryover swap liability.

Western Water’s objective with the swap agreement is to alter its exposure to interest rate fluctuations, specifically rising interest rates that would negatively impact cash flows, by swapping an obligation to pay fixed rates for one that pays a floating rate. The table that follows summarizes the significant swap payment terms:

Description	Summary of Swap Payment Terms	
	Western Water	Counterparty
Original Confirmation Date	November 4, 2008	November 4, 2008
Original Notional Amount	\$ 48,000,000	\$ 48,000,000
First Amended and Restated Date	June 26, 2012	June 26, 2012
Second Amended and Restated Date	December 1, 2022	December 1, 2022
Amended Notional Amount	\$ 43,775,000	\$ 43,775,000
Notional Reductions	Annually on October 1	Annually on October 1
Termination Date	October 1, 2042	October 1, 2042
Payment Dates	First calendar day of each month	First calendar day of each month
Original Payment Rate	2.960%	67% of 1-month LIBOR
Amended Payment Rate	2.715%	67% of 1-month SOFR + 0.11448%

Evaluation of Swap Effectiveness

Western Water applies the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. GASB Statement No. 53 prescribes the accounting and financial reporting required for derivative instruments that hedge identified financial risks. If the derivative instrument is determined to be effective in reducing the identified exposure, hedge accounting provides that changes in the fair value of the hedging instrument—in this instance, the interest rate swap—be reported as either deferred inflows or deferred outflows in a government’s statement of net position. To evaluate the effectiveness of the swap, the Synthetic Instrument Method prescribed by GASB Statement No. 53 was employed for the fiscal year ended June 30, 2024. The resulting analyses reveal the swap is effective as a hedging instrument for the fiscal year.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(8) Interest Rate Swap, continued

The fair value or marked-to-market value of the swap (imputed at market rate of 1.424%) as of June 30, 2024 is \$3,069,835, which is the amount Western Water would be owed as of this date should the swap be terminated. The change in fair value by \$286,746 results in an increase in deferred swap inflow for the year ended June 30, 2024.

Credit Risk

The amended and restated interest rate swap agreement adds a third-party guarantor for any termination payment obligation that may be incurred by the counterparty.

The following tables compare the counterparty and guarantor credit ratings at June 30, 2024 against their threshold rating for termination:

Counterparty	Moody's	S&P
Senior Debt	Aa1	A+
Threshold Amount	A3	A-
Counterparty Guarantor	Moody's	S&P
Senior Debt	A1	A-
Threshold Amount	A3	A-

Interest Rate Risk

Western Water is exposed to interest rate risk on its pay-fixed, receive-variable interest rate swap. As Secured Overnight Financing Rate (SOFR) decreases, Western Water's net payment on the swap may increase.

Basis Risk

Western Water is exposed to basis risk on the swap because the variable-rate payments received by Western Water are based on an index other than interest rates Western Water pays on hedged variable rate debt. For the fiscal year ended June 30, 2024, Western Water's 2012 Series A Bonds, which are hedged by the amended swap, had a weighted-average variable rate of 2.32%. Over the same period, the weighted average of 67% of one-month LIBOR was 3.58%. Therefore, Western Water's basis gain over this period was approximately 1.26%. As of June 30, 2024, the current rate on the 2012 Series A Bonds was 3.0%, and the current rate of 67% of one-month LIBOR was 3.65%, resulting in a basis gain of 0.65% for Western Water. Following the permanent cessation of LIBOR on June 30, 2024, the counterparty will make variable payments to Western Water equal to 67% of one-month SOFR plus a spread of 11.448 basis points (bps or 0.11448).

Termination Risk

The swap may be terminated by Western Water or its counterparty if the other party fails to perform under the terms of the contract. If, at the time of termination, the swap is in a liability position, Western Water would be obligated to pay the counterparty the liability position. Western Water has established policies to limit its termination liability payment risk to a predetermined percentage of its available reserves. Western Water is within its swap policy guidelines with respect to exposure to swap termination payments compared to its available reserves.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(9) Net Investment in Capital Assets

The balance at June 30 consists of the following:

	2024
Capital assets not being depreciated	\$ 166,246,704
Capital assets being depreciated, net	300,958,484
Due to other governmental agencies	(44,542,082)
Bonds payable:	
Bonds (1)	(116,225,525)
Unspent Bonds Proceeds (2)	8,007,835
Unamortized premium	(23,883,215)
Deferred outflow of resources - debt refunding	6,962,787
Notes payable:	
Notes	(7,724,441)
Unspent notes proceeds	1,471
Lease and subscription-based payables	(2,841,492)
Acquisition and construction of capital assets in accounts payable	(3,187,055)
Net investment in capital assets	\$ 283,773,471

- (1) Amount of bonds outstanding does not include a portion of the 2012A bonds proceeds that were utilized for purchases of capacity rights that Western Water no longer owns. As this amount was not related to acquisition of capital assets, this amount has been excluded from the calculation of net investment in capital assets.
- (2) The unspent bond proceeds amount excludes the \$66,582 in the 2012 Series A Water Revenue Bonds Service Fund as this amount represents the interest payment Western is required to pay monthly and that is funded ahead of the due date to avoid higher interest rates. It is not considered unspent bond proceeds. There are no remaining unspent bond proceeds for the 2012 A bonds.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(10) Defined Benefit Pension Plan

A. General Information about the Pension Plan

Plan Descriptions

The Public Agency Cost-Sharing, Multiple-Employer Defined Benefit Pension Plan (Plan) is administered by CalPERS. The Plan was established to provide retirement, death and disability benefits to public agency rate plans with generally less than 100 active members. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2022 Annual Actuarial Valuation Reports. Details of the benefits provided can be obtained in Appendix B of the actuarial valuation reports. The actuarial valuation reports and CalPERS' audited financial statements are publicly available reports that can be obtained from CalPERS' website under Forms and Publications, at www.calpers.ca.gov.

All qualified permanent and probationary employees are eligible to participate in the Plan, administered by CalPERS. The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all other). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. Western Water sponsors three rate plans under the miscellaneous risk pool: Miscellaneous rate plan, Miscellaneous Second Tier rate plan and PEPRAs Miscellaneous rate plan. Benefit provisions under the Plan are established by State statute and Western Water resolution.

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 (52 for the PEPRAs Miscellaneous rate plan) with statutorily reduced benefits. All members are eligible for non-duty 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 the Plan are applied as specified by the Public Employees' Retirement Law.

The Plan operates under the provisions of the California Public Employees' Retirement Law (PERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the regulations, procedures and policies adopted by the CalPERS Board of Administration. The Plan's authority to establish and amend the benefit terms are set by the PERL and PEPRA, and may be amended by the California state legislature and in some cases require approval by the CalPERS Board.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024**

(10) Defined Benefit Pension Plan, continued

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

Benefits Provided, continued

Western Water-sponsored rate plans' provisions and benefits in effect at June 30, 2024 are summarized as follows:

	Miscellaneous Rate Plan	Miscellaneous Second Tier Rate Plan	PEPRA Miscellaneous Rate Plan
	Prior to	On or after	On or after
Hire date	January 1, 2013	January 1, 2013	January 1, 2013
Benefit formula	2.5 % @ 55	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life
Retirement age	50 - 55	50 - 63	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% to 2.5%	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	8%	7%	7.75%
Required employer contribution rates	14.060%	11.840%	7.680%
Unfunded liability lump-sum payment	\$ 1,741,731	\$ -	\$ -

Contributions

Section 20814(c) of PERL requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. For the public agency cost-sharing plan covered by either the miscellaneous or safety risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and 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. For the period ended June 30, 2024, the employer contributions for the respective Western Water-sponsored Miscellaneous rate plan, Miscellaneous Second Tier rate plan and PEPRA Miscellaneous rate plan are \$985,855, \$657,923 and \$646,770, plus respective lump sum payments of \$1,741,731. Thus, employer contributions made by Western Water to the Plan of the period ended June 30, 2024 is \$4,032,279.

B. Net Pension Liability

The net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2023, using an annual actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is as follows.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024**

(10) Defined Benefit Pension Plan, continued

B. Net Pension Liability, continued

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ended June 30, 2023 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2022 total pension liability using standard updated procedures. The June 30, 2023 total pension liabilities were based on the following actuarial methods and assumptions:

	<u>Miscellaneous Plan</u>
Valuation date	June 30, 2022
Measurement date	June 30, 2023
Actuarial cost method	Entry Age Normal
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Investment rate of return	6.90%
Mortality	The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.
Post-retirement benefit increase	Contract COLA up to 2.30% until Purchasing Power Protection Allowance (PPPA) floor on purchasing power applies.

Changes of benefit terms: None.

Changes of Assumptions: There were no assumption changes.

Discount Rate

The discount rate used by CalPERS to measure the total pension liability for the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C) 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.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024**

(10) Defined Benefit Pension Plan, continued

B. Net Pension Liability, continued

Discount rate, continued

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

The expected real rate of return by asset class are as follows:

<u>Asset Class</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10^{1,2}</u>
Global Equity - Cap-Weighted	30.0%	4.45%
Global Equity - Non-Cap-Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-Backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	(5.0%)	(0.59)%
 Total	 <u>100.0%</u>	

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

⁽²⁾ Figures are based on the 2021-22 Asset Liability Management study.

Pension Plan Fiduciary Net Position

Information about the pension plan's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and fiduciary net position are presented in CalPERS' audited financial statements, which are publicly available reports that can be obtained from CalPERS' website under Forms and Publications at www.calpers.ca.gov. The Plan's fiduciary net position and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis used by the pension plan, which is the economic resources measurement focus and the accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investments are reported at fair value.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024**

(10) Defined Benefit Pension Plan, continued

B. Net Pension Liability, continued

Pension Plan Fiduciary Net Position, continued

The plan fiduciary net position disclosed in the GASB 68 accounting valuation report may differ from the plan assets reported in the funding actuarial valuation report due to several reasons. First, for the accounting valuations, CalPERS must keep items such as deficiency reserves, fiduciary self-insurance and pension expense included in fiduciary net position. These amounts are excluded for rate setting purposes in the funding actuarial valuation. In addition, differences may result from early Annual Comprehensive Financial Report closing and final reconciled reserves.

C. Proportionate Share of Net Pension Liability

The following table shows Western Water's proportionate share of the net pension liability over the measurement period.

	Increase (Decrease)		
	Western Water's Total Pension Liability (a)	Western Water's Fiduciary Net Position (b)	Western Water's Net Pension Liability (c) = (a) - (b)
Balance at: 6/30/2022 (MD)	\$ 108,234,042	\$ 82,193,060	\$ 26,040,982
Balance at: 6/30/2023 (MD)	116,403,075	87,762,067	28,641,008
Net Changes during 2022-23	8,169,033	5,569,007	2,600,026

MD = Measurement Date

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

	Western Water Pension Plan
Proportionate Share - June 30, 2022 (MD)	0.55652%
Proportionate Share - June 30, 2023 (MD)	0.57277%
Change - Increase	0.01625%

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024**

(10) Defined Benefit Pension Plan, continued

C. Proportionate Share of Net Pension Liability, continued

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

The following presents Western Water’s proportionate share of the net pension liability for 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 one percentage-point lower (5.90%) or one percentage-point higher (7.90%) than the current rate:

	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
Western Water's Net Pension Liability \$	44,384,029	\$ 28,641,008	\$ 15,683,151

Recognition of Gains and Losses

Under GASB 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Difference between projected and actual earnings	Five-year straight-line amortization
All other amounts	Straight-line amortization over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for the PERF C for the June 30, 2023, measurement period is 3.8 years, which was obtained by dividing the total service years of 600,538 (the sum of remaining service lifetimes of the active employees) by 160,073 (the total number of participants: active, inactive, and retired). Inactive employees and retirees have remaining service lifetimes equal to zero. Total future service is based on the members’ probability of decrementing due to an event other than receiving a cash refund.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(10) Defined Benefit Pension Plan, continued

D. Pension Expense/(Income) and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

As of the start of the measurement period (July 1, 2022), Western Water's proportionate share of the Plan's net pension liability is \$26,040,982 (the net pension liability of the Miscellaneous Risk Pool as of June 30, 2022 is \$4,679,227,059).

For the measurement period ended June 30, 2023 (the measurement date), Western Water incurred pension expense of \$5,793,766 (the pension expense for the risk pool for the measurement period is \$1,097,008,923).

As of June 30, 2024, Western Water has deferred outflows and deferred inflows of resources related to pensions as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,463,138	\$ (226,968)
Changes of assumptions	1,729,187	-
Net difference between projected and actual earnings on pension plan investments	4,637,237	-
Adjustment due to differences in proportions	496,516	(43,160)
Differences between the employer's contributions and the employer's proportionate share of contributions	51,311	(387,572)
Pension contributions subsequent to measurement date	4,032,279	-
Total	\$ 12,409,668	\$ (657,700)

These amounts above are net of outflows and inflow recognized in the 2022-23 measurement period expense. \$4,032,279 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 subsequent fiscal year rather than in the current fiscal year. Amounts reported as deferred outflows and deferred inflows of resources related to pension will be recognized in future pension expense as follows:

Measurement Period Ended June 30:	Deferred Outflows/(Inflows) of Resources
2024	\$ 2,362,329
2025	1,587,275
2026	3,637,023
2027	133,062
2028	-
Thereafter	-
Total	\$ 7,719,689

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024**

(10) Defined Benefit Pension Plan, continued

E. Payable to the Pension Plan

At June 30, 2024, Western Water reported a payable of \$5,130 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024**

(11) Other Post-Employment Benefits

A. General Information about the OPEB Plan

Plan Description

Western Water is the Plan Administrator for the Western Municipal Water District Retirement Medical Benefits Plan (the Medical Plan). The Medical Plan was established effective June 15, 2006 and is a single employer defined benefit plan to provide advance funding for post-employment healthcare benefits to eligible employees and eligible dependents in accordance with plan provisions. Medical Plan assets are accumulated and benefits are paid from a voluntary employees' beneficiary association (VEBA) trust established by Western Water. Separate financial statements of the VEBA trust may be obtained at Western Municipal Water District, 14205 Meridian Parkway, Riverside, CA 92518.

Benefits Provided

Eligible participants for the Medical Plan are based on three groups:

- a. Group 1 are classified and non-classified employees hired on or before December 18, 2002, who are at least 55 years old at retirement and have completed at least 10 years of service. Western Water provides medical benefits for the employee and spouse/registered domestic partner.
- b. Group 2 are classified and non-classified employees hired after December 18, 2002, who are at least 55 years old at retirement and have completed at least 10 years of service. Western Water provides medical benefits for the employee only.
- c. Group 3 are classified and non-classified employees hired on or after July 1, 2021, who are at least 55 years old at retirement and have completed at least 20 years of service. Western Water provides medical benefits for the employee only.

Employees Covered

As of June 30, 2024, the following employees and former employees were covered by the benefit terms under the plan:

Inactive employees or beneficiaries currently receiving benefit payments	65
Active Employees	<u>157</u>
Total	<u>222</u>

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024**

(11) Other Post-Employment Benefits, continued

A. General Information about the OPEB Plan

Funding Policy and Annual Cost

Contributions

The Medical Plan and its contribution requirement of Western Water is established and may be amended by Western Water’s Board of Directors. Western Water contributes to the VEBA trust an amount equal to the actuarially determined contribution at the time of biennial valuation. For the fiscal year ended June 30, 2024, Western Water's total benefit payments of \$109,717 net of estimated implied subsidy of \$109,717, resulted in no cash contributions to the trust.

B. Net OPEB Liability (Asset)

Western Water's net OPEB liability (asset) was measured as of June 30, 2024 and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation dated July 1, 2024, using standard procedures to determine the June 30, 2024, measurement date. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Valuation date	7/1/2024
Measurement date	6/30/2024
Actuarial cost method	Entry-age normal cost method
Actuarial assumptions:	
Discount rate	5.60%
Salary scale	2.80%
Expected long-term investment rate of return	5.60%
Healthcare cost trend rates	Actual premium rates, then 7.75% and 6.25% for pre-65 and post-65 respectively per annum in fiscal year 2025, decreasing 0.25% per year to an ultimate rate of 4.50% for fiscal year 2038 and later years
Pre-retirement turnover	Derived from CalPERS pension plan
Mortality	Derived from CalPERS pension plan updated to reflect most recent experience study

The actuarial assumptions used in the July 1, 2024 valuation were based on a standard set of assumptions the actuary has used for similar valuations.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024**

(11) Other Post-Employment Benefits, continued

B. Net OPEB Liability (Asset), continued

The long-term expected rate of return 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity	64.6%	N/A
Fixed income	34.4%	N/A
Cash and Equivalents	1.0%	N/A
Total	100.0%	5.6%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.6%. The projection of cash flows used to determine the discount rate assumed that Western Water's contributions would be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Medical 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 the Medical Plan's investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in net OPEB Liability (Asset)

The changes in the net OPEB liability (asset) are as follows:

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(11) Other Post-Employment Benefits, continued

C. Changes in net OPEB Liability (Asset), continued

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2023	\$ 14,375,816	\$ 21,329,527	\$ (6,953,711)
Changes in the Year:			
Service cost	491,932	-	491,932
Interest on the total OPEB liability	989,075	-	989,075
Differences between actual and expected experience	(1,896,335)	-	(1,896,335)
Changes in assumptions	2,180,016	-	2,180,016
Change in benefit terms	-	-	-
Contribution - employer	-	109,717	(109,717)
Contribution - retiree	-	54,618	(54,618)
Net investment income	-	2,041,569	(2,041,569)
Administrative expenses	-	(32,358)	32,358
Benefit payments	(655,835)	(655,835)	-
Net Changes	\$ 1,108,853	\$ 1,517,711	\$ (408,858)
Balance as of June 30, 2024 (Measurement Date)	\$ 15,484,669	\$ 22,847,238	\$ (7,362,569)

Change in Assumptions

Actuarial assumptions that changed from the prior year include the medical trend rate have been updated to an initial rate of 8.00% in 2024 decreasing 0.25% annually to an ultimate rate of 4.50%. This change caused an increase in liabilities.

Updated the discount rate from 6.80% as of June 30, 2023 to 5.60% as of June 30, 2024. This change resulted in a significant increase in liabilities.

Salary scale has been updated from 1.50% to 2.80% per year plus merit increase for miscellaneous employees based on the 2023 CalPERS Pension plan valuation. This change caused a decrease in liabilities.

Change in Benefit Terms

There were no changes of benefit terms.

Subsequent Events

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

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(11) Other Post-Employment Benefits, continued

C. Changes in net OPEB Liability (Asset), continued

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the net OPEB liability (asset) of Western Water, as well as what Western Water's net OPEB liability (asset) would be if it were calculated using a different rate that is one percentage point lower (4.6%) or one percentage point higher (6.6%) than the current discount rate:

	1% Decrease (4.6)%	Discount Rate (5.6)%	1% Increase (6.6)%
Net OPEB Liability (Asset)	\$ (5,321,157)	\$ (7,362,569)	\$ (9,060,687)

Sensitivity of the Net OPEB Liability (Asset) to Changes in the Healthcare Cost Trend Rates

The following represents the net OPEB liability (asset) of Western Water, as well as Western Water's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rates that are one percentage point lower (7.0%) or one percentage point higher (9.0%) than the current healthcare cost trend rates:

	1% Decrease (7.00)%	Current Healthcare Cost Trend Rates (8.00)%	1% Increase (9.00)%
Net OPEB Liability (Asset)	\$ (9,339,003)	\$ (7,362,569)	\$ (4,897,291)

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

For the year ended June 30, 2024, Western Water recognized OPEB expense of \$850,294. At June 30, 2024, Western Water reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between actual and expected experience	\$ 476,142	\$ (8,136,471)
Change of assumptions	3,442,407	(708,530)
Net differences between projected and actual earnings on OPEB plan investments	471,888	-
Total	\$ 4,390,437	\$ (8,845,001)

The net difference between projected and actual earnings on plan investments is amortized over a five-year period. The differences between actual and expected experience and change in assumptions are amortized over the expected average remaining service life.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024**

(11) Other Post-Employment Benefits, continued

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

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

Year Ending	Amount
June 30,	<u> </u>
2025	\$ (1,121,239)
2026	(320,191)
2027	(1,088,342)
2028	(987,060)
2029	(1,036,264)
Thereafter	<u>98,532</u>
Total	<u><u>\$ (4,454,564)</u></u>

E. Payable to the OPEB Plan

At June 30, 2024, Western Water had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2024.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(12) Risk Management

Western Water is exposed to various risks of loss including, but not limited to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. Western Water is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (JPIA), an intergovernmental risk-pooling self-insurance authority, created under the provisions of California Government Code Sections 6500 et. seq. The purpose of the JPIA is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. At June 30, 2024, Western Water participated in the following self-insurance and purchased insurance programs with JPIA:

- General, automobile, employment practices & public officials' liability: Broad coverage against third-party claims for Western Water, its directors, employees, and volunteers. Covered up to the following limits: the JPIA pools for first \$5,000,000 and purchases excess coverage limits to \$55,000,000 with aggregated policy limits.
- Property loss: Insured up to replacement value with a \$50,000 deductible per occurrence on scheduled buildings, fixed equipment and contents. Actual cash value on scheduled mobile equipment with a \$25,000 deductible per occurrence, and actual cash value on scheduled vehicles with a \$25,000 per occurrence. JPIA is self-insured up to \$10,000,000 per loss and has purchased re-insurance coverage up to a \$500,000,000 limit per occurrence. Scheduled fixed equipment is covered for accidental mechanical breakdown up to a sub-limit of \$100,000,000 with a deductible of \$25,000 to \$50,000 depending on the type of equipment. The property program also includes earthquake coverage with an aggregate limit of \$2,500,000, with a deductible equal to 5% of Western Water's total insurable values affected in a loss, subject to a minimum of \$75,000, and flood coverage with an aggregate limit up to \$25,000,000 and a sub-limit of \$10,000,000 for Flood Zones A or V, with a \$100,000 deductible.
- Workers' compensation: Insured for employer's liability for job-related injury or disease with a \$4,000,000 program aggregate limit. JPIA pools the first \$2,000,000 and purchases excess coverage for California statutory limits up to a \$4,000,000 program aggregate limit.
- Cyber liability: Including cyber security up to \$3,000,000 per member and \$5,000,000 aggregate limit. Cyber liability is subject to a \$100,000 deductible.
- Employee dishonesty/Crime Supplement: Insured up to \$100,000 per occurrence with a \$1,000 deductible for employee dishonesty, computer fraud, and forgery or alteration. An excess crime program provides a coverage/limit up to \$1,000,000 per occurrence with a \$100,000 deductible. The program covers all employees and the Board of Directors.
- Fiduciary liability: Insured up to \$1,000,000 per occurrence and \$1,000,000 aggregate limit with sub-limits of \$100,000 and \$250,000 for certain coverages. Fiduciary liability is subject to a \$50,000 deductible.

In addition, Western Water has purchased Pollution and Remediation Legal Liability insurance through an independent insurance company that provides coverage of \$2,000,000 per occurrence and a \$10,000,000 aggregate. Coverage includes pollution conditions for water supply and biosolids, sewer backup, mold, remediation, emergency response cost, on-site clean-up cost, third-party claims for off-site clean-up, and transportation pollution liability, with a \$100,000 deductible.

There have been no significant changes in insurance coverage as compared to the prior year and settled claims have not exceeded any coverage amounts in any of the last three fiscal years.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(13) Leases

Western Water has adopted the following policies to account for agreements in accordance with the requirements of GASB Statement No. 87 (unless otherwise specified, the following policies pertain to agreements in which Western Water is lessee, and agreements in which Western Water is lessor):

Basis of Lease Classification

In accordance with GASB No. 87, Western Water does not recognize a lease receivable and a deferred inflow of resources for short-term leases. Short-term leases are certain leases that, at the commencement of the lease term, has 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.

Term

At the time of commencement or conversion, the term of the lease will include possible extension periods that are deemed to be reasonably certain given all available information, regarding the likelihood of renewal.

Discount Rate

Unless explicitly stated in the lease agreement, known by Western Water, or Western Water is unable to determine the rate implicit within the lease, the discount rate used to calculate lease right-of-use assets and liabilities and related lease receivable is Western Water's incremental borrowing rate at the end of each fiscal year. The incremental borrowing rate was between 3.25% and 8.5% as of June 30, 2024, and corresponding discount rate was utilized for applicable leases in fiscal year 2024.

Variable Payments

Variable payments based on the future performance of the lessee or lessor or usage of the underlying asset are not included in the measurement of lease assets or liabilities. For the fiscal year ended June 30, 2024, all leases are based on fixed payments and do not have variable payment components.

Remeasurement

For the fiscal year ended June 30, 2024, Western Water did not have to remeasure any lease liabilities due to 1) early termination of leases, 2) reduction in monthly lease payment, or 3) change in borrowing rate.

Western Water as Lessee

Vehicle Leases

Western Water has entered into various vehicle agreements with lease terms expiring between 2023 to 2027. As of June 30, 2024, Western Water has recognized right to use assets of \$1,019,479 and lease liabilities of \$1,059,914, related to these agreements. During the fiscal year, Western Water recorded \$342,143 in amortization expense.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(13) Leases, continued

Land Lease

Western Water has entered into an agreement to lease land from the Metropolitan Water District with the lease term expiring in 2061. As of June 30, 2024, Western Water has recognized a right to use asset of \$459,677 and a lease liability of \$475,588 related to this agreement. During the fiscal year, Western Water recorded \$12,769 in amortization expense.

Western Water amortized the right to use assets as follows during the fiscal year:

	Balance at 6/30/2023	Additions	Deletions	Balance at 6/30/2024
Lease assets:				
Land	\$ 497,984	\$ -	\$ -	\$ 497,984
Vehicles	1,343,802	328,227	(137,255)	1,534,774
Total	<u>\$ 1,841,786</u>	<u>\$ 328,227</u>	<u>\$ (137,255)</u>	<u>\$ 2,032,758</u>
Less accumulated amortization on lease assets:				
Land	\$ (25,538)	\$ (12,769)	\$ -	\$ (38,307)
Vehicles	(310,408)	(342,142)	137,255	(515,295)
Total	<u>\$ (335,946)</u>	<u>\$ (354,911)</u>	<u>\$ 137,255</u>	<u>\$ (553,602)</u>
Total Capital Assets, net	<u>\$ 1,505,840</u>	<u>\$ (26,684)</u>	<u>\$ -</u>	<u>\$ 1,479,156</u>

Remaining obligations associated with these leases are as follows:

Fiscal Years	Principal	Interest	Total
2025	\$ 294,982	\$ 75,608	\$ 370,590
2026	292,479	57,766	350,245
2027	288,455	39,028	327,483
2028	196,680	21,585	218,265
2029	23,390	14,311	37,701
2030-2034	42,426	66,792	109,218
2035-2039	49,901	59,317	109,218
2040-2044	58,694	50,525	109,219
2045-2049	69,035	40,184	109,219
2050-2054	81,198	28,021	109,219
2055-2059	95,504	13,714	109,218
2060-2062	42,758	929	43,687
Total	<u>\$ 1,535,502</u>	<u>\$ 467,780</u>	<u>\$ 2,003,282</u>

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(13) Leases, continued

Western Water as Lessor

Cell Site Leases

Western Water has entered into two cell site leases with lease terms expiring between 2024 to 2035. As of June 30, 2024, the lease receivable is \$451,425 and deferred inflows of resources are \$411,344. Western Water recognized \$69,170 of lease revenue during the year.

Office Space Lease

Western Water leases a portion of its headquarters to March Joint Powers Authority for office space use with the lease term expiring in 2025. As of June 30, 2024, the lease receivable is \$80,248 and deferred inflows of resources are \$76,489. Western Water recognized \$65,562 of lease revenue during the fiscal year.

Land Sublease

Western Water subleases a portion of its land at El Sobrante for use by the County of Riverside with the lease term expiring in 2061. As of June 30, 2024, the lease receivable is \$44,940 and deferred inflows of resources are \$42,910. Western Water recognized \$1,155 of lease revenue during the fiscal year.

Below is a summary of Western Water's lease receivable balance:

	Balance at June 30, 2023	Adjustment	Additions	Deletions	Balance at June 30, 2024
Cell Sites	\$ 511,095	\$ -	-	\$ (59,670)	\$ 451,425
Office Space	146,655	-	-	(66,407)	80,248
Land (Sublease)	45,552	-	1,318	(1,930)	44,940
Total	\$ 703,302	\$ -	1,318	\$ (128,007)	\$ 576,613

Remaining amounts to be received associated with these leases are as follows:

Fiscal Years	Lease Revenue
2025	\$ 97,095
2026	42,371
2027	33,054
2028	35,506
2029	38,079
2030-2034	233,623
2035-2039	63,985
2040-2044	5,504
2045-2049	6,474
2050-2054	7,615
2055-2059	8,956
2060-2061	4,351
Total	\$ 576,613

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(14) Subscription-Based Information Technology Arrangements (SBITA)

Western Water utilizes IT software contracts to purchase all software, including a variety of software products that are installed on servers, workstations, mobile devices, notebooks, and other hardware. These software products include enterprise software licensing and subscription agreements, cloud data warehousing, e-procurement system services as well as various technology security and geographical mapping imagery. In many cases, Western Water is required to purchase the annual licenses for these products to obtain functional and security updates as well as maintenance support services.

Western Water evaluates these contracts and identifies the qualified SBITAs in accordance with GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The present value of the SBITAs, calculated based on the incremental borrowing rate discussed below, are aggregated on a portfolio basis. Western Water has adopted the following policies to account for agreements in accordance with the requirements of GASB No. 96.

Basis of SBITA classification

In accordance with GASB No. 96, Western Water recognizes short-term subscription payments, which have a maximum possible term under the SBITA contract of 12 months or less, as outflows of resources based on the payment provisions of the contract.

For purposes of determining the applicability of GASB No. 96, Software as a Service, Platform as a Service, and Infrastructure as a Service are three common deployment models of cloud computing arrangements. Each deployment model may contain IT software used in combination with tangible capital assets. The substance of the arrangement is evaluated by Western Water in accordance with GASB No. 96 to determine whether the arrangement meets the definition of SBITA.

Term

At the time of the SBITA commencement or conversion, the term will include possible extension periods that are deemed to be reasonably certain given all available information, regarding the likelihood of renewal. For extension periods without explicit rent payment amounts in the agreement, Western Water will assume a CPI increase applicable to the western Riverside area for the fiscal year to prior payment amounts on an annual basis. No such assumptions were required in fiscal year 2024.

Discount rate

Unless explicitly stated in the agreement, known by Western Water, or Western Water is able to determine the rate implicit within the agreement, the discount rate used to calculate the right-to-use subscription IT assets and liabilities is Western Water's incremental borrowing rate at the time the SBITA is entered into. The incremental borrowing rate was between 3.25% and 8.5% as of June 30, 2024, and corresponding discount rate was utilized for SBITA in fiscal year 2024.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

14) Subscription-Based Information Technology Arrangements (SBITA), continued

Variable payments

Variable payments based on the future performance of the agreement or usage of the underlying IT asset are not included in the measurement of subscription IT assets or liabilities. For the fiscal year ended June 30, 2024, Western Water reported two SBITA arrangements for payroll processing and utility bill online and phone payment processing per the variable payment component. SBITA variable expenses range from \$20,000 to \$50,000 per month based on the number of employee payments processed or a percentage of the amount of payments received online or via phone. For the year ended June 30, 2024, Western Water recorded \$428,164 of SBITA variable based payments as administrative and general expenses.

The total amount of subscription IT assets and the related accumulated amortization for the year ended June 30, 2024 is as follows:

	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024
Subscription assets:				
Right to use subscription assets-in-progress	\$ 1,416,263	\$ 2,440,255	\$ (3,562,029)	\$ 294,489
Right to use subscription assets	318,581	4,187,591	-	4,506,172
Total subscription assets	1,734,844	6,627,846	(3,562,029)	4,800,661
Less accumulated amortization on subscription assets:				
Right to use subscription assets	(17,699)	(312,816)	-	(330,515)
Total accumulated amortization on subscription assets	(17,699)	(312,816)	-	(330,515)
Subscription assets, net	<u>\$ 1,717,145</u>	<u>\$ 6,315,030</u>	<u>\$ (3,562,029)</u>	<u>\$ 4,470,146</u>

Future principal and interest payments to be made under these SBITAs for each of the next five years and in five-year increments thereafter (if applicable) are as follows:

Years ended June 30,	Principal	Interest	Total
2025	\$ 247,350	\$ 88,437	\$ 335,787
2026	260,751	71,043	331,794
2027	141,951	59,901	201,852
2028	154,044	47,807	201,851
2029	101,654	36,345	137,999
2030-2032	400,240	-	400,240
	<u>\$ 1,305,990</u>	<u>\$ 303,533</u>	<u>\$ 1,609,523</u>

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024**

(15) Commitments and Contingencies

Joint Ventures

Western Water participates in the following joint ventures with other districts and agencies for various water and wastewater projects and operating facilities in Southern California:

Chino Basin Desalter Authority

Western Water joined the Chino Basin Desalter Authority (CDA) in November 2008 and became a voting member of the CDA on September 22, 2011, through a facility buy-in contribution of \$3,163,712. Working in partnership with two CDA partners, the City of Ontario and Jurupa Community Services District (JCSD), Western Water is augmenting water supplies from the Chino Basin by expanding the capacity of the Chino II Desalter from 12 MGD to 22 MGD. As expansion partners, Western Water, the City of Ontario and JCSD are responsible for funding the remaining cost of the \$155 million project, net of grants. Western Water’s total share of the project is about \$64 million reduced by about \$33 million in grant funding, for a net cost of \$31 million excluding Western Water's internal costs and capitalized interest. Western Water’s share of costs incurred to date, including Western Water's internal costs and capitalized interest, is \$72 million as of June 30, 2024. Western Water’s participation in the CDA is accounted for as a joint venture without an equity interest. Western Water’s share of the expansion cost was capitalized throughout construction, including capacity rights of 3,534 acre-feet of water annually.

Separate financial statements may be obtained at the Chino Basin Desalter Authority, 2151 S. Haven Avenue, Suite 202, Ontario, CA 91761.

Audited financial information for the operation of the CDA for the fiscal year ended June 30, 2024 is as follows:

Total assets	\$ 293,499,356
Total deferred outflows of resources	\$ 2,796,141
Total liabilities	\$ 60,939,238
Total net position	\$ 235,356,259
Total revenues	\$ 85,602,311
Total expenses	(82,338,872)
Change in net position	\$ 3,263,439

Western Riverside County Regional Wastewater Authority (WRCRWA)

WRCRWA was formed in 1992 pursuant to the provisions of Article 1, Chapter 5, Division 7, Title 1 of the Government Code of the State of California relating to the joint exercise of powers common to public agencies for the purpose of constructing, maintaining, operating and managing facilities for the collection, transmission, treatment and disposal of wastewater, the reclamation of wastewater, and the use of reclaimed wastewater for any beneficial purpose.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(15) Commitments and Contingencies, continued

Joint Ventures, continued

Western Riverside County Regional Wastewater Authority, continued

The five-member agencies are the Home Gardens Sanitary District, Western Water, the City of Norco, the City of Corona and JCSD. WRCRWA is governed by a 10-member Board of Directors. Western Water’s participation in WRCRWA is accounted for as a joint venture without an equity interest.

WRCRWA owns and operates a tertiary wastewater treatment plant in Riverside County. In 2018, WRCRWA completed an expansion of the plant from an 8.0 MGD to a 14.0 MGD treatment capacity. The member agencies support the operating costs and capital costs through fixed and variable rates established by WRCRWA’s Board of Directors. At June 30, 2024, the carrying value of Western Water’s capacity rights in WRCRWA is \$7.7 million, net of accumulated amortization. The capacity rights in WRCRWA are being amortized over the term of the WRCRWA joint exercise of powers agreement.

The plant’s treatment capacity is owned by member agencies as follows:

Member Agencies	MGD
Western Municipal Water District	1.93
Jurupa Community Services District	6.00
City of Norco	2.70
Home Gardens Sanitary District	0.75
City of Corona	2.62
	14.00

The plant expansion was financed by all member agencies, including a portion from Western Water for certain expenses that primarily deal with odor control. Western Water's participation in the plant expansion did not result in additional allocated capacity to Western Water. The table above reflects plant treatment capacity among the member agencies as a result of the plant expansion.

Unaudited financial information for the operation of WRCRWA for the fiscal year ended June 30, 2024 is as follows:

Total assets	\$ 123,724,195
Total liabilities	\$ 57,115,239
Total deferred inflow of resources	\$ 915,516
Total net position	\$ 65,693,440
Total revenues	\$ 21,196,669
Total expenses	(16,535,873)
Change in net position	\$ 4,660,796

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024**

(15) Commitments and Contingencies, continued

Joint Ventures, continued

Western Riverside County Regional Wastewater Authority, continued

Since July 1, 1998, Western Water has been responsible for the administration and operations of WRCRWA. Separate financial statements of WRCRWA may be obtained at Western Municipal Water District, 14205 Meridian Parkway, Riverside, CA 92518.

Santa Ana Watershed Project Authority (SAWPA)

SAWPA was formed under a joint exercise of powers agreement for the purpose of undertaking projects for water quality control and protection in the Santa Ana River Watershed. SAWPA is composed of five water agencies within the watershed area: Eastern Municipal Water District, Orange County Water District, San Bernardino Valley Municipal Water District, Western Water and the Inland Empire Utilities Agencies. Each participating agency appoints two commissioners to SAWPA to form an oversight committee of 10. Equal contributions are made by each member agency for administration and contributions based on capacity use rights for project agreements under which capital construction is accomplished. Special projects or studies are funded by contributions based on the general or specific nature of the project or study. Western Water’s participation in SAWPA is accounted for as a joint venture without an equity interest. At June 30, 2024, the carrying value of Western Water’s capacity rights in SAWPA is \$18.7 million. The capacity rights in SAWPA were determined to have an indefinite useful life and are not being amortized. Financial data may be obtained at Santa Ana Watershed Project Authority, 11615 Sterling Avenue, Riverside, CA 92503.

Unaudited financial information for the operation of SAWPA for the fiscal year ended June 30, 2024 is as follows:

Total assets	\$ 174,995,487
Total deferred outflow of resources	\$ 2,636,976
Total liabilities	\$ 89,933,209
Total deferred inflow of resources	\$ 845,675
Total net position	\$ 86,853,579
Total revenues	\$ 31,822,484
Total expenses	(24,957,293)
Change in net position	\$ 6,865,191

Santa Rosa Regional Resources Authority (SRRRA)

SRRRA was formed under a joint exercise of powers agreement for the purpose of constructing, maintaining, operating and managing facilities for the collection, transmission, treatment and disposal of wastewater, the reclamation of wastewater, and the use of reclaimed wastewater for any beneficial purpose.

**Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024**

(15) Commitments and Contingencies, continued

Joint Ventures, continued

Santa Rosa Regional Resources Authority (SRRRA), continued

SRRRA comprises three-member agencies: Elsinore Valley Municipal Water District, Rancho California Water District, and Western Water. SRRRA is governed by a three-member Board of Directors. Western Water's participation is accounted for as a joint venture without an equity interest.

In 2018, SRRRA completed the acquisition of the SRWRF, a 5.0 MGD secondary and tertiary plant, from Rancho California Water District. Wastewater flows in SRRRA's service area are treated at the SRWRF. At June 30, 2024, the carrying value of Western Water's capacity rights in SRRRA is \$16.4 million. Financial data may be obtained at Rancho California Water District, 42135 Winchester Road, Temecula, CA 92590.

Financial information for the operation of SRRRA for the fiscal year ended June 30, 2024 is as follows:

Total assets	\$ 84,292,753
Total liabilities	\$ 70,209,240
Total net position	\$ 14,083,513
Total revenues	\$ 13,764,369
Total expenses	(10,943,517)
Change in net position	\$ 2,820,852

Construction Contracts

Western Water has committed to \$5,954,401 in open construction contracts as of June 30, 2024. These include:

Project	Approved Contract	Payments To Date	Remaining Commitment
Magnolia Avenue Intertie with Riverside Public Utilities	\$ 4,942,482	\$ 1,438,753	\$ 3,503,729
Water Pipeline Replacement	1,831,041	1,095,715	735,326
Arlington Desalter Well #5 Rehabilitation	525,040	190,176	334,864
Well #7 Production Project	415,395	81,148	334,247
March Line Assessment	954,291	630,568	323,723
Riverside Facilities	552,699	357,785	194,914
Jefferson Ave Water Improvement	559,590	398,173	161,417
Hillside Reservoirs 1 & 2	727,548	603,007	124,541
Various Projects	1,957,468	1,715,828	241,640
Total	\$ 12,465,554	\$ 6,511,153	\$ 5,954,401

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(15) Commitments and Contingencies, continued

General Litigation

Western Water is subject to various claims covering a wide range of matters that arise in the ordinary course of business. Management believes that any liability that may ultimately result from the resolution of these matters has already been accrued as of June 30, 2024.

Western Municipal Water District
Notes to the Basic Financial Statements
June 30, 2024

(16) Subsequent Events

On October 18, 2024, S&P Global Ratings lowered its long-and short-term ratings on various joint-supported bond issues backed by Letters of Credit from TD Bank N.A. and Toronto Dominion Bank, New York branch, to “AA+/A-1” from “AAA/A-1+”. This downgrade affects Western Water’s Adjustable Rate Water Revenue Refunding Bonds 2012 Series A Bonds by lowering its rating to “AA+/A-1” from “AAA/A-1+ ”. On October 23, 2024, Western Water published a notice with the Electronic Municipal Market Access (EMMA) informing investors of this downgrade. Management does not believe this downgrade will materially impact Western Water’s 2012 Series A Bonds.

In August 2023, Western Water entered into an agreement with Elsinore Valley Municipal Water District (EVMWD) for the purchase and sale of service rights in the Mills Pipeline to EVMWD. Per the agreement, EVMWD received two options to purchase 12 cubic feet per second (cfs) in the Mills Pipeline with 6 cfs purchased effective August 31, 2023 and the option for the other 6 cfs to be purchased before December 31, 2024. On December 1, 2024, EVMWD exercised its option to purchase the remaining 6 cfs service rights by Western Water to EVMWD for \$8,167,881 payable to Western Water in installments of \$581,137 annually on December 31st over 17 years at an annual rate of 2.5% with the loan receivable maturing on December 31, 2040.

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Required Supplementary Information

**Western Municipal Water District
Required Supplementary Information
June 30, 2024**

*Schedule of Western Water's Proportionate Share of the Pension Plan's Net Pension Liability and
Related Ratios as of the Measurement Date
Last 10 Years*

	<u>06/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>6/30/2014</u>
Western Water's proportion of the net pension liability	0.57277%	0.55652%	0.60813%	0.51461%	0.49608%	0.47950%	0.46740%	0.45294%	0.45074%	0.37623%
Western Water's proportionate share of the net pension liability	\$ 28,641,008	\$ 26,040,982	\$ 11,547,259	\$ 21,706,462	\$ 19,865,378	\$ 18,070,806	\$ 18,425,168	\$ 15,734,556	\$ 12,365,976	\$ 9,298,222
Western Water's covered payroll ¹	\$ 18,369,788	\$ 17,632,348	\$ 17,369,367	\$ 16,473,446	\$ 14,957,485	\$ 13,685,044	\$ 12,875,107	\$ 12,276,411	\$ 11,614,001	\$ 10,944,715
Western Water's proportionate share of the net pension liability as a percentage of its covered payroll	155.91%	147.69%	66.48%	131.77%	132.81%	132.05%	143.11%	128.17%	106.47%	85.38%
Western Water's share of risk pool Fiduciary Net Position	\$ 87,762,067	\$ 82,193,060	\$ 85,474,679	\$ 68,385,093	\$ 63,511,117	\$ 58,375,175	\$ 53,080,708	\$ 47,253,866	\$ 46,203,551	\$ 45,687,606
Western Water's additional payments to side fund during measurement period	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Western Water's proportionate share of the fiduciary net position (sum of the two preceding lines)	\$ 87,762,067	\$ 82,193,060	\$ 85,474,679	\$ 68,385,093	\$ 63,511,117	\$ 58,375,175	\$ 53,080,708	\$ 47,253,866	\$ 46,203,551	\$ 45,687,606
Western Water's proportionate share of the fiduciary net position as a percentage of the plan's total pension liability	75.39%	75.94%	88.10%	75.91%	76.17%	76.36%	74.23%	75.02%	78.89%	83.09%
Western Water's proportionate share of aggregate employer contributions ²	\$ 3,648,421	\$ 4,263,419	\$ 3,361,854	\$ 3,055,422	\$ 2,631,647	\$ 2,223,572	\$ 2,008,382	\$ 1,759,697	\$ 1,598,220	\$ 1,235,468

(1) Covered Payroll represented above is based on the total pensionable payroll of employees in accordance with GASB 68.

(2) Western Water's proportionate share of aggregate contributions may not match the actual contributions made by the employer during the Measurement Period. Western Water's proportionate share of aggregate contributions is based on Western Water's proportion of Fiduciary Net Position shown on the table above as well as any additional side fund (or unfunded liability) contributions made by the employer during the measurement period.

**Western Municipal Water District
Required Supplementary Information
June 30, 2024**

Changes of Assumptions

There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

**Western Municipal Water District
Required Supplementary Information
June 30, 2024**

*Schedule of Pension Plan Contributions
Last 10 Years*

	<u>Fiscal Year 2023-24</u>	<u>Fiscal Year 2022-23</u>	<u>Fiscal Year 2021-22</u>	<u>Fiscal Year 2020-21</u>	<u>Fiscal Year 2019-20</u>	<u>Fiscal Year 2018-19</u>	<u>Fiscal Year 2017-18</u>	<u>Fiscal Year 2016-17</u>	<u>Fiscal Year 2015-16</u>	<u>Fiscal Year 2014-15</u>
Actuarially determined contribution	\$ 4,032,279	\$ 3,718,057	\$ 3,458,959	\$ 3,266,946	\$ 2,868,787	\$ 2,390,220	\$ 2,029,535	\$ 1,785,348	\$ 1,700,996	\$ 1,686,011
Contributions in relation to the actuarially determined contribution	<u>(4,032,279)</u>	<u>(3,718,057)</u>	<u>(3,458,959)</u>	<u>(3,266,946)</u>	<u>(2,868,787)</u>	<u>(2,390,220)</u>	<u>(2,029,535)</u>	<u>(1,785,348)</u>	<u>(1,700,996)</u>	<u>(1,686,011)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Covered Payroll ¹	\$ 21,248,258	\$ 18,369,788	\$ 17,632,348	\$ 17,369,367	\$ 16,473,446	\$ 14,957,485	\$ 13,685,044	\$ 12,875,107	\$ 12,276,411	\$ 11,614,001
Contributions as a percentage of covered payroll	18.98%	20.24%	19.62%	18.81%	17.41%	15.98%	14.83%	13.87%	13.86%	14.52%

⁽¹⁾ Covered Payroll represented above is based on the total pensionable payroll of employees in accordance with GASB 68.

Notes to Schedule:

Change in Benefit Terms: None

Change in Assumptions: None

Changes in Assumptions

There were no assumption changes in 2023. Effective with the June 30, 2021 valuation date (June 30, 2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. In addition, demographic assumptions and the price inflation assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. The accounting discount rate was 7.15% for measurement dates June 30, 2017 through June 30, 2021, 7.65% for measurement dates June 30, 2015 through June 30, 2016, and 7.50% for measurement date June 30, 2014.

**Western Municipal Water District
Required Supplementary Information
June 30, 2024**

***Schedule of Changes in Net Other Post-Employment Benefits Liability (Asset) and Related Ratios
Last 10 Years****

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability							
Service cost	\$ 491,932	\$ 477,783	\$ 609,870	\$ 810,090	\$ 803,311	\$ 785,273	\$ 713,625
Interest	989,075	934,353	1,473,775	1,294,035	1,337,944	1,357,315	1,049,476
Differences between expected and actual experience	(1,896,335)	31,782	(8,137,337)	-	(3,591,478)	-	1,544,082
Changes in assumptions	2,180,016	-	(436,726)	1,367,534	1,526,814	(1,742,305)	847,628
Contributions - retiree	54,618	55,904	28,889	33,005	30,622	33,327	36,511
Benefit payments	(710,453)	(706,809)	(758,234)	(723,451)	(761,449)	(692,604)	(498,497)
Net change in total OPEB liability	<u>1,108,853</u>	<u>793,013</u>	<u>(7,219,763)</u>	<u>2,781,213</u>	<u>(654,236)</u>	<u>(258,994)</u>	<u>3,692,825</u>
Total OPEB liability - beginning	<u>14,375,816</u>	<u>13,582,803</u>	<u>20,802,566</u>	<u>18,021,353</u>	<u>18,675,589</u>	<u>18,934,583</u>	<u>15,241,758</u>
Total OPEB liability- ending (a)	<u>15,484,669</u>	<u>14,375,816</u>	<u>13,582,803</u>	<u>20,802,566</u>	<u>18,021,353</u>	<u>18,675,589</u>	<u>18,934,583</u>
Plan Fiduciary Net Position							
Contributions - employer	109,717	119,998	851,933	664,580	729,432	729,432	708,338
Contributions - retiree	54,618	55,904	28,889	33,005	30,622	33,327	36,511
Net investment income	2,041,569	1,655,124	(3,216,588)	5,274,077	31,747	820,649	1,265,227
Benefit payments	(655,835)	(650,905)	(729,345)	(561,722)	(534,127)	(536,005)	(498,497)
Administrative expense	(32,358)	(22,360)	(40,490)	(32,786)	(28,303)	(30,076)	(27,625)
Net change in plan fiduciary net position	<u>1,517,711</u>	<u>1,157,761</u>	<u>(3,105,601)</u>	<u>5,377,154</u>	<u>229,371</u>	<u>1,017,327</u>	<u>1,483,954</u>
Plan fiduciary net position--beginning	<u>21,329,527</u>	<u>20,171,766</u>	<u>23,277,367</u>	<u>17,900,213</u>	<u>17,670,842</u>	<u>16,653,515</u>	<u>15,169,561</u>
Plan fiduciary net position--ending (b)	<u>22,847,238</u>	<u>21,329,527</u>	<u>20,171,766</u>	<u>23,277,367</u>	<u>17,900,213</u>	<u>17,670,842</u>	<u>16,653,515</u>
Net OPEB liability (asset) (a) - (b)	<u>\$ (7,362,569)</u>	<u>\$ (6,953,711)</u>	<u>\$ (6,588,963)</u>	<u>\$ (2,474,801)</u>	<u>\$ 121,140</u>	<u>\$ 1,004,747</u>	<u>\$ 2,281,068</u>
Plan fiduciary net position as a percentage of total OPEB liability	147.55%	148.37%	148.51%	111.90%	99.33%	94.62%	87.95%
Covered payroll	\$ 19,154,544	\$ 18,369,788	\$ 17,632,348	\$ 17,369,367	\$ 16,473,446	\$ 14,957,485	\$ 13,685,044
Net OPEB liability (asset) as a percentage of covered payroll	(38.44)%	(37.85)%	(37.37)%	(14.25)%	0.74%	6.72%	16.67%

* Fiscal year 2023 to 2024 was the seventh year of implementation; therefore, only seven years are shown.

Benefit Changes

There were no benefit changes during fiscal year 2024.

**Western Municipal Water District
Required Supplementary Information
June 30, 2024**

Changes of Assumptions

In 2024, 1) the discount rate changed from 6.80% to 5.60%, 2) Salary scale was changed from 1.50% to 2.80% per year, 3) health care trend rates have been updated to an initial rate of 8.00% decreasing 0.25% annually to an ultimate rate of 4.50%. In 2022, 1) the discount rate was changed from 7.0% to 6.8%, 2) the expected long-term investment rate of return was changed from 7.0% to 6.8%, and 3) the medical trend rate table was reset in fiscal year 2023. In 2021, the salary scale was changed from 3.0% to 1.50%, and the medical trend rate table was reset in fiscal year 2022. In 2020, the salary increase rate was changed from 5.7% to 3.0%, and the medical trend rate table was reset in fiscal year 2021. In 2019, 1) the salary increase rate was changed from 3.0% to 5.7%, 2) spousal coverage assumption was changed from 85% to 60%, and 3) the medical trend rate table was reset in fiscal year 2020.

**Western Municipal Water District
Required Supplementary Information
June 30, 2024**

**Schedule of OPEB Contributions
Last 10 Years***

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 109,717	\$ 119,998	\$ 851,933	\$ 793,304	\$ 926,132	\$ 852,704	\$ 671,838
Actual employer contribution	109,717	119,998	851,933	793,304	926,132	852,704	671,838
Contribution deficiency (excess)	<u>\$ -</u>						
Covered payroll	\$ 19,154,544	\$ 18,369,788	\$ 17,632,348	\$ 17,369,367	\$ 16,473,446	\$ 14,957,485	\$ 13,685,044
Contributions as a percentage of covered payroll	0.57%	0.65%	4.83%	4.57%	5.62%	5.70%	4.91%

*Fiscal year 2023 to 2024 was the seventh year of implementation; therefore, only seven years are shown.

Methods and assumptions used to determine contributions

Actuarial cost method	Entry age normal
Asset valuation method	Fair value of assets
Discount rate	5.60%
Salary scale	2.80%
Investment rate of return	5.60%
Healthcare cost trend rates	Actual premium rates, then 8.00% per annum in fiscal year 2025, decreasing 0.25% per year to an ultimate rate of 4.50% for fiscal year 2038 and later years
Retirement age	55 years
Mortality	Derived from CalPERS pension plan updated to reflect most recent experience study

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STATISTICAL SECTION



ANNUAL COMPREHENSIVE
FINANCIAL REPORT
2023-24

Statistical Section

This part of Western Water’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the accompanying basic financial statements and notes to the basic financial statements says about Western Water’s overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how Western Water’s financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the factors affecting Western Water’s ability to generate revenues.

Debt Capacity

These schedules present information to help the reader assess the affordability of Western Water’s current levels of outstanding debt and Western Water’s ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which Western Water’s financial activities take place and to help make comparisons over time and with other agencies.

Operating Information

These schedules contain information about Western Water’s operations and resources to help the reader understand how Western Water’s financial information relates to the services Western Water provides and the activities it performs.

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TABLE I – NET POSITION BY COMPONENT
Last 10 Fiscal Years

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Net investment in capital assets	\$ 245,674,302	\$ 245,988,252	\$ 252,235,082	\$ 264,247,599	\$ 275,026,568	\$ 260,463,443	\$ 267,186,229	\$ 274,308,171	\$ 277,868,096	\$ 283,773,471
Restricted for debt service	144,619	-	-	-	-	-	-	1,443,855	1,510,763	1,510,763
Restricted for capacity charges	25,480,723	26,101,407	8,748,405	12,425,740	15,914,014	20,337,578	22,713,124	24,913,314	25,492,336	30,368,532
Restricted for OPEB benefits	-	-	-	-	-	-	2,474,801	6,588,963	6,953,711	7,362,569
Restricted for construction-related escrow accounts	-	-	-	-	-	-	-	-	-	765,394
Unrestricted	<u>80,291,581</u>	<u>86,965,126</u>	<u>113,132,995</u>	<u>121,760,230</u>	<u>129,539,337</u>	<u>167,439,334</u>	<u>194,837,187</u>	<u>190,418,697</u>	<u>209,311,767</u>	<u>242,916,781</u>
Total Net Position	<u>\$ 351,591,225</u> (1)	<u>\$ 359,054,785</u>	<u>\$ 374,116,482</u> (2)	<u>\$ 398,433,569</u>	<u>\$ 420,479,919</u>	<u>\$ 448,240,355</u>	<u>\$ 487,211,341</u> (3)	<u>\$ 497,673,000</u> (3)	<u>\$ 521,136,673</u>	<u>\$ 566,697,510</u>
Percentage Increase (Decrease)	-2%	2%	4%	6%	6%	7%	9%	2%	5%	9%

(1) Fiscal year 2015 balance reflects the cumulative effect of the implementation of GASB Statement No. 68.

(2) Fiscal year 2017 balance reflects the cumulative effect of the implementation of GASB Statement No. 75.

(3) Fiscal year 2020 balance was restated for a correction of grant revenue recognition error.

Source: Western Municipal Water District

TABLE II – CHANGES IN NET POSITION

Last 10 Fiscal Years

<u>Fiscal Years</u>	<u>Operating Revenues (1)</u>	<u>Operating Expenses (2)</u>	<u>Operating Income/(Loss)</u>	<u>Total Net Non-Operating Revenues</u>	<u>Income/(Loss) Before Capital Contributions</u>	<u>Capital Contributions (3)</u>	<u>Change in Net Position</u>
2024	\$ 138,503,062	\$ 159,089,941	\$(20,586,879)	\$ 50,787,277	\$ 30,200,398	\$ 15,360,439	\$ 45,560,837
2023	125,213,685	141,241,014	(16,027,329)	30,142,813	14,115,484	9,348,189	23,463,673
2022	135,837,820	148,730,180	(12,892,360)	11,535,417	(1,356,943)	11,818,602	10,461,659
2021	140,557,065	152,238,915	(11,681,850)	37,093,116	25,411,266	13,559,720	38,970,986
2020	122,346,891	139,579,516	(17,232,625)	30,079,330	12,846,705	14,913,731 ⁽⁴⁾	27,760,436
2019	112,902,500	130,503,015	(17,600,515)	28,084,728	10,484,213	11,562,137	22,046,350
2018	118,267,870	135,533,916	(17,266,046)	22,692,961	5,426,915	18,890,172	24,317,087
2017	104,189,580	121,746,937	(17,557,357)	16,973,881	(583,476)	16,216,272	15,632,796
2016	95,250,268	111,085,922	(15,835,654)	18,293,873	2,458,219	5,005,341	7,463,560
2015	100,092,156	116,186,587	(16,094,431)	15,511,338	(583,093)	5,139,531	4,556,438

(1) See Table III for details of revenues.

(2) See Table IV for details of expenses.

(3) Capital contributions include water and sewer added facilities charges (capacity charges) and contributed assets from developers, as well as grant proceeds. Being dependent on the development interest within the retail service area, these amounts naturally fluctuate from year to year.

(4) Balance was restated for a correction of grant revenue recognition error.

Source: Western Municipal Water District

TABLE III - REVENUES BY SOURCES
(Excluding Capital Contributions)
 Last 10 Fiscal Years

Fiscal Years	Operating Revenues						Non-Operating Revenues					Combined Revenues
	Water Sales	Water Service	Wastewater Disposal	Contractual Services	Other Operating	Total Operating Revenues	Property Taxes	Investment Earnings	Capacity Rights Sales	Other Non-Operating	Total Non-Operating Revenues	
2024	\$ 89,803,872	\$ 25,039,170	\$ 16,314,298	\$ 7,146,951	\$ 198,771	\$ 138,503,062	\$ 36,667,081	\$ 11,200,381	\$ 8,453,404	\$ 1,270,337	\$ 57,591,203	\$ 196,094,265
2023	79,412,015	23,920,251	15,710,393	6,044,627	126,399	125,213,685	32,871,464	911,945	222,552	2,367,088	36,373,049	161,586,734
2022	90,804,160	24,263,833	15,243,153	5,376,463	150,211	135,837,820	28,939,433	(14,568,475)	209,018	1,650,291	16,230,267	152,068,087
2021	96,387,528	24,574,875	14,592,692	4,860,581	141,389	140,557,065	27,416,336	(446,251)	15,940,572	988,019	43,898,676	184,455,741
2020	80,000,798	23,149,760	14,174,941	4,940,400	80,992	122,346,891	24,616,030	11,084,735	84,469	1,922,873	37,708,107	160,054,998
2019	74,974,766	20,717,986	12,409,135	4,633,486	167,127	112,902,500	23,641,810	8,673,064	47,212	2,263,940	34,626,026	147,528,526
2018	81,720,213	19,845,736	12,169,537	3,966,995	565,389	118,267,870	21,728,238	(19,896)	41,426	6,961,562 ⁽¹⁾	28,711,330	146,979,200
2017	70,698,068	17,355,249	11,512,039	4,007,195	617,029	104,189,580	20,053,770	(212,898)	1,548,535	1,880,972	23,270,379	127,459,959
2016	63,988,478	16,669,887	10,234,040	3,575,488	782,375	95,250,268	18,837,852	4,759,409	338,202	1,209,100	25,144,563	120,394,831
2015	69,533,191	16,841,065	10,292,222	2,501,677	923,401	100,091,556	18,266,670	2,221,947	414,280	1,939,874	22,842,771	122,934,327

⁽¹⁾ This line item includes the net gain on disposal of assets in the amount of \$2.5 million, while in prior years Western Water has had a net loss on the disposal of assets and included this line item in Table IV - Expenses by Function.

Source: Western Municipal Water District

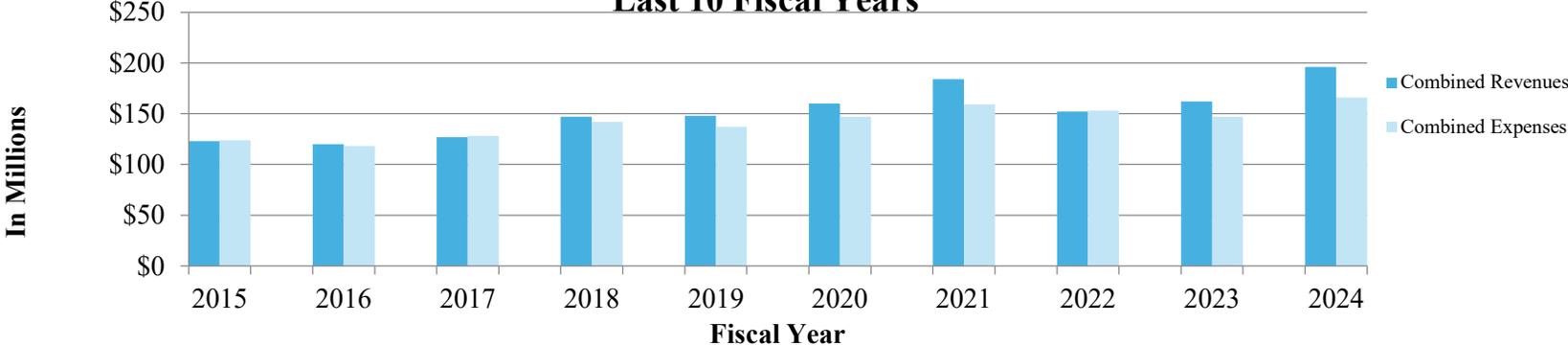
TABLE IV - EXPENSES BY FUNCTION
Last 10 Fiscal Years

Fiscal Years	Operating Expenses									Total Non-Operating Expenses(1)	Combined Expenses
	Purchased Water	Pumping	Transmission & Distribution	Admin and General	Contractual Services	Depreciation and Amortization	Other	Wastewater Disposal	Total Operating		
2024	\$ 76,783,173	\$ 6,711,868	\$ 13,929,597	\$ 15,681,894	\$ 6,016,625	\$ 16,095,818	\$ 10,870,570	\$ 13,000,396	\$ 159,089,941	\$ 6,803,926	\$ 165,893,867
2023	66,588,834	6,733,795	12,065,586	13,133,141	4,947,799	16,039,268	9,711,048	12,021,543	141,241,014	6,230,236	147,471,250
2022	78,965,903	6,301,412	11,392,793	11,992,745	4,331,625	14,369,632	9,331,380	12,044,690	148,730,180	4,694,850	153,425,030
2021	82,239,192	6,249,818	11,443,335	12,930,326	4,294,338	14,022,593	9,289,722	11,769,591	152,238,915	6,805,860	159,044,775
2020	67,906,312	5,541,953	10,371,146	14,982,493	4,629,855	13,405,239	11,743,192	10,999,326	139,579,516	7,628,777	147,208,293
2019	67,250,907	5,549,088	10,282,887	14,458,740	3,793,232	13,092,797	5,799,883	10,275,481	130,503,015	6,541,298	137,044,313
2018	72,045,551	5,395,486	10,367,900	14,041,869	3,559,405	12,735,181	7,133,114	10,254,410	135,532,916	6,018,369	141,551,285
2017	62,906,377	4,943,515	9,361,842	11,064,591	3,508,952	12,722,189	6,493,358	10,746,113	121,746,937	6,296,498	128,043,435
2016	55,342,184	4,703,808	10,040,804	8,239,639	3,261,688	12,787,432	7,100,179	9,610,188	111,085,922	6,850,690	117,936,612
2015	60,519,291	4,327,789	8,019,861	11,671,604	2,413,961	12,904,209	7,297,502	9,032,370	116,186,587	7,331,433	123,518,020

⁽¹⁾ Total Non-Operating Expenses include net gain or loss on disposal of assets, except for in fiscal year 2018, where the net gain of \$2.5 million was included as part of Other Non-Operating Revenues in Table III - Revenues By Sources.

Source: Western Municipal Water District

**CHART I – REVENUES AND EXPENSES
Last 10 Fiscal Years**



Note: Combined Revenues exclude Capital Contributions and Special Items.

TABLE V - WATER ACCOUNTS BY METER SIZE
Last 10 Fiscal Years

Fiscal Years	¾-Inch	1-Inch	1½-Inch	2-Inch	3-Inch	4-Inch	6-Inch	8-Inch and Greater	Total
2024	18,571	4,999	436	633	52	73	78	256	25,098
2023	18,523	4,954	429	612	30	74	73	235	24,930
2022	18,650	4,870	439	622	54	78	74	234	25,021
2021	18,632	4,777	440	622	55	81	68	227	24,902
2020	18,624	4,672	423	585	56	59	39	71	24,529
2019	18,546	4,617	414	571	54	59	44	66	24,371
2018	18,339	4,566	412	536	54	63	54	68	24,092
2017	18,237	4,452	401	542	52	63	52	68	23,867
2016	18,167	4,399	398	508	50	63	62	67	23,714
2015	18,161	4,377	397	501	54	61	49	73	23,673

Source: Western Municipal Water District

**TABLE VI - RETAIL WATER ACCOUNTS BY TYPE
AND RETAIL WASTEWATER ACCOUNTS**
Last 10 Fiscal Years

Fiscal Years	Water Accounts			Wastewater Accounts
	Domestic	Agriculture	Total	
2024	25,045	53	25,098	9,487
2023	24,882	48	24,930	9,273
2022	24,967	54	25,021	9,201
2021	24,834	68	24,902	9,145
2020	24,463	66	24,529	9,003
2019	24,299	72	24,371	8,836
2018	24,016	76	24,092	8,592
2017	23,791	76	23,867	8,480
2016	23,629	85	23,714	8,326
2015	23,584	89	23,673	8,303

Source: Western Municipal Water District

TABLE VII - WATER AND SEWER RATES
Last 10 Fiscal Years

At June 30	Fixed Monthly Charges Based on Meter Size									Monthly Water Usage Charge ⁽¹⁾	Monthly Sewer Charge ⁽²⁾
	¾-Inch	1-Inch	1½-Inch	2-Inch	3-Inch	4-Inch	6-Inch	8-Inch			
2024	\$ 38.65	\$ 59.81	\$ 112.95	\$ 134.71	\$ 325.85	\$ 640.20	\$ 1,429.54	\$ 1,725.64	\$ 95.66	\$ 55.07	
2023	37.36	57.81	109.16	130.19	314.89	618.61	1,235.61	1,479.24	91.65	53.47	
2022	36.11	55.87	105.49	125.82	304.30	597.76	1,041.68	1,232.84	88.77	51.91	
2021 ⁽⁴⁾	41.40	62.99	117.13	139.31	340.72	662.88	1,467.24	1,951.07	80.38	50.40	
2020 ⁽³⁾	41.40	62.99	117.13	139.31	340.72	662.88	1,467.24	1,951.07	80.38	50.40	
2019	37.94	57.49	106.51	126.62	265.42	466.81	598.78	694.23	78.06	49.41	
2018	34.67	52.29	96.48	114.64	205.40	310.74	384.41	442.70	76.59	48.44	
2017	26.38	42.66	85.34	105.67	128.02	148.31	168.65	190.99	79.10	46.37	
2016	26.38	42.66	85.34	105.67	128.02	148.31	168.65	190.99	79.10	43.21	
2015	26.38	42.66	85.34	105.67	128.02	148.31	168.65	190.99	79.10	41.15	

Note: The water meter and water rate information shown is for domestic customers (i.e., non-agricultural) residing in Western Water’s retail service area that has the vast majority of customers (Riverside service area, Power Zone 1).

⁽¹⁾ The usage charge shown is for an average monthly treated water consumption of 29 units. A unit is 100 cubic feet of water or 748 gallons. In FY 2024, an average customer with a ¾-inch water meter will pay \$134.31 per month (\$38.65 fixed + \$95.66 usage).

⁽²⁾ The sewer rate information shown is for one EDU (equivalent dwelling unit) in Western Water’s Lake Hills area.

⁽³⁾ Water and sewer rates were increased effective January 1, 2020 and October 1, 2019, respectively.

⁽⁴⁾ There were no rate changes effective in Fiscal Year 2021.

Source: Western Municipal Water District

TABLE VIII - PRINCIPAL RETAIL WATER CUSTOMERS
 Fiscal Year Ended June 30, 2024 and Nine Years Prior

Customer Name	Fiscal Year 2023-2024	
	Water Deliveries in Acre-Feet	Percentage of Water Deliveries
Riverside National Cemetery	769	3.6%
Altman Plants	510	2.4%
Village Nurseries	502	2.4%
Pepsi Cola Plant	328	1.5%
Riverside Unified School District	255	1.2%
Riverside Operations	243	1.1%
City of Riverside	196	0.9%
The Kroger Company	152	0.7%
Torres Nursery	147	0.7%
General Golf Course	141	0.7%
Total principal customers	3,243	15.3%
Other customers	17,948	84.7%
Total retail water deliveries	21,191	100.0%

Customer Name	Fiscal Year 2014-2015	
	Water Deliveries in Acre-Feet	Percentage of Water Deliveries
Riverside National Cemetery	990	3.8%
Altman Plants	722	2.8%
Village Nurseries	576	2.2%
Fresh & Easy Neighborhood Market	403	1.5%
Pepsi Cola Plant	365	1.4%
City of Riverside	344	1.3%
General Old Golf Course	331	1.3%
The Kroger Co	328	1.3%
Riverside Unified School District	291	1.1%
Air Force Village West	284	1.1%
Total principal customers	4,634	17.7%
Other customers	21,506	82.3%
Total retail water deliveries	26,140	100.0%

Source: Western Municipal Water District

TABLE IX - WHOLESALE WATER CUSTOMER DELIVERIES
 Fiscal Year Ended June 30, 2024

<u>Water Agency</u>	<u>Water Deliveries in Acre-Feet</u>	<u>Percentage of Water Deliveries</u>
Elsinore Valley Municipal Water District	17,023	30.1%
City of Corona	15,606	27.5%
Rancho California Water District	14,684	25.9%
City of Norco	3,651	6.4%
Temescal Valley Water District	3,241	5.7%
Jurupa Community Services District	2,203	3.9%
Box Springs Mutual Water Company	162	0.3%
Eagle Valley Mutual Water District	87	0.2%
Total Wholesale Deliveries	<u>56,657</u>	<u>100.0%</u>

Source: Western Municipal Water District

TABLE X - SUMMARY OF IMPORTED WATER RATES
(Dollars Per Acre-Foot - Last Ten Calendar Years)

Rates Effective	Treated	Untreated
Jan. 1, 2015 Tier 1	\$ 923	\$ 582
Jan. 1, 2015 Tier 2	1,055	714
Jan. 1, 2016 Tier 1	942	594
Jan. 1, 2016 Tier 2	1,076	728
Jan. 1, 2017 Tier 1	979	666
Jan. 1, 2017 Tier 2	1,073	760
Jan. 1, 2018 Tier 1	1,015	695
Jan. 1, 2018 Tier 2	1,101	781
Jan. 1, 2019 Tier 1	1,050	731
Jan. 1, 2019 Tier 2	1,136	817
Jan. 1, 2020 Tier 1	1,078	755
Jan. 1, 2020 Tier 2	1,165	842
Jan. 1, 2021 Tier 1	1,104	777
Jan. 1, 2021 Tier 2	1,146	819
Jan. 1, 2022 Tier 1	1,143	799
Jan. 1, 2022 Tier 2	1,185	841
Jan. 1, 2023 Tier 1	1,209	855
Jan. 1, 2023 Tier 2	1,418	1,064
Jan. 1, 2024 Tier 1	1,256	903
Jan. 1, 2024 Tier 2	1,455	1,102

Source: Metropolitan Water District

TABLE XI - WATER SOURCES (IN ACRE-FEET)
Last 10 Fiscal Years

Fiscal Years	Full Service			Purchased			Purchased Total	Wells	Desalter	Recycled Water	Grand Total
	Treated	Untreated	Total	Agriculture							
				Treated	Untreated						
2024	43,542	26,211	69,753	-	-	-	69,753	608	7,740	1,419	79,520
2023	41,276	25,619	66,895	-	-	-	66,895	846	7,552 (1)	1,488	76,781
2022	53,234	27,057	80,291	-	-	-	80,291	681	5,372	1,359	87,703
2021	57,131	27,133	84,264	-	-	-	84,264	989	7,934	1,789	94,976
2020	47,214	27,756	74,970	-	-	-	74,970	573	7,489	1,512	84,544
2019	50,778	24,178	74,956	-	-	-	74,956	393	4,627	1,166	81,142
2018	57,621	26,885	84,506	-	-	-	84,506	427	5,006	917	90,856
2017	52,080	22,804	74,884	-	-	-	74,884	379	5,523	899	81,685
2016	45,896	18,992	64,888	-	-	-	64,888	866	4,969	887	71,610
2015	57,714	17,636	75,350	-	-	-	75,350	1,081	5,498	1,109	83,038

(1) Updated in FY 2024 ACFR to 7,552 for Desalter, which was under-reported as 4,867 in FY 2023.

Source: Western Municipal Water District

**TABLE XII - RATIO OF OUTSTANDING DEBT BY TYPE
Last 10 Fiscal Years**

Fiscal Years	Improvement		Lease and			Total	Total Debt Per Capita ⁽¹⁾
	Revenue Bonds	Bonds	Loans Payable	Notes Payable	Subscription-Based Payables		
2024	\$ 146,958,948	\$ -	\$ 44,542,082	\$ 7,724,441	\$ 2,841,492	\$ 202,066,963	\$ 206.02
2023	151,440,064	-	46,243,113	5,086,978	1,792,267	204,562,422	202.28
2022	155,873,839	-	46,391,279	5,519,702	1,034,873	208,819,693	208.86
2021	160,256,681	-	46,799,352	6,587,285	1,922,002	215,565,320	217.16
2020	138,273,552	-	46,445,697	7,817,855	1,469,782	194,006,886	197.06
2019	141,566,384	-	22,516,184	9,020,960	1,740,343	174,843,871	179.62
2018	144,792,855	-	12,076,194	10,197,212	1,281,334	168,347,595	174.94
2017	147,955,307	-	1,649,679	11,347,212	807,025	161,759,223	170.04
2016	149,626,360	-	1,757,012	4,367,963	-	155,751,335	166.31
2015	149,347,224	135,000	1,975,276	5,506,160	-	156,963,660	170.46

Note: Details regarding Western Water’s outstanding debt can be found in the notes to the basic financial statements.

⁽¹⁾ Calculated by dividing the total outstanding debt by Western Water’s estimated service area population.

Source: *Western Municipal Water District*

TABLE XIII - REVENUE BOND COVERAGE
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
GROSS REVENUE										
Water Sales	\$ 69,533,791	\$ 63,988,478	\$ 70,698,068	\$ 81,720,213	\$ 74,974,766	\$ 80,000,798	\$ 96,387,528	\$ 90,804,160	\$ 79,412,015	\$ 89,803,872
Water Service	16,841,065	16,669,887	17,355,249	19,845,736	20,717,986	23,149,760	24,574,875	24,263,833	23,920,251	25,039,170
Wastewater Service	10,292,222	10,234,040	11,512,039	12,169,537	12,409,135	14,174,941	14,592,692	15,243,153	15,710,393	16,314,298
Ad Valorem Taxes	18,220,982	18,837,555	20,053,654	21,728,238	23,641,810	24,616,030	27,416,336	28,939,433	32,871,464	36,667,081
Interest Income including Unrealized Gain/Loss (2)	2,172,604	4,791,047	(213,020)	(20,117)	8,672,749	11,084,622	(723,382)	(14,743,355)	911,945	11,098,551
Connection Fees - Water	474,781	481,489	1,629,145	1,907,987	3,104,809	2,865,404	2,559,844	2,060,151	1,624,937	6,092,421
Connection Fees - Wastewater	95,903	215,298	823,002	4,243,084	4,167,829	5,649,570	3,359,550	6,121,811	1,293,987	4,817,136
Federal, State and Local Capital Grants	2,115,190	4,057,387	3,913,610	12,574,333	2,320,149	2,630,149 (1)	2,973,340	3,163,224	6,231,511	4,222,245
Other Revenue	4,925,238	5,049,329	7,196,054	10,675,474	6,249,944	6,163,691	21,930,561	7,385,983	8,760,666	17,069,463
Total	124,671,776	124,324,510	132,967,801	164,844,485	156,259,177	170,334,965	193,071,344	163,238,393	170,737,169	211,124,237
MAINTENANCE AND OPERATION COSTS										
Administration	11,671,604	8,239,639	11,064,591	14,041,869	14,458,740	14,982,493	12,930,326	11,992,745	13,133,141	15,681,894
Purchased Water	60,519,291	55,342,184	62,906,377	72,045,551	67,250,907	67,906,312	82,239,192	78,965,903	66,588,834	76,783,173
Water Operations	17,084,331	20,122,121	19,660,514	20,456,884	21,014,389	23,936,550	24,997,714	25,421,417	26,808,384	29,971,903
Wastewater Operations	9,032,370	9,610,188	10,746,113	10,254,410	10,275,481	10,999,326	11,769,591	12,044,690	12,021,543	13,000,396
Other Expenses	6,024,205	6,552,875	6,136,241	6,942,500	5,262,051	7,040,053	6,980,430	5,317,607	7,963,825	9,623,336
Contract Resource Obligations	508,808	1,725,125	89,063	-	89,053	-	-	-	-	-
Total	104,840,609	101,592,132	110,602,899	123,741,214	118,350,621	124,864,734	138,917,253	133,742,362	126,515,727	145,060,702
Net Revenues	19,831,167	22,732,378	22,364,902	41,103,271	37,908,556	45,470,231	54,154,091	29,496,031	44,221,442	66,063,535
Series of 2009 A&B Bonds	3,108,317	2,142,382	-	-	-	-	-	-	-	-
Series of 2010 A&B Bonds	3,047,965	3,008,537	3,020,184	3,012,302	3,013,122	3,009,554	1,287,533	-	-	-
Series of 2012 A Bonds	1,180,371	1,163,524	1,277,173	2,648,868	2,539,310	2,618,519	2,687,034	2,714,483	2,499,757	2,305,224
Series of 2016 A Bonds	-	335,672	779,608	779,597	779,586	779,614	15,159	(3)	-	-
Series of 2020 A Bonds	-	-	-	-	-	-	4,148,117	4,622,057	4,796,625	4,795,563
Series of 2022 A Revolving Notes	-	-	-	-	-	-	-	-	34,840	144,899
WRCRWA SRF Loans	33,834	33,833	33,759	33,725	38,448	39,481	39,214	39,209	39,203	39,199
SRRRA Series 2017 Bonds	-	-	-	817,161	769,558	1,002,676	978,601	759,262 (3)	726,145	713,677
SRRRA SRF Loans	-	-	-	-	-	-	-	80,249 (3)	261,185	259,885
SWRCB - La Sierra Project	-	-	-	-	-	-	1,443,856	1,443,855	1,510,763	1,510,763
Total	\$ 7,370,487	\$ 6,683,948	\$ 5,110,724	\$ 7,291,653	\$ 7,140,024	\$ 7,449,844	\$ 10,599,514	\$ 9,659,115	\$ 9,868,518	\$ 9,769,210
Debt Service Coverage	2.69	3.40	4.38	5.64	5.31	6.10	5.11	3.05	4.48	6.76
Adjusted Debt Service Coverage Excluding Unrealized Gain/Loss:										
Net Revenues	\$ 19,831,167	\$ 22,732,378	\$ 22,364,902	\$ 41,103,271	\$ 37,908,556	\$ 45,470,231	\$ 54,154,091	\$ 29,496,031	\$ 44,221,442	\$ 66,063,535
Unrealized (Gain)/Loss	(650,791)	(2,560,659)	2,635,149	2,807,012	(5,484,614)	(6,957,824)	5,783,181	19,298,643	3,544,266	(5,195,274)
Adjusted Net Revenues	\$ 19,180,376	\$ 20,171,719	\$ 25,000,051	\$ 43,910,283	\$ 32,423,942	\$ 38,512,407	\$ 59,937,272	\$ 48,794,674	\$ 47,765,708	\$ 60,868,261
Adjusted Debt Service Coverage	2.60	3.02	4.89	6.02	4.54	5.17	5.65	5.05	4.84	6.23

- (1) Balance was restated for a correction of a grant revenue recognition error.
(2) Less income on trustee-held investments.
(3) Balance was restated to present proper bond balances.

Source: Western Municipal Water District

TABLE XIV - DIRECT AND OVERLAPPING DEBT
As of June 30, 2024

2023-24 Assessed Valuation: \$126,651,161,088 (1)

DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT:	% Applicable (2)	Debt 6/30/24
Metropolitan Water District	3.272% \$	595,831
Riverside City Community College District	74.588	210,973,244
Alvord Unified School District	99.987	259,565,912
Corona-Norco Unified School District	96.755	462,371,600
Jurupa Unified School District	99.746	142,326,986
Murrieta Valley Unified School District	12.611	19,286,659
Riverside Unified School District	99.986	365,928,763
Other School Districts	Various	87,437,914
City of Riverside	98.610	1,715,814
Western Municipal Water District	100.000	0
Western Municipal Water District Community Facilities Districts	100.000	1,567,104
Riverside County Flood Control District, Zone No. 4 Benefit Assessment District	1.211	33,363
Community Facilities Districts	Various	1,060,767,452
City and Special District 1915 Act Bonds	Various	18,054,499
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		\$ 2,630,625,141
DIRECT AND OVERLAPPING GENERAL FUND DEBT:		
Riverside County General Fund Obligations	31.920% \$	373,214,078
Riverside County Pension Obligations	31.920	214,114,572
Riverside Community College District Certificates of Participation	74.588	18,311,354
Corona-Norco Unified School District Certificates of Participation	96.755	16,559,259
Jurupa Unified School District Certificates of Participation	99.746	43,748,754
Murrieta Unified School District General Fund Obligations	12.611	2,567,600
Riverside Unified School District Certificates of Participation	99.986	9,781,630
Other School District General Fund Obligations	Various	1,242,061
City of Corona General Fund Obligations	100.000	246,756,013
City of Jurupa Valley Certificates of Participation	99.811	6,467,753
City of Lake Elsinore General Fund Obligations	71.124	29,721,460
City of Moreno Valley General Fund Obligations	0.795	571,938
City of Murrieta General Fund Obligations	13.883	278,354
City of Riverside General Fund Obligations	98.610	161,902,766
City of Riverside Pension Obligations	98.610	403,507,190
Western Municipal Water District General Fund Obligations	100.000	2,724,440
TOTAL OVERLAPPING GENERAL FUND DEBT		\$ 1,531,469,222
OVERLAPPING TAX INCREMENT DEBT (Successor Agencies):		\$ 562,832,881
TOTAL DIRECT DEBT		\$ 2,724,440
TOTAL OVERLAPPING DEBT		\$ 4,722,202,804
COMBINED TOTAL DEBT		\$ 4,724,927,244 (3)

(1) Excludes assessed valuation of additional fringe areas of Western Water.

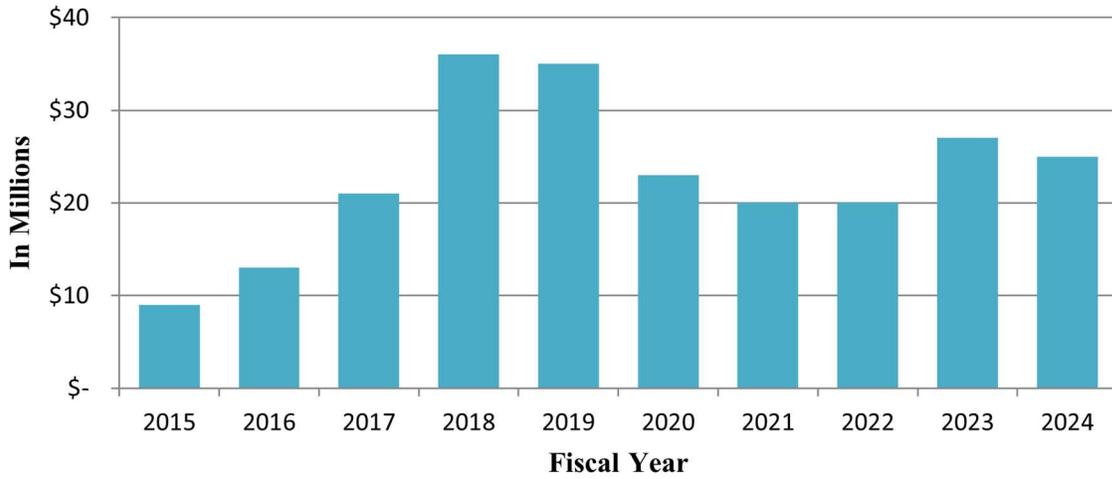
(2) The percentage of overlapping debt applicable to Western Water is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping Western Water's assessed value that is within the boundaries of Western Water divided by Western Water's total taxable assessed value.

(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations. Qualified Zone Academy Bonds are included based on principal due at maturity.

Ratios to 2023-24 Assessed Valuation:	
Direct Debt (\$2,724,440)	0.002%
Total Direct and Overlapping Tax and Assessment Debt	2.08%
Combined Total Debt	3.73%
Ratio to Redevelopment Incremental Valuation (\$39,838,471,171):	
Total Overlapping Tax Increment Debt	1.41%

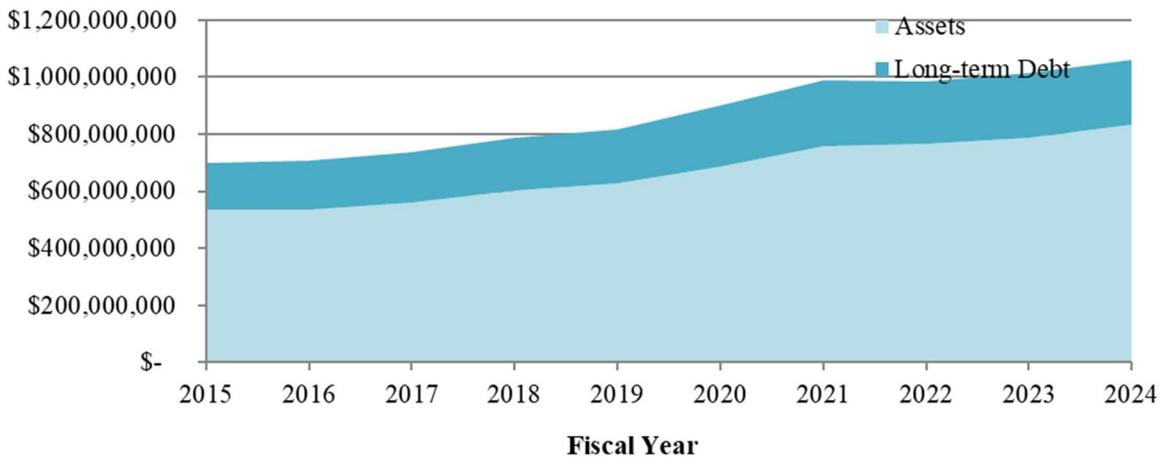
Source: California Municipal Statistics, Inc.

**CHART II – CONTRIBUTED CAPITAL AND ASSET ADDITIONS
Last 10 Fiscal Years**



Source: Western Municipal Water District

**CHART III – TOTAL DEBT TO ASSETS
Last 10 Fiscal Years**



Source: Western Municipal Water District

TABLE XV - DEMOGRAPHIC AND ECONOMIC STATISTICS

Last 10 Fiscal Years

Fiscal Years	Assessed Valuation Western Service Area ⁽¹⁾	Estimated Svc. Area Population	County Population	Personal Income (in Billions) ⁽²⁾	County Per Capita Personal Income	County Unemployment Rate (June)
2024	\$ 126,756,473,237	980,800	2,458,774	\$ 40.8	\$ 41,629 ⁽³⁾	5.4%
2023	136,616,765,528	1,011,300	2,535,310	41.3	40,791 ⁽³⁾	4.4%
2022	125,767,209,288	999,800	2,506,351	38.9	38,882 ⁽³⁾	4.0%
2021	119,421,587,624	988,400	2,477,971	37.7	38,097 ⁽³⁾	7.9%
2020	112,374,068,059	984,500	2,468,145	36.6	37,183 ⁽³⁾	14.8%
2019	106,160,081,429	973,400	2,440,124	35.3	36,292 ⁽³⁾	4.4%
2018	99,403,206,463	962,300	2,412,536	34.2	35,569 ⁽³⁾	4.8%
2017	93,927,533,434	951,300	2,384,783	33.4	35,058 ⁽³⁾	5.7%
2016	89,274,829,782	936,500	2,347,828	33.1	35,331 ⁽³⁾	6.7%
2015	84,861,529,145	920,800	2,308,441	32.1	34,910 ⁽³⁾	6.6%

⁽¹⁾ Assessed value includes both secured and unsecured property.

⁽²⁾ Personal income for the service area is calculated by multiplying the estimated population in Western Water’s service area by the County’s per capita personal income projection.

⁽³⁾ Projected based on a 10-year average.

Source: Riverside County Assessor for the assessed valuation; California Department of Finance for the county population estimates; County of Riverside Annual Comprehensive Financial Report for the county per capita personal income; and California Employment Development Department for the county unemployment rate

**TABLE XVI - PRINCIPAL EMPLOYERS IN THE
COUNTY OF RIVERSIDE**

Fiscal Year Ended June 30, 2024 and Nine Years Prior

Employer Name	Fiscal Year 2024	
	No. of Employees	Percentage of Total County Labor Force
County of Riverside	23,772	2.2%
Amazon	14,317	1.3%
University of California, Riverside	8,593	0.8%
State of California	8,398	0.8%
Walmart	6,465	0.6%
Moreno Valley Unified School District	6,020	0.6%
Kaiser Permanente Medical Center	5,817	0.5%
Riverside Unified School District	5,431	0.5%
Mt. San Jacinto Community College District	4,638	0.4%
Stater Bros. Markets	4,990	0.5%
Total	88,441	8.1%

Total labor force 1,089,900

Employer Name	Fiscal Year 2015	
	No. of Employees	Percentage of Total County Labor Force
County of Riverside	21,198	2.2%
March Air Reserve Base	8,500	0.9%
Stater Bros. Markets	6,900	0.7%
Wal-Mart	6,550	0.7%
University of California Riverside	5,768	0.6%
Kaiser Permanente Medical Center	5,300	0.6%
Corona-Norco Unified School District	4,932	0.5%
Pechanga Resort & Casino	4,000	0.4%
Riverside Unified School District	3,871	0.4%
Hemet Unified School District	3,400	0.4%
Total	70,419	7.4%

Total labor force 945,800

Notes: Data is for the County of Riverside. Western Water is located within the County.

Source: Riverside County Economic Development Agency

TABLE XVII - WESTERN WATER EMPLOYEES BY FUNCTION

Filled Positions Only at June 30

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Management	8	13	12	14	14	14	15	15	15	15
Human Resources & Administration	10	9	10	8	13	12	12	9	11	12
Engineering	13	14	15	14	14	16	16	14	15	16
Finance	12	12	10	13	13	13	14	13	13	15
Billing/Customer Service	7	9	9	9	9	9	9	9	8	9
Strategic Communications	5	4	4	3	2	5	4	3	7	8
Water Resources	7	6	8	7	6	5	4	6	6	6
Operations	65	65	65	67	69	69	71	71	73	70
Legislative Affairs	1	-	1	1	1	1	1	1	1	1
Information Systems	7	6	6	7	7	8	8	6	5	5
Total	135	138	140	143	148	152	154	147	154	157

Note: All managers are included with their divisions. Temporary and part-time employees are not included.

Source: Western Municipal Water District

TABLE XVIII - OPERATING AND CAPITAL INDICATORS
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Number of Employees	135	138	140	143	148	152	154	147	154	157
Service Area (in acres)	337,000	337,000	337,000	337,000	337,000	337,000	337,000	337,000	337,000	337,000
Service Area (in square miles)	527	527	527	527	527	527	527	527	527	527
Assessed Valuation (in billions)	\$ 85	\$ 89	\$ 94	\$ 99	\$ 106	\$ 112	\$ 119	\$ 126	\$ 137	\$ 127
Population Served (approx.)	920,800	936,500	951,300	963,710	973,400	984,500	988,400	999,800	1,011,300	980,800
Miles of Water Pipeline	638	639	639	639	640	641	641	640	652	649
Number of Storage Tanks	34	34	34	34	34	35	35	35	35	35
Max Storage Capacity (million gal.)	92.2	92.2	92.2	92.2	92.2	92.3	92.3	92.0	92.0	92.0
Sewer Treatment Plants Owned	1	1	1	1	1	1	1	1	1	1
Sewer Treatment Capacity (MGD)	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Avg. Flows into Sewer Plant (MGD)	0.8	0.9	0.9	1.0	1.2	1.4	2.1	1.7	1.5	1.5
Number of Lift Stations	20	20	20	19	19	19	19	19	19	19

Source: Western Municipal Water District



ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the fiscal year ended June 30, 2024