

# Carmichael Water District

## Annual Comprehensive Financial Report

For the fiscal years ended June 30, 2023 and 2022



CARMICHAEL, CALIFORNIA

La Sierra Well  
Construction

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# Annual Comprehensive Financial Report

For the fiscal years ended June 30, 2023 and 2022



**Carmichael, California**

**Prepared by the Finance Department**

7837 Fair Oaks Blvd Carmichael, CA 95608

[www.carmichaelwd.org](http://www.carmichaelwd.org)

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## Introductory Section

## CARMICHAEL WATER DISTRICT LETTER OF TRANSMITTAL



7837 FAIR OAKS BOULEVARD  
CARMICHAEL, CALIFORNIA 95608  
TELEPHONE (916) 483-2452  
FAX (916)483-5509

February 29, 2024

To the Rate Payers and Board of Directors of the Carmichael Water District

We are pleased to present the Carmichael Water District Annual Comprehensive Financial Report (ACFR) for the fiscal years ended June 30, 2023 and 2022. This report was prepared by the Finance Department in accordance with generally accepted accounting principles (GAAP) established by the Governmental Accounting Standards Board (GASB). The financial statements were audited by the District's independent certified public accountants in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Management assumes full responsibility for the completeness, reliability, and fair presentation in the preparation of the financial statements based upon a comprehensive framework of internal control that has been established for this purpose. Management is responsible for establishing and maintaining an internal control structure designed to ensure its assets are protected from loss, theft, or misuse. The design, implementation and maintenance of the internal controls developed are to provide reasonable, but not absolute, assurance these objectives are met:

1. The cost of the control should not exceed the benefits likely to be derived;
2. The evaluation of costs and benefits requires estimates and judgments by management;
3. Transactions are executed in accordance with management's authorization;
4. Adequate accounting data are compiled to allow for the preparation of financial statements in conformity with GAAP and other reporting requirements.
5. The financial statements are free of any material misstatements.

The District's financial records are kept in accordance with GAAP using the full accrual basis of accounting so that all costs of providing services are measured to support the District's rate structures. Accrual accounting measures not just current assets and liabilities, but also long-term assets and liabilities, such as capital assets and bond debt. This basis of accounting reports all revenue and all expenses earned or incurred, whether or not they were received or paid in cash in the fiscal year.

This report includes all funds, agencies, boards, commissions, and authorities that are financially accountable to the District's Board of Directors. Financial accountability was determined on the basis of budget adoption, imposition of will, funding, and appointment of the governing board.

Based upon these criteria, the Carmichael Water District Financing Corporation (the Financing Corporation) is considered a component unit of the District. The Financing Corporation was organized under California Government Code 6500 as a Joint Powers Agency on April 1, 1999, solely for the purpose of providing financial assistance to the District.

California Government Code Section 26909 (2) (A) (B) requires an annual audit of the District's accounts and records within 12 (twelve) months of the end of the fiscal year by a certified public accountant. The goal of the independent audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes their opinion.

In performing the audit to obtain reasonable assurance, the auditors will identify and assess the risks of material misstatement and design and perform audit procedures to respond to those risks. These procedures include examining on a test basis, evidence regarding the amounts and disclosures in the financial statements. Reasonable assurance does not provide absolute assurance however, that a material misstatement will be detected. The risk of not detecting a material misstatement from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

Leaf & Cole, LLP, Certified Public Accountants, conducted the annual audit for the District and has issued an unmodified "clean" opinion on the District's financial statements for the fiscal year ended June 30, 2023 and 2022. The independent auditor's report is located at the front of the financial section of this report.

Managements' Discussion and Analysis (MD&A) immediately follows the independent auditor's report. The MD&A is a financial performance report that includes financial highlights, explanatory narratives and statistical tables of the District's financial results for the fiscal year ending June 30, 2023 measured against the prior fiscal year ended June 30, 2022. The MD&A complements this transmittal letter and should be read in conjunction with it.

## **PROFILE OF CARMICHAEL WATER DISTRICT**

### **MISSION STATEMENT**

"Committed to providing the highest quality water for the lowest feasible cost and to serving our customers with diligence, efficiency, and integrity."

### **REPORTING ENTITY**

With an effort led by the Carmichael Colonies Improvement Club, the Carmichael Irrigation District became the first irrigation district established in Sacramento County, California, under the Wright Irrigation Act of 1887 and held its first official meeting on February 8, 1916. Initially, the District predominantly relied on ground water wells to meet the irrigation needs of the colonies. As the population grew, however, so did water demand, requiring a diversified and sustainable water source.

In the latter half of the 20<sup>th</sup> Century, The Irrigation District began sourcing additional water from the American River to enhance the quality of the water and increase reliability. A strategic rebranding resulted in a name change of the District to Carmichael Water District in the 1980's, leaving the District still organized under the laws governing irrigation districts. The name change marked the evolution of the District from a focus on primarily irrigation services to one focused on serving the comprehensive water demands of an urbanized community.

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Carmichael Water District serves the unincorporated community of Carmichael, a suburb within the boundaries of Sacramento County, California encompassing 5,120 acres or roughly 8 square miles with a population of approximately 77,400 people. The District is located in the northern part of Sacramento County along the north bank of the American River. The District is about ten miles east of downtown Sacramento and provides water for irrigation, municipal and commercial customers. The District serves a population of approximately 41,200 with 11,700 connections within eight square miles.

## **SOURCES OF WATER SUPPLY**

The District maintains approximately 160 miles of water lines and supplies an average of 2,881 million gallons of water annually to its customers. The District is substantially built out with anticipated growth through in-fill development of larger parcels and a limited number of vacant parcels. The land use is predominantly residential with commercial along major road corridors and public use lands including parks, schools, and one golf course.

The District's approximately 41,200 customers receive on average 70 – 80 percent of their water from the American River (surface water) with the remainder from District groundwater wells. The District's current groundwater sources are from 5 primary wells. The wells are operated seasonally, May through September.

Since its formation, the District has used several water supply diversions off the American River which have been modified and improved to become the current infiltration diversions feeding the Bajamont Water Treatment Plant (the main source of water supply for District customers). Groundwater was also developed by the District prior to World War II as part of a balanced conjunctive use portfolio management strategy and continues today with the District maintaining 8 groundwater wells.

## **GOVERNANCE**

The governance of the District is through a five member elected Board of Directors with each director representing a division of approximately equal population within the service area. The Directors serve four-year staggered terms.

## **BUDGET PROCESS**

As an independent special district, the District is neither mandated by state law to prepare a budget nor subject to appropriation limits. As a matter of fiscal responsibility, however, a budget document is prepared to communicate the District's alignment of resources with the Board of Director's priorities and goals.

The District's budget is a one year financial plan that follows closely with the District's Master Plan and Business Plan efforts. It is an annual plan detailing the revenue requirements necessary to support the operation and maintenance expenses (O&M), short-term and long-term capital project planning, debt obligations, reserve designations and reserve transfers and uses.

The annual budget process begins with input from Management staff approximately 6 (six) months prior to year-end to determine the short-term and long-term 10 (ten) year Capital Project Forecast. In late February, the Finance Committee of the Board of Directors is then convened to discuss the Board's budgetary goals and priorities, review the initial projections for revenue, O&M expenses, and reserve uses and transfers, and then confirm the capital project spending 10 (Ten) Year Forecast for budget preparation. The Proposed Budget is then formulated and presented to the Board in April, with a public hearing of the budget in May, followed by final Board adoption in June.

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## **LEVEL OF BUDGETARY CONTROL**

The budget is prepared by division, department, and object level. The budget is reviewed and published monthly at each Board meeting as a part of the District's regular financial reporting process. Amendments to the budget, transfers within budget categories, or transfers from reserves must be approved by the Board.

## **ECONOMIC CONDITION AND OUTLOOK**

Population for the community of Carmichael is expected to grow quite modestly at an estimated 2.8% creating very stable demand for water use. As the District is primarily built out, it does not depend on new growth to maintain revenue. Instead, the District continues the practice of establishing rates and funds that support the expected and unexpected expense fluctuations encountered year to year. The District also investigates opportunities to increase the District's financial position through other means, whether it is outside District or Boundary water sales, interties with neighboring agencies, or partnerships with public and private entities. The District has recently embarked on aggressive fund raising strategies to secure local, state, and federal grant funds to support the long range planning goals of water resiliency and infrastructure repair and replacement.

## **CLIMATE IMPACTS**

Multi-year droughts plague the State resulting in State mandated conservation efforts and curtailments from the District's water supply from the American River. Dry year and emergency water supply are critical to the District's ability to meet customer water demand requiring an intense focus by the Board and Management to create strategies to increase the resiliency of the District's water supply. One of the approaches is through cooperative efforts to continually partner with others to ensure safe and reliable water supply for customers and increase revenue. These options include:

- Treatment and Delivery Agreement with neighboring water agency
- Intertie Project with neighboring water agency
- Mutual Assistance Agreements with four (4) neighboring water agencies
- Secured drought proof water for emergency supply with the use of remediated and reclaimed water

## **LONG TERM PLANNING**

The most impactful resiliency approach is to directly increase the capability of the water supply with multiple sources of supply and this is where the greatest financial impact lies, the long term planning and spending for infrastructure development, replacement, and repair. The long-term plan also includes planned rate increases for infrastructure projects right beside grant and bond funding for increased water supply and water resiliency capital projects.

## **INFRASTRUCTURE AND DELIVERY SYSTEM**

The District completed a comprehensive 2020 Master Plan that provided a perspective on the backlog of unfunded infrastructure replacement liabilities and a strategy for resolving the long term sustainability of the District. The updated 2020 Master Plan followed the approach of looking ahead 10 years and included a 10 year detailed capital improvement strategy. The Plan continues to guide the capital projects of the District.

The District continues to invest in repair and replacement of aging infrastructure throughout its system on a pay-as-you-go financial strategy. This strategy, coupled with grant funding, allows the District the ability to accumulate and save reserves for larger projects in the long-term planning stages, thereby reducing or

avoiding issuance of debt. Capital infrastructure expenditures for FY 2022-23 amounted to \$7.8 million with projects that included the following:

- Transmission and distribution line replacements
- Supervisory Control and Data Acquisition (SCADA) system upgrade
- Water treatment plant facility Improvements
- Water treatment plant equipment replacements
- La Sierra Aquifer storage and recovery (ASR) well project
- La Vista Tank replacement and booster pump project

## **FUTURE PLANS**

The District will continue the construction of the La Vista Tank replacement and booster pump project which includes a 3 MG tank, well, pump station, storm drain, and distribution system pipelines. This project was outlined in the District's Master Plan as an important asset to the District's portfolio for existing and future water supply reliability. During FY 2021-22, the District secured two grants to build two ASR wells and subsequently initiated the construction of the first well, the La Sierra ASR Well. The District will continue with its efforts to complete this well with funding planned for the 2023-24 budget year and budgetary funding to start the design and construction of the other ASR wells to counter the impacts of drought. The District continues with its annual plan to replace a major section of Transmission and Distribution pipeline every year. Management expects to continue seeking grant funding opportunities to enhance the funding for the long range capital project plan.

## **FINANCIAL INFORMATION**

### **BUSINESS PLAN AND RATE SETTING**

The District prepared a 10 Year Business Plan to define the financial position of the District. The Business Plan is in place as a guidance document for financial planning and rate setting decision making for the Board of Directors and staff. It also provides a foundation for the long-term financial sustainability of the District. It is the driving document for budget and rates on an annual basis. The Business Plan is updated during the five (5) year rate setting process to ensure sustainable rates and revenue.

The District is in its third year of 9.5% rate increases that occur every January, starting with January 1 of 2021 until January 1, 2025. The rate increases were developed to provide not only revenues to keep pace with inflationary cost increases for goods and services, but also an increased level of pay-go capital spending to address water system rehabilitation for aging pipes, pump stations, water tanks and other system deficiencies.

### **RESERVE POLICY**

The District has developed a reserve policy to establish funds to minimize adverse impacts from anticipated and unanticipated District expenses, to mitigate and minimize risk, and provide a mechanism to help ensure funding for long-term capital improvement needs.

### **DEBT MANAGEMENT**

The District recognizes that borrowing long-term funds for the purpose of enhancing, improving, or acquiring infrastructure and facilities may be necessary. To minimize dependency on debt financing, the District strives to fund annual renewal and replacement capital projects (i.e. vehicles; equipment; annual meter, service line, membrane, and mainline replacement programs) from rates, increased long term planning through reserve accumulation, and grant funding sources.

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## OTHER INFORMATION

### **AWARDS**

The Government Finance Officers Association (GFOA) developed a Certificate of Achievement for Excellence in Financial Reporting (COA) to encourage governmental entities to go beyond the minimum requirements of GAAP and prepare a fully comprehensive financial report in the spirit of transparency and full disclosure. In order to be awarded a COA, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report that succeed in achieving that goal. We believe that this report will meet the program requirements to receive the award from the Government Finance Officers Association (GFOA).

### **ACKNOWLEDGMENTS**

This report represents the culmination of dedicated efforts by the District staff both inside and outside of the Finance department. The preparation of this report could not have been accomplished without the hard work and team effort of the entire financial reporting team. I wish to thank all departments for their assistance in providing the data necessary to prepare this report. I would like to express my appreciation and thanks to Michael Zizzi and his staff at Leaf & Cole LLP. Credit is also due to the President and the members of the District Board for their unfailing support for maintaining the highest standards of professionalism in the management of the District's finances.

Respectfully submitted,



Cathy Lee  
General Manager and Board Secretary



Debbie L. Martin, CPA (Inactive)  
Finance Manager and Board Treasurer

## CARMICHAEL WATER DISTRICT PRINCIPAL DISTRICT OFFICIALS

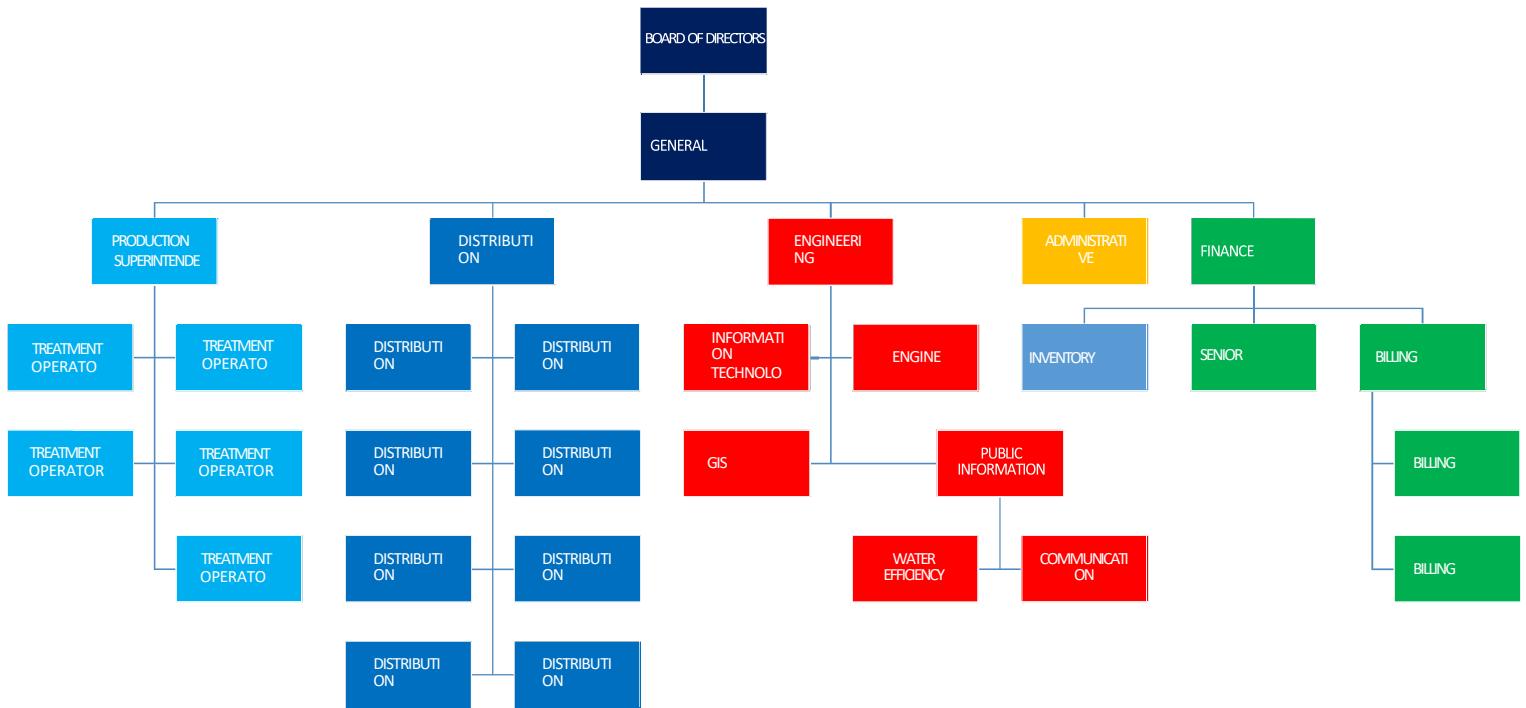
### Board of Directors – Elected Officials As of June 30, 2023

<u>Name</u>	<u>Title</u>	<u>Division</u>
Ronald Davis	President	Division 1
Mark R. Emmerson	Director	Division 2
Jeff Nelson	Director	Division 3
Ron Greenwood	Director	Division 4
Paul Selsky	Vice-President	Division 5

### Staff

<u>Title</u>	<u>Name</u>
General Manager and Secretary	Cathy Lee
Finance Manager and Treasurer	Debbie L. Martin, CPA (Inactive)

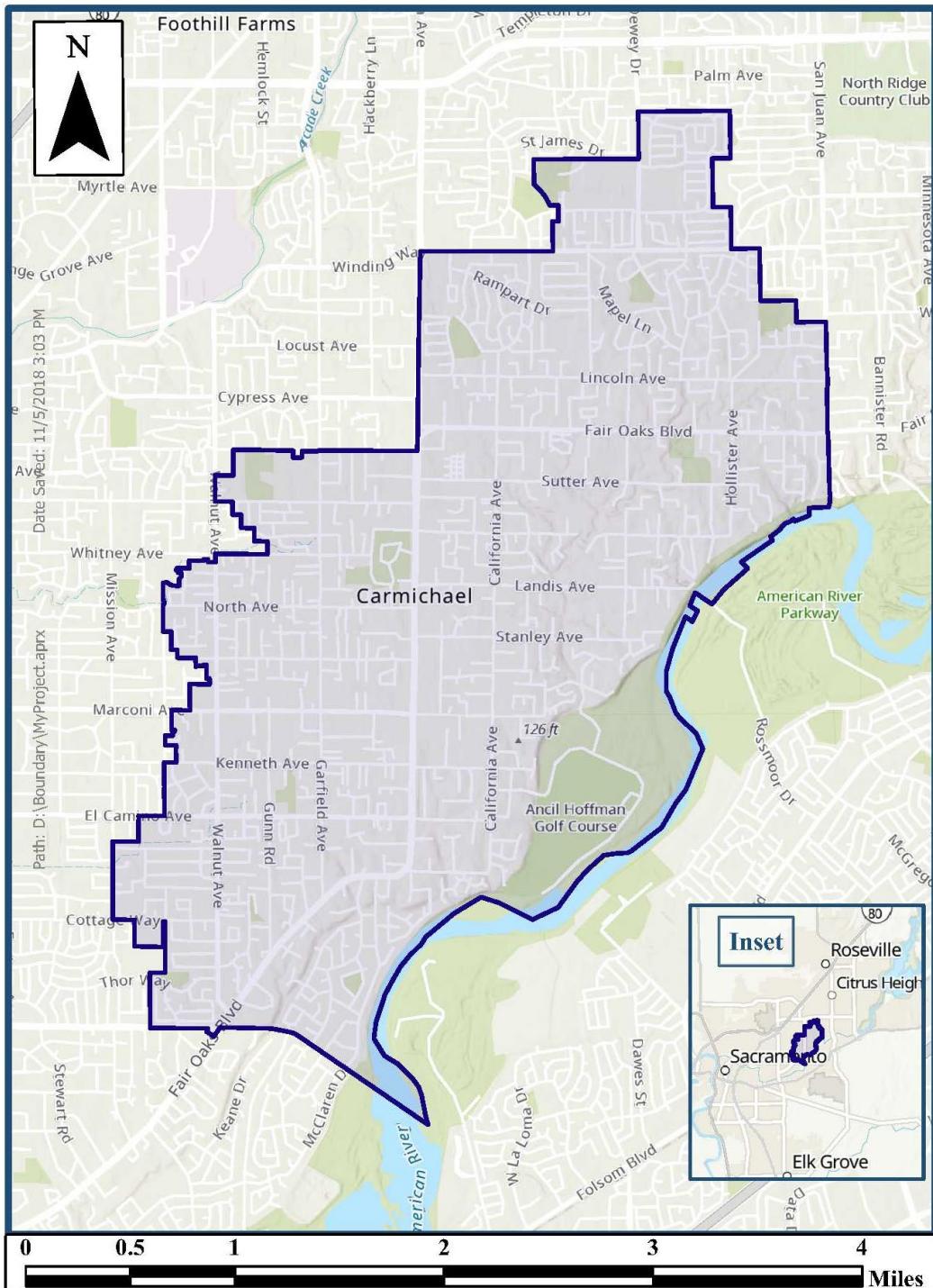
# CARMICHAEL WATER DISTRICT ORGANIZATIONAL CHART



## Key

- Management
- Finance
- Administration
- Inventory
- Engineering
- Production
- Distribution

# CARMICHAEL WATER DISTRICT SERVICE AREA





## Financial Section

## CARMICHAEL WATER DISTRICT INDEPENDENT AUDITOR'S REPORT



Leaf & Cole, LLP  
Certified Public Accountants  
A Partnership of Professional Corporations

### Independent Auditor's Report

To the Board of Directors  
Carmichael Water District  
7837 Fair Oaks Boulevard  
Carmichael, California 95608

#### Opinion

We have audited the accompanying financial statements of Carmichael Water District, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Carmichael Water District, as of June 30, 2023 and 2022, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Carmichael Water District, 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.

## **Auditor's Responsibilities for the Audit of the Financial Statements**

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

In performing an audit in accordance with generally accepted auditing standards, 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 Carmichael Water 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.

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 and the required supplementary information on pages 65 to 70 as identified in the accompanying table of contents 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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## **Other Information**

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

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

*Leaf & Cole LLP*

San Diego, California  
December 12, 2023

# CARMICHAEL WATER DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis is intended to serve as an introduction to Carmichael Water District's (District) financial statements, which are comprised of the financial statements and notes to the financial statements. The District's financial statements are designed to provide readers with a broad overview of the finances of Carmichael Water District for the fiscal years ending June 30, 2023 and 2022.

### **Financial Statements**

This discussion and analysis provides an introduction and a brief description of the District's financial statements, including the relationship of the statements to each other and the significant differences in the information they provide. Carmichael Water District operates as a public utility and maintains its accounting records in accordance with generally accepted accounting principles for proprietary funds as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements of the District report information about the District using accounting methods similar to those used by companies in the private sector. These statements offer short and long-term financial information about its activities. The District's financial statements include five components:

- Statements of Net Position
- Statements of Revenues, Expenses and Changes in Net Position
- Statements of Cash Flows
- Notes to the Financial Statements
- Other Information

The statements of net position include all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the net difference reported as net position. Net position may be displayed in three categories:

- Net Investment in Capital Assets
- Restricted
- Unrestricted

The statements of net position provide the basis of computing rate of return, evaluating the capital structure of the District, and assessing its liquidity and financial flexibility.

The statements of revenues, expenses and changes in net position present information which shows how the District's net position changed during the year. The financial statements, except for the cash flow statements are prepared using the accrual basis of accounting, which means that revenues are recorded when earned and expenses are recorded when incurred regardless of the timing of cash receipts or payments. The statements of revenues, expenses, and changes in net position measure the success of the District's operations over the past year and determines whether the District has recovered its costs through user fees and other charges.

The statements of cash flows provide information regarding the District's cash receipts and cash disbursements during the year. This statement reports cash activity in four categories:

# MANAGEMENT'S DISCUSSION AND ANALYSIS

- Operating
- Noncapital financing
- Capital and related financing
- Investing

## Notes to Financial Statements

The notes to the financial statements provide a description of the accounting policies used to prepare the financial statements and present material disclosures required by generally accepted accounting principles that are not otherwise present in the financial statements.

## Other Information

In addition to the financial statements and accompanying notes, the basic financial statements also present certain required supplementary information, which follows the notes to the financial statements. This other information includes pension and OPEB funding schedules.

### **Outside Boundary Sales**

The District worked with Golden State Water Company (“GSWC”) and Aerojet Rocketdyne (“AR”) on a cooperative pipeline project - American River Pipeline Project (“Project”) that was completed in 2016. This Project provides delivery of up to 5,000 Acre-feet per year (“AFY”) of treated water from the District’s Bajamont Water Treatment Plant (“BWTP”) to GSWC for use as a replacement water supply. The District could also use the pipeline in the case of a severe emergency and deliver water from GSWC to the District. The District began to deliver treated water at full capacity to GSWC in January 2017. The Project was funded by AR in addition to a portion of the funding secured by a grant through the Regional Water Authority.

Two agreements were signed on August 15, 2016. In the agreement with AR, the District sold, transferred, and conveyed to GSWC the firm capacity right in the BWTP to divert, treat, and deliver up to 5,000 AFY of treated water to GSWC as a replacement water supply. Additionally, the District secured approximately 2,000 AFY of remediated groundwater supply from AR’s groundwater extraction and treatment (“GET”) facilities GET LA and GET LB, which will assist with drought proofing the District during future surface water supply curtailments. The payment dates for the capacity sale are detailed in the agreements with the final payment received by the District on July 1, 2022. The District has a capacity sale receivable of \$0 and \$1,400,000 as of June 30, 2023 and 2022, respectively.

The District also recognizes revenue from the treatment and delivery of water to GSWC. The agreement with GSWC outlines an allocated portion of the District’s fixed and variable costs relating to the production of treated water, capital costs associated with the BWTP and intake structures, and membrane replacement costs charged to GSWC during the year. While the agreement calls for treatment and delivery of up to 5,000 AFY of treated water, the District provided deliveries totaling 5,056 AFY and 5,043 AFY for the years ended June 30, 2023 and 2022, respectively. The District recognized operating revenue of \$1,479,373 and \$974,050 for the treatment and delivery of water to GSWC for the years ended June 30, 2023 and 2022, respectively.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Rate Increase

The five year rate structure for the District is detailed in the “2020 Business Plan and Water Rate and Capital Facilities Fees Study”. In 2021, Hildebrand Consulting, LLC updated the “Business Plan and Water Rate Study” portion which served as the basis for the District eliminating the use of a tiered rate structure. The study recommended 9.5% rate increases beginning January 1, 2021, 2022, 2023, 2024 and 2025. Water consumption decreased in fiscal year 2022-23 compared to the prior fiscal year. The increase in rates is necessary to meet the increasing costs of operations and to meet the continued demands of replacing and repairing costly infrastructure.

### Financial Highlights

- The District’s total net position increased by \$7,340,780 to end at \$70,559,601 at June 30, 2023 and increased by \$4,260,000 to end at \$63,218,821 at June 30, 2022. The significant increase in 2023 results from increased water sales including regional water transfers, as well as increased grant revenue and investment income earned.
- Total operating revenue for the District increased by \$2,767,143 in 2023 following an increase of \$572,548 in 2022.
- Total operating expenses increased in 2023 by \$1,397,933. Operating expenses, not including depreciation, increased by \$1,396,826. Increases in pension and Other Post Employment Benefits (OPEB) expenses result from actuarial assumptions and investment earnings. Pumping and treatment increased \$1,578,837 due to inflationary pressures and several large equipment repairs and membrane expense increased \$811,477 due to several membranes failing after years of drought.
- Total cash and cash equivalents decreased by \$14,217 in 2023. Operating cash increased \$3,289,181 which can be attributed to positive operating income including depreciation. Restricted cash decreased \$3,303,398 due to the proceeds of the 2019 Series A and Series B Certificates of Participation being used to fund capital projects.
- The District’s plan for reinvestment in infrastructure and replacement of aging assets continued with overall investment in capital assets of \$71,074,788 and construction in progress of \$13,081,867.
- Long-term debt, including current portion, decreased by \$1,663,776 due to the payments on the 2019 Certificates of Participation Series B.

### Net Position

A summary of the District’s net position at June 30, 2023 is presented in Table 1, reflecting the underlying assets and liabilities impacting this year’s increase in net position. The financial condition of the District improved over last year with an increase of \$7,340,780 from \$63,218,821 at June 30, 2022 and \$70,559,601 at June 30, 2023. Total liabilities increased by \$1,515,032 due to increases in the pension and OPEB liabilities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

**TABLE 1**  
**Net Position**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>Assets:</b>			
Current and other assets	\$ 35,784,898	\$ 35,428,567	\$ 36,833,847
Capital assets, net of depreciation	<u>71,074,788</u>	<u>65,454,326</u>	<u>61,416,812</u>
Total Assets	<u>106,859,686</u>	<u>100,882,893</u>	<u>98,250,659</u>
<b>Deferred Outflows of Resources:</b>			
Deferred amount on refunding	87,430	100,880	114,331
Pensions	<u>2,136,538</u>	<u>1,224,553</u>	<u>978,032</u>
Other post employment benefits (OPEB) contributions	<u>1,590,613</u>	<u>1,308,601</u>	<u>383,717</u>
Total Deferred Outflows	<u>3,814,581</u>	<u>2,634,034</u>	<u>1,476,080</u>
<b>Liabilities:</b>			
Current liabilities	4,064,066	3,779,073	2,985,241
Noncurrent liabilities	<u>6,309,914</u>	<u>3,361,100</u>	<u>4,524,838</u>
Long-term debt	<u>29,304,752</u>	<u>31,023,528</u>	<u>32,712,304</u>
Total Liabilities	<u>39,678,732</u>	<u>38,163,701</u>	<u>40,222,383</u>
<b>Deferred Inflows of Resources:</b>			
Pensions	230,495	1,806,120	339,325
Other post employment benefits (OPEB)	<u>187,053</u>	<u>328,285</u>	<u>206,210</u>
Leases	<u>18,386</u>		
Total Deferred Inflows	<u>435,934</u>	<u>2,134,405</u>	<u>545,535</u>
<b>Net Position:</b>			
Net investment in capital assets	46,699,385	43,193,529	42,001,094
Restricted	<u>1,140,935</u>	<u>654,404</u>	<u>599,345</u>
Unrestricted	<u>22,719,281</u>	<u>19,370,888</u>	<u>16,358,382</u>
Total Net Position	<u>\$ 70,559,601</u>	<u>\$ 63,218,821</u>	<u>\$ 58,958,821</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### **Changes in Net Position**

Table 2 below reflects the underlying revenue and expense sources of the increase in net position. The increase in operating revenues in 2023 results from the rate increases effective January 1, 2021, July 1, 2021 and January 1, 2022 and January 1, 2023. Along with changes in consumption, capital revenues fluctuate from year to year depending on development within the District's boundaries.

Total expenses reflects a decrease from last year. Pumping and treatment increased \$1,578,837 over last year. The most significant fluctuations result from an increase in the membrane, pension and OPEB expenses. The decrease in interest expense results from the normal amortization of long-term debt.

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Operating revenues	\$ 17,700,227	\$ 14,933,084	\$ 14,360,536
Nonoperating revenues	1,581,458	262,160	248,379
Capital contributions	484,953	54,620	119,070
<b>Total Revenues</b>	<b><u>19,766,638</u></b>	<b><u>15,249,864</u></b>	<b><u>14,727,985</u></b>
Depreciation	2,122,475	2,121,368	2,250,686
Other operating expenses	9,411,161	8,014,335	7,714,252
Nonoperating expenses	892,222	854,161	869,994
<b>Total Expenses</b>	<b><u>12,425,858</u></b>	<b><u>10,989,864</u></b>	<b><u>10,834,932</u></b>
Change in Net Position	7,340,780	4,260,000	3,893,053
Net Position at Beginning of Year	<u>63,218,821</u>	<u>58,958,821</u>	<u>55,065,768</u>
<b>Net Position at End of Year</b>	<b><u>\$ 70,559,601</u></b>	<b><u>\$ 63,218,821</u></b>	<b><u>\$ 58,958,821</u></b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### **Revenues**

Table 3 breaks down the operating revenues of the District. The District's operating revenues increased by \$2,767.143, for a total of \$17,700,227 as compared to 2022 operating revenue of \$14,933,084. The increase is in water sales and rate measures implemented in January 2021, July 2021, and January 2022 and January 2023. The table below illustrates the District's commitment to prudent water sales revenue and water rates to ensure the Business Plan effort is followed for maintaining a strong financial position for future planning.

**TABLE 3**  
**Operating Revenues**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Water sales	\$ 16,111,936	\$ 13,846,204	\$ 13,331,681
Connections and other fees	108,918	112,830	109,466
Water treatment and delivery	1,479,373	974,050	919,389
<b>Total Operating Revenue</b>	<b>\$ 17,700,227</b>	<b>\$ 14,933,084</b>	<b>\$ 14,360,536</b>

### **Expenses**

Total operating expenses for the year are shown below in Table 4. Operating expenses exclusive of depreciation increased by \$1,396,826. Pumping and Treatment costs increased due to inflationary and supply chain cost increases in chemicals and power and large treatment plant systems equipment repairs. Membrane expense increased \$811,477. Pension expense increased \$463,752 as a result of projected earnings in the plan not meeting expectations. Total other costs and expenses consist of compensated absences, pension expense adjustment, other post-employment benefits, and membrane expense. These other costs, with the exception of membrane expense, are not budgeted and result from required accrual adjustments.

**TABLE 4**  
**Operating Expenses**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
General and administrative	\$ 2,663,124	\$ 2,940,707	2,860,559
Transmission and distribution	1,664,734	1,952,453	1,539,061
Pumping and treatment	2,763,703	2,457,654	2,327,072
Other costs and expenses	2,319,600	663,521	987,560
<b>Total Operating Expenses*</b>	<b>\$ 9,411,161</b>	<b>\$ 8,014,335</b>	<b>\$ 7,714,252</b>

\*Excludes depreciation expense

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### **Long – Term Debt**

Table 5 provides the details of the District's long-term debt and related unamortized premium. Total long-term debt decreased this year by \$1,688,776. The decrease results from the District making principal payments on the 2019 Series B Certificates of Participation. For additional detailed information on the District's Long-Term debt activity, see footnote 7- Noncurrent Liabilities beginning on page 48.

**TABLE 5**  
**Long – Term Debt**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Certificates of Participation	\$ 27,865,000	\$ 29,350,000	\$ 30,810,000
Unamortized premium	2,954,752	3,158,528	3,362,304
Total Long-Term Debt	<u>\$ 30,819,752</u>	<u>\$ 32,508,528</u>	<u>\$ 34,172,304</u>

### **Debt Service Coverage Ratio**

The debt service coverage ratio is a measurement required by the 2019 COP bond indenture covenants. The ratio demonstrates the District's ability to meet its debt obligations. Table 6 provides the year-to-year comparison of the debt service ratio. The 2019 COP bond indenture covenants require a minimum 1.20 coverage ratio. This fiscal year, the District again complied with the covenants arriving at a comfortable 3.77 coverage ratio.

**TABLE 6**  
**Debt Service Coverage Ratio**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Revenues:</u>			
Water sales	\$ 16,111,936	\$ 13,846,204	\$ 13,331,681
Other revenue	3,169,749	1,349,040	1,277,234
Total Revenues	<u>19,281,685</u>	<u>15,195,244</u>	<u>14,608,915</u>
<u>Operating and Maintenance Expenses:</u>			
General and administrative services	2,663,124	2,940,707	2,860,559
Transmission and distribution	1,664,734	1,952,453	1,539,061
Pumping and treatment	2,763,703	2,457,654	2,327,072
Other costs and expenses	2,319,600	663,521	987,560
Total Operating and Maintenance Expenses*	<u>9,411,161</u>	<u>8,014,35</u>	<u>7,714,252</u>
Net Revenues	<u>\$ 9,870,524</u>	<u>\$ 7,180,909</u>	<u>\$ 6,894,663</u>
<u>Debt Service:</u>			
Certificates of Participation	2,494,705	\$ 2,497,694	\$ 2,539,828
Debt Service Coverage Ratio	3.77x	2.87x	2.71x

\*Excludes depreciation expense

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Capital Assets

The District continued its strategic plan to allocate resources to replace aging assets and invest in infrastructure. Table 7 is a listing of the District's capital assets. This year, the District invested \$7,837,808 in capital assets, including \$7,285,805 in construction in progress. Significant projects include the La Vista Tank, the Glenbrook Water Line, and the La Sierra Well and the Winding Way Well replacement. See Note 5 of the audited financial statements for a summary of the capital asset activity.

**TABLE 7**  
**Capital Assets**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b><u>Capital Assets Not Being Depreciated:</u></b>			
Land, franchise and water rights	\$ 553,227	\$ 553,227	\$ 553,227
Construction-in-progress	13,081,867	6,323,323	5,166,525
<b>Total Capital Assets Not Being Depreciated</b>	<b>13,635,094</b>	<b>6,876,550</b>	<b>5,719,752</b>
<b><u>Capital Assets Being Depreciated:</u></b>			
Pumping plant	35,675,680	35,392,519	35,392,519
Transmission and distribution	72,279,383	71,682,366	66,800,007
Transportation/equipment	1,244,780	1,240,484	1,164,605
Building and improvements	10,640,982	10,640,982	10,640,982
Machinery and equipment	251,704	251,704	251,704
Information technology	986,117	954,033	942,124
Furniture and fixtures	112,194	112,194	112,194
<b>Total Capital Assets Being Depreciated</b>	<b>121,190,840</b>	<b>120,274,282</b>	<b>115,304,135</b>
Less: Accumulated depreciation	(63,751,146)	(61,696,506)	(59,607,075)
<b>Net Capital Assets Being Depreciated</b>	<b>57,439,694</b>	<b>58,577,776</b>	<b>55,697,060</b>
 <b>Net Capital Assets</b>	 <b>\$ 71,074,788</b>	 <b>\$ 65,454,326</b>	 <b>\$ 61,416,812</b>

### Cash and Cash Equivalents

The District's cash position at June 30, 2023 is \$31,396,154 representing all cash held by the District, including cash held by the trustee. Table 8 is a detailed listing of the components of the cash position. See Note 2 of the audited financial statements for additional information.

### Cash

Operating cash is the working capital used by the District to conduct its day-to-day operations. Expenditures flowing from this account are board approved through the annual budget process. All revenue sources, except for the collection of facility fees, as discussed below, are deposited to this account. Operating cash increased this year as a result of cash provided by operating and investing activities. Certain capital and related financing activities were funded from restricted cash. Cash on hand is the imprest cash held for petty cash disbursements and the cash register change drawer.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### **Board – Designated Cash**

The key to long-term financial stability is the ability to anticipate and prepare for significant financial obligations. To achieve this, the District believes that a portion of its cash should be held in reserve. Board-designated accounts are for specific purposes and are established by the Board of Directors per the Reserve Policy. Portions of these funds have been funded during the annual budget process. The adequacy of the target reserves and/or annual contributions are reviewed annually during the budgeting and rate setting process and may be revised as necessary. The use of the reserves for membrane replacement is Board authorized and is the reason for accumulating and designating an annual membrane funding amount each year.

### **Restricted Cash**

The District's restricted cash are those accounts held by the trustee and or held by the District that are constrained through external requirements as to their usage. The capital asset and debt service accounts are held by the trustee and represent funds required to be used to construct or acquire capital assets and pay down long-term debts, respectively. The facility fees cash holds the collection of developer fees charged by the District for connections to the District's distribution infrastructure. These fees are restricted to capital expenditures by law.

**Table 8**  
**Cash and Cash Equivalents**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<u>Cash - Unrestricted and Undesignated:</u>			
Operating cash	\$ 7,582,452	9,006,328	5,011,310
Cash on hand	650	800	1,000
Total Cash - Unrestricted and Undesignated	<u>7,583,102</u>	<u>9,007,128</u>	<u>5,012,310</u>
<u>Board - Designated Cash:</u>			
Capital replacement reserve	8,293,444	5,408,344	6,227,723
Operating reserve fund	5,628,830	3,753,939	3,568,489
Filter skid reserve	1,300,000	650,000	-
Sacramento County impact projects reserve	592,920	400,000	-
Rate stabilization fund	500,000	500,000	500,000
Membrane replacement fund	-	889,704	689,704
Total Cash - Board Designated	<u>16,315,194</u>	<u>11,601,987</u>	<u>10,985,916</u>
Total Cash and Cash Equivalents	<u>23,898,296</u>	<u>20,609,115</u>	<u>15,998,226</u>
<u>Restricted Cash:</u>			
Capital assets	6,356,923	10,146,852	14,642,255
Debt service	851	7	14
Facility fees	1,140,084	654,397	599,331
Total Cash - Restricted	<u>7,497,858</u>	<u>10,801,256</u>	<u>15,241,600</u>
Total Cash and Investments	<u>\$ 31,396,154</u>	<u>\$ 31,410,371</u>	<u>\$ 31,239,826</u>

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### Other Post-Employment Benefits (OPEB) Funding

As recommended in the 2015 Business Plan, the Board approved establishing an annual funding of OPEB into the California Employer's Retiree Benefit Trust (CERBT) starting in fiscal year 2017. This is the sixth year of funding the OPEB through the trust. An additional \$200,000 was contributed during each of the years ended June 30, 2023 and 2022. In addition, the District is paying the annual retiree medical premiums through the annual budget which reduces the District's OPEB liability. The plan is to continue to make additional OPEB funding and premium payments and reassess the fund value, liability and funding level on an ongoing basis with each actuarial assessment.

### Economic Factors

The District's Board of Directors and management staff consider many factors when setting the fiscal year budget. Management staff continually monitors all expenses to ensure that overall expenses stay within budget. Closely monitoring these expenses resulted in the total operating and maintenance expenses for the District coming in over budget by \$284,000.

### Long-Term Infrastructure Liability and Planning

The District has been proactive in infrastructure replacement efforts by replacing aging pipelines and failing water service lines while also completing an accelerated meter retrofit program. Recent water use reductions are in part a benefit of metering, which has resulted in a greater awareness of water use by District customers, effective customer response to changing water use practices, and regional and District-led implementation of water conservation demand management measures. Although reduced water use is an important part of a modern and responsibly managed utility, it also can present challenges in managing the cost of service and maintaining sufficient revenue.

The “2020 Business Plan and Water Rate and Capital Facilities Fees Study” provided the analysis, findings, and recommendations for the ongoing operation and maintenance of the District and its assets. The “2020 Business Plan and Water Rate Study”, which was updated by Hildebrand Consulting, LLC, also identified operating and debt expenditures with a 10 year capital spending plan.

The District assets and facilities range in age and condition and include buried pipelines for transmission and distribution of treated water, above ground water supply treatment and pumping plants, groundwater wells, buildings, and storage. Planned maintenance, rehabilitation and replacement of these assets are essential to the long-term sustainability of District operation and are the largest District liability. Management staff must monitor and adjust infrastructure replacement annually based on District needs.

### Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District at (916) 483-2452.



## Basic Financial Statements

**CARMICHAEL WATER DISTRICT  
STATEMENTS OF NET POSITION  
JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b><u>ASSETS</u></b>		
<b><u>Current Assets:</u></b> (Notes 1, 2, and 4)		
Cash and cash equivalents	\$ 23,898,296	\$ 20,609,115
Accounts receivable:		
Current services	1,769,791	1,721,978
Outside boundary	419,632	81,171
Grants	1,296,838	104,086
Other	6,290	27,115
Capacity sale	-	1,400,000
Accrued interest receivable	39,388	8,154
Inventory	513,025	451,487
Prepaid expenses	187,209	80,271
Total Current Assets	<u>28,130,469</u>	<u>24,483,377</u>
<b><u>Noncurrent Assets:</u></b> (Notes 1, 2, 3, 4, 5 and 6)		
<b>Restricted assets:</b>		
Cash and cash equivalents	7,497,858	10,801,256
Total Restricted Assets	<u>7,497,858</u>	<u>10,801,256</u>
<b>Capital Assets:</b>		
Nondepreciable capital assets	13,635,094	6,876,550
Depreciable capital assets, net	57,439,694	58,577,776
Total Capital Assets	<u>71,074,788</u>	<u>65,454,326</u>
<b>Other Assets:</b>		
Lease receivable	13,250	-
Investment in electrical power	143,321	143,934
Total Long-term Receivables	<u>156,571</u>	<u>143,934</u>
Total Noncurrent Assets	<u>78,729,217</u>	<u>76,399,516</u>
<b>TOTAL ASSETS</b>	<u>106,859,686</u>	<u>100,882,893</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b> (Notes 1, 7, 9 and 10)		
Deferred outflows related to refunding	87,430	100,880
Deferred outflows related to pensions	2,136,538	1,224,553
Deferred outflows related to OPEB contributions	1,590,613	1,308,601
Total Deferred Outflows of Resources	<u>3,814,581</u>	<u>2,634,034</u>

Continued

The accompanying notes are an integral part of the financial statements.

**CARMICHAEL WATER DISTRICT**  
**STATEMENTS OF NET POSITION (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b><u>LIABILITIES</u></b>		
<b>Current Liabilities:</b> (Notes 1, 7, and 8)		
Accounts payable	\$ 2,232,748	\$ 1,982,850
Accrued expenses and other liabilities	53,481	43,787
Unearned revenue	95,536	64,634
Accrued interest payable	165,887	170,681
Current portion of noncurrent liabilities	<u>1,516,414</u>	<u>1,517,121</u>
Total Current Liabilities	<u>4,064,066</u>	<u>3,779,073</u>
<b>Noncurrent Liabilities:</b> (Notes 1, 7, 8, 9 and 10)		
Certificates of participation, net of current portion	29,304,752	31,023,528
Compensated absences	184,838	142,094
Unearned lease revenue	116,431	117,845
Net pension liability	3,244,862	815,854
Net OPEB liability	<u>2,763,783</u>	<u>2,285,307</u>
Total Noncurrent Liabilities	<u>35,614,666</u>	<u>34,384,628</u>
 Total Liabilities	 <u>39,678,732</u>	 <u>38,163,701</u>
<b>DEFERRED INFLOWS OF RESOURCES</b> (Notes 1, 9 and 10)		
Deferred inflows related to pensions	230,495	1,806,120
Deferred inflows related to OPEB	187,053	328,285
Deferred inflows from leases	<u>18,386</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>435,934</u>	<u>2,134,405</u>
<b>Commitments and Contingencies</b> (Notes 9, 10, 11, and 12)		
<b>NET POSITION</b>		
Net investment in capital assets	46,699,385	43,193,529
Restricted for debt service	851	7
Restricted for capital facilities	1,140,084	654,397
Unrestricted	<u>22,719,281</u>	<u>19,370,888</u>
 Total Net Position	 <u>\$ 70,559,601</u>	 <u>\$ 63,218,821</u>

The accompanying notes are an integral part of the financial statements.

**CARMICHAEL WATER DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**FOR THE YEARS ENDED 30, 2023 AND 2022**

	2023	2022
<b><u>Operating Revenues</u></b>		
Retail water sales	\$ 16,111,936	\$ 13,846,204
Other fees and charges	108,918	112,830
Water treatment and delivery charges	1,479,373	974,050
 Total Operating Revenues	 17,700,227	 14,933,084
<b><u>Operating Expenses</u></b>		
General and administrative	2,663,124	2,940,707
Transmission and distribution	1,664,734	1,952,453
Pumping and treatment	2,763,703	2,457,654
Depreciation	2,122,475	2,121,368
Pension expense adjustment	473,715	56,963
Other post-employment benefits (OPEB)	674,620	246,770
Membrane expense	1,171,265	359,788
 Total Operating Expenses	 11,533,636	 10,135,703
 Operating Income	 6,166,591	 4,797,381
<b><u>Nonoperating Revenues (Expenses)</u></b>		
Other revenue	26,810	41,696
Grant revenue	1,283,922	159,992
Income from investment in electrical power	11,644	12,446
Investment income earned	248,793	18,373
Reimbursements	10,289	29,653
Gain (loss) on disposal of capital assets	(77,636)	(11,328)
Interest expense	(814,586)	(842,833)
 Total Nonoperating Revenues (Expenses)	 689,236	 (592,001)
 Income before Contributions	 6,855,827	 4,205,380
 Capital Contributions	 484,953	 54,620
 Change in Net Position	 7,340,780	 4,260,000
 Net Position at Beginning of Year	 63,218,821	 58,958,821
 <b>Net Position at End of Year</b>	 \$ 70,559,601	 \$ 63,218,821

The accompanying notes are an integral part of these financial statements

**CARMICHAEL WATER DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED 30, 2023 AND 2022**

	2023	2022
<b><u>Cash Flows from Operating Activities</u></b>		
Receipts from customers	\$ 18,806,368	\$ 16,885,908
Payments to suppliers for goods and services	(6,827,428)	(4,880,463)
Payments to employees for services	<u>(2,453,048)</u>	<u>(3,249,315)</u>
Net Cash Provided by Operating Activities	<u>9,525,892</u>	<u>8,756,130</u>
<b><u>Cash Flow from Capital and Related Financing Activities</u></b>		
Acquisitions and construction of capital assets	(7,837,808)	(6,181,810)
Proceeds from sale of capital assets	77,636	11,600
Principal paid on long-term debt	(1,485,000)	(1,460,000)
Deferred amount on refunding	13,450	13,451
Interest paid on long-term debt	(1,023,156)	(1,051,145)
Facility fees collected	<u>484,953</u>	<u>54,620</u>
Net Cash Used by (Used in) Capital and Related Financing Activities	<u>(9,769,925)</u>	<u>(8,613,284)</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Proceeds from investments, net	217,559	13,011
Receipts from investment in electrical power	12,257	14,688
Net Cash from Investing Activities	<u>229,816</u>	<u>27,699</u>
Net Decrease in Cash and Cash Equivalents	(14,217)	170,545
Cash and Cash Equivalents at Beginning of Year	<u>31,410,371</u>	<u>31,239,826</u>
<b><u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u></b>		
	<u><u>\$ 31,396,154</u></u>	<u><u>\$ 31,410,371</u></u>

(Continued)

The accompanying notes are an integral part of these financial statements

**CARMICHAEL WATER DISTRICT**  
**STATEMENTS OF CASH FLOWS (CONTINUED)**  
**FOR THE YEARS ENDED 30, 2023 AND 2022**

	2023	2022
<b><u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</u></b>		
Operating income	\$ 6,166,591	\$ 4,797,381
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,122,475	2,121,368
Amortization of unearned lease revenue	(1,414)	(1,414)
Deferred inflows from leases	18,386	-
Change in assets and liabilities:		
Accounts receivable	(378,699)	426,893
Grants receivable	(1,192,752)	(104,086)
Inventory	(61,538)	(132,342)
Prepaid expense	(106,938)	(11,610)
Noncurrent capacity sale receivable	1,400,000	1,400,000
Deferred outflows related to pensions and OPEB	(1,193,997)	(994,109)
Accounts payable	249,898	872,730
Accrued expenses and other liabilities	9,694	13,490
Unearned revenue	30,902	(51,398)
Compensated absences	12,037	24,049
Net OPEB liability	478,476	651,448
Net pension liability	2,429,008	(1,899,275)
Deferred inflows related to pensions and OPEB	(1,716,857)	1,411,574
Grant revenue	1,283,922	159,992
Other nonoperating revenue	(23,302)	71,349
Net Cash Provided by Operating Activities	<u>\$ 9,525,892</u>	<u>\$ 8,756,130</u>
<b><u>Cash and Cash Equivalents</u></b>		
<b><u>Financial statements Classification</u></b>		
Cash and cash equivalents	\$ 23,898,296	\$ 20,609,115
Restricted cash and cash equivalents	<u>7,497,858</u>	<u>10,801,256</u>
Total Cash and Cash Equivalents	<u>\$ 31,396,154</u>	<u>\$ 31,410,371</u>
<b><u>Supplemental Disclosure of Cash Flow Information</u></b>		
Amortization of deferred amortization on refunding	<u>13,451</u>	<u>13,451</u>

The accompanying notes are an integral part of these financial statements.

**CARMICHAEL WATER DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022**

**NOTE 1 – Organization and Significant Accounting Policies:**

**Organization**

The Carmichael Water District (the “District”) was established in 1916 as an irrigation district located in the central portion of Sacramento County northeast of the City of Sacramento and north of the lower American River. The area served by the District encompasses approximately eight square miles and serves a population of approximately 40,000. The District is predominately residential in character, with interspersed commercial areas. The District is governed by a Board of Directors consisting of five directors elected by residents of the District.

The criteria used in determining the scope of the reporting entity is based on the provisions of GASB Cod. Sec. 2100 “Defining the Financial Reporting Entity.” The District is the primary government unit. Component units are those entities, which are financially accountable to the primary government, either because the District appoints a voting majority of the component units board or because the component unit will provide a financial benefit or impose a financial burden on the District. The Carmichael Water District includes the accounts of the District and the Carmichael Water District Financing Corporation.

The Carmichael Water District Financing Corporation (the Corporation) was organized on April 16, 1999 pursuant to the Government Code of the State of California (Title 1, Division 7, Section 6500 of the California Government Code) as a Joint Powers Agency, solely for the purpose of providing financial assistance to the District. The District has accounted for the Corporation as a blended component unit. Despite being legally separate, the Corporation is so intertwined with the District that the Corporation is in substance part of the District’s operations. Accordingly, the Corporation is included within the financial statements of the District.

**Significant Accounting Policies**

A summary of the District’s significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

**Method of accounting**

The District utilizes accounting principles appropriate for an enterprise fund to record its activities. Accordingly, the statements of net position and the statements of revenues, expenses and changes in net position have been prepared using the economic resources measurement focus and the accrual basis of accounting.

**CARMICHAEL WATER DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**NOTE 1 – Organization and Significant Accounting Policies (Continued):**

**Significant Accounting Policies (Continued)**

Water lines may be constructed by private developers and then dedicated to the District, which is then responsible for their future maintenance. These lines are recorded as capital contributions when they pass inspection by the District and the estimated costs are capitalized as transmission and distribution. Additional capital contributions come in the form of facilities fees collected when a customer connects to the District's system.

The District has not elected to apply the option allowed in GASB Cod. Sec. P80.103 "Proprietary Fund Accounting and Financial Reporting" and as a consequence will continue to apply GASB statements and interpretations.

**Estimates**

The preparation of financial statements in conformity 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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

**Revenue Recognition**

The District recognizes revenues from water sales and other revenues when they are earned. Operating activities generally result from providing services and producing and delivering goods. As such, the District considers fees received from water sales and tap fees and other revenues to be operating revenues.

**Investments**

Investments are stated at their fair value which represents the quoted or stated market value. Investments that are not traded on a market, such as investments in external pools, are valued based on the stated fair value as represented by the external pool.

**Allowance for Doubtful Accounts**

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable. Management believes that all accounts receivable were fully collectible; therefore no allowance for doubtful accounts was recorded as of June 30, 2022 and 2021.

**Inventory**

Inventory consists primarily of materials used in the construction and maintenance of capital assets and is valued at weighted average cost.

**Leases**

The District is a lessor for leases as detailed in Footnote 8. The District recognizes a lease receivable and unearned lease revenue as the lease is fully funded.

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**NOTE 1 – Organization and Significant Accounting Policies (Continued)**

**Significant Accounting Policies (Continued)**

**Leases (Continued)**

At the commencement of the 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. A 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 inflows of resources would be recognized as revenue over the life of the lease term.

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

- The District used the risk-free rate as the discount rate for its leases.
- The lease term includes the non-cancellable period of the lease. Lease receipts included the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its leases, 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.

**Capital Assets**

Capital assets purchased or acquired with an initial, individual cost exceeding \$5,000 to \$10,000 and an estimated useful life of more than one year are reported at historical cost. Donated capital assets, donated works of art, and similar items, and capital assets received in service concession agreements are reported at acquisition value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Upon sale or disposition of property and equipment, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale and any resultant gain or loss is credited or charged to earnings. Depreciation is calculated on the straight-line method over the following estimated useful lives:

Pumping plant	10 - 50 years
Transmission and distribution	10 - 75 years
Buildings and improvements	10 - 40 years
Transportation equipment	7 - 20 years
Information technology	3 - 7 years
Machinery and equipment	5 - 7 years
Furniture and fixtures	5 - 10 years

Depreciation totaled \$2,122,475 and \$2,121,368 for the years ended June 30, 2023 and 2022, respectively.

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**Amortization**

Bond premiums are being amortized on the straight-line method over periods not to exceed debt maturities. Amortization of bond premiums totaled \$203,776 for each of the years ended June 30, 2023 and 2022, respectively and is included as a reduction of interest expense. The deferred amount on refunding is being amortized on the straight-line method over the remaining life of the related debt. Amortization of the deferred amount on refunding totaled \$13,451 for each of the years ended June 30, 2023 and 2022, respectively and is included in interest expense.

**Compensated Absences**

Accumulated unpaid compensated absences totaling \$189,789 and \$172,801 is accrued when incurred and included in current and noncurrent liabilities at June 30, 2023 and 2022, respectively.

**Deferred Outflows of Resources and Deferred Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represent 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 Other Post-Employment Benefits (OPEB) equal to employer contributions made after the measurement date of the net OPEB liability, differences between actual and expected experience, and changes in assumptions.
- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability, and differences between expected and actual experience and changes in assumptions.
- Deferred losses on refunding which resulted from the difference in the carrying value of refunded debts and their reacquisition price. These amounts are shown as deferred outflow of resources and amortized over the shorter life of the refunded or refunding debts.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net 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 that qualify for reporting in this category:

- Deferred inflows related to pensions resulting from differences in proportions, changes in assumptions, and net differences between expected and actual earnings.
- Deferred inflows related to OPEB resulting from the net difference between projected and actual earnings on investments.

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**Risk Management**

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority (Insurance Authority). The Insurance Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the 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, 2023, the District participated in the self-insurance programs of the Insurance Authority as follows:

**Property Loss** - The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$500,000,000 (total insurable value \$55,266,012). The District has a \$10,000 deductible for buildings, personal property and fixed equipment, a \$1,000 deductible for mobile equipment, and a \$500 deductible for licensed vehicles.

**General and Auto Liability** - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage up to \$55,000,000.

**Public Officials' Liability** - The Insurance Authority has pooled self-insurance up to \$5,000,000 per occurrence and has purchased excess insurance coverage up to \$55,000,000.

**Fidelity Bond** - The Insurance Authority has pooled self-insurance up to \$100,000. The District has a \$1,000 deductible.

**Cyber Liability** - Insured up to \$2,000,000 per claim and \$5,000,000 in the aggregate with retention ranging from \$75,000 - \$100,000 depending on the District's total revenues.

**Workers' Compensation** - Insured up to the statutory limits; the Insurance Authority has pooled self-insurance up to \$2,000,000 and has purchased excess insurance coverage up to the statutory limits for workers' compensation and \$4,000,000 for employer's liability.

The District pays annual premiums for this coverage. They are subject to retrospective adjustments based on claims experienced. The nature and amounts of these adjustments cannot be estimated and are charged to expense as invoiced. The District's insurance expense was \$154,193 and \$123,251 for the years ended June 30, 2023 and 2022, respectively. There were no instances in the past three years where a settlement exceeded the District's Coverage.

**Pensions**

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

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**Pensions (Continued)**

Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS website under Forms and Publications.

Generally Accepted Accounting Principles requires that the reported results must pertain to liability and asset information within certain defined time frames. For this report, the following timeframes are used:

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

**Postemployment Benefits (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Other Postemployment Benefit Programs of Carmichael Water District (OPEB Plan), the assets of which are held by the California Employers' Retiree Benefit Trust (CERBT), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

Generally accepted accounting principles require that the reported results must pertain to liability and fiduciary net position information within certain defined timeframes. For this report, the following timeframes are used:

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

**Fair Value Measurements**

Fair value accounting standards define fair value, establish a framework for measuring fair value, outline a fair value hierarchy based on inputs used to measure fair value and enhance disclosure requirements for fair value measurements. The fair value hierarchy distinguishes between market participant assumptions based on market data obtained from sources independent of the reporting entity (observable inputs that are classified within Level 1 or 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 1 - Organization and Significant Accounting Policies: (Continued)**

**Significant Accounting Policies (Continued)**

**Fair Value Measurements (Continued)**

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the investment.

The District's statements of net position includes the following financial instruments that are required to be measured at fair value on a recurring basis:

- Investments in the California Local Agency Investment Fund (LAIF) are considered Level 2 assets and are reported at the fair value of the underlying assets as provided by LAIF.
- Investments in Money Market Mutual Funds are considered Level 1 assets and are reported at fair value based on quoted prices in active markets for identical assets or the measurement date.

**Economic Dependency**

Under normal operating conditions, the District extracts approximately 80% of its water from the American River and 20% from groundwater wells. Actions taken by the State Water Resources Control Board (SWRCB) can affect the amount of water the District is able to extract from the American River. Water conservation continues to be a focus of the SWRCB with recently proposed legislation focused on long term water use reductions. The District has continued to monitor and provide input on the proposed legislation that will have future financial impacts.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the District considers all investment instruments purchased with a maturity of three months or less to be cash equivalents.

**Subsequent Events**

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or exposure through December 15, 2023, the date the financial statements were available to be issued.

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**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 2 – Cash and Investments**

**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. The table also identifies certain provisions of the California Government Code that address interest rate risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District, rather than the general provision of the California Government Code or the District's investment policy:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Quality Requirements</u>
Local Agency Bonds	5 years	30%	None
U.S. Treasury Obligations	5 years	None	None
State Obligations	5 years	30%	None
California Local Agency Obligations	5 years	30%	None
U.S. Agency Securities	5 years	None	None
Bankers Acceptances	180 days	40%	None
Commercial Paper	270 days	25%	A1
Negotiable Certificates of Deposits	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20%	None
Medium Term Notes	5 years	30%	A Rating
Mutual Funds	N/A	15%	Multiple
Money Market Mutual Funds	N/A	15%	Multiple
Collateralized Bank Deposits	5 years	None	None
Mortgage Pass-Through Securities	5 years	20%	AA Rating
Time Deposits	5 years	None	None
California Local Agency Investment Fund (LAIF)	N/A	75,000,000	None
County Pooled Investments	N/A	None	None
Public funds checking or savings	N/A	None	None

Where the District's investment policy is more restrictive than the Government Code. The table above reflects the District's policy. Except for U.S. Securities, U.S. Agency Obligations, and Authorized Pools (Such as LAIF) no more than 5% of the District's total investment portfolio will be invested in single security type, single financial institution or issuer.

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 2 – Cash and Investments (Continued)**

**Investments Authorized by Debt Agreements**

Investment of debt proceeds held by the bond trustee is governed by provisions of the debt agreements; rather than the general provisions of the California Government Code or the District's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustees. The table also identifies certain provisions of these debt agreements that address interest rate 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	None	None	None
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Bankers Acceptances	1 year	None	None
Commercial Paper	None	None	None
Certificates of Deposits	None	None	None
Investment Agreements	None	None	None
Repurchase Agreements	None	None	None
Money Market Mutual Funds	N/A	None	None
LAIF	N/A	None	None

Cash and cash equivalents held by the District were comprised of the following at June 30:

	Maturity in Years		<u>2023 Total</u>	<u>2022 Total</u>
	<u>One Year or Less</u>	<u>1 - 5 Years</u>		
Cash on hand	\$ 650	\$ -	\$ 650	\$ 800
Deposits with financial institutions	\$ 29,441,407	\$ -	\$ 29,441,407	\$ 29,460,039
California Local Agency Investment Fund (LAIF)	\$ 1,953,246	\$ -	\$ 1,953,246	\$ 1,949,525
Money market mutual funds	\$ 851	\$ -	\$ 851	\$ 7
<b>Total Cash and Cash Equivalents</b>	<b>\$ 31,396,154</b>	<b>\$ -</b>	<b>\$ 31,396,154</b>	<b>\$ 31,410,371</b>

Financial Statement Classification:

Current:

Cash and cash equivalents	\$ 23,898,296	\$ 20,609,115
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Restricted:

Cash and cash equivalents	\$ 7,497,858	\$ 10,801,256
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<b>Total Cash and Cash Equivalents</b>	<b>\$ 31,396,154</b>	<b>\$ 31,410,371</b>
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**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 2 – Cash and Investments (Continued)**

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by purchasing shorter term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing 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 (including investments held by bond trustees) to market interest rate fluctuations is provided in the previous table that shows the distribution of the District's investments by maturity as of June 30, 2023

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of the year end for each investment type.

<u>Investment</u>	<u>Rating as of Year End</u> <u>Standard &amp; Poor's</u>
California Local Agency Investment Fund (LAIF)	Not Rated
Money Market Mutual Funds	Not Rated

**Concentration of Credit Risk**

Concentration of credit is the risk of loss attributed to the magnitude of the District's investment in a single issue.

Except for U.S. Securities, U.S. Agency Obligations, and Authorized Pools (Such as LAIF) no more than 5% of the District's total investment portfolio will be invested in single security type, single financial institution or issuer. The District holds no investments in any one issuer (other than U.S. Treasury obligations, mutual funds, and external investment pools) that represent 5% or more of total District investments at June 30, 2023.

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 2 – Cash and Investments (Continued)**

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The 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, 2023, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. The following investments were held by the same broker-dealer (counterparty) that was used by the District to buy the securities at June 30:

	<u>2023</u>	<u>2022</u>
<b>Investments:</b>		
Money Market Mutual Funds	\$ 851	\$ 7
Total Investments	<u>\$ 851</u>	<u>\$ 7</u>

**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 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.

The statements of cash flows have been prepared by considering all investment instruments purchased with a maturity of three months or less to be cash equivalents.

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 2 – Cash and Investments (Continued)**

Following is a detail at June 30:

	<u>2023</u>	<u>2022</u>
Deposits with financial institutions	\$ 29,441,407	\$ 29,460,039
Money market mutual funds	851	7
California Local Agency Investment Fund (LAIF)	1,953,246	1,949,525
Cash on hand	650	800
<b>Total</b>	<b>\$ 31,396,154</b>	<b>\$ 31,410,371</b>

**Note 3 – Restricted Assets**

Restricted assets were provided by, and are to be used for, the following at June 30:

<u>Funding Source</u>	<u>Use</u>	<u>2023</u>	<u>2022</u>
Bond proceeds and interest earnings	Construction fund	\$ 6,356,923	\$ 10,146,852
Facility fees	Expansion of facilities	1,140,084	654,397
Bond proceeds and interest earnings	Debt service	851	7
		<u>\$ 7,497,858</u>	<u>\$ 10,801,256</u>

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as necessary.

**Note 4 – Capacity Sale Receivable**

The District entered into a Capacity Sale Agreement with Aerojet Rocketdyne (AR) to purchase rights to capacity in the District's Water Treatment Plant (BWTP) on behalf of Golden State Water Company. AR will pay the District a \$9,400,000 capacity fee over a six year period. As of June 30, 2023 and 2022, AR had paid \$9,400,000 and \$8,000,000, respectively. The capacity sale receivable totaling \$-0- and \$1,400,000 at June 30, 2023 and 2022, respectively.

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 5 – Capital Assets**

Capital assets consists of the following at June 30:

	2023			
	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023
<b>Capital assets not being depreciated:</b>				
Land, franchises and water rights	\$ 553,227	\$ -	\$ -	\$ 553,227
Construction in progress	<u>6,323,323</u>	<u>7,285,805</u>	<u>(527,261)</u>	<u>13,081,867</u>
<b>Total Capital Assets Not Being Depreciated</b>	<b><u>6,876,550</u></b>	<b><u>7,285,805</u></b>	<b><u>(527,261)</u></b>	<b><u>13,635,094</u></b>
<b>Capital assets being depreciated:</b>				
Pumping plant	35,392,519	283,161	-	35,675,680
Transmission and distribution	71,682,366	686,683	(89,666)	72,279,383
Buildings and improvements	10,640,982	-	-	10,640,982
Transportation equipment	1,240,484	66,401	(62,105)	1,244,780
Information technology	954,033	43,019	(10,935)	986,117
Machinery and equipment	251,704	-	-	251,704
Furniture and fixtures	<u>112,194</u>	<u>-</u>	<u>-</u>	<u>112,194</u>
<b>Total Capital Assets Being Depreciated</b>	<b><u>120,274,282</u></b>	<b><u>1,079,264</u></b>	<b><u>(162,706)</u></b>	<b><u>121,190,840</u></b>
<b>Less: Accumulated depreciation for:</b>				
Pumping plant	(20,336,907)	(575,265)	-	(20,912,172)
Transmission and distribution	(33,495,185)	(1,163,414)	(5,206)	(33,663,805)
Buildings and improvements	(5,778,394)	(285,268)	-	(6,063,662)
Transportation equipment	(858,549)	(57,948)	62,105	(854,392)
Information technology	(929,088)	(13,715)	10,936	(931,867)
Machinery and equipment	(193,028)	(25,497)	-	(218,525)
Furniture and fixtures	<u>(105,355)</u>	<u>(1,368)</u>	<u>-</u>	<u>(106,723)</u>
<b>Total Accumulated Depreciation</b>	<b><u>(61,696,506)</u></b>	<b><u>(2,122,475)</u></b>	<b><u>67,835</u></b>	<b><u>(63,751,146)</u></b>
<b>Net capital assets being depreciated</b>	<b><u>58,577,776</u></b>	<b><u>(1,043,211)</u></b>	<b><u>(94,871)</u></b>	<b><u>57,439,694</u></b>
<b>Net Capital Assets</b>	<b><u>\$ 65,454,326</u></b>	<b><u>\$ 6,242,594</u></b>	<b><u>\$ (622,132)</u></b>	<b><u>\$ 71,074,788</u></b>

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 5 – Capital Assets (Continued)**

	2022			
	Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2022
<b>Capital assets not being depreciated:</b>				
Land, franchises and water rights	\$ 553,227	\$ -	\$ -	\$ 553,227
Construction in progress	<u>5,166,525</u>	<u>6,149,056</u>	<u>(4,992,258)</u>	<u>6,323,323</u>
Total Capital Assets Not Being Depreciated	<u>5,719,752</u>	<u>6,149,056</u>	<u>(4,992,258)</u>	<u>6,876,550</u>
<b>Capital assets being depreciated:</b>				
Pumping plant	35,392,519	-	-	35,392,519
Transmission and distribution	66,800,007	4,905,494	(23,135)	71,682,366
Buildings and improvements	10,640,982	-	-	10,640,982
Transportation equipment	1,164,605	106,425	(30,546)	1,240,484
Information technology	942,124	11,909	-	954,033
Machinery and equipment	251,704	-	-	251,704
Furniture and fixtures	<u>112,194</u>	<u>-</u>	<u>-</u>	<u>112,194</u>
Total Capital Assets Being Depreciated	<u>115,304,135</u>	<u>5,023,828</u>	<u>(53,681)</u>	<u>120,274,282</u>
<b>Less: Accumulated depreciation for:</b>				
Pumping plant	(19,710,573)	(626,334)	-	(20,336,907)
Transmission and distribution	(32,413,152)	(1,083,424)	1,391	(33,495,185)
Buildings and improvements	(5,471,142)	(307,252)	-	(5,778,394)
Transportation equipment	(843,184)	(45,911)	30,546	(858,549)
Information technology	(898,405)	(30,683)	-	(929,088)
Machinery and equipment	(166,632)	(26,396)	-	(193,028)
Furniture and fixtures	<u>(103,987)</u>	<u>(1,368)</u>	<u>-</u>	<u>(105,355)</u>
Total Accumulated Depreciation	<u>(59,607,075)</u>	<u>(2,121,368)</u>	<u>31,937</u>	<u>(61,696,506)</u>
Net capital assets being depreciated	<u>55,697,060</u>	<u>2,902,460</u>	<u>(21,744)</u>	<u>58,577,776</u>
<b>Net Capital Assets</b>	<b><u>\$ 61,416,812</u></b>	<b><u>\$ 9,051,516</u></b>	<b><u>\$ (5,014,002)</u></b>	<b><u>\$ 65,454,326</u></b>

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 6 – Investment in Electrical Power**

The District participates in the California-Oregon Transmission Project (Project), a Joint Powers Authority (JPA), which is a project of the Department of Energy, Western Area Power Administration. The Project is governed by a management committee, which is chaired by a representative of the Transmission Agency of Northern California with each participant in the Project having representation on the Management Committee. The District receives an allocation of 1 MW (megawatt) of power (capacity and associated energy) in exchange for an investment as a participant in the construction of the transmission line.

The District has a 0.069% equity interest in the net position of the Project as defined in the Long-Term Participation Agreement. The District also has an obligation to finance 0.069% of the net losses of the Project, it also has the right to receive 0.069% of the operating results of the project income. The District is billed monthly for its share of the operations and maintenance costs of the Project. The District's net investment and its share of the operating results of the Project are reported as Investment in Electrical Power.

The Project's unaudited financial statements as of and for the year ended June 30, 2023, are available from the California-Oregon Transmission Project at Post Office Box 15140, Sacramento, California 95851-5140. The following is the summarized unaudited financial information for the Project as of and for the year ended June 30:

	<u>2023</u>	<u>2022</u>
<b>Statements of Net Position</b>		
Assets	\$ 276,561,080	\$ 274,622,537
Liabilities	(53,399,197)	(50,513,770)
Deferred inflow	<u>(1,009,368)</u>	<u>(1,067,827)</u>
<b>Net Position</b>	<b><u>\$ 222,152,515</u></b>	<b><u>\$ 223,040,940</u></b>
<b>Statements of Revenues, Expenses, and Changes in Net Position</b>		
Operating revenues	\$ 18,418,354	\$ 13,296,544
Operating expenses	(21,679,634)	(19,853,997)
Operating loss	<u>(3,261,280)</u>	<u>(6,557,453)</u>
Nonoperating revenues (expenses)	<u>(3,161,424)</u>	<u>191,081</u>
<b>Change in Net Position Before Adjustments</b>	<b>(6,422,704)</b>	<b>(6,366,372)</b>
<b>Adjustment to Net Position for Capital Improvements</b>	<b><u>5,534,279</u></b>	<b><u>3,286,560</u></b>
<b>Change in Net Position</b>	<b><u>\$ (888,425)</u></b>	<b><u>\$ (3,079,812)</u></b>
<b>District's Share of Net Position</b>	<b><u>\$ 143,321</u></b>	<b><u>\$ 143,934</u></b>

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 7 – Noncurrent Liabilities**

Noncurrent liabilities consists of the following at June 30:

	2023				
	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023	Due Within One Year
<b><u>Certificates of Participation:</u></b>					
2019 Series A	\$ 16,510,000	\$ -	\$ -	\$ 16,510,000	\$ -
2019 Series B	12,840,000	-	(1,485,000)	11,355,000	1,515,000
Unamortized premium	3,158,528	-	(203,776)	2,954,752	-
Total Long-Term Debt	<u>\$ 32,508,528</u>	<u>\$ -</u>	<u>\$ (1,688,776)</u>	<u>\$ 30,819,752</u>	<u>\$ 1,515,000</u>
<b><u>Other Noncurrent Liabilities:</u></b>					
Compensated absences	\$ 172,801	\$ 59,662	\$ (47,625)	\$ 184,838	\$ -
Unearned lease revenue	119,259	-	(1,414)	117,845	1,414
Net pension liability	815,854	4,558,138	(2,129,130)	3,244,862	-
Net OPEB liability	2,285,307	1,072,636	(594,160)	2,763,783	-
Total Other Noncurrent Liabilities	<u>\$ 3,393,221</u>	<u>\$ 5,690,436</u>	<u>\$ (2,772,329)</u>	<u>\$ 6,311,328</u>	<u>\$ 1,414</u>
	2022				
	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Due Within One Year
<b><u>Certificates of Participation:</u></b>					
2019 Series A	\$ 16,510,000	\$ -	\$ -	\$ 16,510,000	\$ -
2019 Series B	14,300,000	-	(1,460,00)	12,840,000	1,485,000
Unamortized premium	3,362,304	-	(203,776)	3,158,528	-
Total Long-Term Debt	<u>\$ 34,172,304</u>	<u>\$ -</u>	<u>\$ (1,663,776)</u>	<u>\$ 32,508,528</u>	<u>\$ 1,485,000</u>
<b><u>Other Noncurrent Liabilities:</u></b>					
Compensated absences	\$ 148,752	\$ 54,756	\$ (30,707)	\$ 172,801	\$ 30,707
Unearned lease revenue	120,673	-	(1,414)	119,259	1,414
Net pension liability	2,715,129	1,946,190	(3,845,465)	815,854	-
Net OPEB liability	1,633,859	1,183,043	(531,595)	2,285,307	-
Total Other Noncurrent Liabilities	<u>\$ 4,618,413</u>	<u>\$ 3,183,989</u>	<u>\$ (4,409,181)</u>	<u>\$ 3,393,221</u>	<u>\$ 32,121</u>

**2019 Water Revenue Certificates of Participation Series A**

In November 2019 the Corporation issued the 2019 Water Revenue Certificates of Participation Series A (Series A Certificates) to finance the acquisition and construction of certain water storage, pumping, treatment, transmission and appurtenant facilities for the water supply, treatment and distribution system of the District; and to pay certain costs incurred in connection with the execution and delivery of the Series A Certificates, including a original issue premium of \$3,667,968, which is being amortized over the life of the Series A Certificates. Amortization of the premium totaled \$203,776 for each of the years ended June 30, 2023 and 2022, respectively and has been included as a reduction of interest expense.

The Series A Certificates have interest rates ranging from 4 - 5% with maturity dates from November 2030 through November 2037. The Series A Certificates outstanding totaled \$16,510,000 at June 30, 2023 and 2022. Accrued interest payable on the Series A Certificates totaled \$119,267 at June 30, 2023 and 2022.

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 7 – Noncurrent Liabilities (Continued)**

**2019 Water Revenue Refunding Certificates of Participation Series B**

In November 2019, the Corporation issued the 2019 Water Revenue Refunding Certificates of Participation Series B (Series B Certificates) to refund and defease the 2010 Water Revenue Refunding Certificates of Participation, and to pay certain costs incurred in connection with the execution and delivery of the Series B Certificates.

The Series B Certificates have interest rates ranging from 1.834% - 2.739% with maturity dates from November 2020 through November 2029. The Series B Certificates outstanding totaled \$11,355,000 and \$12,840,000 at June 30, 2023 and 2022, respectively. Accrued interest payable on the Series B Certificates totaled \$46,620 and \$51,414 at June 30, 2023 and 2022, respectively.

Although the refunding resulted in a deferred amount on refunding of \$134,507, the Corporation in effect reduced the aggregate debt service payments by \$4,187,218 over the next ten years and obtained an economic gain (difference between the present values of the old debt and the new debt service payments) of \$1,583,903. The deferred amount on refunding is being amortized over the remaining life of the refunded debt. Amortization of the 2010 deferred amount on refunding totaled \$13,451 for each of the years ended June 30, 2023 and 2022, respectively and is included in interest expense. The deferred amount on refunding was \$87,430 and \$100,880 at June 30, 2023 and 2022, respectively.

The Series A Certificates and the Series B Certificates are jointly secured on a parity basis by the pledge of the revenues of the District's water system and certain funds and accounts created under the installment sale agreement and will be paid from said revenues and said funds and accounts without preference or priority with respect to one another. The obligation of the District to make such installment payments is a special obligation of the District payable solely from net revenues of the District's water system and said funds and accounts. The Installment Sale Agreement will require the District to fix, prescribe and collect rates fees and charges and manage the operation of the water system for each fiscal year so as to yield net revenues during such fiscal year ended of at least 120% of the annual debt service in such fiscal year. For the years ended June 30, 2023 and 2022, the District's net revenues were 377% and 287% of debt service payments, respectively.

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 7 – Noncurrent Liabilities (Continued)**

Debt service requirements on the certificates of participation are as follows:

Years Ended June 30	<u>Principal</u>	<u>Interest</u>
2024	\$ 1,515,000	\$ 995,323
2025	1,545,000	963,917
2026	1,580,000	930,344
2027	1,615,000	892,787
2028	1,655,000	852,784
2029-2033	8,965,000	3,452,304
2034-2038	<u>10,990,000</u>	<u>1,353,200</u>
Total	<u><u>\$ 27,865,000</u></u>	<u><u>\$ 9,440,659</u></u>

**Note 8 – Lease**

**Facilities Lease**

The District entered into a long-term lease agreement in November 2007, with a private company for certain District facilities, to construct a groundwater extraction treatment system, water conveyance facilities and groundwater extraction wells that benefit the District's operations. The District received \$140,000 when the lease was executed, and recognizes revenue annually using an estimated discount rate of 3.4% through October 2106. The unearned lease revenue totaled \$117,845 and \$119,259 at June 30, 2023 and 2022, respectively. The District recognized \$1,414 of lease revenue for each of the years ended June 30, 2023 and 2022.

**Other Leases**

On January 1, 2006, the District entered into an agreement to lease its share of transmission capacity to the Sacramento Municipal Utility District (Lessee). The lessee is required to make annual fixed payments ranging from \$24,480 to \$13,536 with an estimated discount rate of 2.14%. The lease expires December 31, 2024. As of June 30, 2023, the lease receivable is \$13,250 and the deferred inflows of resources is \$18,386. The District recognized \$12,257 of lease revenue during the year ended June 30, 2023. As of the year ended June 30, 2023, the District reported aggregate maturities of lease receivables and deferred inflows as follows:

Years Ended June 30	<u>Principal</u>	<u>Interest</u>
2024	\$ 13,250	\$ 12,257
2025	-	6,129
Total	<u><u>\$ 13,250</u></u>	<u><u>\$ 18,386</u></u>

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 9 – Defines Benefits Pension Plan**

**Plan Description**

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees' Retirement System (CalPERS). The Plan's benefit provisions are established by statute. The Plan is included as a pension trust fund in the CalPERS Comprehensive Annual Financial Report, which is available online at [www.calpers.ca.gov](http://www.calpers.ca.gov).

The Plan consists of a miscellaneous pool and a safety pool (referred to as "risk pools"), which are comprised of individual employer miscellaneous and safety rate plans, respectively, including those of the Carmichael Water District. The Carmichael Water District's employer rate plans in the miscellaneous risk pool include the Miscellaneous plan (Miscellaneous) and the PEPRA Miscellaneous plan (PEPRA Misc.). The Carmichael Water District does not have any rate plans in the safety risk pool.

**Benefits Provided**

The Plan 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. Classic members and PEPRA members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. PEPRA Miscellaneous members with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The death benefit is the Basic Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. The Plans' provisions and benefits in effect at June 30, 2023, are summarized as follows:

	<u>Miscellaneous</u>	<u>PEPRA</u>
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	52
Monthly benefits, as a % of eligible compensation	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	6.92%	7.25%
Required employer contribution rates	11.65%	7.65%

**Miscellaneous Risk Pool**

In addition to the contribution rates above, the District was also required to make payments of \$221,932 and \$208,310 toward its unfunded actuarial liability during the years ended June 30, 2023 and 2022, respectively. Furthermore, the District made additional discretionary payments of \$300,000 and \$299,927 to pay down unfunded liability during the years ended June 2023, and 2022, respectively.

The Miscellaneous Plan is closed to new members that are not already CalPERS eligible participants.

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 9 - Defined Benefit Pension Plan: (Continued)**

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. Contribution rates for the employer rate plans are determined through the CalPERS' annual actuarial valuation process. Each employer rate plan's actuarially determined rate is based on the estimated amount necessary to pay the employer rate plan's allocated share of the cost of benefits earned by employees during the year, and any unfunded accrued liability. The Carmichael Water District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The Carmichael Water District's contributions to the risk pools in the Plan for the year ended June 30, 2023, were as follows:

<u>Contributions</u>	
Miscellaneous Risk Pool	\$ <u>753,209</u>

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

As of June 30, 2023, Carmichael Water District reported net pension liabilities for its proportionate shares of the net pension liability of each risk pool as follows:

<u>Proportionate Share of Net Pension Liability</u>	
Miscellaneous Risk Pool	\$ <u>3,244,862</u>

\* The proportionate share of the total NPL to each of the enterprise and internal service funds is not being allocated because it is deemed to have an immaterial effect on the financial statements.

The Carmichael Water District's net pension liability for each risk pool is measured as the proportionate share of each risk pool's net pension liability. GASB 68 indicates that to the extent different contribution rates are assessed based on separate relationships that constitute the collective net pension liability, the determination of the employer's proportionate share of the collective net pension liability should be made in a manner that reflects those relationships. The allocation method used by CalPERS to determine each employer's proportionate share reflects those relationships through the employer rate plans they sponsor within the respective risk pools. An actuarial measurement of the employer's rate plan liability and asset-related information are used where available, and proportional allocations of individual employer rate plan amounts as of the valuation date are used where not available.

The Carmichael Water District's proportionate share of the net pension liability as of June 30, 2021, the valuation date, was calculated as follows:

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 9 - Defined Benefit Pension Plan: (Continued)**

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

In determining an employer's proportionate share, the employer rate plans included in the Plan were assigned to either the Miscellaneous or Safety risk pool. Estimates of the total pension liability and the fiduciary net position were first determined for the individual rate plans and each risk pool as of the valuation date, June 30, 2021. Each employer rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The Carmichael Water District's proportionate share percentage for each risk pool at the valuation date was calculated by dividing the Carmichael Water District's net pension liability for each of its employer rate plans within each risk pool by the net pension liability of the respective risk pool as of the valuation date.

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

Each risk pool's total pension liability was computed at the measurement date, June 30, 2022, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for each risk pool at the measurement date was determined by CalPERS' Financial Office. The net pension liability for each risk pool at June 30, 2022, was computed by subtracting the respective risk pool's fiduciary net position from its total pension liability.

The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2022, was calculated by applying Carmichael Water District's proportionate share percentage as of the valuation date (described above) to the respective risk pool's total pension liability and fiduciary net position as of June 30, 2022, to obtain the total pension liability and fiduciary net position as of June 30, 2022. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

The Carmichael Water District's proportionate share percentage of the net pension liability for each risk pool as of June 30, 2021, and June 30, 2022, was as follows:

	Miscellaneous Risk Pool
Proportion at measurement date - June 30, 2021	0.042967%
Proportion at measurement date - June 30, 2022	0.069346%
Change - Increase (Decrease)	<u>0.026379%</u>

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 9 - Defined Benefit Pension Plan: (Continued)**

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

For the years ended June 30, 2023 and 2022, the Carmichael Water District recognized pension expense of \$694,607 and \$61,394, respectively. At June 30, 2023, the Carmichael Water District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 79,822	\$ (53,004)
Changes of assumptions	403,822	-
Net difference between projected and actual earnings on pension plan investments	745,177	-
Adjustment due to difference in proportions	109,640	(51,195)
Differences between actual and required contributions	44,868	(126,296)
Contributions after measurement date	753,209	-
<b>Total</b>	<b>\$ 2,136,538</b>	<b>\$ (230,495)</b>

Amounts other than contributions subsequent to the measurement date reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Measurement Date	Deferred Outflows/(Inflows) Of Resources
<u>June 30</u>	
2023	\$ 289,904
2024	258,770
2025	140,891
2026	463,269
<b>Total</b>	<b>\$ 1,152,834</b>

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 9 - Defined Benefit Pension Plan: (Continued)**

**Actuarial Assumptions**

The total pension liabilities in the June 30, 2022 actuarial valuations were determined using the following actuarial assumptions:

<u>Miscellaneous</u>	
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
 Actuarial Assumptions:	
Discount Rate	6.905%
Inflation	2.30%
Payroll Growth	2.8%
Projected Salary Increases (1)	Varies by Age and Length of Service
Investment Rate of Return (2)	6.8%
Mortality Rate Table (3)	Derived using CalPERS' Membership Data for all funds

(1) Depending on age, service and type of employment

(2) Net of Pension Plan Investment and Administrative Expenses; includes Inflation

(3) The mortality table was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing morality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the 2021 experience study report that can be found on the CalPERS website.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.90%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the Plan, CalPERS stress tested employer rate plans within the Plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested employer rate plans run out of assets. Therefore, the current 6.90% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report, *GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2022 based on June 30, 2021 Valuations*, that can be obtained from the CalPERS website.

According to Paragraph 30 of GASB 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. For the CalPERS Plan, the 6.80% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 10 basis points. An investment return excluding administrative expenses would have been 6.90%. Using this lower discount rate has resulted in a slightly higher total pension liability and net pension liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 9 - Defined Benefit Pension Plan: (Continued)**

**Discount Rate (Continued)**

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

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return <sup>1, 2</sup></u>
Global Equity - Cap-weighted	30.00%	4.54%
Global Equity - Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
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%)

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

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

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 9 - Defined Benefit Pension Plan: (Continued)**

**Sensitivity of the Carmichael Water District's 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 of the risk pool as of the measurement date, calculated using the discount rate, as well as what the Carmichael Water District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower or 1 percentage-point higher than the current rate:

	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Carmichael Water District's proportionate share of the Miscellaneous Risk Pool's net pension liability	\$ 5,707,462	\$ 3,244,862	\$ 1,218,754

**Note 10 - Other Postemployment Benefits**

**General Information About the OPEB Plan**

**Plan Description** - The District administers a single-employer defined benefit other postemployment healthcare (OPEB) plan providing health plan coverage to eligible retired employees and their eligible dependents. The District offers retirees the option to obtain coverage under the same medical plan as its active employees if such coverage is offered by the plan. Employees become eligible to retire after age 50-52 (Miscellaneous - PEPRA) with at least 5 years of District eligible service and become eligible to receive healthcare benefits if they have an additional 5 years of service with any contracting PERS agency for a total of 10 years of CalPERS eligible service. The Plan is administered by CalPERS through participation in California Employers' Retiree Benefit Trust (CERBT) Fund. The Board of Directors grants the authority to establish and amend the benefit terms to the CalPERS Board of Trustees (CalPERS Board). CalPERS issues a publicly available financial report for the CERBT that can be obtained at [www.calpers.ca.gov](http://www.calpers.ca.gov) under Forms and Publications.

**Benefits Provided** - The Plan provides healthcare benefits for eligible retirees, surviving spouses and their dependents. Benefits are provided through CalPERS. The cost of the benefits are based on the vesting schedule. Retirees and active employees may contribute to the plan if selected coverage is higher than the cap.

**Employees Covered** - As of the June 30, 2023 measurement date, the following current and former employees were covered by the benefit terms under the OPEB Plan.:

Active employees	25
Retirees or beneficiaries currently receiving benefit payments	13
Retirees employees entitled to but not yet receiving benefit payments	-
	<u>38</u>

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 10 - Other Postemployment Benefits (Continued)**

**General Information About the OPEB Plan (Continued)**

**Funding Policy/Contributions** - The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. The required contribution is based on pay-as-you-go financing requirements. The District started funding discretionary annual payments into the trust in September 2016. During the fiscal year ended June 30, 2023, the District's cash contributions to the trust were \$200,000 and the benefit payments were \$197,454 resulting in total payments of \$397,454.

**Net OPEB Liability** - The District's net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

**Actuarial Assumptions** - The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following assumptions applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.75%
Inflation	2.50%
Salary Increases	2.75%
Investment Rate of Return	6.75%
Mortality Rate	Derived using CalPERS' Membership Data
Pre-Retirement Turnover	Derived using CalPERS' Membership Data
Healthcare Trend Rate	4% Annually

Mortality information for active and retired employees was based on 2017 CalPERS tables. The pre-retirement turnover information was developed based on the 2017 CalPERS Turnover for Miscellaneous Employees table created by CalPERS.

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

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 10 - Other Postemployment Benefits (Continued)**

<u>Asset Class</u>	<u>Percentage of Portfolio</u>	<u>Assumed Gross Return</u>
All Equities	59.0000	7.5450
All Fixed Income	25.0000	4.2500
Treasury Inflation Protected Securities (TIPS)	5.0000	3.0000
Real Estate Investment Trusts	8.0000	7.2500
All Commodities	3.0000	7.5450
<b>Total</b>	<b><u>100.0000</u></b>	

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that the District will continue to fund the actuarial determined contribution each year. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return of OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**Use of Age Adjusted Premium**

In the opinion of management and the consulting actuary, use of age-adjusted premiums for the CalPERS medical plan would result in an overstatement of OPEB Expense and Total OPEB Liability (TOL) to the extent that the District continues to participate in the CalPERS medical plan and that the rate structure of the CalPERS medical plan continues in its current form (i.e. with no rate distinction between active employees and retirees). In addition to the potential overstatement of OPEB costs and liabilities, the District's policy of funding OPEB obligations could lead to an inability of the District to recover overfunded assets. As such the District has elected to base retiree costs on actual claim costs rather than age adjusted premiums.

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 10 - Other Postemployment Benefits (Continued)**

**Changes in the OPEB Liability**

The changes in the net OPEB liability for the OPEB Plan are as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Increase (Decrease)	Net OPEB Liability (c) = (a) - (b)
Balance at June 30, 2022	\$ 5,089,804	\$ 2,804,497	\$ 2,285,307	
Changes recognized for the measurement period:				
Service cost	136,634	-	136,634	
Interest	341,659	(392,484)	734,143	
Contributions - employer	-	398,131	(398,131)	
Benefit payments	(198,131)	(198,131)	-	
Administrative expense	-	(719)	719	
Experience gains and losses	5,111	-	5,111	
Net Changes	285,273	(193,203)	478,476	
Balance at June 30, 2023	<u>\$ 5,375,077</u>	<u>\$ 2,611,294</u>	<u>\$ 2,763,783</u>	

**Sensitivity of the Net OPEB Liability to Changes in the Discount Rate**

The following presents the net OPEB liability of the District, as well as what the District's net 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 discount rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB liability	<u>\$ 3,490,316</u>	<u>\$ 2,763,783</u>	<u>\$ 2,164,091</u>

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates**

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

	1% Decrease	Current Healthcare Cost Trend Rates	1% Increase
Net OPEB liability	<u>\$ 2,040,972</u>	<u>\$ 2,763,783</u>	<u>\$ 3,657,963</u>

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 10 - Other Postemployment Benefits (Continued)**

**OPEB Plan Fiduciary Net Position**

The California Public Employees' Retirement System's California Employers' Retirement Benefit Trust (CERBT) issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the California Public Employees' Retirement System, CERBT, Post Office Box 942703, Sacramento, California 94429-2703.

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the years ended June 30, 2023 and 2022, the District recognized OPEB expense of \$452,686 and \$246,770, respectively. The District reported deferred outflows of resources related to OPEB from the following sources at June 30:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 397,454	\$ -	\$ 398,131	\$ -
Experience gains/losses	616,629	187,053	499,156	-
Changes in assumptions	352,554	-	411,314	-
Net difference between projected and actual earnings on OPEB plan investments	223,976	-	-	328,285
<b>Total</b>	<b>\$ 1,590,613</b>	<b>\$ 187,053</b>	<b>\$ 1,308,601</b>	<b>\$ 328,285</b>

The \$397,454 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2022 measurement date will be recognized as a reduction of the net OPEB liability for the June 30, 2023 measurement date. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows::

Measurement Date June 30	Deferred Outflows/(Inflows) Of Resources
2024	\$ 172,750
2025	171,620
2026	162,258
2027	251,152
2028	133,451
Thereafter	114,875
<b>Total</b>	<b>\$ 1,006,106</b>

**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 11 – Commitments and Contingencies**

**Contracts**

The District has entered into various contracts for the purchase of materials and construction of water facilities. The amounts contracted are based on the contractor's estimated cost of construction at June 30, 2023, the total unpaid amount on these contracts is approximately \$4,399,855.

**Litigation**

Certain claims, suits and complaints arising in the ordinary course of operations have been filed or are pending against the District. The District's management and legal counsel estimate that the potential claims against the District not covered by insurance resulting from such litigation would not materially affect the operations or financial condition of the District.

**Outside Boundary Sales and Agreements**

The district completed the American River Pipeline Conveyance Project with Aerojet Rocketdyne and Golden State Water Company to annually provide 5,000-acre feet of replacement water supply to GSWC.

The District entered into a second agreement in August 2016 with GSWC for the diversion, treatment, and delivery of water through the American River Pipeline. GSWC pays a proportionate share of three components: 1) the fixed and variable operations and maintenance costs associated with the production of water; 2) the capital asset costs of the BWTP and intake structures; 3) the costs incurred by the District for the replacement of membranes at the BWTP. The District billed GSWC \$1,479,373 and \$974,050 under the terms of this agreement during the years ended June 30, 2023 and 2022, respectively.

**Grant Funding**

The District has received grant funding for various purposes that may be subjected to review and audit by the funding agencies. Such potential audits could result in a request for reimbursement for expense disallowed under the terms and conditions of the funding source. Management is of the opinion that no material liabilities will result from such potential audits.

**Note 12 – New Governmental Accounting Standards**

**GASB No. 91**

In May 2019, the Governmental Accounting Standards Board issued Statement No. 91 "Conduit Debt Obligations". The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. The effective date of this pronouncement has been postponed by 12 months by GASB Statement 95. This pronouncement did not have a material effect on the financial statements of the District in the year of implementation.

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**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 12 – New Governmental Accounting Standards (Continued)**

**GASB No. 92**

In January 2020, the Governmental Accounting Standards Board issued Statement No. 92 “Omnibus 2020”. The requirements of this statement are effective at various dates up to and including fiscal years and reporting periods beginning after June 15, 2021. The effective date of this pronouncement has been postponed by 12 months by GASB Statement 95. This pronouncement did not have a material effect on the financial statements of the District in the year of implementation.

**GASB No. 93**

In March 2020, the Governmental Accounting Standards Board issued Statement No. 93 “Replacement of Interbank Offered Rates”. The requirements of this statement are effective at various dates up to and including reporting periods ending after December 31, 2021. The effective date of this pronouncement has been postponed by 12 months by GASB Statement 95. This pronouncement did not have a material effect on the financial statements of the District in the year of implementation.

**GASB No. 94**

In March 2020, the Governmental Accounting Standards Board issued Statement No. 93 “Public - Private and Public - Public Partnerships and Availability Payment Arrangements”. The requirements of this statement are effective for fiscal years beginning after June 15, 2022. The effective date of this pronouncement has been postponed by 12 months by GASB Statement 95. As used in this pronouncements these Partnerships are an arrangement in which the government (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset such as infrastructure or other capital assets for a period of time in an exchange or an exchange-like transaction. The statement also provides guidance on accounting and financial reporting for availability payment arrangements in which the government compensates the operator for services that may include the designing, constructing, financing, maintaining, or operating an underlying nonfinancial assets for a period of time in an exchange or exchange-like transaction. The District has not yet determined the effects of this pronouncement on the financial statements in the year of implementation.

**GASB No. 96**

In May 2020 the Governmental Accounting Standards Board issued Statement No. 96 “Subscription-Based Information Technology Arrangements (SBITA’s). This Statement (1) defines SBITA’s (2) establishes that a SBITA results in a right-to-use subscription asset – an intangible asset- and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including the implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for fiscal years beginning after June 15, 2022 and all reporting periods thereafter. Earlier application is encouraged. This pronouncement did not have a material effect on the financial statements of the District in the year of implementation.

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**CARMICHAEL WATER DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**JUNE 30, 2023 AND 2022**

**Note 12 – New Governmental Accounting Standards (Continued)**

**GASB No. 97**

In June 2020, the Governmental Accounting Standards issued Statement No. 97 “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans - An Amendment of GASB Statements No.14 and No. 84 and Supersession of GASB Statement No. 32”. This statement requires that for purposes of determining whether a primary government is financial accountable for a potential component unit, the absence of a governing board should be treated the same as the appointment of a voting majority. The statement requires that a Section 457 plan be classified as either pension or other employee benefit plan depending on whether the plan meets the definition of a pension plan. This statement supersedes the remaining provisions of GASB Statement No. 32.

**GASB No. 99**

In April 2022, the Governmental Accounting Standards Board issued Statement No. 99 “Omnibus 2022”. This statement enhances the comparability in accounting and financial reporting and improves consistency in authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirement of this pronouncement are effective on various dates ranging from upon issuance through fiscal years beginning through fiscal years beginning after June 2023. This pronouncement did not and is not expected to have a material effect on the financial statements of the District in the year of implementation.

**GASB No. 100**

In June 2022, the Governmental Accounting Standards Board issued Statement No. 100 “Accounting Changes and Error Corrections an amendment of GASB Statement No. 62”. This statement defined accounting changes. This statement also addresses corrections of errors in previously issued financial statements. The requirements of this statement effective for fiscal years ending after June 15, 2023. This pronouncement is not anticipated to have a material effect on the financial statements of the District in the year of implementation.

**GASB No. 101**

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101 “Compensated Absences”. This statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences. In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this statement effective for fiscal years ending after December 15, 2023. This pronouncement is not anticipated to have a material effect on the financial statements of the District in the year of implementation.



**CARMICHAEL  
WATER DISTRICT**

## **Required Supplementary Information**

**CARMICHAEL WATER DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**SCHEDULES OF PLAN'S PROPORTIONATE SHARE OF THE NET PENSION  
LIABILITY  
LAST TEN YEARS**

	Measurement Date June 30, 2022	Measurement Date June 30, 2021	Measurement Date June 30, 2020	Measurement Date June 30, 2019	Measurement Date June 30, 2018
Proportion of the Net Pension Liability	0.028092%	0.015085%	0.024954%	0.070371%	0.065394%
Proportionate Share of the Net Pension Liability	\$ 3,244,862	\$ 815,854	\$ 2,715,129	\$ 2,817,998	\$ 2,464,518
Covered Payroll - Measurement Period	\$ 2,234,517	\$ 1,954,140	\$ 2,055,406	\$ 1,975,298	\$ 2,031,070
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	145.22%	41.75%	132.10%	142.66%	121.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.04%	95.19%	83.04%	81.40%	82.74%
	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015	Measurement Date June 30, 2014	Measurement Date June 30, 2013
Proportion of the Net Pension Liability	0.063790%	0.058553%	0.046392%	0.048538%	N/A
Proportionate Share of the Net Pension Liability	\$ 2,514,648	\$ 2,034,074	\$ 1,272,753	\$ 1,199,609	\$ N/A
Covered Payroll - Measurement Period	\$ 1,854,585	\$ 1,822,452	\$ 1,756,975	\$ 1,760,777	\$ N/A
Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	135.59%	111.61%	72.44%	68.13%	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.35%	82.90%	88.6%	79.82%	N/A

**Notes to Schedules:**

**Change of Benefit Terms** - There were no changes to benefit terms that applied to all members of the Public Agency Pool. However, individual employers in the Plan may have provided a benefit improvement to their employees such as Golden Handshakes, service purchases, and other prior service costs. Employers that have done so may need to report this information as a separate liability in their financial statement as CalPERS considers such amounts to be separately financed employer-specific liabilities. These employers should consult with their auditors.

**Changes in Assumptions** - There were no changes in assumptions.

\*Fiscal year 2015 was the first year of implementation. Therefore only 9 years are shown

**CARMICHAEL WATER DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**SCHEDULES OF CONTRIBUTIONS TO THE PENSION PLAN**  
**LAST TEN YEARS**

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Contractually Required Contribution (Actuarially Determined)	\$ 453,209	\$ 440,468	\$ 405,655	\$ 358,226	\$ 311,796
Contributions in Relation to the Actuarially Determined Contributions	<u>(753,209)</u>	<u>(740,395)</u>	<u>(405,655)</u>	<u>(807,154)</u>	<u>(311,796)</u>
Contributions Deficiency (Excess)	<u>\$ (300,000)</u>	<u>\$ (299,927)</u>	<u>\$ -</u>	<u>\$ (448,928)</u>	<u>\$ -</u>
Covered Payroll - Fiscal Year	\$ 2,259,890	\$ 2,234,517	\$ 2,078,028	\$ 2,065,530	\$ 2,096,870
Contributions as a Percentage of Covered Payroll	33.32%	33.13%	19.52%	39.08%	14.87%
Contribution Valuation Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually Required Contribution (Actuarially Determined)	\$ 257,968	\$ 222,301	\$ 198,100	\$ 160,693	\$ N/A
Contributions in Relation to the Actuarially Determined Contributions	<u>(257,968)</u>	<u>(222,301)</u>	<u>(198,100)</u>	<u>(160,693)</u>	<u>N/A</u>
Contributions Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ N/A</u>
Covered Payroll - Fiscal Year	\$ 2,025,447	\$ 1,854,585	\$ 1,822,452	\$ 1,756,975	\$ N/A
Contributions as a Percentage of Covered Payroll	12.74%	11.99%	10.87%	9.15%	N/A
Contribution Valuation Date	June 30, 2015	June 30, 2014	June 30, 2013	June 30, 2012	N/A

**Notes to Schedules:**

\*Fiscal year 2015 was the first year of implementation. Therefore only 9 years are shown

**CARMICHAEL WATER DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**SCHEDULES OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND  
 RELATED RATIOS**

Measurement Period	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>Total OPEB Liability</b>			
Service cost	\$ 136,634	\$ 88,995	\$ 86,613
Interest	341,659	253,468	240,101
Benefit payments	(198,131)	(183,717)	(135,337)
Experience gains/losses	5,111	771,132	2,124
Expended minus actual benefit payments	-	43,042	-
Change in assumptions	-	470,074	-
Net change in total OPEB liability	285,273	1,442,994	193,501
<b>Total OPEB Liability - Beginning</b>	<u>5,089,804</u>	<u>3,646,810</u>	<u>3,453,309</u>
<b>Total OPEB Liability - Ending (a)</b>	<u>\$ 5,375,077</u>	<u>\$ 5,089,804</u>	<u>\$ 3,646,810</u>
 <b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 398,131	\$ 383,717	\$ 575,337
Net investment income	(392,484)	444,492	73,557
Benefit payments	(198,131)	(183,717)	(135,337)
Administrative expense	(719)	(824)	(917)
Other	-	147,878	-
<b>Net Change in Plan Fiduciary Net Position</b>	<u>(193,203)</u>	<u>791,546</u>	<u>512,640</u>
<b>Plan Fiduciary Net Position - Beginning</b>	<u>2,804,497</u>	<u>2,012,951</u>	<u>1,500,311</u>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 2,611,294</u>	<u>\$ 2,804,497</u>	<u>\$ 2,012,951</u>
 District's Net OPEB Liability - Ending (a) - (b)	<u>\$ 2,763,783</u>	<u>\$ 2,285,307</u>	<u>\$ 1,633,859</u>
 <b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	<u>48.58%</u>	<u>55.10%</u>	<u>55.20%</u>
 Covered-Employee Payroll - Measurement Period	<u>\$ 2,471,409</u>	<u>\$ 2,078,028</u>	<u>\$ 2,065,530</u>
 Net OPEB Liability as Percentage of Covered-Employee Payroll	<u>111.83%</u>	<u>109.97%</u>	<u>79.10%</u>

**Notes to Schedules:**

**Benefit Changes - None**

**Changes in Assumptions** - During 2018, the discount rate was changed from 7.5% to 7.0%. During 2022, the discount rate was changed from 7.0% to 6.75%.

**Omitted Years** - GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.

**CARMICHAEL WATER DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND  
 RELATED RATIOS (Continued)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$	79,528	\$ 77,400	\$ 75,328	\$ N/A	\$ N/A	\$ N/A	\$ N/A
	246,402	234,160	221,503	N/A	N/A	N/A	N/A
	(135,113)	(122,291)	(105,162)	N/A	N/A	N/A	N/A
	(280,671)	-	-	N/A	N/A	N/A	N/A
	(18,058)	-	-	N/A	N/A	N/A	N/A
	(107,912)	189,269	191,669	N/A	N/A	N/A	N/A
	3,561,221	3,371,952	3,180,283	N/A	N/A	N/A	N/A
\$	<u>3,453,309</u>	<u>\$ 3,561,221</u>	<u>\$ 3,371,952</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
\$	575,113	\$ 562,291	\$ 545,162	\$ N/A	\$ N/A	\$ N/A	\$ N/A
	84,137	64,131	39,214	N/A	N/A	N/A	N/A
	(135,113)	(122,291)	(105,162)	N/A	N/A	N/A	N/A
	(289)	(1,086)	(156)	N/A	N/A	N/A	N/A
	(5,640)	-	-	N/A	N/A	N/A	N/A
	518,208	503,045	479,058	N/A	N/A	N/A	N/A
	982,103	479,058	-	N/A	N/A	N/A	N/A
\$	<u>1,500,311</u>	<u>\$ 982,103</u>	<u>\$ 479,058</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
\$	<u>1,952,998</u>	<u>\$ 2,579,118</u>	<u>\$ 2,892,894</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
	<u>43.45%</u>	<u>27.58%</u>	<u>14.21%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
\$	<u>2,096,870</u>	<u>\$ 2,025,447</u>	<u>\$ 1,854,584</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>	<u>\$ N/A</u>
	<u>93.13%</u>	<u>127.34%</u>	<u>155.99%</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**CARMICHAEL WATER DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2023**

## SCHEDULE OF CONTRIBUTIONS TO THE OPEB PLAN LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Statutory Required Contributions - Employer Fiscal Year	\$ 197,454	\$ 198,131	\$ 135,337	\$ 135,113	\$ 126,380
Contributions in Relation to the Actuarially Determined Contributions	<u>397,454</u>	<u>398,131</u>	<u>(383,717)</u>	<u>(575,337)</u>	<u>(566,380)</u>
Contribution Deficiency (Excess)	<u>\$ (200,000)</u>	<u>\$ (200,000)</u>	<u>\$ (248,580)</u>	<u>\$ (440,224)</u>	<u>\$ (440,000)</u>
Covered-Employee Payroll - Employer Fiscal Year	\$ 2,471,409	\$ 2,234,517	\$ 2,078,028	\$ 2,065,530	\$ 2,096,870
Contributions as a Percentage of Covered-Employee Payroll	7.98%	8.86%	6.44%	6.54%	6.03%
Valuation Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

### **Notes to Schedules:**

Valuation Date June 30, 2016

An actuarially determined contribution rate was not calculated. The required contributions report represents retiree premium payments.

**Omitted Years -** GASB Statement No. 75 was implemented during the year ended June 30, 2018. No information was available prior to this date. Information will be added prospectively as it becomes available until 10 years are reported.



**CARMICHAEL  
WATER DISTRICT**

## **Statistical Section**

## DESCRIPTION OF STATISTICAL SECTION

This section of the District's annual comprehensive financial statement report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

### **Financial Trends**

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

### **Revenue Capacity**

These schedules contain information to help the reader assess the District's most significant local revenue source, retail water sales.

### **Debt Capacity**

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

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.

### **Operating Information**

This schedule contains service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and activities it performs.



**CARMICHAEL  
WATER DISTRICT**

**Financial Trends**

**CARMICHAEL WATER DISTRICT**  
**SCHEDULES OF NET POSITION BY COMPONENT**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**LAST TEN YEARS**

	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
<b>Net Position:</b>					
Investment in Capital Assets. Net of Related debt	\$ 35,284,574	\$ 34,539,863	\$ 34,148,344	\$ 35,032,600	\$ 35,823,870
Restricted	2,258,493	2,290,249	2,360,084	2,402,358	2,427,721
Unrestricted	<u>4,855,264</u>	<u>3,449,234</u>	<u>4,953,092</u>	<u>13,540,261</u>	<u>12,806,906</u>
<b>Total Net Position*</b>	<b><u>\$ 42,398,331</u></b>	<b><u>\$ 40,279,346</u></b>	<b><u>\$ 41,461,520</u></b>	<b><u>\$ 50,975,219</u></b>	<b><u>\$ 51,058,497</u></b>

	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
<b>Net Position:</b>					
Investment in Capital Assets. Net of Related debt	\$ 37,111,672	\$ 39,904,957	\$ 42,001,094	\$ 43,193,529	\$ 46,699,385
Restricted	2,520,252	486,637	599,345	654,404	1,140,935
Unrestricted	<u>13,764,832</u>	<u>14,674,174</u>	<u>16,358,382</u>	<u>19,370,888</u>	<u>22,719,281</u>
<b>Total Net Position*</b>	<b><u>\$ 53,396,756</u></b>	<b><u>\$ 55,065,768</u></b>	<b><u>\$ 58,958,821</u></b>	<b><u>\$ 63,218,821</u></b>	<b><u>\$ 70,559,601</u></b>

\*2014 and prior do not reflect the net pension liability adjustment for GASB No. 68 and 71 as this information is not available. is not available

Source:

District Finance Department

**CARMICHAEL WATER DISTRICT**  
**SCHEDULES OF CHANGES IN NET POSITION**  
**(ACCRUAL BASIS OF ACCOUNTING)**  
**LAST TEN YEARS**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Operating Revenues:</b>										
Water sales	\$ 9,624,391	\$ 8,843,732	\$ 9,319,543	\$ 9,863,394	\$ 10,859,913	\$ 11,392,509	\$ 12,279,163	\$ 13,331,681	\$ 13,846,204	\$ 16,111,936
Connection, tap, and other fees	42,357	59,058	51,174	54,928	53,627	78,714	112,147	109,466	112,830	108,918
Wholesale water sales, net	-	49,740	122,625	-	-	-	-	-	-	-
Capacity sales	-	-	-	9,400,000	-	-	-	-	-	-
Water treatment and delivery charges	-	-	-	413,720	817,991	853,543	835,734	919,389	974,050	1,479,373
<b>Total Operating Revenues</b>	<b>9,666,748</b>	<b>8,952,530</b>	<b>9,493,342</b>	<b>19,732,042</b>	<b>11,731,531</b>	<b>12,324,766</b>	<b>13,227,044</b>	<b>14,360,536</b>	<b>14,933,084</b>	<b>17,700,227</b>
<b>Operating Expenses:</b>										
General and administrative	2,723,270	2,400,500	2,224,824	2,991,231	3,185,882	2,424,011	2,621,140	2,814,357	2,940,707	2,663,124
Transmission and distribution	1,152,781	1,219,486	1,179,274	1,388,069	1,649,564	1,729,627	2,119,602	1,539,061	1,952,453	1,664,734
Pumping and treatment	1,799,359	2,004,962	2,343,249	2,664,920	2,306,629	2,082,719	2,534,363	2,327,072	2,457,654	2,763,703
Depreciation and amortization	2,603,442	2,546,331	2,492,258	2,375,778	2,337,538	2,344,652	2,285,472	2,250,686	2,121,368	2,122,475
Pension Expense Adjustment **	-	-	-	-	-	514,216	718,394	683,775	56,963	473,715
OPEB**	-	-	-	-	-	260,703	203,511	186,969	246,770	674,620
Membrane**	-	-	-	-	-	90,300	291,130	163,018	359,788	1,171,265
<b>Total Operating Expenses</b>	<b>8,278,852</b>	<b>8,171,279</b>	<b>8,239,605</b>	<b>9,419,998</b>	<b>9,479,613</b>	<b>9,446,228</b>	<b>10,773,612</b>	<b>9,964,938</b>	<b>10,135,703</b>	<b>11,533,636</b>
<b>Net Income from Operations</b>	<b>1,387,896</b>	<b>781,251</b>	<b>1,253,737</b>	<b>10,312,044</b>	<b>2,251,918</b>	<b>2,878,538</b>	<b>2,453,432</b>	<b>4,395,598</b>	<b>4,797,381</b>	<b>6,166,591</b>
<b>Non-Operating Revenues (Expenses):</b>										
Investment income earned	5,843	5,897	62,172	12,047	33,558	124,212	142,410	33,496	18,373	248,793
Other revenue	121,550	28,356	21,271	15,284	21,857	59,585	35,650	144,599	41,696	26,810
Grant Revenue									159,992	1,283,922
Income from investment in electrical power	11,926	13,699	16,221	11,116	14,161	13,800	13,338	14,962	12,446	11,644
Reimbursements	2,785	44,587	20,772	5,378	13,723	43,234	48,895	41,707	29,653	10,289
Pass-through grant payment	-	-	-	(723,187)	-	-	-	-	-	-
Gain (loss) on disposal of capital assets	(10,581)	(16,178)	7,174	(643)	(25,406)	4,689	15,473	13,615	(11,328)	(77,636)
Interest expense	(1,107,462)	(1,056,587)	(1,017,921)	(966,921)	(905,671)	(850,121)	(1,237,820)	(869,994)	(842,833)	(814,586)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(975,939)</b>	<b>(980,226)</b>	<b>(890,311)</b>	<b>(1,646,926)</b>	<b>(847,778)</b>	<b>(604,601)</b>	<b>(982,054)</b>	<b>(621,615)</b>	<b>(592,001)</b>	<b>689,236</b>
<b>Income (Loss) Before Contributions</b>	<b>411,957</b>	<b>(198,975)</b>	<b>363,426</b>	<b>8,665,118</b>	<b>1,404,140</b>	<b>2,273,937</b>	<b>1,471,378</b>	<b>3,773,983</b>	<b>4,205,380</b>	<b>6,855,827</b>
<b>Capital Contributions:</b>										
Capital Contributions	24,239	31,714	43,748	846,898	39,229	64,322	197,634	119,070	54,620	484,953
Capital grant revenue	-	-	775,000	1,683	-	-	-	-	-	-
<b>Total Capital Contributions</b>	<b>24,239</b>	<b>31,714</b>	<b>818,748</b>	<b>848,581</b>	<b>39,229</b>	<b>64,322</b>	<b>197,634</b>	<b>119,070</b>	<b>54,620</b>	<b>484,953</b>
<b>Changes in Net Position*</b>	<b>\$ 436,196</b>	<b>\$ (167,261)</b>	<b>\$ 1,182,174</b>	<b>\$ 9,513,699</b>	<b>\$ 1,443,369</b>	<b>\$ 2,338,259</b>	<b>\$ 1,669,012</b>	<b>\$ 3,893,053</b>	<b>\$ 4,260,000</b>	<b>\$ 7,340,780</b>

\*2014 and prior do not reflect the net pension liability adjustment for GASB No. 68 and 71 as this information is not available.

\*\* Breakout began in FY 2019-2020 Audit

Source:

District Finance Department

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**CARMICHAEL  
WATER DISTRICT**

**Revenue Capacity**

**CARMICHAEL WATER DISTRICT  
WATER SALES BY TYPE OF CUSTOMER  
(ACCRUAL BASIS OF ACCOUNTING)  
LAST TEN YEARS**

	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
<b>Water Sales:</b>					
Residential	\$ 8,463,689	\$ 7,762,144	\$ 8,188,150	\$ 8,595,948	\$ 9,458,984
Non-residential	<u>1,160,702</u>	<u>1,081,588</u>	<u>1,131,393</u>	<u>1,267,446</u>	<u>1,400,929</u>
Total Water Sales	\$ 9,624,391	\$ 8,843,732	\$ 9,319,543	\$ 9,863,394	\$10,859,913
Total Water Deliveries (AF)	9,640	7,867	6,947	7,653	8,400
Rate per Acre Foot (AF)	\$ 998.38	\$ 1,124.16	\$ 1,341.52	\$ 1,289.00	\$ 1,292.84

	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
<b>Water Sales:</b>					
Residential	\$ 9,194,894	\$ 9,889,638	\$ 11,611,894	\$ 11,452,365	\$ 13,607,082
Non-residential	<u>2,197,615</u>	<u>2,389,525</u>	<u>1,719,787</u>	<u>2,393,839</u>	<u>2,504,854</u>
Total Water Sales	\$11,392,509	\$12,279,163	\$13,331,681	\$13,846,204	\$16,111,936
Total Water Deliveries (AF)	8,134	8,851	9,490	8,467	8,088
Rate per Acre Foot (AF)	\$ 1,400.60	\$ 1,387.31	\$ 1,404.81	\$ 1,635.31	\$ 1,992.08

Source:

District Finance Department

Note: Prior years water deliveries and rates per AF have been adjusted for small typographical or rounding errors

**CARMICHAEL WATER DISTRICT**  
**PRINCIPAL RATE PAYERS 2023 AND 2014**  
**CURRENT YEAR AND NINE YEARS PRIOR**

<b>Rate Payers</b>	<b>2023</b>			<b>2014</b>		
	<b>Revenues</b>	<b>Percent of</b>	<b>Collected</b>	<b>Rank</b>	<b>Revenues</b>	<b>Percent of</b>
Ancil Hoffman Park	\$ 399,436	2.48%	\$ 90,987	1		0.95%
San Juan Unified School District / 2014 De	219,211	1.36%	42,490	4		0.44%
Carmichael Rec/Park District	216,599	1.34%	88,278	2		0.92%
Vertus Properties Inc	185,505	1.15%				
6930 Fair Oaks Blvd TIC LLC	71,018	0.44%	20,532	10		0.21%
Hebel Living	68,122	0.42%	44,014	3		0.46%
Linden Lane Apartments LLC	43,529	0.27%				
Carmichael Oaks	39,847	0.25%				
M&M Properties	36,489	0.23%				
MP Core Vista Torre LLC	36,211	0.22%				
OAHS Fairwood LP			30,476	5		0.32%
Heritage Oaks Apartments			29,445	6		0.31%
Crestview Apartments			25,818	7		0.27%
Oakview Apartments			22,910	8		0.24%
River Oaks Apartments			22,538	9		0.23%
<b>Total</b>	<b>\$ 1,315,966</b>	<b>8.17%</b>	<b>\$ 417,488</b>			<b>4.34%</b>
<b>Total Water Sales</b>	<b>\$ 16,111,936</b>			<b>\$ 9,624,391</b>		

Source:  
 District Finance Department

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**CARMICHAEL  
WATER DISTRICT**

## Debt Capacity

**CARMICHAEL WATER DISTRICT**  
**RATIOS OF OUTSTANDING DEBT BY TYPE AND NUMBER OF CONNECTIONS**  
**LAST TEN YEARS**

	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
<b>Debt:</b>					
2010 Certificates of Participation	\$26,002,433	\$24,809,257	\$23,571,082	\$22,297,907	\$20,964,732
2010 Subordinate Installment Sale Agreement	178,175	-	-	-	-
2019 Certificates of Participation Series A	-	-	-	-	-
2019 Certificates of Participation Series B	-	-	-	-	-
Unamortized Premium	-	-	-	-	-
<b>Total Debt</b>	<b>\$26,180,608</b>	<b>\$24,809,257</b>	<b>\$23,571,082</b>	<b>\$22,297,907</b>	<b>\$20,964,732</b>
Number of Service Connections	11,768	11,607	11,693	11,685	11,912
Debt Per Capita	2,224.73	2,137.44	2,015.83	1,908.25	1,759.97

Source:

District Administrative Department

	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
<b>Debt:</b>					
2010 Certificates of Participation	\$18,620,000	\$ -	\$ -	\$ -	\$ -
2010 Subordinate Installment Sale Agreement	-	-	-	-	-
2019 Certificates of Participation Series A	-	16,510,000	16,510,000	16,510,000	16,510,000
2019 Certificates of Participation Series B	-	15,775,000	14,300,000	12,840,000	11,355,000
Unamortized Premium	951,557	3,566,080	3,362,304	3,158,528	2,954,752
<b>Total Debt</b>	<b>\$19,571,557</b>	<b>\$35,851,080</b>	<b>\$34,172,304</b>	<b>\$32,508,528</b>	<b>\$30,819,752</b>
Number of Service Connections	11,918	11,922	11,948	11,949	11,957
Debt Per Capita	1,642.18	3,007.14	2,860.09	2,720.61	2,577.55

Source:

District Finance Department

**CARMICHAEL WATER DISTRICT  
SCHEDULE OF DEBT SERVICE  
LAST TEN YEARS**

	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>
Net Revenue	\$ 3,991,338	\$ 3,327,582	\$ 3,866,431	\$ 12,733,331	\$ 4,672,755
Debt Service	2,198,775	2,190,550	2,196,200	2,184,325	2,183,575
Coverage	182%	152%	176%	583%	214%

	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
Net Revenue	\$5,468,710	\$4,994,670	\$6,894,663	\$7,180,909	\$9,870,524
Debt Service	2,186,350	2,311,530	2,539,828	2,497,694	2,494,705
Coverage	250%	216%	271%	287%	377%

Source:  
District Finance Department

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# CARMICHAEL WATER DISTRICT

## Demographic and Economic Information

**CARMICHAEL WATER DISTRICT  
DEMOGRAPHIC AND ECONOMIC STATISTICS\*  
LAST TEN YEARS**

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Personal Income <sup>(1)**</sup>	\$62,592,345	\$66,707,690	\$71,532,171	\$73,922,295	\$76,832,120
Population <sup>(1)</sup>	1,459,474	1,477,522	1,496,130	1,513,260	1,530,615
Per Capita Personal Income <sup>(1)</sup>	\$42,887	\$45,148	\$47,811	\$48,850	\$50,197
Unemployment Rate <sup>(2)</sup>	8.9%	7.3%	6.0%	5.4%	4.7%
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Personal Income <sup>(1)**</sup>	\$80,969,087	\$85,775,621	\$90,908,707	\$98,241,828	97,517,936
Population <sup>(1)</sup>	1,540,975	1,552,050	1,559,139	1,589,921	1,584,169
Per Capita Personal Income <sup>(1)</sup>	\$52,544	\$55,266	\$58,307	\$61,829	\$61,558
Unemployment Rate <sup>(2)</sup>	3.8%	3.7%	9.3%	7.0%	3.9

\*Information on Demographic and Economic statistics are for the County of Sacramento since Carmichael is unincorporated and is reported under the County of Sacramento. Separate demographic and economic statistical information for Carmichael are not available.

\*\*Amounts are expressed in thousands.

**Sources:**

<sup>(1)</sup>Bureau of Economic Analysis, US Department of Commerce

<sup>(2)</sup>California State Employment Development Department

**CARMICHAEL WATER DISTRICT**  
**TOP TEN EMPLOYERS\***  
**CURRENT YEAR AND NINE YEARS PRIOR**

<b>Employers</b>	<b>2022*</b>			<b>2013*</b>		
	<b>Total</b>	<b>Employee</b>	<b>Percent of</b>	<b>Total</b>	<b>Employee</b>	<b>Percent of</b>
			<b>Rank</b>	<b>Total Employed</b>		<b>Total Employed</b>
UC Davis Health System	16,075	1	2.30%			
Kaiser Permanente	12,301	2	1.76	10,140	1	1.67%
Sutter Health Sacramento Sierra Region	9,595	3	1.37	9,112	2	1.50
Dignity/ Mercy Health	7,488	4	1.07	7,054	4	1.16
Intel Corp.	6,013	5	0.86	6,500	5	1.07
Siemens Mobility Inc.	2,500	6	0.36			
Safeway	1,938	7	0.28			
Pacific Gas and Electric Co	1,447	8	0.21	2,247	10	0.37
Blue Diamond Growers	968	9	0.14			
WellSpace Health	926	10	0.13			
Raley's Inc./ Bel Air				7,283	3	1.20
Hewlett-Packard				3,200	6	0.53
Wells Fargo & Co				3,188	7	0.52
Health Net of California				2,552	8	0.42
Cache Creek Casino Resort				2,400	9	0.39
<b>Total</b>	<b><u>59,251</u></b>		<b><u>8.48%</u></b>	<b><u>53,676</u></b>		<b><u>8.83%</u></b>
<b>Total Employed by Sacramento County<sup>(2)</sup></b>	<b>718,203</b>			<b>679,900</b>		

\*Information on Demographic and Economic statistics are for the County of Sacramento since Carmichael is unincorporated and is reported under the County of Sacramento. Separate demographic and economic statistical information for Carmichael are not available.

Sources:

<sup>(1)</sup>Sacramento Business Journal

<sup>(2)</sup>California State Employment Development Department

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**CARMICHAEL  
WATER DISTRICT**

**Operating Information**

**CARMICHAEL WATER DISTRICT  
OPERATING INFORMATION  
LAST TEN YEARS**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Water Services:</b>										
Number of Service Connections	11,768	11,607	11,693	11,685	11,912	11,918	11,922	11,948	11,949	11,957
Annual Demand in AF	9,640	7,867	6,947	7,652	8,400	8,137	8,855	9,490	8,467	8,088
Average Daily Demand in MGD	8.61	7.02	6.20	6.83	7.50	7.25	7.87	8.45	7.47	7.22
Maximum Day Demand in MGD	16.62	13.22	11.36	13.25	14.02	13.40	13.80	14.46	13.40	12.94
<b>Leak Repairs:</b>										
Main Lines	54	52	35	43	43	35	28	20	18	35
Service Lines	95	93	68	72	61	50	65	56	51	88
<b>Meters:</b>										
Replacement	18	8	1,089	293	1,156	37	41	915	1,141	1,345
Register Change Outs	359	1,129	76	720	1,369	3,297	4,865	10	24	53
<b>Service Lines:</b>										
Replacement	119	143	74	78	92	97	110	53	91	129
<b>Main Line Valves:</b>										
Replacement	12	5	11	4	2	10	6	30	8	6
<b>Hydrants:</b>										
Replacement	3	13	1	6	2	6	7	4	2	1
<b>Main Lines:</b>										
Replacement Projects					1					1
<b>Major Facilities:</b>										
Wells	5	5	5	5	5	4	4	5	5	5
Tank	2	2	2	2	2	2	2	2	2	2
Booster Station	2	2	2	2	2	2	2	2	2	2
Pressure Regulation Valves	2	2	2	2	2	2	2	2	2	2
Miles of Pipeline*	154	154	154	154	154	154	160	160	156	156
<b>Personnel (FTE)</b>										
Admin Services	12	13	13	14	14	14	14	14	13	13
Production	8	8	8	9	9	6	6	6	5	6
Distribution	6	5	5	6	6	9	9	9	8	7
Total (FTE)	26	26	26	29	29	29	29	29	26	26

\*This information was not tracked until 2016.



**Carmichael, California**