

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
LA HABRA HEIGHTS, CALIFORNIA**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2024



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**LA HABRA HEIGHTS COUNTY WATER DISTRICT
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INDEPENDENT AUDITORS' REPORT

Board of Directors
La Habra Heights County Water District
La Habra Heights, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the La Habra Heights County 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 financial position of the District as of June 30, 2024, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 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 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 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 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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of proportionate share of net pension liability, the schedule of pension contributions, and the schedule of changes in the other postemployment benefit (OPEB) total liability and related ratios 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.

Supplementary Information

Our audit for the year ended June 30, 2024, was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of operating expenses for the year ended June 30, 2024, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2024, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of operating expenses is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2024.

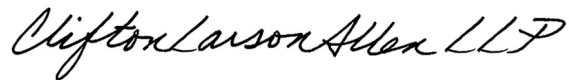
We also previously audited, in accordance with GAAS, the basic financial statements of the District as of and for the year ended June 30, 2023 (not presented herein), and have issued our report thereon dated November 8, 2023, which contained an unmodified opinion on the financial statements. The schedule of operating expenses for the year ended June 30, 2023, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the 2023 financial statements. The information was subjected to the audit procedures applied in the audit of the 2023 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of operating expenses is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2023.

Report on Summarized Comparative Information

We have previously audited the District's 2023 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated November 8, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 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 15, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

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**LA HABRA HEIGHTS COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

This section of La Habra Heights County Water District's (the District) annual financial report presents our analysis of the District's financial performance during the fiscal year that ended on June 30, 2024. Please read it in conjunction with the basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position increased by \$541,641 or 2.78 percent.
- During the year the District's total revenues increased to \$6,328,817 or 6.89%, and expenses increased to \$5,785,958 or 7.29% from the prior year.
- Current year capital contributions to the District were \$82,641.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis, the basic financial statements, and supplementary information. The basic financial statements also include notes that explain in more detail some of the information in the basic financial statements.

REQUIRED FINANCIAL STATEMENTS

The basic financial statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The statement of net position includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The final required financial statement is the statement of cash flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT

Management's analysis of the District begins on page 7 of the basic financial statements. "Is the District as a whole better off or worse off as a result of the year's activities?" is one of the most important questions to answer about the District's finances. The statement of net position and the statement of revenues, expenses, and changes in net position report information about the District's activities in a way that will help answer this question. These two statements report the net position of the District and changes in them. The District's net position – the difference between assets and liabilities – is a way to measure financial health or financial position. Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating. However, you will need to consider other nonfinancial factors such as changes in economic conditions, population growth, zoning and new or changed government legislation.

NET POSITION

To begin our analysis, a summary of the District's statements of net position is presented in Table 1.

TABLE 1
Condensed Statements of Net Position

	Fiscal Year 2024	Fiscal Year 2023	2024-2023 Variance	
			Dollar Change	Percent Change
Assets:				
Current and Other Assets	\$ 10,573,562	\$ 9,563,353	\$ 1,010,209	10.56%
Capital Assets	15,232,654	15,293,763	(61,109)	-0.40%
Deferred Outflow of Resources	1,052,979	997,039	55,940	5.61%
Total Assets and Deferred Outflows of Resources	26,859,195	25,854,155	1,005,040	3.89%
Liabilities:				
Current Liabilities	908,250	519,016	389,234	74.99%
Long-Term Liabilities	2,552,303	2,406,978	145,325	6.04%
Deferred Inflows of Resources	3,386,032	3,457,192	(71,160)	-2.06%
Total Liabilities and Deferred Inflows of Resources	6,846,585	6,383,186	463,399	7.26%
Net Position:				
Net Investment in Capital Assets	15,073,399	15,232,403	(159,004)	-1.04%
Restricted - Debt Service	-	9,960	(9,960)	-100.00%
Unrestricted	4,939,211	4,228,606	710,605	16.80%
Total Net Position	<u>\$ 20,012,610</u>	<u>\$ 19,470,969</u>	<u>\$ 541,641</u>	<u>2.78%</u>

Total net position increased by \$541,641 from fiscal year 2023 to 2024. Total assets and deferred outflows of resources increased by \$1,005,040. This change is primarily due to increased balance in cash and investments. Total liabilities and deferred inflows of resources increased by \$463,399. This change is chiefly due to increases in accounts payable and the net pension liability and related deferred inflows of resources offset by decreases in the deferred amounts from OPEB and the deferred amounts from leases.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

NET POSITION (CONTINUED)

TABLE 2
Condensed Statements of Revenues, Expenses and Changes in Net Position

	Fiscal Year 2024	Fiscal Year 2023	2024-2023 Variance	
			Dollar Change	Percent Change
Revenues:				
Operating Revenues	\$ 4,842,719	\$ 4,668,628	\$ 174,091	3.73%
Nonoperating Revenues	1,403,457	1,220,157	183,300	15.02%
Total Revenues	<u>6,246,176</u>	<u>5,888,785</u>	<u>357,391</u>	<u>6.07%</u>
Expenses:				
Depreciation	489,115	498,109	(8,994)	-1.81%
Other Operating Expenses	5,297,452	4,861,651	435,801	8.96%
Nonoperating Expenses	609	32,840	(32,231)	-98.15%
Total Expenses	<u>5,787,176</u>	<u>5,392,600</u>	<u>394,576</u>	<u>7.32%</u>
Net Income Before Capital Contributions	459,000	496,185	(37,185)	-7.49%
Capital Contributions	<u>82,641</u>	<u>32,207</u>	<u>50,434</u>	<u>156.59%</u>
Changes in Net Position	541,641	528,392	13,249	2.51%
Net Position - Beginning of Year	<u>19,470,969</u>	<u>18,942,577</u>	<u>528,392</u>	<u>2.79%</u>
Net Position - End of Year	<u>\$ 20,012,610</u>	<u>\$ 19,470,969</u>	<u>\$ 541,641</u>	<u>2.78%</u>

While the statements of net position show the change in financial position, the statements of revenues, expenses, and changes in net position provide answers as to the nature and source of these changes. As can be seen in Table 2, changes in net position increased by \$13,249 in fiscal year 2024.

A closer examination of the source of changes in net position reveals that operating revenues increased by \$174,091 which resulted from an increase in readiness to serve revenues. Water sales to customers decreased by 5.8% compared to last year. Rainfall of 26.0 inches for the year was above average.

Other operating expenses increased by \$435,801. Items affecting other operating expenses are increase in pumping - purchased power and transmission and distribution – maintenance - structures and plant.

Net income before capital contributions decreased by \$37,185, resulting from the aforementioned items.

Capital contributions increased by \$50,434, as 4 – 1” services were installed by third parties.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

BUDGETARY HIGHLIGHTS

Table 3
Budget vs. Actual

	Fiscal Year 2024			Fiscal Year 2023		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Operating Revenues:						
Water Sales:						
Consumption	\$ 3,298,111	\$ 2,340,961	\$ (957,150)	\$ 3,139,278	\$ 2,321,218	\$ (818,060)
Readiness to Serve	2,407,603	2,428,146	20,543	2,226,733	2,277,456	50,723
Water Rights Lease	29,997	30,061	64	28,874	27,891	(983)
Other	30,838	43,551	12,713	28,366	42,063	13,697
Nonoperating Revenues	1,114,773	1,403,457	288,684	1,039,354	1,220,157	180,803
Total Revenues	6,881,322	6,246,176	(635,146)	6,462,605	5,888,785	(573,820)
Expenses:						
Operating Expenses:						
Sources of Supply	1,439,052	965,011	(474,041)	1,386,899	953,753	(433,146)
Depreciation (Cap. Improv.)	1,502,147	489,115	(1,013,032)	1,551,301	498,109	(1,053,192)
Administrative						
and General	1,800,598	2,086,609	286,011	1,742,694	2,169,224	426,530
Pumping	1,009,553	882,206	(127,347)	1,057,516	784,028	(273,488)
Transmission						
and Distribution	693,989	1,015,810	321,821	597,780	692,265	94,485
Customer Accounts	197,293	269,236	71,943	168,658	212,379	43,721
Water Treatment	53,005	78,580	25,575	37,425	50,002	12,577
Nonoperating Expenses	15,072	609	(14,463)	36,741	32,840	(3,901)
Total Expenses	6,710,709	5,787,176	(923,533)	6,579,014	5,392,600	(1,186,414)
Income Before Capital Contributions	170,613	459,000	288,387	(116,409)	496,185	612,594
Capital Contributions	-	82,641	82,641	-	32,207	32,207
Changes in Net Position	170,613	\$ 541,641	\$ 371,028	(116,409)	\$ 528,392	\$ 644,801
Debt Service,						
Principal Due	(50,876)			(49,697)		
Changes in Net Position						
After Debt Service,						
Principal Due	\$ 119,737			\$ (166,106)		

The variance of budget to actual indicates a change in net position difference of \$371,028. The main difference is represented by operating expenses – depreciation and sources of supply which are lower than budget. In addition, operating revenues: water sales - consumption is lower than budget due to lower water sales.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

CAPITAL ASSETS AND DEBT ADMINISTRATION

CAPITAL ASSETS

At the end of fiscal year 2024, the District had invested in a broad range of infrastructure as shown in Table 4.

TABLE 4
Capital Assets

	Fiscal Year 2024	Fiscal Year 2023	2024-2023 Variance	
			Dollar Change	Percent Change
Capital Assets, Not Depreciated:				
Land	\$ 532,744	\$ 532,744	\$ -	0.00%
Water Rights	1,640,491	1,640,491	-	0.00%
Construction in Progress	478,432	117,341	361,091	307.73%
Total Capital Assets, Not Depreciated	2,651,667	2,290,576	361,091	15.76%
Capital Assets, Being Depreciated:				
Sources of Supply	2,278,700	2,271,080	7,620	0.34%
Pumping	1,668,933	1,637,878	31,055	1.90%
Transmission and Distribution General	26,552,921	26,531,207	21,714	0.08%
Total Capital Assets, Being Depreciated	32,155,580	32,088,665	66,915	0.21%
Less Accumulated Depreciation for:				
Sources of Supply	(1,629,324)	(1,563,678)	(65,646)	4.20%
Pumping	(1,545,423)	(1,509,544)	(35,879)	2.38%
Transmission and Distribution General	(15,270,370)	(14,977,741)	(292,629)	1.95%
Total Accumulated Depreciation	(19,574,593)	(19,085,478)	(489,115)	2.56%
Total Capital Assets, Being Depreciated, Net	12,580,987	13,003,187	(422,200)	-3.25%
Capital Assets, Net	\$ 15,232,654	\$ 15,293,763	\$ (61,109)	-0.40%

Increase for fiscal year 2024 for capital assets, being depreciated – both pumping and transmission and distribution of \$31,055 and \$21,714, respectively, resulted from the following replacements:

- 4 – 1” services
- Plant 6 generator transfer switch

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024**

DEBT ADMINISTRATION

During fiscal year 2024, the District made a final principal payment of \$61,360 to payoff the 1981 State Loan Payable.

Additional detail on long-term liabilities is shown in Note 4 to the basic financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District's Board of Directors and management considered many factors when setting the fiscal year 2025 budget, user fees and charges. The factors include cost of purchasing water, as well as electricity costs.

CONTACTING THE DISTRICT'S FINANCIAL MANAGER

This financial report is designed to provide our citizens, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Tammy Wagstaff at La Habra Heights County Water District.

BASIC FINANCIAL STATEMENTS

LA HABRA HEIGHTS COUNTY WATER DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)

	2024	2023
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and Investments	7,113,861	\$ 6,170,711
Receivables:		
Customers	666,192	594,075
Interest	57,254	39,094
Taxes	22,708	50,332
Lease	131,188	131,149
Other	177,420	60,787
Prepaid Items	242,102	221,410
Total Current Assets	8,410,725	7,267,558
NONCURRENT ASSETS		
Restricted Assets:		
Construction Advance Receivable	-	9,960
Investment in California Domestic Water Co., at Cost	591	591
Lease Receivable	2,162,246	2,285,244
Capital Assets:		
Nondepreciable	2,651,667	2,290,576
Depreciable, Net of Accumulated Depreciation	12,580,987	13,003,187
Total Noncurrent Assets	17,395,491	17,589,558
 Total Assets	 25,806,216	 24,857,116
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amounts from Pension Plan	853,967	771,900
Deferred Amounts from OPEB	199,012	225,139
Total Deferred Outflows of Resources	1,052,979	997,039

See accompanying Notes to Basic Financial Statements.

LA HABRA HEIGHTS COUNTY WATER DISTRICT
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)

	2024	2023
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
CURRENT LIABILITIES		
Accounts Payable and Accrued Liabilities	\$ 765,014	\$ 364,094
Current Portion of 1981 State Loan Payable	-	61,360
Deposits:		
Customers	10,500	1,168
Accrued Payroll	55,434	44,688
Accrued Employee Benefits	41,513	36,358
Unearned Rental Income	-	401
Total OPEB Liability, Due Within One Year	35,789	10,947
Total Current Liabilities	908,250	519,016
LONG-TERM LIABILITIES		
Accrued Employee Benefits, Net of Current Portion	80,292	131,052
Net Pension Liability, Due in More Than One Year	1,431,442	1,248,389
Total OPEB Liability, Due in More Than One Year	1,040,569	1,027,537
Total Long-Term Liabilities	2,552,303	2,406,978
 Total Liabilities	 3,460,553	 2,925,994
DEFERRED INFLOWS OF RESOURCES		
Deferred Amounts from Pension Plan	176,276	25,928
Deferred Amounts from OPEB	914,390	1,014,037
Deferred Amounts from Leases	2,295,366	2,417,227
Total Deferred Inflows Of Resources	3,386,032	3,457,192
NET POSITION		
Net Investment in Capital Assets	15,073,399	15,232,403
Restricted - Debt Service	-	9,960
Unrestricted	4,939,211	4,228,606
 Total Net Position	 <u>\$ 20,012,610</u>	 <u>\$ 19,470,969</u>

See accompanying Notes to Basic Financial Statements.

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LA HABRA HEIGHTS COUNTY WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)

	2024	2023
OPERATING REVENUES		
Water Sales:		
Consumption	\$ 2,340,961	\$ 2,321,218
Readiness to Serve	2,428,146	2,277,456
Water Rights Lease	30,061	27,891
Other	43,551	42,063
Total Operating Revenues	4,842,719	4,668,628
OPERATING EXPENSES		
Sources of Supply	965,011	953,753
Depreciation	489,115	498,109
Administrative and General	2,086,609	2,169,224
Pumping	882,206	784,028
Transmission and Distribution	1,015,810	692,265
Customer Accounts	269,236	212,379
Water Treatment	78,580	50,002
Total Operating Expenses	5,786,567	5,359,760
OPERATING INCOME (LOSS)	(943,848)	(691,132)
NONOPERATING REVENUES (EXPENSES)		
Property Taxes and Assessments	965,358	982,245
Investment Income (Loss)	303,131	86,985
Rental Income	120,026	126,675
Oil Royalties	12,155	16,776
Other, Net	2,787	7,476
Interest on Long-Term Debt	(609)	(1,803)
Gain (Loss) on Disposal of Assets	-	(31,037)
Total Nonoperating Revenues	1,402,848	1,187,317
NET INCOME BEFORE CAPITAL CONTRIBUTIONS	459,000	496,185
CAPITAL CONTRIBUTIONS	82,641	32,207
CHANGES IN NET POSITION	541,641	528,392
Net Position - Beginning of Year	19,470,969	18,942,577
NET POSITION - END OF YEAR	\$ 20,012,610	\$ 19,470,969

See accompanying Notes to Basic Financial Statements.

LA HABRA HEIGHTS COUNTY WATER DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 4,664,399	\$ 4,698,524
Payments to Suppliers	(3,179,788)	(3,074,019)
Payments to Employees	(1,546,647)	(1,389,471)
Unrealized Gain on Investment	56,849	(29,142)
Other	2,787	7,476
Net Cash Provided (Used) by Operating Activities	(2,400)	213,368
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Proceeds from Property Taxes and Assessments	992,982	971,273
Net Cash Provided by Noncapital Financing Activities	992,982	971,273
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Utility and General Plant Assets, Net	(428,006)	(457,373)
Principal Paid on 1981 State Loan Payable	(61,360)	(59,938)
Interest Paid on 1981 State Loan Payable	(609)	(1,803)
Proceeds from Sale of Capital Assets	-	4,500
Capital Contributions	82,641	32,207
Net Cash Used by Capital and Related Financing Activities	(407,334)	(482,407)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(1,519,237)	-
Proceeds from Investment Maturities	500,007	-
Proceeds from Rental Activities	119,625	126,675
Interest Income Received	221,182	83,782
Royalty Income	12,155	16,776
Net Cash Provided (Used) by Investing Activities	(666,268)	227,233
NET CHANGE IN CASH AND CASH EQUIVALENTS	(83,020)	929,467
Cash and Cash Equivalents - Beginning of Year	6,170,711	5,241,244
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 6,087,691	\$ 6,170,711
Cash and Cash Equivalents	\$ 6,087,691	\$ 6,170,711
Investments - U.S. Treasury Bills	1,026,170	-
Cash and Investments Reported on Balance Sheet	\$ 7,113,861	\$ 6,170,711

See accompanying Notes to Basic Financial Statements.

LA HABRA HEIGHTS COUNTY WATER DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)

	2024	2023
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (943,848)	\$ (691,132)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	489,115	498,109
Unrealized Gain on Investment	56,849	(29,142)
Other	2,787	7,476
(Increase) Decrease in Assets and Deferred Outflows of Resources:		
Accounts Receivable	(178,790)	40,802
Lease Receivable	122,959	122,504
Prepaid Expenses	(20,692)	(3,212)
Deferred Outflows of Resources from Pension Plan	(82,067)	(599,371)
Deferred Outflows of Resources from OPEB	26,127	34,625
Increase (Decrease) in Liabilities and Deferred Inflow of Resources:		
Accounts Payable and Accrued Liabilities	400,920	(27,423)
Customers Deposits	9,332	(1,832)
Accrued Payroll and Employee Benefits Liabilities	(34,859)	15,119
Net Pension Liability	183,053	1,122,527
Total OPEB Liability	37,874	(667,619)
Deferred Inflows of Resources from Pension Plan	150,348	(114,430)
Deferred Inflows of Resources from OPEB	(99,647)	628,228
Deferred Inflows of Resources from Leases	(121,861)	(121,861)
Total Adjustments	941,448	904,500
Net Cash Provided (Used) by Operating Activities	\$ (2,400)	\$ 213,368

See accompanying Notes to Basic Financial Statements.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The La Habra Heights County Water District (the District) is a public entity organized as a County Water District under the County Water District Law (under the appropriate California Water Code Sections) on November 30, 1976. The District provides potable water service to an area encompassing the city of La Habra Heights (the City) and a portion of the unincorporated Los Angeles County Area. The District is operated under the direction of a five-member board of directors elected for staggered four-year terms by the citizens residing within the District's boundaries.

The District has the power under the law of a governmental taxing authority and is authorized to (1) receive a proportional share of 1% of the County of Los Angeles (County) ad valorem property tax, as determined by the County's Tax Assessor, and (2) assess taxes for the purpose of carrying on its operations and paying its general obligation bonds.

B. Basic Financial Statements

The basic financial statements are comprised of the statement of net position, the statement of revenues, expenses and changes in net position, the statement of cash flows and the notes to the basic financial statements.

C. Basis of Presentation

The accounts of the District are an enterprise fund. An enterprise fund is a proprietary type fund used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The District is subject to the application of all Governmental Accounting Standards Board (GASB) statements.

D. Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied. The accompanying financial statements are reported using the economic resources measurement focus, and the accrual basis of accounting. Under the economic measurement focus all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with these activities are included on the statements of net position. The statements of revenues, expenses and changes in net position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

LA HABRA HEIGHTS COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The District has the following items that qualify for reporting in this category:

- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability and deferred outflows related to OPEB equal to benefit payments made after the measurement date of the total OPEB liability.
- Deferred outflows related to pensions for differences between expected and actual experience, and changes in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.
- Deferred outflows from OPEB resulting from changes in assumptions. This amount is amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with OPEB through the plan.
- Deferred outflow related to pensions resulting from the net differences in projected and actual earnings on the pension plan's investments. This amount is amortized over five years.

In addition to liabilities, the statements of net position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category:

- Deferred inflow related to pensions for differences between employer's contributions and the employer's proportionate share of contributions. This amount is amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions through the plans.
- Deferred inflow related to OPEB for differences between expected and actual experience and changes in assumptions. These amounts are amortized over a closed period equal to the average of the expected remaining services lives of all employees that are provided with OPEB through the plan.
- Deferred inflow related to leases, this amount is deferred and recognized as an inflow of resources in based on the payment provision in the contract.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Operating Revenues and Expenses

Operating revenues, such as charges for services (water sales) result from exchange transactions associated with the principal activity of the District. Nonoperating revenues, such as property taxes and assessments, rental income, and investment income, result from nonexchange transactions or ancillary activities in which the District gives (receives) value without directly receiving (giving) equal value in exchange.

Operating expenses include the cost of sales and services, administrative expenses and depreciation on capital assets. All expenses not meeting this definition are reported as nonoperating expenses.

G. Budgetary Practices

Each year the District adopts a budget to assess its general operations. Budgets are prepared on the accrual basis of accounting. Expenses that exceed the budgeted totals are approved by the District's board. All annual appropriations lapse at fiscal year-end.

H. Cash and Cash Equivalents

The District invests cash in excess of its operating requirements primarily in the state of California Local Agency Investment Fund (LAIF) and United States Treasury Bills. All invested funds are stated at fair value.

For purposes of the statements of cash flows, the District defines cash and cash equivalents as cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

I. Restricted Assets

The District's policy considers restricted assets as those amounts the use of which are legally restricted for such purposes as principal and interest payments by agreements.

J. Prepaid Items

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

K. Capital Assets and Depreciation

The District records capital assets that are purchased at historical cost, while contributed assets are recorded at acquisition value at the time received. Capital assets are defined by the District as assets with an initial cost of more than \$1,000 and an estimated useful life in excess of one year. Capital assets retirements are removed from the accounts at cost, together with the related accumulated depreciation. Any gains or losses resulting from retirements are recorded as nonoperating revenues or expenses.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets and Depreciation (Continued)

Capital assets owned by the District are depreciated on a straight-line method based on their estimated useful lives by asset classification. Estimated useful lives by asset classification are as follows:

Sources of Supply Plant	30 Years
Pumping Equipment	25 Years
Transmission and Distribution Plant	75 Years
General Plant	5 to 20 Years

Expenditures which materially increase capital assets lives are capitalized, while costs of maintenance and repairs are charged to expense as incurred.

L. Capital Contributions

Capital contributions are composed of transmission and distribution plant assets that are constructed by the District or a third party and are paid for by developers or the District's customers desiring services that require capital expenditures or capacity commitment. When these assets are constructed, they become part of the District's transmission and distribution system and are depreciated on a straight-line method over 75 years. Capital contributions received during the year are recorded on the statements of revenues, expenses and changes in net position.

M. Accrued Employee Benefits

Accumulated unpaid vacation, sick pay and other employee benefit amounts are accrued when vested.

N. Method Used to Record Bad Debts

The District has elected to record bad debts using the direct write-off method. Customers with overdue balances of four months or more are specifically written-off as uncollectible. Any differences between the direct write-off method and reporting an allowance for bad debts is not significant to the financial statements.

O. Property Taxes

Property tax in California is levied in accordance with Article 13A of the state Constitution at 1% of county-wide assessed valuations. This 1% is allocated pursuant to state law to the appropriate units of local government.

For fiscal year 2024, the property tax calendar is as follows:

Lien Date:	January 1
Levy Date:	July 1
Due Dates:	First Installment - November 1 Second Installment - February 1
Delinquent Dates:	First Installment - December 10 Second Installment - April 10

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Leases

The District is a lessor for a noncancellable lease of land. The District recognizes a lease receivable and a deferred inflow of resources in the statement of net position.

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Pensions

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

R. Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

S. Prior Year Data

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

NOTE 2 CASH AND INVESTMENTS

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

Cash on hand	\$ 300
Demand deposits with financial institutions	1,031,734
Investments	<u>6,081,827</u>
Total Cash and Investments	<u><u>\$ 7,113,861</u></u>

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

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

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 Years	None	None
United States Treasury Obligations	5 Years	None	None
Federal Agencies (United States Government Sponsored Agency Securities)	5 Years	None	None
Banker's Acceptances	180 Days	40%	30%
Commercial Paper	270 Days	25%	10%
Negotiable Certificates of Deposit	5 Years	30%	None
Repurchase Agreements	1 Year	None	None
Reverse Repurchase Agreements	92 Days	20%	None
Corporate Medium-Term Notes	5 Years	30%	None
Mutual Funds	N/A	20%	10%
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 Years	20%	None
California Local Agency Investment Fund (LAIF)	N/A	None	None

Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2024:

	<u>Maturity 12 Months or Less</u>
United States Treasury Bills	\$ 1,026,170
California Local Agency Investment Fund	5,055,657
Total Investments	<u>\$ 6,081,827</u>

LA HABRA HEIGHTS COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2024, the District's investment in United States Treasury bill is rated A-1+ by *Standard and Poor's* and the investment in the California Local Agency Investment Fund is unrated.

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Other than LAIF and the United States Treasury bills, there are no investments in any one issuer that represents 5% or more of total District's investments as of June 30, 2024.

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 the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The 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. At June 30, 2024, the District's demand deposits with financial institutions were either insured by the Federal Deposit Insurance Company or collateralized as required by California law.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Investment in State Investment Pool

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

Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices in active markets for similar assets, and Level 3 inputs are significant unobservable inputs.

The District's investments in United States Treasury bills and LAIF are not subject to the fair value measurement hierarchy.

NOTE 3 CAPITAL ASSETS

Changes in capital assets and accumulated depreciation as of June 30, 2024 were as follows:

	Balance at July 1, 2023	Additions	Deletions	Balance at June 30, 2024
Capital Assets, Not Depreciated:				
Land	\$ 532,744	\$ -	\$ -	\$ 532,744
Water Rights	1,640,491	-	-	1,640,491
Construction in Progress	117,341	388,365	(27,274)	478,432
Total Capital Assets, Not Depreciated	<u>2,290,576</u>	<u>388,365</u>	<u>(27,274)</u>	<u>2,651,667</u>
Capital Assets, Being Depreciated:				
Sources of Supply	2,271,080	7,620	-	2,278,700
Pumping	1,637,878	31,055	-	1,668,933
Transmission and Distribution	26,531,207	21,714	-	26,552,921
General	1,648,500	6,526	-	1,655,026
Total Capital Assets, Being Depreciated	<u>32,088,665</u>	<u>66,915</u>	<u>-</u>	<u>32,155,580</u>
Less Accumulated Depreciation for:				
Sources of Supply	(1,563,678)	(65,646)	-	(1,629,324)
Pumping	(1,509,544)	(35,879)	-	(1,545,423)
Transmission and Distribution	(14,977,741)	(292,629)	-	(15,270,370)
General	(1,034,515)	(94,961)	-	(1,129,476)
Total Accumulated Depreciation	<u>(19,085,478)</u>	<u>(489,115)</u>	<u>-</u>	<u>(19,574,593)</u>
Total Capital Assets, Being Depreciated, Net	<u>13,003,187</u>	<u>(422,200)</u>	<u>-</u>	<u>12,580,987</u>
Capital Assets, Net	<u>\$ 15,293,763</u>	<u>\$ (33,835)</u>	<u>\$ (27,274)</u>	<u>\$ 15,232,654</u>

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4 LONG-TERM LIABILITIES

The following is a summary of long-term liabilities payable at June 30, 2024 with changes thereon:

	Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Accrued Employee Benefits	\$ 167,410	\$ 80,475	\$ (126,080)	\$ 121,805	\$ 41,513
1981 State Loan Payable	61,360	-	(61,360)	-	-
Total	<u>\$ 228,770</u>	<u>\$ 80,475</u>	<u>\$ (187,440)</u>	<u>\$ 121,805</u>	<u>\$ 41,513</u>

A. 1981 State Loan Payable

In 1981, pursuant to the state of California Davis-Grunsky Act, the state of California loaned the District \$1,500,000 to finance the relining of the La Mirada Conduit (Conduit) and construction of Reservoir 2. The District entered into a Joint Facilities Agreement as of October 15, 1980 with Orchard Dale Water District (Orchard Dale) for the purpose of operating and maintaining the Conduit (see Note 9a). The state loan bears interest at 2.5% and matures in graduated annual amounts through 2024, while interest is due semiannually. As of June 30, 2024, the loan has been paid off in full.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 5 EMPLOYEE-DEFERRED COMPENSATION PLAN

For the benefit of its employees, the District established an eligible employee-deferred compensation plan in accordance with the Internal Revenue Code Section 457, the La Habra Heights County Water District deferred compensation plan, administered by the District general manager. Funds may be withdrawn by participants upon either termination of employment, retirement, death or an unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes. The District makes matching contributions of 100% on the first 2% of compensation deferred by the plan, contributions are vested immediately. Benefit terms are established and can be amended by the administrator of the plan.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District and are not subject to claims of the District's general creditors and, therefore, are excluded from these financial statements. For the year ended June 30, 2024, the District contributed \$21,661 to the 457 program.

NOTE 6 PENSION PLAN

A. General Information about the Pension Plan

Plan Description

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five (5) years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 PENSION PLAN (CONTINUED)

A. General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

The plan's provisions and benefits in effect for the year ended June 30, 2024, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit Formula	2.0%@60	2.0%@62
Benefit Vesting Schedule	5 Years of Service	5 Years of Service
Benefit Payments	Monthly for Life	Monthly for Life
Retirement Age	50 - 67	52 - 67
Monthly Benefits, as a % of Eligible Compensation	1.092% to 2.418%	1.0% to 2.5%
Required Employee Contribution Rates	6.93%	7.75%
Required Employer Contribution Rates:		
Normal Cost Rate	10.100%	7.680%
Payment of Unfunded Liability	\$ 80,813	\$ -

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions. For the current year, the District made contributions totaling \$185,104.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	<u>\$ 1,431,442</u>

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 PENSION PLAN (CONTINUED)

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

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

The District's proportionate share of the net pension liability for the plan as of the last two measurement dates was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2022	0.02668%
Proportion - June 30, 2023	0.02863%
Change - Increase (Decrease)	0.00195%

For the year ended June 30, 2024, the District recognized pension expense of \$436,439. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 185,104	\$ -
Differences Between Expected and Actual Experience	73,126	(11,344)
Change in Assumptions	86,423	-
Differences between Employer's Contributions and Proportionate Share of Contributions	-	(164,932)
Change in Employer's Proportion	277,551	-
Net Differences Between Projected and Actual Earnings on Plan Investments	231,763	-
Total	\$ 853,967	\$ (176,276)

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 PENSION PLAN (CONTINUED)

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

\$185,104 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ 190,963
2026	126,403
2027	168,571
2028	6,650
2029	-
Thereafter	-

Actuarial Assumptions

The total pension liability as of the June 30, 2023, measurement date was determined by an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023. The total pension liability was based on the following assumptions:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	(1)
Mortality Rate Table	(2)
Post Retirement Benefit Increase	(3)

(1) Varies by entry age and service.

(2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the *2021 CalPERS Experience Study and Review of Actuarial Assumptions*. Mortality rates incorporate full generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 experience study report from November 2021 that can be found on the CalPERS website.

(3) The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% thereafter.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 PENSION PLAN (CONTINUED)

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

Long-Term Expected Rate of Return

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

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

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return (a) (b)</u>
Global Equity - Cap-weighted	30.00 %	4.54 %
Global Equity - Noncap-Weighted	12.00	3.84
Private Equity	13.00	7.28
Treasury	5.00	0.27
Mortgage-Backed Securities	5.00	0.35
Investment Grade Corporates	10.00	1.56
High Yield	5.00	2.27
Emerging Market Debt	5.00	2.48
Private Debt	5.00	3.57
Real Assets	15.00	3.21
Leverage	(5.00)	(0.59)
Total	<u>100.00 %</u>	

(a) An expected inflation of 2.3% used for this period.

(b) Figures are based on the 2021 Asset Liability Management study.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 6 PENSION PLAN (CONTINUED)

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

Discount Rate

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

Subsequent Events

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

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

The following presents the District's proportionate share of the net pension liability for the plan, calculated using the discount rate for the plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate:

	<u>Miscellaneous</u>
1% Decrease	5.90%
Net Pension Liability	\$ 2,490,307
Current Discount Rate	6.90%
Net Pension Liability	\$ 1,431,442
1% Increase	7.90%
Net Pension Liability	\$ 559,905

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

C. Payable to the Pension Plan

At June 30, 2024, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS

A. General Information and Benefits Provided

Plan Description and Benefits Provided

The District provides postemployment health care benefits through a single employer defined benefit plan. Specifically, the District provides health insurance for its retired employees in accordance with board resolutions. Medical coverage is provided for retired employees who are age 60 or over and who have a minimum of 20 continuous years of service with the District. Additionally, an employee’s spouse and dependents are covered if the employee has reached 40 years of service and is age 62 or over. The District pays the premium for the retiree coverage. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Employees Covered

As of the June 30, 2022, the most recent valuation date, membership consisted of the following:

Inactive Employees or Beneficiaries Currently Receiving Benefits	2	
Inactive Employees or Beneficiaries Entitled to But Not Yet Receiving Benefits	-	
Active Employees	10	
Total	12	

Contributions

The contribution requirements of plan members and the District are established and may be amended by the District and/or the District’s board of directors. Currently, contributions are not required from plan members. The required contribution is based on projected pay-as-you-go financing requirements. For the fiscal year ended June 30, 2024, the District’s made payments of \$11,860 for retiree health insurance premiums and the estimated implicit subsidy was \$1,257, resulting in total benefit payments of \$13,117. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

B. Total OPEB Liability

The District's total OPEB liability of \$1,076,358 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2022.

Actuarial Assumptions and Other Inputs

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

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Level Percent of Pay
Actuarial Assumptions:	
Salary Increase	3.00%
Inflation Rate	2.50%
Healthcare Cost Trend Rate	6.00% for 2023, 5.50% for 2024 5.25% for 2025-29, 5.00% for 2030-39 4.75% for 2040-49, 4.50% for 2050-69 and 4.00% for 2070 and later years; Medicare ages: 4.50% for 2022-2029 and 4.00% for 2030 and later years.
Mortality Rates	Pre retirement mortality rates based on 2022 CalPERS Experience Study Post-retirement mortality rates based on 2022 CalPERS Experience Study

Actuarial assumptions used in the June 30, 2022 valuation were based on a review of plan experience during July 1, 2020 to June 30, 2022.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

B. Total OPEB Liability (Continued)

Discount Rate

The discount rate was based on a yield or index rate for 20-year tax-exempt general obligation municipal bond with an average rating of AA/Aa or higher. The discount rate used to measure the District's total OPEB liability is 3.69%.

Changes of Assumptions

The discount rate of 3.69% used for the June 30, 2022 measurement date was increased to 3.86 % for the June 30, 2023 measurement date.

C. Changes in the Total OPEB Liability

The change in total OPEB liability are as follows:

	Increase (Decrease) Total OPEB Liability
Balance at June 30, 2022 (Measurement Date)	\$ 1,038,484
Changes in the Year:	
Service Cost	41,222
Interest on the Total OPEB Liability	39,648
Differences Between Actual and Expected Experience	-
Changes in Assumptions	(32,416)
Benefit Payments	(10,580)
Net Changes	37,874
Balance at June 30, 2023 (Measurement Date)	\$ 1,076,358

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, calculated using the discount rate for the plan, as well as what the District total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Total OPEB Liability	\$ 1,286,751	\$ 1,076,358	\$ 909,157

Sensitivity of the Total OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates:

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

C. Changes in the Total OPEB Liability (Continued)

	1% Decrease (Trend rate for each future year reduced by 1.00%)	Trend Rate	1% Increase (Trend rate for each future year increased by 1.00%)
Total OPEB Liability	<u>\$ 873,621</u>	<u>\$ 1,076,358</u>	<u>\$ 1,348,358</u>

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

For the year ended June 30, 2024, the District recognized an OPEB credit of \$22,529. At June 30, 2024, the District 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
Benefit Payments Subsequent to Measurement Date	\$ 13,117	\$ -
Differences Between Expected and Actual Experience	-	(525,805)
Changes in Assumptions	185,895	(388,585)
Total	<u>\$ 199,012</u>	<u>\$ (914,390)</u>

\$13,117 reported as deferred outflows of resources related to benefit paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2025	\$ (103,399)
2026	(103,399)
2027	(103,399)
2028	(61,549)
2029	(59,837)
Thereafter	(296,912)

NOTE 8 LEASES

The District, acting as lessor, leases land under a long-term, noncancelable lease agreement. The lease expires in May 2043. During the year ended June 30, 2024, the District recognized \$121,860 and \$8,190 in lease revenue and interest revenue, respectively, pursuant to this contract.

The lease provides for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

LA HABRA HEIGHTS COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 9 COMMITMENTS AND CONTINGENCIES

A. Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. In an effort to manage its risk exposure, the District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (the Authority).

The Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the Authority 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, as a member of the Authority, the District participated in the insurance programs as follows:

Property Program – The District retains risk of loss for the first \$500 of claims related to licensed vehicles/trailers, \$1,000 for claims related to mobile equipment, \$2,500 for claims related to real and personal property, \$25,000 for claims related to boiler and machinery, except for turbine and power generation equipment, which is \$50,000, 5% of TIV related to earthquake claims, and \$100,000 related to flood claims (the deductible amounts). Coverage limit is \$500 million per occurrence, except for boiler and machinery (\$100 million per occurrence), earthquake (2.5 million program aggregate), and flood (\$25 million). The Authority is self-insured for the first \$10 million and purchases excess coverage up to \$500 million limited to the District's insurable value of \$18,280,811.

Crime Program – The District retains risk of loss for the first \$1,000 related to loss of property caused by dishonest acts, forgery or alteration of orders to pay drawn from District accounts, or use of a computer to transfer covered property. The coverage limit is \$100,000 per loss.

General, Auto, and Public Officials Errors & Omissions – Insured up to \$55 million with no deductible subject to policy aggregate limits, except for terrorism, which is insured up to \$5 million, communicable disease, which is insured up to \$10 million, subsidence, lead and mold, which are individually insured up to \$45 million. The Authority is self-insured for the first \$5 million and purchases excess insurance coverage up to \$55 million.

Workers' Compensation and Employer's Liability Program – Compensation insurance up to California statutory limits for all work-related injuries/illnesses covered by California law. The Authority is self-insured for the first \$2 million and has purchased excess insurance to the statutory limit with a \$4 million program aggregate limit for employer's liability coverage.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

A. Risk Management (Continued)

Cyber Liability – Insured up to \$3 million per member and \$5 million in aggregate. The District retains the risk of loss based on total insurable values (TIV) for the first \$50,000 if TIV is less than \$10 million, and first \$100,000 if TIV is greater than \$10 million related to financial losses resulting from data breaches and other cyber events.

The District has not settled any claims that have exceeded insurance coverage in any of the past three fiscal years. An annual premium deposit is paid by the District. Actual annual premiums are to be determined utilizing a retrospective method.

B. Litigation

In the ordinary course of operations, the District is the subject of claims and litigation from outside parties. After consultation with its legal counsel, the District believes that an adequate provision has been made for the costs, if any, of the ultimate outcome of the legal proceedings through its self-insurance plan, such that these matters will not materially affect the District's financial condition.

NOTE 10 AGREEMENTS

A. Orchard Dale Water District

The District is party to a joint facilities agreement with the Orchard Dale Water District (Orchard Dale) for the purpose of operating and maintaining the Well Fields, La Mirada Conduit and the Gualtieri Reservoir, a transmission and distribution system that carries water from the Well Fields to each water district's service area. The operating agreement under which the facilities were constructed required that each participant provide its own proportionate share of construction financing.

The District's proportionate share of construction and improvement costs for such jointly owned facilities is included in the appropriate category of utility and general plant assets.

The District incurs certain minimum operating costs on jointly owned facilities, whether or not it is able to take delivery of its proportionate share of annual water rights. Such expenses incurred are included as operating expenses in the accompanying statements of revenues, expenses and changes in net position.

In fiscal year 2023-2024, the District was reimbursed \$185,286 for this agreement and the reimbursement has been applied against the related operating expenses in the accompanying statement of revenues, expenses and changes in net position.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 10 AGREEMENTS (CONTINUED)

B. Rowland Water District

The District is party to a water production and delivery agreement dated May 12, 2012 with the Rowland Water District (Rowland) for the purpose of assisting Rowland to access water rights in the Central Groundwater Basin of Los Angeles County (Central Basin). Rowland has acquired pumping rights in the Central Basin but has no facilities to produce water from Central Basin to Rowland's service area. The District has facilities to produce water from the Central Basin and is able to assist Rowland to produce water, pursuant to Rowland's water rights, and deliver the water to Rowland's water distribution system.

Subject to certain limitations as specified in the agreement, the District will convey to Rowland, groundwater from the Central Basin. The District will bill Rowland on a monthly basis for water delivery costs. Rowland will pay the District for transporting water, and the District's direct cost of production, energy costs associated with the delivery of the water to the delivery point, any other variable cost of production.

On June 8, 2021, an Amendment to Water Production and Delivery Agreement was signed to settle a dispute related to the agreement. As part of the agreement Rowland will pay a wheeling rate of \$170.19 per acre-foot (AF) to the District for delivery of 1,300 AF during the fiscal year ended June 30, 2022. At the end of each fiscal year, the rate will be recalculated based on actual water delivered to Rowland. The wheeling rate will be increased annually in accordance with the CPI-U. In addition, the District will recover capital costs based on annual AF the District delivers to Rowland. In fiscal year 2023-2024 the District was reimbursed \$-0- for this agreement.

REQUIRED SUPPLEMENTARY INFORMATION

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**LA HABRA HEIGHTS COUNTY WATER DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
LAST TEN FISCAL YEARS**

Fiscal Year Ended	Miscellaneous									
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Period	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Plan's Proportion of the Net Pension Liability	0.02863%	0.02668%	0.02192%	0.02192%	0.01973%	0.00692%	0.00726%	0.00654%	0.02102%	0.02702%
Plan's Proportionate Share of the Net Pension Liability	\$ 1,431,442	\$ 1,248,389	\$ 125,862	\$ 924,418	\$ 790,025	\$ 666,511	\$ 719,602	\$ 566,312	\$ 576,686	\$ 667,868
Plan's Covered Payroll	\$ 1,133,075	\$ 973,801	\$ 870,218	\$ 889,015	\$ 817,337	\$ 766,210	\$ 741,585	\$ 744,900	\$ 722,019	\$ 609,966
Plan's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	126.33%	128.20%	14.46%	103.98%	96.66%	86.99%	97.04%	76.03%	79.87%	109.49%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	81.72%	82.75%	98.16%	85.16%	75.26%	75.26%	73.31%	74.06%	86.30%	83.03%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 265,966	\$ 310,644	\$ 263,758	\$ 237,074	\$ 210,794	\$ 188,093	\$ 170,453	\$ 150,102	\$ 125,678	\$ 88,356

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

From fiscal year June 30, 2015 to June 30, 2016:

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

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

There were no changes in assumptions.

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

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

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

Inflation was reduced from 2.75% to 2.5%.

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

There were no changes in assumptions.

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

There were no changes in assumptions.

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

There were no changes in assumptions.

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

The discount rate and long-term rate of return were reduced from 7.15% to 6.90% and the inflation rate was reduced from 2.50% to 2.30%

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

There were no changes in assumptions.

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**LA HABRA HEIGHTS COUNTY WATER DISTRICT
SCHEDULE OF PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually Required Contribution (Actuarially Determined)	\$ 185,104	\$ 174,515	\$ 153,230	\$ 130,439	\$ 113,548	\$ 94,317	\$ 73,246	\$ 83,935	\$ 69,955	\$ 61,068
Contributions in Relation to the Actuarially Determined Contributions	(185,104)	(174,515)	(153,230)	(130,439)	(113,548)	(94,317)	(73,246)	(83,935)	(369,955)	(61,068)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (300,000)	\$ -
Covered Payroll	\$ 1,292,951	\$ 1,133,075	\$ 973,801	\$ 870,218	\$ 889,015	\$ 817,337	\$ 766,210	\$ 741,585	\$ 744,900	\$ 722,019
Contributions as a Percentage of Covered Payroll	14.32%	15.40%	15.74%	14.99%	12.77%	11.54%	9.56%	11.32%	49.67%	8.46%

Notes to Schedule:

Valuation Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
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**Methods and Assumptions Used to
Determine Contribution Rates:**

Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.300%	2.300%	2.500%	2.500%	2.625%	2.75%	2.75%	2.75%	2.75%	2.75%
Salary Increases	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	6.9% (3)	6.9% (3)	7.00% (3)	7.00% (3)	7.25% (3)	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)

- (1) Level percentage of payroll, closed.
- (2) Depending on age, service, and type of employment.
- (3) Net of pension plan investment expense, including inflation.
- (4) 50 years (2%@60), 52 years (2%@62).
- (5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

**LA HABRA HEIGHTS COUNTY WATER DISTRICT
SCHEDULE OF CHANGES IN THE OPEB LIABILITY AND RELATED RATIOS
LAST TEN FISCAL YEARS***

Fiscal Year-End	<u>6/30/2024</u>	<u>6/30/2023</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>
Measurement Date	<u>6/30/2023</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>
Total OPEB Liability:							
Service Cost	\$ 41,222	\$ 72,157	\$ 81,490	\$ 63,338	\$ 53,903	\$ 73,499	\$ 59,254
Interest on Total OPEB Liability	39,648	33,988	37,420	46,666	46,632	46,184	43,498
Changes of Benefit Terms		(451,519)			-	174,350	-
Changes of Assumptions	(32,416)	(306,048)	150,582	38,845	110,974	(299,191)	-
Differences Between Expected and Actual Experience		-	-	(112,156)	-	(218,164)	-
Benefit Payments, Including Refunds of Net Change in Total OPEB Liability	<u>(10,580)</u>	<u>(16,197)</u>	<u>(18,409)</u>	<u>(18,365)</u>	<u>(17,999)</u>	<u>(17,890)</u>	<u>(15,978)</u>
Total OPEB Liability - Beginning of Year	1,038,484	1,706,103	1,455,020	1,436,692	1,243,182	1,484,394	1,397,620
Total OPEB Liability - End of Year	<u>\$ 1,076,358</u>	<u>\$ 1,038,484</u>	<u>\$ 1,706,103</u>	<u>\$ 1,455,020</u>	<u>\$ 1,436,692</u>	<u>\$ 1,243,182</u>	<u>\$ 1,484,394</u>
Covered Employee Payroll	\$ 654,535	\$ 1,040,157	\$ 954,442	\$ 954,026	\$ 888,088	\$ 773,970	\$ 918,183
Total OPEB Liability as Percentage of Covered Employee Payroll	164.45%	99.84%	178.75%	152.51%	161.77%	160.62%	161.67%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions- by Measurement Date (MD):

MD 06/30/19: Discount rate decreased from 3.62% to 3.13%; Healthcare cost trend starting rate decreased from 6% to 5.9%.

MD 06/30/20: Discount rate decreased from 3.13% to 2.45%; Healthcare cost trend adjusted to 4% increasing to 5.2% for 2024-2069 and then to 4% in 2070.

MD 06/30/21: Discount rate decreased from 2.45% to 1.92%

MD 06/30/22: Discount rate increased from 1.92% to 3.69%; Healthcare cost trend rate changed to 6.5% for 2022, 6.00% for 2023, 5.50% for 2024, 5.25% for 2025-2029, 5.00% for 2030-2039, 4.75% for 2040-2049, 4.50% for 2050-2069, and 4.00% 2070 and later.

MD 06/30/23: Discount rate increased to 3.86%

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

SUPPLEMENTARY INFORMATION

LA HABRA HEIGHTS COUNTY WATER DISTRICT
SCHEDULE OF OPERATING EXPENSES
YEAR ENDED JUNE 30, 2024
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2023)

	<u>2024</u>	<u>2023</u>
Sources of Supply - Purchased Water	\$ 965,011	\$ 953,753
Depreciation	489,115	498,109
Administrative and General:		
Office Salaries	288,687	262,800
Manager's Salary	168,501	168,662
Insurance	277,991	252,666
Employee Benefits	530,604	707,161
Vacation, Sick Leave, and Holidays	189,922	174,978
Professional Services	94,041	123,657
Payroll Taxes	97,728	85,673
Maintenance - General Plant	119,674	88,934
Office Supplies and Equipment	67,751	62,047
Utilities	50,851	36,638
Automobile Service	59,976	52,644
Education and Meetings	22,172	19,325
Dues	25,819	28,124
Legal Services	60,125	38,338
Engineering Expenses	10,890	42,955
Property Taxes	5,335	5,842
Directors Fees and Election Expenses	7,300	9,367
Miscellaneous	9,242	9,413
Total Administrative and General	<u>2,086,609</u>	<u>2,169,224</u>
Pumping:		
Supervision and Maintenance	128,253	161,635
Purchased Power	753,953	622,393
Total Pumping	<u>882,206</u>	<u>784,028</u>
Transmission and Distribution:		
Supervision, Labor, and Expense	318,227	270,586
Maintenance - Structures and Plant	548,072	271,062
Joint Facilities Accounts	149,511	150,617
Total Transmission and Distribution	<u>1,015,810</u>	<u>692,265</u>
Customer Accounts	269,236	212,379
Water Treatment	<u>78,580</u>	<u>50,002</u>
Total Operating Expenses	<u><u>\$ 5,786,567</u></u>	<u><u>\$ 5,359,760</u></u>



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