

**WESTERN MUNICIPAL WATER DISTRICT
RETIREMENT MEDICAL BENEFITS PLAN**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023



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**WESTERN MUNICIPAL WATER DISTRICT
RETIREMENT MEDICAL BENEFITS PLAN
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YEARS ENDED JUNE 30, 2024 AND 2023**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Western Municipal Water District
Retirement Medical Benefits Plan
Riverside, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Western Municipal Water District Retirement Medical Benefits Plan (the Plan) as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

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

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Plan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan'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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Plan'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 schedule of changes in the Plan’s net OPEB liability and related ratios, schedule of employer contributions, and schedule of investment returns 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.

Management has omitted the management’s discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.



CliftonLarsonAllen LLP

Irvine, California
February 5, 2025

**WESTERN MUNICIPAL WATER DISTRICT
RETIREMENT MEDICAL BENEFITS PLAN
STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2024 AND 2023**

	2024	2023
ASSETS		
Cash and Investments:		
Money Market Funds	\$ 195,171	\$ 58,312
Exchange-Traded Funds:		
Small Cap U.S. Equity	2,289,420	2,187,790
Mid Cap U.S. Equity	3,525,830	3,255,426
Large Cap U.S. Equity	3,721,164	3,298,254
International Equity	2,416,638	2,350,562
Emerging Market Equity	1,137,760	1,033,272
U.S. Core Bonds	6,340,400	5,916,966
U.S. High Yield Bonds	1,140,667	1,058,345
International Bonds	389,360	391,040
Real Estate	1,197,768	1,194,908
International Real Estate	329,428	326,343
Other	147,076	129,414
Accrued Interest	24,303	91,278
Prepaid Expenses	-	44,935
	22,854,985	21,336,845
LIABILITIES		
ACCRUED EXPENSES	7,747	7,318
NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS	\$ 22,847,238	\$ 21,329,527

See accompanying Notes to Financial Statements.

**WESTERN MUNICIPAL WATER DISTRICT
RETIREMENT MEDICAL BENEFITS PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
YEARS ENDED JUNE 30, 2024 AND 2023**

	2024	2023
ADDITIONS:		
CONTRIBUTIONS		
Employer	\$ 109,717	\$ 119,998
Total Contributions	109,717	119,998
INVESTMENT INCOME		
Net Increase (Decrease) in Fair Value of Investments	1,540,880	1,147,487
Interest	(63,354)	39,468
Dividends	604,076	506,419
Total Investment Income	2,081,602	1,693,374
Less: Investment Expense	(40,033)	(38,250)
Net Investment Income	2,041,569	1,655,124
Total Additions	2,151,286	1,775,122
DEDUCTIONS:		
BENEFITS	601,217	595,001
ADMINISTRATIVE EXPENSE	32,358	22,360
Total Deductions	633,575	617,361
NET INCREASE (DECREASE) IN NET POSITION	1,517,711	1,157,761
NET POSITION RESTRICTED FOR OTHER POSTEMPLOYMENT BENEFITS:		
Beginning of Year	21,329,527	20,171,766
End of Year	\$ 22,847,238	\$ 21,329,527

See accompanying Notes to Financial Statements.

**WESTERN MUNICIPAL WATER DISTRICT
RETIREMENT MEDICAL BENEFITS PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Western Municipal Water District Retirement Medical Benefits Plan (the Plan) financial statements are prepared using the accrual basis of accounting. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Plan Administration

Management of the Plan is vested in the Western Municipal Water District Board of Directors, which consists of five members who are publicly elected for a four-year term from comparably sized districts (divisions) based on population.

Investments

Investments are reported in the financial statements at fair value based on the last reported sales price published on a national exchange. Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. In addition to the change in fair value, other investment income includes interest earnings and any gains or losses realized upon liquidation or sale of investments.

Tax Status

The Internal Revenue Service has determined and informed the Plan by letter dated April 20, 2007, that the Plan is designed in accordance with applicable sections of the Internal Revenue Code. Therefore, the Plan is qualified and the related Trust Fund was tax-exempt as of June 30, 2024 and 2023.

Use of Estimates

The preparation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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

NOTE 2 CASH AND INVESTMENTS

Cash and investments as of June 30, 2024 and 2023 are classified on the financial statements as follows:

	2024	2023
Cash and Investments	<u>\$ 22,830,682</u>	<u>\$ 21,200,632</u>

**WESTERN MUNICIPAL WATER DISTRICT
RETIREMENT MEDICAL BENEFITS PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of June 30, 2024 and 2023 consist of the following:

	2024	2023
Money Market Funds	\$ 195,171	\$ 58,312
Exchange-Traded Funds:		
Small Cap U.S. Equity	2,289,420	2,187,790
Mid Cap U.S. Equity	3,525,830	3,255,426
Large Cap U.S. Equity	3,721,164	3,298,254
International Equity	2,416,638	2,350,562
Emerging Market Equity	1,137,760	1,033,272
U.S. Core Bonds	6,340,400	5,916,966
U.S. High Yield Bonds	1,140,667	1,058,345
International Bonds	389,360	391,040
Real Estate	1,197,768	1,194,908
International Real Estate	329,428	326,343
Other	147,076	129,414
Total Cash and Investments	\$ 22,830,682	\$ 21,200,632

Investments Authorized by the Trust Agreement

Investments of the Plan 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 Class	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

**WESTERN MUNICIPAL WATER DISTRICT
RETIREMENT MEDICAL BENEFITS PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Rate of Return

For the years ended June 30, 2024 and 2023, the annual money-weighted rate of return on investments, net of investment expense, was 10.42% and 8.37%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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 Plan's investment policy does not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. 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 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 changes in market interest rates. Interest rate risk applies to investments in debt securities.

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:					
U.S. Core Bonds	6,340,400	6,340,400	-	-	-
U.S. High Yield Bonds	1,140,667	1,140,667	-	-	-
International Bonds	389,360	389,360	-	-	-
Total	<u>\$ 8,065,598</u>	<u>\$ 8,065,598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**WESTERN MUNICIPAL WATER DISTRICT
RETIREMENT MEDICAL BENEFITS PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued)

Maturities of investments at June 30, 2023 are as follows:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 - 5	6 - 10	More Than 10
Money Market Funds	\$ 58,312	\$ 58,312	\$ -	\$ -	\$ -
Exchange Traded Funds:					
U.S. Core Bonds	5,916,966	5,916,966	-	-	-
U.S. High Yield Bonds	1,058,345	1,058,345	-	-	-
International Bonds	391,040	391,040	-	-	-
Total	<u>\$ 7,424,663</u>	<u>\$ 7,424,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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	Not Rated
			Year-End AAA	
Money Market Funds	N/A	\$ 195,171	\$ 195,171	\$ -
Exchange Traded Funds:				
U.S. Core Bonds	N/A	6,340,400	-	6,340,400
U.S. High Yield Bonds	N/A	1,140,667	-	1,140,667
International Bonds	N/A	389,360	-	389,360
Total		<u>\$ 8,065,598</u>	<u>\$ 195,171</u>	<u>\$ 7,870,427</u>

Credit ratings of investments at June 30, 2023 were as follows:

Investment Type	Minimum Legal Rating	Fair Value	Ratings as of	Not Rated
			Year-End AAA	
Money Market Funds	N/A	\$ 58,312	\$ 58,312	\$ -
Exchange Traded Funds:				
U.S. Core Bonds	N/A	5,916,966	-	5,916,966
U.S. High Yield Bonds	N/A	1,058,345	-	1,058,345
International Bonds	N/A	391,040	-	391,040
Total		<u>\$ 7,424,663</u>	<u>\$ 58,312</u>	<u>\$ 7,366,351</u>

**WESTERN MUNICIPAL WATER DISTRICT
RETIREMENT MEDICAL BENEFITS PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

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

Fair Value Measurements

The Plan 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 Plan's investment manager from a third-party service provider. Level 3 inputs are significant unobservable inputs.

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

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Exchange-Traded Funds:				
Money Market Funds	\$ 195,171	\$ -	\$ -	\$ 195,171
Small Cap U.S. Equity	2,289,420	-	-	2,289,420
Mid Cap U.S. Equity	3,525,830	-	-	3,525,830
Large Cap U.S. Equity	3,721,164	-	-	3,721,164
International Equity	2,416,638	-	-	2,416,638
Emerging Market Equity	1,137,760	-	-	1,137,760
U.S. Core Bonds	6,340,400	-	-	6,340,400
U.S. 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
Other	147,076	-	-	147,076
	<u>\$ 22,830,682</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,830,682</u>
Total Investments	<u>\$ 22,830,682</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,830,682</u>

**WESTERN MUNICIPAL WATER DISTRICT
RETIREMENT MEDICAL BENEFITS PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurements (Continued)

The hierarchy of the Plan's investments at June 30, 2023 is as follows:

	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Total
Exchange-Traded Funds:				
Money Market Funds	\$ 58,312	\$ -	\$ -	\$ 58,312
Small Cap U.S. Equity	2,187,790	-	-	2,187,790
Mid Cap U.S. Equity	3,255,426	-	-	3,255,426
Large Cap U.S. Equity	3,298,254	-	-	3,298,254
International Equity	2,350,562	-	-	2,350,562
Emerging Market Equity	1,033,272	-	-	1,033,272
U.S. Core Bonds	5,916,966	-	-	5,916,966
U.S. High Yield Bonds	1,058,345	-	-	1,058,345
International Bonds	391,040	-	-	391,040
Real Estate	1,194,908	-	-	1,194,908
International Real Estate	326,343	-	-	326,343
Other	129,414	-	-	129,414
Total Investments	<u>\$ 21,200,632</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,200,632</u>

NOTE 3 PLAN DESCRIPTION AND CONTRIBUTION INFORMATION

Membership of the Plan consisted of the following at June 30, 2024 and 2023 measurement dates:

	2024	2023
Retirees and Beneficiaries Receiving Benefits	65	64
Active Plan Members	157	152
Total	<u>222</u>	<u>216</u>

Plan Description

The Plan is a single-employer defined benefit postemployment healthcare plan, established June 15, 2006, that provides health insurance benefits to eligible retired employees of Western Municipal Water District (Western), in accordance with Plan provisions. Article VI of the Plan assigns the authority to establish and amend the benefit provisions of the plan to Western.

**WESTERN MUNICIPAL WATER DISTRICT
RETIREMENT MEDICAL BENEFITS PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 3 PLAN DESCRIPTION AND CONTRIBUTION INFORMATION

Plan Description (Continued)

Eligible participants for the Plan are based on three groups:

- a. Group 1 consists of classified and nonclassified employees hired on or before December 18, 2002, who are at least 55 years old at retirement and have completed 10 years of service. Benefits are provided for the employee and spouse.
- b. Group 2 consists of classified and nonclassified employees hired after December 18, 2002, who are at least 55 years old at retirement and have completed 10 years of service. Benefits are provided for the employee only.
- c. Group 3 consists of classified and nonclassified 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. Benefits are provided for the employee only.

Contributions

Plan members do not contribute to the Plan. The contribution requirement of the Plan is established and may be amended by Western's Board of Directors. Western contributes to the voluntary employees' beneficiary association (VEBA) trust an amount equal to the actuarially determined contribution (ADC). Administrative costs of the plan are financed through investment earnings.

NOTE 4 NET OPEB LIABILITY (ASSET) OF THE PLAN

The components of the net OPEB liability (asset) of the Plan at June 30, 2024 and 2023 were as follows:

	<u>2024</u>	<u>2023</u>
Total OPEB Liability	\$ 15,484,669	\$ 14,375,816
Plan Fiduciary Net Position	<u>22,847,238</u>	<u>21,329,527</u>
Plan's Net OPEB Liability (Asset)	<u>\$ (7,362,569)</u>	<u>\$ (6,953,711)</u>
 Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	 147.55%	 148.37%

**WESTERN MUNICIPAL WATER DISTRICT
RETIREMENT MEDICAL BENEFITS PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 NET OPEB LIABILITY (ASSET) OF THE PLAN (CONTINUED)

Actuarial Assumptions

The total OPEB liability at measurement dates June 30, 2024 and 2023 were determined by an actuarial valuation as of July 1, 2024 and November 1, 2021, respectively.

The July 1, 2024 valuation used the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal Level Percent of Pay
Asset Valuation Method	Fair Value of Assets
Actuarial Assumptions:	
Inflation	2.50%
Investment Rate of Return	5.6%
Healthcare Cost Trend Rate	8.00% per annum, graded down each year in 0.25% increments to an ultimate rate of 4.5%
Salary Increase Rate	2.8%

Mortality rates for employees and retirees are based on SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021. Mortality rates for surviving spouses are based on SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021.

The November 1, 2021 valuation used the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal Level Percent of Pay
Asset Valuation Method	Fair Value of Assets
Actuarial Assumptions:	
Inflation	2.50%
Investment Rate of Return	6.8%
Healthcare Cost Trend Rate	6.50% per annum, graded down each year in 0.25% increments to an ultimate rate of 4.5%
Salary Increase Rate	1.50%

Mortality rates for employees and retirees are based on SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2020. Mortality rates for surviving spouses are based on SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020.

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

**WESTERN MUNICIPAL WATER DISTRICT
RETIREMENT MEDICAL BENEFITS PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 NET OPEB LIABILITY (ASSET) OF THE PLAN (CONTINUED)

Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2024 and June 30, 2023 are summarized in the following tables:

June 30, 2024

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
Equity	N/A	64.6%
Fixed Income	N/A	34.4%
Real Estate	N/A	1.0%
Total	5.6%	100.0%

June 30, 2023

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
Equity	N/A	66.0%
Fixed Income	N/A	27.0%
Real Estate	N/A	7.0%
Total	6.8%	100.0%

Change in Assumptions

Actuarial assumptions that changed June 30, 2023 to June 30, 2024 includes the following:

- Change in discount rate and expected long-term rate of return from 6.8% to 5.6%.
- Salary scale has been updated to 2.80% per year plus merit increases for Miscellaneous employees based on the 2023 CalPERS pension plan valuation.
- 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% for Pre-65 and 6.50% decreasing by 0.25% annually to an ultimate rate of 4.50% for Post-65 and medical trend rate table was reset in 2023.

Actuarial assumptions that changed June 30, 2022 to June 30, 2023 include the medical trend rate in 2023 was based on actual premium rates, followed by a 6.0% reset in 2024.

Discount Rate

The discount rate used to measure the total OPEB liability at measurement dates June 30, 2024 and June 30, 2023 was 5.6% and 6.8%, respectively. The projection of cash flows used to determine the discount rate assumed that Plan contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**WESTERN MUNICIPAL WATER DISTRICT
RETIREMENT MEDICAL BENEFITS PLAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 NET OPEB LIABILITY (ASSET) OF THE PLAN (CONTINUED)

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

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

June 30, 2024

	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)

June 30, 2023

	1% Decrease (5.8%)	Discount Rate (6.8%)	1% Increase (7.8%)
Net OPEB Liability (Asset)	\$ (6,352,419)	\$ (6,953,711)	\$ (9,742,700)

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

The following presents the net OPEB liability (asset) of the Plan, as well as what the Plan's net OPEB liability (asset) would be if it were calculated using healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current trend rate:

June 30, 2024

	1% Decrease (7.0%) Decreasing to 3.5%	Trend Rate (8.0%) Decreasing to 4.5%	1% Increase (9.0%) Decreasing to 5.5%
Net OPEB Liability (Asset)	\$ (9,339,003)	\$ (7,362,569)	\$ (4,897,291)

June 30, 2023

	1% Decrease (5.0%) Decreasing to 3.5%	Trend Rate (6.0%) Decreasing to 4.5%	1% Increase (7.0%) Decreasing to 5.5%
Net OPEB Liability (Asset)	\$ (10,007,058)	\$ (6,953,711)	\$ (5,981,921)

Required Supplementary Information

**WESTERN MUNICIPAL WATER DISTRICT
RETIREMENT MEDICAL BENEFITS PLAN
SCHEDULE OF CHANGES IN THE PLAN'S NET OPEB LIABILITY
AND RELATED RATIOS
LAST TEN FISCAL YEARS**

	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>6/30/2022</u>
TOTAL OPEB LIABILITY			
Service Cost	\$ 491,932	\$ 477,783	\$ 609,870
Interest	989,075	934,353	1,473,775
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(1,896,335)	31,782	(8,137,337)
Changes of Assumptions	2,180,016	-	(436,726)
Benefit Payments	(655,835)	(650,905)	(729,345)
Net Change In Total OPEB Liability	<u>1,108,853</u>	<u>793,013</u>	<u>(7,219,763)</u>
Total OPEB Liability - Beginning	<u>14,375,816</u>	<u>13,582,803</u>	<u>20,802,566</u>
Total OPEB Liability - Ending (a)	<u>\$ 15,484,669</u>	<u>\$ 14,375,816</u>	<u>\$ 13,582,803</u>
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 109,717	\$ 119,998	\$ 851,933
Contributions - Retiree	54,618	55,904	28,889
Net Investment Income	2,041,569	1,655,124	(3,216,588)
Benefit Payments	(655,835)	(650,905)	(729,345)
Administrative Expense	(32,358)	(22,360)	(40,490)
Net Change In Plan Fiduciary Net Position	<u>1,517,711</u>	<u>1,157,761</u>	<u>(3,105,601)</u>
Plan Fiduciary Net Position - Beginning	<u>21,329,527</u>	<u>20,171,766</u>	<u>23,277,367</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 22,847,238</u>	<u>\$ 21,329,527</u>	<u>\$ 20,171,766</u>
Plan's Net OPEB Liability (Asset) - Ending (a) - (b)	<u>\$ (7,362,569)</u>	<u>\$ (6,953,711)</u>	<u>\$ (6,588,963)</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	147.55%	148.37%	148.51%
Covered Payroll	\$ 19,154,544	\$ 18,369,788	\$ 17,632,348
Plan's Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	-38.44%	-37.85%	-37.37%

NOTES TO SCHEDULE:

BENEFIT CHANGES

There were no changes in benefits.

CHANGES OF ASSUMPTIONS

From fiscal year June 30, 2021 to June 30, 2022:

Discount rate changed from 7.0% to 6.8%, expected long-term investment rate of return was changed from 7% to 6.8% and medical trend rate table was reset.

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

Medical trend rate table was reset

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

Discount rate changed from 6.8% to 5.6%, salary scale was changed from 1.5% to 2.8% and medical trend rate table was reset.

GASB 74 was implemented in fiscal year 2016-17; therefore, only eight years are shown in this schedule.

**WESTERN MUNICIPAL WATER DISTRICT
RETIREMENT MEDICAL BENEFITS PLAN
SCHEDULE OF CHANGES IN THE PLAN'S NET OPEB LIABILITY
AND RELATED RATIOS (CONTINUED)
LAST TEN FISCAL YEARS**

	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
TOTAL OPEB LIABILITY					
Service Cost	\$ 810,090	\$ 803,311	\$ 785,273	\$ 666,940	\$ 623,308
Interest	1,294,035	1,337,944	1,357,315	1,096,161	1,013,738
Changes of Benefit Terms	-	-	-	-	-
Differences Between Expected and Actual Experience	-	(3,591,478)	-	1,544,082	(88,561)
Changes of Assumptions	1,367,534	1,526,814	(1,742,305)	847,628	-
Benefit Payments	(690,446)	(730,827)	(659,277)	(461,986)	(419,334)
Net Change In Total OPEB Liability	2,781,213	(654,236)	(258,994)	3,692,825	1,129,151
Total OPEB Liability - Beginning	18,021,353	18,675,589	18,934,583	15,241,758	14,112,607
Total OPEB Liability - Ending (a)	<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>
PLAN FIDUCIARY NET POSITION					
Contributions - Employer	\$ 793,304	\$ 926,132	\$ 852,704	\$ 671,827	\$ 717,100
Contributions - Retiree	33,005	30,622	33,327	36,511	-
Net Investment Income	5,274,077	31,747	820,649	1,265,227	1,489,318
Benefit Payments	(690,446)	(730,827)	(659,277)	(461,986)	(419,334)
Administrative Expense	(32,786)	(28,303)	(30,076)	(27,625)	(19,909)
Net Change In Plan Fiduciary Net Position	5,377,154	229,371	1,017,327	1,483,954	1,767,175
Plan Fiduciary Net Position - Beginning	17,900,213	17,670,842	16,653,515	15,169,561	13,402,386
Plan Fiduciary Net Position - Ending (b)	<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's Net OPEB Liability (Asset) - Ending (a) - (b)	<u>\$ (2,474,801)</u>	<u>\$ 121,140</u>	<u>\$ 1,004,747</u>	<u>\$ 2,281,068</u>	<u>\$ 72,197</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	111.90%	99.33%	94.62%	87.95%	99.53%
Covered Payroll	\$ 17,369,367	\$ 16,473,446	\$ 14,957,485	\$ 13,685,044	\$ 12,875,107
Plan's Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	-14.25%	0.74%	6.72%	16.67%	0.56%

NOTES TO SCHEDULE:

BENEFIT CHANGES

There were no changes in benefits.

CHANGES OF ASSUMPTIONS

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

(a) updated the census data collection date from July 1 to November 1, (b) updated the participation to assume that all PPO plan participants will elect the PPO 200 plan upon retirement, and (c) updated the annual medical per capita costs based on updated premium rates and census data.

From fiscal year June 30, 2018 to June 30, 2019:

Salary increase rate changed from 3.0% to 5.70%, spousal coverage assumption was changed from 85% to 60%, and medical trend rate table was reset.

From fiscal year June 30, 2019 to June 30, 2020:

Salary increase rate changed from 5.7% to 3.0% and medical trend rate table was reset.

From fiscal year June 30, 2020 to June 30, 2021:

Salary increase rate changed from 3.0% to 1.5% and medical trend rate table was reset.

GASB 74 was implemented in fiscal year 2016-17; therefore, only eight years are shown in this schedule.

**WESTERN MUNICIPAL WATER DISTRICT
RETIREMENT MEDICAL BENEFITS PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>6/30/2022</u>
Actuarially Determined Contribution Contributions in Relation to the Actuarially Determined Contribution Contribution Deficiency (Excess)	\$ -	\$ -	\$ 770,235
	<u>109,717</u>	<u>119,998</u>	<u>851,933</u>
	<u>\$ (109,717)</u>	<u>\$ (119,998)</u>	<u>\$ (81,698)</u>
Covered-Employee Payroll	\$ 19,154,544	\$ 18,369,788	\$ 17,632,348
Contributions as a Percentage of Covered-Employee Payroll	0.57%	0.65%	4.83%

Notes to Schedule:

Valuation Date	7/1/2024	11/1/2021	11/1/2021
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Methods and Assumptions Used to Determine Contribution Rates:

	Entry Age	Normal Level	Percent of Pay
Actuarial Cost Method			
Asset Valuation Method		Fair Value of Assets	
Inflation	2.50%	2.50%	2.50%
Healthcare Cost Trend Rates	(6)	(4)	(4)
Salary Increases	2.80%	1.50%	1.50%
Investment Rate of Return	5.60%	6.80%	6.80%
Retirement Age	55 years	55 years	55 years
Mortality	(7)	(5)	(5)

- (4) 6.5% per annum, decreasing 0.25% per year to an ultimate rate of 4.5%.
- (5) SOA Pub-2010 General Headcount Weighted Mortality and Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2020.
- (6) 8% per annum, decreasing 0.25% per year to an ultimate rate of 4.5%.
- (7) SOA Pub-2010 General Headcount Weighted Mortality and Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2024.

GASB 74 was implemented in fiscal year 2016-17; therefore, only eight years are shown in this schedule.

**WESTERN MUNICIPAL WATER DISTRICT
RETIREMENT MEDICAL BENEFITS PLAN
SCHEDULE OF EMPLOYER CONTRIBUTIONS (CONTINUED)
LAST TEN FISCAL YEARS**

	<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>
Actuarially Determined Contribution	\$ 907,195	\$ 918,547	\$ 852,704	\$ 493,780	\$ 419,334
Contributions in Relation to the Actuarially Determined Contribution	<u>793,304</u>	<u>729,432</u>	<u>852,704</u>	<u>671,827</u>	<u>717,100</u>
Contribution Deficiency (Excess)	<u>\$ 113,891</u>	<u>\$ 189,115</u>	<u>\$ -</u>	<u>\$ (178,047)</u>	<u>\$ (297,766)</u>
Covered-Employee Payroll	\$ 17,369,367	\$ 16,473,446	\$ 14,957,485	\$ 13,685,044	\$ 12,875,107
Contributions as a Percentage of Covered-Employee Payroll	4.57%	4.43%	5.70%	4.91%	5.57%

Notes to Schedule:

Valuation Date	11/1/2019	11/1/2019	11/1/2017	11/1/2017	7/1/2016
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Methods and Assumptions Used to Determine Contribution Rates:

	Entry Age Normal Level Percent of Pay				
	Fair Value of Assets				
Actuarial Cost Method					
Asset Valuation Method					
Inflation	2.50%	2.50%	2.50%	2.75%	2.75%
Healthcare Cost Trend Rates	(1)	(1)	(1)	(1)	(1)
Salary Increases	1.50%	3.00%	5.70%	3.00%	3.00%
Investment Rate of Return	7.00%	7.00%	7.00%	7.00%	7.00%
Retirement Age	55 years	55 years	55 years	55 years	55 years
Mortality	(3)	(3)	(2)	(2)	(2)

(1) 7.5% per annum, graded down each year in .3% decrements to an ultimate rate of 4.5%.

(2) Mortality rates are based on the CalPERS Public Agency Miscellaneous rates. CalPERS miscellaneous rates utilize a table including 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the April 2014 Experience Study report (based on CalPERS demographic data from 1997 to 2011) available on the CalPERS's website.

(3) Mortality rates are based on the CalPERS Public Agency Miscellaneous rates. CalPERS miscellaneous rates utilize a table including 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the December 2017 Experience Study report (based on CalPERS demographic data from 1997 to 2015) available on the CalPERS's website.

GASB 74 was implemented in fiscal year 2016-17; therefore, only eight years are shown in this schedule.

**WESTERN MUNICIPAL WATER DISTRICT
RETIREMENT MEDICAL BENEFITS PLAN
SCHEDULE OF INVESTMENT RETURNS
LAST TEN FISCAL YEARS**

	<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>
Annual Money-Weighted Rate of Return, Net of Investment Expense	29.03%	0.29%	5.03%	8.36%	10.82%
			<u>6/30/2024</u>	<u>6/30/2023</u>	<u>6/30/2022</u>
Annual Money-Weighted Rate of Return, Net of Investment Expense			10.42%	8.37%	-13.77%

Notes to Schedule:

GASB 74 was implemented in fiscal year 2016-17; therefore, only eight years are shown in this schedule.



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