

CALLEGUAS MUNICIPAL WATER DISTRICT
2100 Olsen Road, Thousand Oaks, California 91360
www.calleguas.com

FINANCE COMMITTEE MEETING
December 28, 2021, 10:00 a.m.

The Calleguas Municipal Water District's Finance Committee meeting is noticed as a meeting of the Board of Directors for the purpose of compliance with the Brown Act. Members of the Board who are not assigned to the Finance Committee may attend only as observers and cannot participate as members of the Board, whether or not a quorum of the Board is present. In order to preserve the function of the committee as advisory to the Board, members of the Board who are not assigned to the Finance Committee will not vote on matters before the Finance Committee.

AGENDA

A. CALL TO ORDER AND ROLL CALL

Scott Quady, Chair
Andy Waters, Committee Member

B. PUBLIC COMMENTS

Opportunity for members of the public to address the committee on matters within the committee's jurisdiction (as required by Government Code Section 54954.3(a)). Please limit comments to three minutes.

To participate:

<https://us06web.zoom.us/j/86844776915?pwd=V0dLeHVKMGovRlFpRkJKQdkltNDNLQT09>

Phone # +1 (253) 215-8782 (Note Tacoma WA area code)

Webinar ID: 824 4477 6915

C. COMMITTEE ITEMS

1. Discussion and presentations from RBC Global Asset Management and Chandler Asset Management regarding Proposals for Investment Management (RFP)
2. Discussion regarding 2020-21 Annual Audited Financial Statements
3. Discussion regarding midyear budget adjustments and the District's Long Range Financial Plan

D. OTHER COMMITTEE ITEMS

E. FUTURE AGENDA ITEMS

F. ADJOURNMENT

Note: In accordance with Executive Orders N-25-20, N-29-20, and N-08-21 issued by the Governor of the State of California in response to COVID-19, in-person public participation at Calleguas Municipal Water District meetings is suspended. The District has established alternative methods of participation which permit members of the public to observe and address public meetings telephonically and/or electronically. These methods of participation can be accessed through the internet link provided in Section B of this agenda.

In addition to the above referenced methods of participation, members of the public may also participate by submitting comments by email to info@calleguas.com by 5:00 p.m. on the calendar day prior to the public meeting. Email headers should refer to the Committee meeting for which comments are offered. Comments received will be placed into the record and distributed appropriately.

Agendas, agenda packets, and additional materials related to an item on this agenda submitted to the Board after distribution of the agenda packet are available on the District website at www.calleguas.com

NOTE: At the discretion of the committee, all items appearing on this agenda, whether or not expressly listed for action, may be deliberated and may be subject to action by the committee.

This committee reviews items and makes a recommendation for final action to the full Board of Directors. Final action will be taken by the Board of Directors. Agendas for the meeting of the Board of Directors may be obtained from the Clerk of the Board. This committee will not take any action that is binding on the Board, even when a quorum of the Board is present.

Writings relating to open session agenda items distributed to Directors less than 72 hours prior to a meeting are available for public inspection at Calleguas' Administrative Office Building.

Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Clerk of the Board in advance of the meeting to ensure availability of the requested service or accommodation.



**CALLEGUAS MUNICIPAL WATER DISTRICT
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
For the Fiscal Year Ended
June 30, 2021
(With Comparative Amounts as of June 30, 2020)**

NIGRO & NIGRO^{PC}

CALLEGUAS MUNICIPAL WATER DISTRICT

For the Fiscal Year Ended June 30, 2021

Board of Directors and Key Management Personnel

BOARD OF DIRECTORS

Name	District	Office	Term Expires
Steve Blois	5	President	December 2022
Andres Santamaria	4	Vice President	December 2022
Scott H. Quady	2	Treasurer	December 2024
Raul Avila	1	Secretary	December 2024
Andy Waters	3	Director	December 2024

MANAGEMENT PERSONNEL

Name	Position
Tony Goff	General Manager
Kristine McCaffrey, P.E	Manager of Engineering
Dan Drugan	Manager of Resources
Rob Peters	Manager of Operations and Maintenance
Dan Smith	Manager of Administrative Services
Henry Graumlich	Associate General Manager

CALLEGUAS MUNICIPAL WATER DISTRICT

For the Fiscal Year Ended June 30, 2021

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Introductory Section

CALLEGUAS MUNICIPAL WATER DISTRICT

Introductory Section

For the Year Ended June 30, 2021

BACKGROUND: WHO IS CALLEGUAS?

Calleguas Municipal Water District (“District”) was created as a special district in 1953 by ballot measure for the purpose of providing southeast Ventura County with a reliable supply of high-quality supplemental water. Today Calleguas provides water service to an estimated population of 640,000 through 21 retail water purveyors. The District’s 366-square-mile service area includes the cities of Oxnard, Port Hueneme, Camarillo, Thousand Oaks, Simi Valley, Moorpark, and surrounding unincorporated areas including Naval Base Ventura County, Oak Park, Lake Sherwood, Somis and Bell Canyon.

The District is a member agency of the Metropolitan Water District of Southern California (MWD). Water is delivered into the Calleguas service area through a system connection with Metropolitan. The majority of Calleguas’ water supply is treated at Metropolitan’s Jensen Treatment Facility in Granada Hills. The District then conveys the high-quality drinking water through 150 miles of 20 inch to 78-inch diameter pipelines, nine reservoirs, five hydroelectric generators, and six pump stations to local cities and water agencies for delivery to consumers. In order provide customers with water during outages of imported supplies, the District also owns and operates a lake with a surface water treatment plant and an aquifer storage and recovery (ASR) facility with 18 wells. To facilitate development of local brackish groundwater supplies and potable reuse of recycled water, Calleguas operates an 18 mile long brine disposal pipeline with a 4,500 long outfall extending into the Pacific Ocean.

Calleguas’ Mission

To provide the service area with a reliable supplemental supply of regional and locally developed water in an environmentally and economically responsible manner.

WATER SUPPLY

The District is one of the few MWD member agencies that is largely dependent on the State Water Project. During FY 2021-22, MWD and Calleguas have begun to implement a drought response and it comes as California grapples with unprecedented conditions on state water resources. Water years 2020 and 2021 were the driest two-year sequence on record for precipitation in the state. In August, Lake Oroville – the main reservoir on the State Water Project – reached its lowest point ever since being filled in the 1970s.

On November 9 2021, MWD declared a Drought Emergency and called for increased efforts to maximize conservation, especially in communities dependent on State Water supplies. On November 17 2021, the District’s Board of Directors voted unanimously to call on all water users within its service area to immediately reduce demands on water supplies. The action taken by the District calls for cities and local water agencies to implement voluntary or mandatory conservation, if necessary, to cut back on water use by 15 percent compared to 2020 levels. Through November 2021 the District is on pace to meet its current year sales forecast. The District is anticipating a reduction in sales by 15% from the 2020 water sales starting in FY 2022-23 as conservation efforts begin to take hold throughout the service area. These reduced sales are reflected in the latest 5 year forecast in the supplementary information section of this report.

Water sales continue to fluctuate based on wet or dry weather patterns. Even with the drought conditions, the District realized a 8.7% increase in water sales during FY 2020-21 compared to the 2.7% increase the previous fiscal year. The District continues to manage its operating expenses to reflect the changing water sales from year to year as well as implement water rate increases to ensure funding for the District’s operations, capital needs and debt service. In response to the on-going need to "drought-proof" its service area and minimize the potentially debilitating effects associated with seismic activity, Calleguas has embarked on an ambitious capital improvement program. The District is proactively strengthening its infrastructure to withstand seismic events, building a regional brine disposal system that facilitates local water supply projects, and developing interconnections with neighboring water utilities.

CALLEGUAS MUNICIPAL WATER DISTRICT

Introductory Section

For the Year Ended June 30, 2021

These projects reduce the region's reliance upon vulnerable imported water supplies; thereby enhancing supply reliability for over 75 percent of Ventura County's residents.

In order to provide reliable water during an outage the District has undertaken a Water Supply Alternatives Study. The Study will identify and evaluate potential alternative water supplies that enable Calleguas to continue to cost effectively provide a reliable water supply to its service area during an outage of imported water. Several projects have already been approved and are in progress including Crestview Well No. 8, Lake Bard Pump Station, and Fairview Well Rehabilitation.

STORAGE

Calleguas stores water locally so that it is available when imported water supplies are limited due to scheduled maintenance shutdowns, earthquake, or other emergency. Lake Bard has a storage capacity of approximately 10,500 acre-feet, of which 7,500 acre-feet of treated water is readily available with existing facilities. The District currently has 83,535 acre-feet of in-lieu credits in east Las Posas (6,348 A.F.), west Las Posas (25,192 A.F.) and the Oxnard Plain (51,995 A.F.). The District has approved a project to add a pump at Lake Bard in order to increase the available Water. Currently the District has 10,271 acre feet stored in Lake Bard and storage tanks as well as 21,213 acre feet in stored water in the Las Posas wellfield. The District currently has 83,535 acre-feet of in-lieu credits stored in basins throughout the service area

The remaining reservoirs in the system are covered and serve to balance daily fluctuations in water supplies and deliveries. The capacity of this covered storage is currently 57 million gallons in 11 different locations. These reservoirs are constructed of either welded steel or reinforced concrete. Following the Northridge earthquake in 1994, the District performed seismic analysis on all its reservoirs according to the latest design standards. As a result, three reservoirs were replaced and another was seismically strengthened. All reservoirs now comply with current seismic standards.

SALINITY MANAGEMENT PIPELINE

The Salinity Management Pipeline (SMP) is a regional pipeline that collects salty water generated by groundwater desalting facilities and excess recycled water and conveys that water to the ocean for discharge. The SMP improves water supply reliability by facilitating the development of local water supply projects. Highly treated wastewater, which is too saline for discharge to local streams, is also sent to the SMP during wet periods when it is not needed for irrigation.

The SMP is being constructed in phases, generally extending from the ocean in Port Hueneme, across the unincorporated Oxnard Plain, through Camarillo and Somis, terminating west of Moorpark. A branch of the SMP is planned to extend from Camarillo, through the Santa Rosa Valley, terminating in Simi Valley. The pipeline is complete through Port Hueneme, Oxnard, Camarillo, and Somis. The ocean outfall for discharge of the brine is also complete. The SMP began operation in early 2014 and there are currently two dischargers of concentrate from brackish groundwater retreatment plants and two dischargers of highly treated wastewater. A third discharger has completed their groundwater treatment plant and is expected to begin discharging to the SMP in FY 2021-22.

These supplies are local and relatively drought-proof and therefore more reliable than imported supplies from the State Water Project. Dischargers to the SMP pay a unit price per acre-foot for discharge. Dischargers include water agencies developing brackish groundwater desalting facilities, agricultural entities treating brackish groundwater to remove salts for improved crop yields and reduced water usage, wastewater agencies treating water to a level suitable for supplementing potable water, and wastewater agencies discharging excess recycled water.

Financial Section



INDEPENDENT AUDITORS' REPORT

Board of Directors
Calleguas Municipal Water District
Thousand Oaks, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Calleguas Municipal Water District (District), which comprise the balance sheet as of June 30, 2021, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2021, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of the District's Proportionate Share of the Net Pension Liability, Schedule of the District's Contributions to the Defined Benefit Pension Plan, Schedule of Changes in the District's Net OPEB Liability and Related Ratios, Schedule of Contributions – Other Post-Employment Benefits (OPEB) Plan, and OPEB Plan – Schedule of Annual Money-Weighted Rate of Return on Investments be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The other information, as listed in the accompanying table of contents, is presented for purposes of additional analysis and are not a required part of the basic financial statements. The other information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion or provide any assurance on them.

Prior-Year Comparative Information

The financial statements include partial prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2020, from which such partial information was derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 15, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Murrieta, California
December 15, 2021

CALLEGUAS MUNICIPAL WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

Management's Discussion and Analysis (MD&A) offers readers of Calleguas Municipal Water District's financial statements a narrative overview of the District's financial activities for the year ended June 30, 2021. This MD&A presents financial highlights, an overview of the accompanying financial statements, an analysis of net position and results of operations, a current-to prior year analysis, a discussion on restrictions, commitments and limitations, and a discussion of significant activity involving capital assets and long-term debt. Please read in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- In fiscal year 2021, the District's net position increased 3.13%, or \$15,715,038 from the prior year's net position of \$502,296,978 to \$518,012,016, as a result of the year's operations.
- In fiscal year 2021, operating revenues increased by 11.2%, or \$15,805,465 from \$141,151,123 to \$156,956,588, from the prior year, primarily due to a \$15,139,459 increase in water sales.
- In fiscal year 2021, operating expenses before depreciation expense increased by 8.19% or \$9,880,719 from \$120,706,926 to \$130,587,645 from the prior year, primarily due to increases in costs for the District's source of supply.

REQUIRED FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Balance Sheet, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows provide information about the activities and performance of the District using accounting methods similar to those used by private sector companies.

The Balance Sheet includes all of the District's investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for computing a rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year's revenue and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate profitability and credit worthiness. The final required financial statement is the Statement of Cash Flows, which provides information about the District's cash receipts and cash payments during the reporting period. The Statement of Cash Flows reports cash receipts, cash payments and net changes in cash resulting from operations, investing, non-capital financing, and capital and related financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

CALLEGUAS MUNICIPAL WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT

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

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

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

Condensed Balance Sheets

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>	<u>June 30, 2019</u>	<u>Change</u>
Assets:					
Current assets	\$ 266,296,313	\$ 245,908,285	\$ 20,388,028	\$ 238,508,843	\$ 7,399,442
Non-current assets	8,790,815	13,191,501	(4,400,686)	\$ 12,997,677	
Capital assets, net	<u>460,854,772</u>	<u>469,999,100</u>	<u>(9,144,328)</u>	<u>472,307,398</u>	<u>(2,308,298)</u>
Total assets	<u>735,941,900</u>	<u>729,098,886</u>	<u>6,843,014</u>	<u>723,813,918</u>	<u>5,091,144</u>
Deferred outflows of resources	<u>9,417,013</u>	<u>7,996,914</u>	<u>1,420,099</u>	<u>8,613,318</u>	<u>(616,404)</u>
Total assets and deferred outflows of resources	<u>\$ 745,358,913</u>	<u>\$ 737,095,800</u>	<u>\$ 8,263,113</u>	<u>\$ 732,427,236</u>	<u>\$ 4,474,740</u>
Liabilities:					
Current liabilities	\$ 34,424,301	\$ 38,156,408	\$ (3,732,107)	\$ 35,147,578	\$ 3,008,830
Non-current liabilities	<u>191,285,898</u>	<u>194,735,339</u>	<u>(3,449,441)</u>	<u>205,742,171</u>	<u>(11,006,832)</u>
Total liabilities	<u>225,710,199</u>	<u>232,891,747</u>	<u>(7,181,548)</u>	<u>240,889,749</u>	<u>(7,998,002)</u>
Deferred inflows of resources	<u>1,636,698</u>	<u>1,907,075</u>	<u>(270,377)</u>	<u>318,797</u>	<u>1,588,278</u>
Net position:					
Net investment in capital assets	278,627,684	278,448,752	178,932	271,500,959	6,947,793
Restricted	8,790,815	13,191,501	(4,400,686)	12,997,677	
Unrestricted	<u>230,593,517</u>	<u>210,656,725</u>	<u>19,936,792</u>	<u>206,720,054</u>	<u>3,936,671</u>
Total net position	<u>518,012,016</u>	<u>502,296,978</u>	<u>15,715,038</u>	<u>491,218,690</u>	<u>10,884,464</u>
Total liabilities, deferred outflows of resources and net position	<u>\$ 745,358,913</u>	<u>\$ 737,095,800</u>	<u>\$ 8,263,113</u>	<u>\$ 732,427,236</u>	<u>\$ 4,474,740</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$518,012,016 as of June 30, 2021.

CALLEGUAS MUNICIPAL WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Condensed Balance Sheets (continued)

By far the largest portion of the District's net position (54% as of June 30, 2021) reflects the District's investment in capital assets (net of accumulated depreciation) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its customers; consequently, these assets are not available for future spending.

At the end of year 2021, the District showed a positive balance in its unrestricted net position of \$230,593,517 which may be utilized in future years.

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

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Change</u>	<u>June 30, 2019</u>	<u>Change</u>
Operating revenues	\$ 156,956,588	\$ 141,151,123	\$ 15,805,465	\$ 134,092,224	\$ 7,058,899
Operating expenses	<u>(130,587,645)</u>	<u>(120,706,926)</u>	<u>(9,880,719)</u>	<u>(111,395,813)</u>	<u>(9,311,113)</u>
Operating income before depreciation	26,368,943	20,444,197	5,924,746	22,696,411	(2,252,214)
Depreciation expense	<u>(14,761,004)</u>	<u>(14,222,115)</u>	<u>(538,889)</u>	<u>(13,476,694)</u>	<u>(11,563,327)</u>
Operating income	11,607,939	6,222,082	5,385,857	9,219,717	9,311,113
Non-operating revenues(expenses), net	<u>1,969,734</u>	<u>3,377,784</u>	<u>(1,408,050)</u>	<u>5,419,707</u>	<u>(2,041,923)</u>
Change in net position before capital	13,577,673	9,599,866	3,977,807	14,639,424	(6,546,351)
Capital contributions:					
Local capital contributions	<u>2,137,365</u>	<u>1,478,422</u>	<u>658,943</u>	<u>1,553,618</u>	<u>(75,196)</u>
Change in net position	15,715,038	11,078,288	4,636,750	16,193,042	(5,114,754)
Net position:					
Beginning of year	<u>502,296,978</u>	<u>491,218,690</u>	<u>11,078,288</u>	<u>475,025,648</u>	<u>16,193,042</u>
End of year	<u>\$ 518,012,016</u>	<u>\$ 502,296,978</u>	<u>\$ 15,715,038</u>	<u>\$ 491,218,690</u>	<u>\$ 11,078,288</u>

The statement of revenues, expenses and changes in net position shows how the District's net position changed during the fiscal years. In the case of the District, the District's net position increased 3.13%, or \$15,715,038 from the prior year's net position of \$502,296,978 to \$518,012,016, as a result of the year's operations.

CALLEGUAS MUNICIPAL WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Revenues

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Increase (Decrease)</u>	<u>June 30, 2019</u>	<u>Increase (Decrease)</u>
Operating revenues:					
Water sales	\$ 140,946,567	\$ 125,807,108	\$ 15,139,459	\$ 118,133,100	\$ 7,674,008
Capacity reservation charge	6,429,822	6,216,468	213,354	6,732,324	(515,856)
Readiness-to-serve-purveyors	6,295,572	6,168,036	127,536	6,273,480	(105,444)
Water standby charges	1,442,109	1,350,698	91,411	1,399,910	(49,212)
Pumping power revenue	1,580,228	1,414,735	165,493	1,345,353	69,382
Salinity Management Pipeline fees	164,211	167,790	(3,579)	182,167	(14,377)
Other operating revenues	98,079	26,288	71,791	25,890	398
Total operating revenues	<u>156,956,588</u>	<u>141,151,123</u>	<u>15,805,465</u>	<u>134,092,224</u>	<u>7,058,899</u>
Non-operating:					
Property taxes	9,865,259	9,088,083	777,176	8,775,866	312,217
Investment earnings	630,002	5,503,229	(4,873,227)	5,602,968	(99,739)
Gain(loss)on sale(disposal) of capital assets	(538,422)	(63,972)	(474,450)	19,529	(83,501)
Insurance recovery proceeds	967,383	-	967,383	-	-
Other non-operating revenues	190,103	85,154	104,949	129,070	(43,916)
Total non-operating	<u>11,114,325</u>	<u>14,612,494</u>	<u>(3,498,169)</u>	<u>14,527,433</u>	<u>85,061</u>
Total revenues	<u>\$ 168,070,913</u>	<u>\$ 155,763,617</u>	<u>\$ 12,307,296</u>	<u>\$ 148,619,657</u>	<u>\$ 7,143,960</u>

In fiscal year 2021, operating revenues increased by 11.2%, or \$15,805,465 from \$141,151,123 to \$156,956,588, from the prior year, primarily due to a \$15,139,459 increase in water sales.

In fiscal year 2020, operating revenues increased by 5.26%, or \$7,058,899 from \$134,092,224 to \$141,151,123, from the prior year, primarily due to a \$7,674,008 increase in water sales.

CALLEGUAS MUNICIPAL WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Total Expenses

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Increase (Decrease)</u>	<u>June 30, 2019</u>	<u>Increase (Decrease)</u>
Operating expenses:					
Source of supply	\$ 111,294,763	\$ 100,230,387	\$ 11,064,376	94,893,586	5,336,801
Pumping	1,455,952	1,123,090	332,862	1,520,636	(397,546)
Administration	1,711,656	3,713,782	(2,002,126)	1,755,467	1,958,315
Administrative services	1,930,884	2,065,344	(134,460)	1,763,640	301,704
Engineering	2,664,198	2,514,814	149,384	1,713,774	801,040
Resources, conservation and governmental	652,444	739,767	(87,323)	1,029,149	(289,382)
Operations and maintenance	<u>10,877,748</u>	<u>10,319,742</u>	<u>558,006</u>	<u>8,719,561</u>	<u>1,600,181</u>
Total operating expenses	<u>130,587,645</u>	<u>120,706,926</u>	<u>9,880,719</u>	<u>111,395,813</u>	<u>9,311,113</u>
Depreciation expense	<u>14,761,004</u>	<u>14,222,115</u>	<u>538,889</u>	<u>13,476,694</u>	<u>745,421</u>
Non-operating expenses:					
Interest expense	7,408,919	7,823,204	(414,285)	8,284,122	(460,918)
Tax collection and financing charges	489,389	558,691	(69,302)	339,527	219,164
Cost of debt issuance	303,167	-	303,167	-	-
Project related expenses	<u>943,116</u>	<u>2,852,815</u>	<u>(1,909,699)</u>	<u>484,077</u>	<u>2,368,738</u>
Total non-operating	<u>9,144,591</u>	<u>11,234,710</u>	<u>(2,090,119)</u>	<u>9,107,726</u>	<u>2,126,984</u>
Total expenses	<u>\$ 154,493,240</u>	<u>\$ 146,163,751</u>	<u>\$ 8,329,489</u>	<u>\$ 133,980,233</u>	<u>\$ 11,438,097</u>

In fiscal year 2021, operating expenses before depreciation expense increased by 8.19% or \$9,880,719 from \$120,706,926 to \$130,587,645 from the prior year, primarily due to increases in costs for the District's source of supply.

In fiscal year 2020, operating expenses before depreciation expense increased by 8.36% or \$9,311,113 from \$111,395,813 to \$120,706,926, from the prior year, primarily due to increases in costs for the District's source of supply.

Capital Assets

Capital assets:	<u>Balance June 30, 2021</u>	<u>Balance June 30, 2020</u>
Non-depreciable assets	\$ 29,285,752	\$ 47,907,530
Depreciable assets	645,196,609	621,417,614
Accumulated depreciation	<u>(213,627,589)</u>	<u>(199,326,044)</u>
Total capital assets, net	<u>\$ 460,854,772</u>	<u>\$ 469,999,100</u>

At the end of year 2021, the District's investment in capital assets amounted to \$460,854,772 (net of accumulated depreciation), respectively. Capital asset additions amounted to \$5,616,676 for various projects and equipment. See Note 5 for further information.

CALLEGUAS MUNICIPAL WATER DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Years Ended June 30, 2021 and 2020

FINANCIAL ANALYSIS OF THE DISTRICT (continued)

Debt Administration

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

Long-term debt:	Balance	Balance
	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Bonds payable	<u>\$ 187,958,330</u>	<u>\$ 195,476,932</u>

Long-term debt decreased by a total of \$7,518,602 for the year ended June 30, 2021. Principal payments were \$9,280,000 and amortization of the debt premiums amounted to \$684,747. Other changes to Long-term debt were the result of the issuance of the 2021 series A refunding bonds of \$39,145,000, which was used to refinance a portion of the 2014 Series A bond. See Note 7 for further information.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

CONDITIONS AFFECTING CURRENT AND FUTURE FINANCIAL POSITION

Management is unaware of any item that would affect the District's current financial position.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Finance Department, 2100 Olsen Road, Thousand Oaks, CA 91360.

CALLEGUAS MUNICIPAL WATER DISTRICT

Balance Sheets

June 30, 2021 (With Comparative Amounts as of June 30, 2020)

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2021	2020
Current assets:		
Cash and cash equivalents (Note 2)	\$ 3,101,899	\$ 8,487,868
Investments (Note 2)	183,213,155	160,598,625
Accrued interest receivable	627,875	771,531
Accounts receivable	20,387,867	17,886,218
Inventory – water-in-storage (Note 4)	54,465,730	53,685,043
Inventory – pipeline	4,449,000	4,449,000
Prepaid expenses	50,787	30,000
Total current assets	266,296,313	245,908,285
Non-current assets:		
Restricted – cash and cash equivalents (Note 2 and 3)	8,790,815	13,191,501
Capital assets – not being depreciated (Note 5)	29,285,752	47,907,530
Capital assets – being depreciated, net (Note 5)	431,569,020	422,091,570
Total non-current assets	469,645,587	483,190,601
Total assets	735,941,900	729,098,886
Deferred outflows of resources:		
Deferred amounts related to refunding of long-term debt (Note 7)	5,731,242	3,926,584
Deferred amounts related to net OPEB obligation (Note 8)	748,932	786,810
Deferred amounts related to net pension liability (Note 9)	2,936,839	3,283,520
Total deferred outflows of resources	9,417,013	7,996,914
Total assets and deferred outflows of resources	\$ 745,358,913	\$ 737,095,800
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued expenses	\$ 24,463,435	\$ 21,941,222
Accrued salaries and benefits	694,290	405,650
Retentions payable	56,231	1,947,080
Deposits and unearned revenues	308,820	595,267
Accrued interest payable	3,121,678	3,913,420
Long-term liabilities – due within one year:		
Compensated absences (Note 6)	124,847	73,769
Bonds payable (Note 7)	5,655,000	9,280,000
Total current liabilities	34,424,301	38,156,408
Non-current liabilities:		
Long-term liabilities – due in more than one year:		
Compensated absences (Note 6)	707,467	663,919
Bonds payable (Note 7)	182,303,330	186,196,932
Net OPEB obligation (Note 8)	1,439,572	1,977,416
Net pension liability (Note 9)	6,835,529	5,897,072
Total non-current liabilities	191,285,898	194,735,339
Total liabilities	225,710,199	232,891,747
Deferred inflows of resources:		
Deferred amounts related to net OPEB obligation (Note 8)	319,445	250,503
Deferred amounts related to net pension liability (Note 9)	1,317,253	1,656,572
Total deferred inflows of resources	1,636,698	1,907,075
Net position:		
Net investment in capital assets (Note 10)	278,627,684	278,448,752
Restricted net position (Note 3)	8,790,815	13,191,501
Unrestricted	230,593,517	210,656,725
Total net position	518,012,016	502,296,978
Total liabilities, deferred inflows of resources and net position	\$ 745,358,913	\$ 737,095,800

CALLEGUAS MUNICIPAL WATER DISTRICT*Statements of Revenues, Expenses and Changes in Net Position**For the Fiscal Year Ended June 30, 2021 (With Comparative Amounts as of June 30, 2020)*

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Water sales	\$ 140,946,567	\$ 125,807,108
Capacity reservation charge	6,429,822	6,216,468
Readiness-to-serve-purveyors	6,295,572	6,168,036
Water standby charges	1,442,109	1,350,698
Pumping power revenue	1,580,228	1,414,735
Salinity Management Pipeline fees	164,211	167,790
Other operating revenues	98,079	26,288
Total operating revenues	<u>156,956,588</u>	<u>141,151,123</u>
Operating expenses:		
Source of supply	111,294,763	100,230,387
Pumping	1,455,952	1,123,090
Administration	1,711,656	3,713,782
Administrative services	1,930,884	2,065,344
Engineering	2,664,198	2,514,814
Resources, conservation and governmental	652,444	739,767
Operations and maintenance	10,877,748	10,319,742
Total operating expenses	<u>130,587,645</u>	<u>120,706,926</u>
Operating income before depreciation	26,368,943	20,444,197
Depreciation expense	<u>(14,761,004)</u>	<u>(14,222,115)</u>
Operating income	<u>11,607,939</u>	<u>6,222,082</u>
Non-operating revenues(expenses):		
Property taxes	9,865,259	9,088,083
Investment earnings	630,002	5,503,229
Gain(loss)on sale(disposal) of capital assets	(538,422)	(63,972)
Insurance recovery proceeds	967,383	-
Other non-operating revenues	190,103	85,154
Interest expense	(7,408,919)	(7,823,204)
Tax collection and financing charges	(489,389)	(558,691)
Cost of debt issuance	(303,167)	-
Project related expenses	(943,116)	(2,852,815)
Total non-operating revenue, net	<u>1,969,734</u>	<u>3,377,784</u>
Change in net position before capital contributions	<u>13,577,673</u>	<u>9,599,866</u>
Capital contributions:		
Local capital contributions	<u>2,137,365</u>	<u>1,478,422</u>
Total capital contributions	<u>2,137,365</u>	<u>1,478,422</u>
Change in net position	15,715,038	11,078,288
Net position:		
Beginning of year	<u>502,296,978</u>	<u>491,218,690</u>
End of year	<u>\$ 518,012,016</u>	<u>\$ 502,296,978</u>

CALLEGUAS MUNICIPAL WATER DISTRICT*Statements of Cash Flows**For the Fiscal Year Ended June 30, 2021 (With Comparative Amounts as of June 30, 2020)*

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Cash receipts from customers and others	\$ 155,325,978	\$ 141,387,719
Cash paid to employees for salaries and wages	(8,362,009)	(7,820,494)
Cash paid to vendors and suppliers for materials and services	<u>(122,420,014)</u>	<u>(119,325,182)</u>
Net cash provided by operating activities	<u>24,543,955</u>	<u>14,242,043</u>
Cash flows from non-capital financing activities:		
Proceeds from property taxes, net of collection fees paid	<u>9,375,870</u>	<u>8,529,392</u>
Net cash provided by non-capital financing activities	<u>9,375,870</u>	<u>8,529,392</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(8,463,094)	(11,913,817)
Proceeds from the sale of capital assets	4,500	75
Proceeds from local capital contributions	2,137,365	1,478,422
Proceeds from debt issuance	39,145,000	-
Cost of debt issuance	(303,167)	-
Principal paid on long-term debt	(43,425,000)	(8,920,000)
Interest and redemption expenses paid on long-term debt	<u>(8,561,824)</u>	<u>(8,375,088)</u>
Net cash used in capital and related financing activities	<u>(19,466,220)</u>	<u>(27,730,408)</u>
Cash flows from investing activities:		
Sale of investments	122,544,269	165,216,919
Purchase of investments	(149,529,840)	(157,589,981)
Investment earnings	<u>2,745,311</u>	<u>5,639,013</u>
Net cash provided by (used in) investing activities	<u>(24,240,260)</u>	<u>13,265,951</u>
Net increase(decrease) in cash and cash equivalents	(9,786,655)	8,306,978
Cash and cash equivalents:		
Beginning of year	<u>21,679,369</u>	<u>13,372,391</u>
End of year	<u>\$ 11,892,714</u>	<u>\$ 21,679,369</u>
Reconciliation of cash and cash equivalents to the balance sheet:		
Cash and cash equivalents	\$ 3,101,899	\$ 8,487,868
Restricted – cash and cash equivalents	<u>8,790,815</u>	<u>13,191,501</u>
Total cash and cash equivalents	<u>\$ 11,892,714</u>	<u>\$ 21,679,369</u>

CALLEGUAS MUNICIPAL WATER DISTRICT*Statements of Cash Flows (continued)**For the Fiscal Year Ended June 30, 2021 (With Comparative Amounts as of June 30, 2020)*

	<u>2021</u>	<u>2020</u>
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 11,607,939	\$ 6,222,082
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	14,761,004	14,222,115
Insurance recovery proceeds	967,383	-
Other non-operating revenues	190,103	85,154
Project related expenses	(943,116)	(2,852,815)
Change in assets - (increase)decrease:		
Accounts receivable	(2,501,649)	(348,532)
Other receivables	-	3,377
Inventory - water-in-storage	(780,687)	(6,767,903)
Change in deferred outflows of resources - (increase)decrease		
Deferred amounts related to net OPEB obligation	37,878	(47,386)
Deferred amounts related to net pension liability	346,681	138,171
Change in liabilities - increase(decrease):		
Accounts payable and accrued expenses	2,522,213	1,642,784
Accrued salaries and benefits	288,640	57,524
Retentions payable	(1,890,849)	637,347
Deposits and unearned revenues	(286,447)	496,597
Compensated absences	94,626	120,085
Net OPEB obligation	(537,844)	(594,797)
Net pension liability	938,457	(360,038)
Change in deferred inflows of resources - increase(decrease)		
Deferred amounts related to net OPEB obligation	68,942	219,553
Deferred amounts related to net pension liability	(339,319)	1,368,725
Total adjustments	<u>12,936,016</u>	<u>8,019,961</u>
Net cash provided by operating activities	<u>\$ 24,543,955</u>	<u>\$ 14,242,043</u>
Noncash investing, capital and financing transactions		
Change in fair-value of investments	<u>\$ (1,971,653)</u>	<u>\$ 1,648,770</u>
Amortization of bond premium	<u>\$ 684,747</u>	<u>\$ 861,710</u>
Amortization of deferred amounts related to refunding of long-term debt	<u>\$ (323,584)</u>	<u>\$ (525,620)</u>

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 1 – DESCRIPTION OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

A. Description of Organization

The Calleguas Municipal Water District (the District) was organized in December 1953 as a special district under the State of California Water Code Sections 71001 et seq. to provide a supplemental supply of water for the portion of Ventura County lying within District boundaries. The Board of Directors consists of five members, which has governance responsibilities over all activities related to the District. Board members are elected by the public to four-year terms. They have decision-making authority, power to designate management, responsibility to significantly influence operations and accountability for fiscal matters.

The criteria used in determining the scope of the financial reporting entity is based on the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity (GASB Statement No. 61). The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

B. Basis of Presentation, Basis of Accounting

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise, where the intent of the District is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

Operating revenues are those revenues that are generated from the primary operations of the District. The District reports a measure of operations by presenting the change in net position from operations as operating income in the statement of revenues, expenses, and changes in net position. Operating activities are defined by the District as all activities other than financing and investing activities (interest expense and investment income), grants and subsidies, and other infrequently occurring transactions of a non-operating nature. Operating expenses are those expenses that are essential to the primary operations of the District. All other expenses are reported as non-operating expenses.

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

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

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

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers all highly liquid investments with a maturity of 90 days or less, when purchased, to be cash equivalents. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

2. Investments

Investments are reported at fair value except for short-term investments, which are reported at cost, which approximates fair value. Cash deposits are reported at carrying amount, which reasonably estimates fair value. Investments in governmental investment pools are reported at fair value based on the fair value per share of the pool's underlying portfolio.

In accordance with fair value measurements, the District categorizes its assets and liabilities measured at fair value into a three-level hierarchy based on the priority of the inputs to the valuation technique used to determine fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used in the determination of the fair value measurement fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement.

Financial assets and liabilities recorded on the balance sheet are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds. The District has the ability to access the holding and quoted prices as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect the District's own assumptions about the factors market participants would use in pricing an investment, and is based on the best information available in the circumstances.

3. Restricted Assets

Amounts shown as restricted assets have been restricted by either bond indentures, external constraints, or laws and regulations of other governments.

4. Receivables and Allowance for Doubtful Accounts

The District grants credit to its customers, substantially all of whom are member purveyors in Ventura County, California. The District charges doubtful accounts arising from receivables to bad debt expense when it is probable that the accounts will be uncollectible.

5. Prepaids

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

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

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

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

6. Inventories and Water in Storage

Supply inventories maintained by the District consist primarily of pipes, valves, and various fittings. Inventories are valued at lower of cost or market using the first-in, first-out method. Water in storage is valued at average cost.

7. Capital Assets

Capital assets are stated at cost or at their estimated fair value at date of donation. It is the District's policy to capitalize assets costing over \$5,000. The provision for depreciation is computed using the straight-line method over the estimated service lives of the capital assets. Estimated service lives for the District's classes of assets are as follows:

Description	Estimated Lives
Water distribution system	10-50 years
Buildings and improvements	10-50 years
Equipment	5-10 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

9. Compensated Absences

The District's policy permits employees to accumulate earned but unused vacation benefits up to 480 hours. Any excess accumulation is forfeited by the employees if they reach the maximum limit. Upon termination, retirement or death of an employee, the District pays any accrued vacation in a lump-sum payment to the employee or beneficiary. All accumulated vacation is recorded as an expense and a liability at the time the benefit is earned.

10. Pensions

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

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

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

C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position (continued)

10. Pensions (continued)

The following timeframes are used for pension reporting:

Valuation Date June 30, 2020
Measurement Date June 30, 2020
Measurement Period July 1, 2020 to June 30, 2020

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retirees) as of the beginning of the measurement period.

11. Postemployment Benefits Other Than Pensions (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 District's Retiree Benefits Plan ("the Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments which are reported at cost.

The following timeframes are used for OPEB reporting:

Valuation Date June 30, 2020
Measurement Date June 30, 2020
Measurement Period July 1, 2020 to June 30, 2020

12. Net Position

Net position is classified into two components: net investment in capital assets and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted net position** - This component of net position is restricted by external creditors, grantors, contributors or laws or regulations of other governments.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

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

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

E. Property Taxes

The Ventura County Assessor's Office assesses all real and personal property within the County each year. The Ventura County Tax Collector's Office bills and collects the District's share of property taxes. The Ventura County Auditor-Controller's Office remits current property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article XIII A of the State Constitution at one percent (1%) of countywide assessed valuations. Property taxes receivable at year-end are related to property taxes collected by the Ventura County Tax Collector's Office, which have not been credited to the District's cash balance as of June 30.

The property tax calendar is as follows:

Lien date March 1
Levy date July 1
Due dates November 1 and March 1
Collection dates December 10 and November 10

NOTE 2 – CASH AND INVESTMENTS

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

<u>Description</u>	<u>June 30, 2021</u>
Cash and cash equivalents	\$ 3,101,899
Investments	183,213,155
Restricted – investments	8,790,815
Total cash and investments	\$ 195,105,869

Cash and investments consisted of the following:

<u>Description</u>	<u>June 30, 2021</u>
Petty cash	\$ 1,400
Demand deposits held with financial institutions	3,100,498
Investments	192,003,971
Total cash and investments	\$ 195,105,869

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 2 – CASH AND INVESTMENTS (continued)

Demand Deposits with Financial Institutions

At June 30, 2021, the carrying amount of the District’s demand deposits were \$3,100,498 and the financial institution’s balances were \$3,115,066. The net difference represents outstanding checks, deposits-in-transit and/or other reconciling items between the financial institution’s balance and the District’s balance for each year.

Custodial Credit Risk – Deposits

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 counterparty (e.g., broker-dealer) to a transaction 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. As of June 30, 2021, the District’s deposits were covered by the Federal Deposit Insurance Corporation insurance limits or collateralized as required by California law.

Investments

The District’s investments as of June 30, 2021 are presented in the following Investment Table:

Type of Investments	Measurement Input	Credit Rating	Total Fair Value	Maturity		
				12 Months or Less	13 to 24 Months	25 to 120 Months
U.S. treasury obligations	Level 2	N/A	\$ 47,117,641	\$ 25,221,885	\$ 21,895,756	\$ -
U.S. government sponsored agency securities	Level 2	A to AAA	27,812,999	16,335,120	9,479,759	1,998,120
Asset-backed securities	Level 2	A to AAA	25,134,925	16,627,341	6,309,906	2,197,678
Medium-term corporate notes	Level 2	A to AAA	43,219,066	28,787,061	9,692,984	4,739,021
Municipal securities	Level 2	A to AAA	21,036,209	5,255,292	10,662,689	5,118,228
Foreign bonds	Level 2	A to AAA	2,421,799	2,421,799	-	-
Local Agency Investment Fund (LAIF)	N/A	N/A	5,037,517	5,037,517	-	-
Ventura County Investment Pool (VCIP)	N/A	N/A	812,061	812,061	-	-
Money-market mutual funds	N/A	N/A	10,620,939	10,620,939	-	-
Held by bond trustee:						
Money-market mutual funds	N/A	N/A	8,790,815	8,790,815	-	-
Total investments			\$ 192,003,971	\$ 119,909,830	\$ 58,041,094	\$ 14,053,047

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 2 – CASH AND INVESTMENTS (continued)

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

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. The table does not address investments of debt proceeds held by bond trustees that are governed by the provisions of debt agreements of the District or the investment of funds within the OPEB Trust that are governed by the agreement between the District and the Trustee, rather than the general provisions 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>Maximum Investment in One Issuer</u>	<u>Minimum Credit Rating</u>
U.S. Treasury Obligations	5-years	None	None	N/A
U.S. Government Sponsored Agency Securities	5-years	None	50%	None
Asset-Backed Securities	5-years	15%	5%	AAA
Banker's Acceptances	180 days	40%	5%	A-1
Collateralized Certificates-of-Deposit	5-years	30%	5%	\$250k deposit
Commercial Paper	270 days	25%	5%	AA above
Medium- Term Notes	5-years	30%	5%	A, A2
Money-Market Funds	None	20%	5%	AAAm, Aaa
MortgageBacked Securities	5-years	15%	5%	AAA, Aaa
Municipal Securities	5-years	20%	None	A, A2
California Local Agency Investment Fund (LAIF)	None	15%	15%	None
County of Ventura Investment Pool	None	15%	15%	None

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.

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

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. One of the ways that the District manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by in the Investment Table that shows the distribution of the District's investments by maturity as of June 30, 2021.

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 in the Investment Table are Standard & Poor's credit ratings for the District's investments as of June 30, 2021. U.S. treasury obligations are not required to be rated and therefore no rating has been assigned.

Fair Value Measurements

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

Investment in State Investment Pool

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

Investment in Ventura County Investment Pool

The District is a voluntary participant in the Ventura County Investment Pool (VCIP) that is regulated by the California Government Code under the oversight of the Treasurer of the County of Ventura, 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 prorated share of the fair value provided by the VCIP for the entire VCIP portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the VCIP, which are recorded on an amortized cost basis.

CALLEGUAS MUNICIPAL WATER DISTRICT
Notes to Financial Statements
June 30, 2021

NOTE 3 – RESTRICTED ASSETS AND NET ASSETS

The balance at June 30, 2021 consists of the following:

<u>Description</u>	<u>June 30, 2021</u>
Restricted – investments	<u>\$ 8,790,815</u>
Total restricted net position	<u>\$ 8,790,815</u>

Restricted assets are investments of debt proceeds held by the bond trustees as debt service reserves.

NOTE 4 – INVENTORY – WATER-IN-STORAGE

The balance at June 30, 2021 consists of the following:

<u>Description</u>	<u>June 30, 2021</u>
Groundwater wellfield basin	\$ 43,543,158
Lake Bard	10,601,198
Transmission system	<u>321,374</u>
Total water-in-storage	<u>\$ 54,465,730</u>

CALLEGUAS MUNICIPAL WATER DISTRICT
Notes to Financial Statements
June 30, 2021

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Changes in capital assets for the fiscal year ended June 30, 2021, were as follows:

Description	Balance July 1, 2020	Additions	Deletions/ Transfers	Balance June 30, 2021
Non-depreciable assets:				
Land and rights of way	\$ 11,324,635	\$ 955,199	\$ (4,963)	\$ 12,274,871
Construction-in-process	36,582,895	7,507,895	(27,079,909)	17,010,881
Total non-depreciable assets	<u>47,907,530</u>	<u>8,463,094</u>	<u>(27,084,872)</u>	<u>29,285,752</u>
Depreciable assets:				
Water distribution system	571,105,171	9,652,462	(969,528)	579,788,105
Buildings and improvements	23,269,473	13,715,390	-	36,984,863
Equipment	27,042,970	1,413,524	(32,853)	28,423,641
Total depreciable assets	<u>621,417,614</u>	<u>24,781,376</u>	<u>(1,002,381)</u>	<u>645,196,609</u>
Accumulated depreciation:				
Water distribution system	(180,536,499)	(11,557,913)	426,606	(191,667,806)
Buildings and improvements	(1,848,492)	(907,079)	-	(2,755,571)
Equipment	(16,941,053)	(2,296,012)	32,853	(19,204,212)
Total accumulated depreciation	<u>(199,326,044)</u>	<u>(14,761,004)</u>	<u>459,459</u>	<u>(213,627,589)</u>
Total depreciable assets, net	<u>422,091,570</u>	<u>10,020,372</u>	<u>(542,922)</u>	<u>431,569,020</u>
Total capital assets, net	<u>\$ 469,999,100</u>	<u>\$ 18,483,466</u>	<u>\$ (27,627,794)</u>	<u>\$ 460,854,772</u>

NOTE 6 – COMPENSATED ABSENCES

Summary changes to compensated absences balances for the year ended June 30, 2021, were as follows:

Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due Within One Year	Due in More Than One Year
\$ 737,688	\$ 375,623	\$ (280,997)	\$ 832,314	\$ 124,847	\$ 707,467

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 7 – BONDS PAYABLE

Changes in bonds payable for the year ended June 30, 2021, were as follows:

Description	Balance			Balance June 30, 2021	Current Portion	Long-term Portion
	July 1, 2020	Additions	Deductions			
2008 Series A	\$ 40,300,000	\$ -	\$ -	\$ 40,300,000	\$ -	\$ 40,300,000
2010 Series A	2,540,000	-	(2,540,000)	-	-	-
2010 Series B	77,400,000	-	-	77,400,000	2,650,000	74,750,000
2012 Series A	3,870,000	-	(3,870,000)	-	-	-
2014 Series A	42,525,000	-	(35,660,000)	6,865,000	1,595,000	5,270,000
2016 Series A	23,515,000	-	(1,355,000)	22,160,000	1,410,000	20,750,000
2021 Series A	-	39,145,000	-	39,145,000	-	39,145,000
Sub-total bonds payable	190,150,000	39,145,000	(43,425,000)	185,870,000	5,655,000	180,215,000
Less: Unamortized bond – premiums	5,326,932	-	(3,238,602)	2,088,330	-	2,088,330
Total bonds payable	\$ 195,476,932	\$ 39,145,000	\$ (46,663,602)	\$ 187,958,330	\$ 5,655,000	\$ 182,303,330

The annual debt service requirements, including computing interest at 1.78% for the 2008 Series A Refunding Revenue Bonds, for all the Bonds outstanding at June 30, 2021, are as follows:

Fiscal Year	Principal	Interest	Total
2022	\$ 5,655,000	\$ 7,205,167	\$ 12,860,167
2023	7,720,000	7,201,856	14,921,856
2024	8,025,000	6,958,869	14,983,869
2025	8,340,000	6,698,649	15,038,649
2026	8,635,000	6,451,448	15,086,448
2027-2031	47,735,000	27,163,686	74,898,686
2032-2036	57,765,000	16,249,240	74,014,240
2037-2041	41,995,000	4,393,115	46,388,115
Total	185,870,000	\$ 82,322,030	\$ 268,192,030
Current	(5,655,000)		
Long-term	\$ 180,215,000		

Changes in the deferred outflows of resources regarding the loss on refunding of the revenue bonds for the year ended June 30, 2021, was as follows:

Description	Balance			Balance June 30, 2021
	July 1, 2020	Additions	Deletions	
Deferred amounts related to refunding	\$ 3,926,584	\$ 4,244,327	\$ (2,439,668)	\$ 5,731,243

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 7 – BONDS PAYABLE (continued)

2008 Series A Variable Rate Refunding Revenue Bonds

Pursuant to an indenture dated March 1, 2008, the Calleguas-Las Virgenes Public Financing Authority issued the 2008 Series A Variable Rate Refunding Revenue Bonds in the amount of \$40,300,000 to provide funds to the District to refund the 2007 Series B Auction Rate Revenue Bonds and pay costs of issuance. Principal is payable annually on July 1 of each year beginning July 1, 2022 and ending July 1, 2037. Interest is paid at a variable rate, which is determined weekly. Interest is payable monthly on the first business day of the month so long as the bonds bear interest at the weekly rate. The District, at its option, may convert the bonds to a fixed interest rate upon 60 days' notice to the bond counsel. Payments of principal redemption (but not any premium) and interest are supported by a letter of credit issued by Wells Fargo Bank, National Association. The credit facility will also be drawn on if other funds are not available to purchase bonds tendered by the owner. At June 30, 2021, the outstanding balance on the 2008 Series A Variable Rate Refunding Revenue Bonds amounted to \$40,300,000.

2010 Series A Tax-Exempt Water Revenue Bonds

Pursuant to an indenture dated February 1, 2010, the Calleguas-Las Virgenes Public Financing Authority issued the 2010 Series A Tax-Exempt Water Revenue Bonds in the amount of \$21,355,000 to provide funds to the District to finance the acquisition and construction of water system improvements and pay costs of issuance. Principal is payable annually on July 1 of each year with the final payment due on July 1, 2020, and interest is payable semiannually on July 1 and January 1 of each year bearing interest rates ranging from 2.5% to 5.0%. At June 30, 2021, the outstanding balance on the 2010 Series A Tax-Exempt Water Revenue Bonds amounted to \$0.

2010 Series B Water Revenue Bonds

Pursuant to an indenture dated February 1, 2010, the Calleguas-Las Virgenes Public Financing Authority issued the 2010 Series B Water Revenue Bonds in the amount of \$77,400,000 to provide funds to the District to finance the acquisition and construction of water system improvements and pay costs of issuance. Principal is payable annually on July 1 of each year with the final payment due July 1, 2040, and interest is payable semiannually on July 1 and January 1 of each year bearing interest rates ranging from 5.449% to 5.944%. The bonds are federally taxable Build America Bonds issued under the American Recovery and Reinvestment Act of 2009. Under the Build America Bonds program, the District will receive a cash subsidy from the U.S. Treasury equal to 35% of the interest paid, payable biannually. The bonds are subject to mandatory sinking fund requirements starting July 1, 2021. At June 30, 2021, the outstanding balance on the 2010 Series B Water Revenue Bonds amounted to \$77,400,000.

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 7 – BONDS PAYABLE (continued)

2012 Series A Refunding Revenue Bonds

Pursuant to an indenture dated June 1, 2012, the Calleguas-Las Virgenes Public Financing Authority issued the 2012 Series A Refunding Revenue Bonds in the amount of \$29,115,000 to provide funds to the District refund and defease the 2003 Series B Refunding Revenue Bonds and pay costs of issuance. Principal is payable annually on July 1 of each year with the final payment due July 1, 2021, and interest is payable semiannually on July 1 and January 1 of each year bearing interest rates ranging from 1.418% to 2.601%. The net proceeds of the 2012 Series A Refunding Revenue Bonds and amounts from the 2003 Series B Refunding Revenue Bonds reserve funds were deposited in an irrevocable trust with an escrow agent to purchase U.S. government securities to provide for debt service and refunding of the 2003 Series B Refunding Revenue Bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$2.1 million. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2020 using the straight-line method. The advance refunding decreased the total debt service payments by approximately \$2,720,974 over the nine years and resulted in an economic gain of \$2,500,706. For financial reporting purposes, the 2003 Series B Refunding Revenue Bonds has been considered defeased and therefore removed as a liability from the financial statements. The 2003 Series B Refunding Revenue Bonds were redeemed on July 1, 2013. At June 30, 2021, the outstanding balance of the 2012 Series A Refunding Revenue Bonds amounted to \$0.

2014 Series A Refunding Revenue Bonds

Pursuant to an indenture dated June 1, 2014, the Calleguas-Las Virgenes Public Financing Authority issued the 2014 Series A Refunding Revenue Bonds in the amount of \$46,660,000 to provide funds to the District to partially refund and defease the 2007 Series A Revenue Bonds and pay costs of issuance. Principal is payable annually on July 1 of each year with the final payment due July 1, 2037, and interest is payable semiannually on July 1 and January 1 of each year bearing interest rates ranging from 3.75% to 5.0%. The net proceeds of the 2014 Series A Refunding Revenue Bonds and amounts from the 2007 Series A Revenue Bonds reserve fund were deposited in an irrevocable trust with an escrow agent to purchase U.S. government securities to provide for debt service and refunding of the 2007 Series A Revenue Bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$3.9 million. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2037 using the straight-line method. The advance refunding decreased the total debt service payments by approximately \$4,543,860 over the 23 years and resulted in an economic gain of \$3,169,541. For financial reporting purposes, the 2007 Series A Revenue Bonds has been considered partially defeased and therefore partially removed as a liability from the financial statements. The 2007 Series A Revenue Bonds were redeemed on July 1, 2016.

In 2021, the District advanced refunded \$34,145,000 of the 2014 Series A bonds. At June 30, 2021, the outstanding balance of the 2014 Series A Refunding Revenue Bonds amounted to \$6,865,000.

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 7 – BONDS PAYABLE (continued)

2016 Series A Refunding Revenue Bonds

Pursuant to an indenture dated April 1, 2016, the Calleguas-Las Virgenes Public Financing Authority issued the 2016 Series A Refunding Revenue Bonds in the amount of \$27,585,000 to provide funds to the District to partially refund and defease the 2014 Series A Revenue Bonds and pay costs of issuance. Principal is payable annually on July 1 of each year with the final payment due July 1, 2032, and interest is payable semiannually on July 1 and January 1 of each year bearing interest rates ranging from 3% to 5%. The net proceeds of the 2016 Series A Refunding Revenue Bonds and amounts from the 2006 Series A Revenue Bonds reserve fund were deposited in an irrevocable trust with an escrow agent to purchase U.S. government securities to provide for debt service and refunding of the 2006 Series A Revenue Bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$1.5 million. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2032 using the straight-line method. The advance refunding decreased the total debt service payments by \$4,917,385 over the 17 years and resulted in an economic gain of \$4,105,122. For financial reporting purposes, the 2006 Series A Revenue Bonds has been considered defeased and therefore partially removed as a liability from the financial statements. The 2006 Series A Revenue Bonds were redeemed on July 1, 2016. At June 30, 2021, the outstanding balance of the 2016 Series A Refunding Revenue Bonds amounted to \$22,160,000.

2021 Series A Refunding Revenue Bonds

Pursuant to an indenture dated April 6, 2021, the Calleguas-Las Virgenes Public Financing Authority issued the 2021 Series A Refunding Revenue Bonds in the amount of \$39,145,000 to provide funds to the District to partially refund and defease the 2014 Series A Revenue Bonds and pay costs of issuance. Principal is payable annually on July 1 of each year with the final payment due July 1, 2037, and interest is payable semiannually on July 1 and January 1 of each year bearing interest rates ranging from 0.135% to 2.565%. The net proceeds of the 2021 Series A Refunding Revenue Bonds and amounts from the 2014 Series A Revenue Bonds reserve fund were deposited in an irrevocable trust with an escrow agent to purchase U.S. government securities to provide for debt service and refunding of the 2014 Series A Revenue Bonds. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of approximately \$1.8 million. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2037 using the straight-line method. The advance refunding decreased the total debt service payments by approximately \$3,602,871 over the 16 years and resulted in an economic gain of \$2,721,398. For financial reporting purposes, the 2014 Series A Revenue Bonds has been considered partially defeased and therefore partially removed as a liability from the financial statements. The 2014 Series A Revenue Bonds were redeemed on April 6, 2021.

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 7 – BONDS PAYABLE (continued)

General Provisions

The Board of Directors of the District passed resolution number 823 as amended by resolution number 889 to govern certain provisions applicable to all debt securities issued by the District, the parity obligations. Under these resolutions, and the terms of the debt agreements, all net operating revenues of the District, as defined, are irrevocably pledged for debt service. The bonds are subject to a rate covenant, which states that the District must collect net operating revenues, as defined, equal to or greater than 125% of the installment payments due on all parity obligations plus certain reserves. The District is prohibited from issuing additional parity obligations if the rate covenant is less than 125% for the 12 consecutive month period prior to issuance of the new obligations. The bond obligation's principal and interest payments are payable from net operating revenues received by the District from all sources including amounts held in accounts established by the bond indenture.

The District is required by bond indenture covenants to allocate all revenues in the following order each month:

1. An amount sufficient to provide for the current and next succeeding calendar month's estimated maintenance and operations.
2. An amount equal to the monthly pro rata share of the interest payable on the next interest payment date for all outstanding fixed rate parity obligations and 110% of the estimated interest payable on outstanding variable rate parity obligations.
3. One-twelfth the aggregate annual principal amount due on outstanding parity obligations.
4. One-sixth of any deficiency in reserve funds required by the parity obligations.
5. The remainder can be used to pay other obligations of the District that are subordinate to the parity obligations, finance construction or for any other legal use.

Line of Credit

In conjunction with the issuance of the 2008 Series A Variable Rate Refunding Revenue Bonds, the District had a line of credit in the amount of \$40,903,891 that was used to fund construction. The line of credit expires on April 24, 2022. As of June 30, 2021, no amounts are drawn on the line of credit.

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Summary

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

<u>Description</u>	<u>2021</u>
OPEB related deferred outflows	\$ 748,932
Net other post-employment benefits obligation	1,439,572
OPEB related deferred inflows	319,445

A. General Information about the OPEB Plan

Plan description

The District through an agent multiple-employer defined benefit plan, offers post-retirement health insurance benefits to retired employees. Retired employees hired by the District before July 1, 1995 are eligible to receive benefits, equal to their full insurance premium, if the employee has reached age 50, has five years of covered service and retires directly from the District. Retired employees hired by the District on or after July 1, 1995 and before January 1, 2013 are eligible to receive benefits, equal to the premium for the second highest premium for insurance products offered through the CalPERS Public Employees' Medical & Hospital Care Act (PEMHCA) plan, if the employee has reached age 50, has 12 years of District service and retires directly from the District. Retirees hired on or after July 1, 1995 that have not met the service requirement are entitled to the minimum PEMHCA premium. The plan also has provisions for surviving spouses and disability. Benefits are paid either to CalPERS or directly to the retiree if the retiree has elected out of CalPERS. Retired employees hired on or after January 1, 2013 receive no direct reimbursement for the cost of health insurance. During their employment, the District makes contributions to a Health Savings Account Plan designed to provide reimbursement of qualified medical expenses upon retirement under the provisions of Section 213(d) of the Internal Revenue Service Tax Code. The District entered into an agreement with California Employers' Retiree Benefit Trust (CERBT) to prefund the District's OPEB liability.

Employees Covered

As of the June 30, 2020, the measurement date, the following current and former employees were covered by the benefit terms under the plan:

	<u>2021</u>
Inactive plan members or beneficiaries currently receiving benefit payments	34
Inactive plan members entitled to but not yet receiving benefit payments	4
Active plan members	68
Total	<u>106</u>

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District and/or the District's Board of Directors. Currently, contributions are not required from plan members. The District has been typically funding this OPEB plan on a pay-as-you-go basis; however, recently contributions have been made to an OPEB Trust.

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan (continued)

Contributions

Benefit provisions and contribution requirements are established and may be amended through agreements and memorandums of understanding between the District and its employees. The plan does not require employee contributions. Administrative costs of this plan are financed by the District. For fiscal year ended June 30, 2020, the measurement period, the District's contributions totaling \$786,810 included \$461,000 placed in its CERBT OPEB Trust, \$288,810 in current year premium payments, and an implied subsidy of \$37,00.

Accounting for the Plan

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

Method Used to Value Investments

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

B. Net OPEB Liability

The District's total OPEB liability was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2020. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry age normal, level percentage of payroll
Asset Valuation Method	Market value of assets as of the measurement date
Actuarial Assumptions:	
Discount Rate	6.25%
Long-Term Expected	
Rate of Return on Investments	6.25%
Inflation	2.75%
Payroll increases	3.00% per year
Medical trend rates	Non-medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0 in 2076 Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0 in 2076
Mortality	CalPERS 1997-2015 Experience Study
Mortality improvement	Post-retirement mortality projected fully generational with Society of Actuaries Scale MP-2017

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

B. Net OPEB Liability (continued)

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Golabl equity	40.00%	4.82%
Fixed income	43.00%	1.47%
TIPS	5.00%	1.29%
Commodities	4.00%	0.84%
REITs	8.00%	3.76%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that the City's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in the Net OPEB Liability

The changes in the total OPEB liability are as follows:

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at July 1, 2019 (Measurement date July 1, 2018)	\$ 10,614,978	\$ 8,637,562	\$ 1,977,416
Changes for the year:			
Service cost	238,765	-	238,765
Interest	668,177	-	668,177
Differences in experience	-	-	-
Changes in assumption	(194,648)	-	(194,648)
Employer contributions	-	786,810	(786,810)
Net investment income	-	467,591	(467,591)
Benefit payments	(325,810)	(325,810)	-
Administrative expenses	-	(4,263)	4,263
Net changes	386,484	924,328	(537,844)
Balance at June 30, 2020 (Measurement date June 30, 2019)	\$ 11,001,462	\$ 9,561,890	\$ 1,439,572

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

C. Changes in the Net OPEB Liability (continued)

Changes of Assumptions

As of June 30, 2020, the measurement period, the mortality improvement scale was updated to Scale MP-2019.

Change of Benefit Terms

As of June 30, 2020, the measurement period, there were no changes in benefits.

Subsequent Events

Measurement Date June 30, 2019 – ACA excise tax was repealed in December 2019.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.25%) or 1 percentage point higher (7.25%) than the current discount rate:

	<u>1% Decrease</u> <u>5.25%</u>	<u>Discount Rate</u> <u>6.25%</u>	<u>1% Increase</u> <u>7.25%</u>
Net OPEB Liability	<u>\$ 3,044,867</u>	<u>\$ 1,439,572</u>	<u>\$ 127,071</u>

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using medical trend rates that are 1-percentage point lower:

	Healthcare Cost		
	<u>6.25% Decreasing</u> <u>to 3.0%</u>	<u>7.25% Decreasing</u> <u>to 4.0%</u>	<u>8.25% Decreasing</u> <u>to 5.0%</u>
Net OPEB Liability	<u>\$ (112,920)</u>	<u>\$ 1,439,572</u>	<u>\$ 3,382,211</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$309,854. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Account Description</u>	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
OPEB contributions made after the measurement date	\$ 740,878	\$ -
Changes in assumptions	-	(220,629)
Differences between expected and actual experience	-	(98,816)
Differences between projected and actual earnings on OPEB plan investments	8,054	-
Total Deferred Outflows/(Inflows) of Resources	<u>\$ 748,932</u>	<u>\$ (319,445)</u>

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

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

The differences between projected and actual earnings on plan investments is amortized over five years. The District reported \$740,8787 as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

<u>Amortization Period</u> <u>Fiscal Year Ended June 30</u>	<u>Deferred</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2022	\$ (61,637)
2023	(49,981)
2024	(50,986)
2025	(37,654)
2026	(52,078)
Thereafter	<u>(59,055)</u>
Total	<u>\$ (311,391)</u>

At June 30, 2021, the District had no outstanding amounts of contributions to the OPEB plan required for the year ended June 30, 2021.

NOTE 9 – PENSION PLAN

Summary

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

<u>Description</u>	<u>2021</u>
Pension related deferred outflows	\$ 2,936,839
Net pension liability	6,835,529
Pension related deferred inflows	1,317,253

Qualified employees are covered under a multiple-employer defined benefit pension plan maintained by agencies of the State of California known as the California Public Employees' Retirement System (CalPERS), or "The Plan".

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 9 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

The Plan

The District has engaged with CalPERS to administer the following pension plans for its employees (members):

	Miscellaneous Plans	
	Classic Tier 1	PEPRA Tier 2
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5-years of service	5-years of service
Benefits payments	monthly for life	monthly for life
Retirement age	50 - 67 & up	52 - 67 & up
Monthly benefits, as a % of eligible compensation	1.426%-2.418%	1.0% to 2.5%
Required member contribution rates	6.906%	6.750%
Required employer contribution rates – FY 2021	9.680%	6.985%

Plan Description

The District contributes to the California Public Employees’ Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. A full description of the pension plan, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2020 Annual Actuarial Valuation Reports. This report and CalPERS’ audited financial statements are publicly available reports that can be obtained at CalPERS’ website under Forms and Publications.

At June 30, 2020 measurement date, the following members were covered by the benefit terms:

Plan Members	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Active members	47	21	68
Transferred and terminated members	20	3	23
Retired members and beneficiaries	56	-	56
Total plan members	123	24	147

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

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 9 – PENSION PLAN (continued)

A. General Information about the Pension Plan (continued)

Benefits Provided

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

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 actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Contributions for the year ended June 30, 2021, were as follows:

Contribution Type	Miscellaneous Plans		Total
	Classic Tier 1	PEPRA Tier 2	
Contributions – employer	\$ 1,073,084	\$ 143,163	\$ 1,216,247

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

Proportionate Share of Net Pension Liability and Pension Expense

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2020, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, rolled forward to June 30, 2020, using standard update procedures. The District's proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 9 – PENSION PLAN (continued)

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

Proportionate Share of Net Pension Liability and Pension Expense (continued)

The following table shows the District’s proportionate share of the risk pool collective net pension liability over the measurement period for the Miscellaneous Plan for the fiscal year ended June 30, 2020:

<u>Plan Type and Balance Descriptions</u>	<u>Plan Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Change in Plan Net Pension Liability</u>
CalPERS – Miscellaneous Plan:			
Balance as of June 30, 2019 (Measurement Date)	\$ 43,987,526	\$ 38,090,454	\$ 5,897,072
Balance as of June 30, 2020 (Measurement Date)	\$ 47,022,963	\$ 40,187,434	\$ 6,835,529
Change in Plan Net Pension Liability	\$ 3,035,437	\$ 2,096,980	\$ 938,457

The District’s proportionate share percentage of the net pension liability for the June 30, 2020, measurement date was as follows:

	<u>Percentage Share of Risk Pool</u>		
	<u>Fiscal Year Ending June 30, 2021</u>	<u>Fiscal Year Ending June 30, 2020</u>	<u>Change Increase/ (Decrease)</u>
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	
Measurement Date			
Percentage of Risk Pool Net Pension Liability	0.162053%	0.147261%	0.014792%
Percentage of Plan Net Pension Liability	0.062824%	0.057549%	0.005275%

For the fiscal year ended June 30, 2021, the District recognized pension expense of \$2,162,066. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Account Description</u>	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions made after the measurement date	\$ 1,216,247	\$ -
Difference between actual and proportionate share of employer contributions	766,554	(570,979)
Adjustment due to differences in proportions	398,722	(697,521)
Differences between expected and actual experience	352,255	-
Differences between projected and actual earnings on pension plan investments	203,061	-
Changes in assumptions	-	(48,753)
Total Deferred Outflows/(Inflows) of Resources	\$ 2,936,839	\$ (1,317,253)

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 9 – PENSION PLAN (continued)

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

Proportionate Share of Net Pension Liability and Pension Expense (continued)

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

An amount of \$1,216,247 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as a reduction to pension expense as follows:

<u>Amortization Period</u> <u>Fiscal Year Ended June 30</u>	<u>Deferred</u> <u>Outflows/(Inflows)</u> <u>of Resources</u>
2022	\$ 88,317
2023	120,126
2024	97,502
2025	97,394
Total	<u>\$ 403,339</u>

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

For the measurement period ending June 30, 2020 (the measurement date), the total pension liability was determined by rolling forward the June 30, 2019, total pension liability. The June 30, 2020, total pension liability was based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 9 – PENSION PLAN (continued)

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

Long-term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

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

<u>Investment Type</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1 - 10¹</u>	<u>Real Return Years 11+²</u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
	<u>100.0%</u>		

¹ An expected inflation of 2.0% is used for years 1-10.

² An expected inflation of 2.9% is used for years 11+.

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Subsequent Events

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

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 9 – PENSION PLAN (continued)

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

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

The following presents the net pension liability/(asset) of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

Plan Type	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
CalPERS – Miscellaneous Plan	13,093,138	\$ 6,835,529	\$ 1,665,064

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report and can be obtained from CalPERS' website under Forms and Publications.

C. Payable to the Pension Plans

At June 30, 2021, the District reported no payables for outstanding contributions to the CalPERS pension plan required for the year ended June 30, 2021.

NOTE 10 – NET INVESTMENT IN CAPITAL ASSETS

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

Description	June 30, 2021	June 30, 2020
Net investment in capital assets:		
Capital assets – not being depreciated	\$ 29,285,752	\$ 47,907,530
Capital assets, net – being depreciated	431,569,020	422,091,570
Deferred amounts – refunding of long-term debt	5,731,242	3,926,584
Bonds payable – current portion	(5,655,000)	(9,280,000)
Bonds payable – non-current portion	<u>(182,303,330)</u>	<u>(186,196,932)</u>
Total net investment in capital assets	\$ 278,627,684	\$ 278,448,752

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 11 – DEFERRED COMPENSATION SAVINGS PLAN

For the benefit of its employees, the District participates in two 457 Deferred Compensation Programs (Programs). The purpose of these Programs is to provide deferred compensation for public employees that elect to participate in the Programs. Generally, eligible employees may defer receipt of a portion of their salary until termination, retirement, death, or unforeseeable emergency. Until the funds are paid or otherwise made available to the employee, the employee is not obligated to report the deferred salary for income tax purposes.

Federal law requires deferred compensation assets to be held in trust for the exclusive benefit of the participants. Accordingly, the District is in compliance with this legislation. Therefore, these assets are not the legal property of the District, and are not subject to claims of the District's general creditors.

The District has implemented GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Since the District has little administrative involvement and does not perform the investing function for this plan, the assets and related liabilities are not shown on the accompanying financial statements.

NOTE 12 – 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 Insurance Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

A. Entity	ACWA-JPIA
B. Purpose	To pool member contributions and realize the advantages of self-insurance
C. Participants	As of June 30, 2020 – 396 member districts
D. Governing board	Nine representatives employed by members
E. Condensed financial information	September 30, 2020
Audit signed	April 7, 2021
Statement of financial position:	Sept 30, 2020
Total assets	<u>\$ 237,525,073</u>
Deferred outflows	<u>1,054,750</u>
Total liabilities	<u>113,075,164</u>
Deferred inflows	<u>1,817,452</u>
Net position	<u>\$ 123,687,207</u>
Statement of revenues, expenses and changes in net position:	
Total revenues	\$ 197,639,443
Total expenses	<u>(172,886,738)</u>
Change in net position	24,752,705
Beginning - net position	<u>98,934,502</u>
Ending - net position	<u>\$ 123,687,207</u>
F. Member agencies share of year-end financial position	Not Calculated

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 12 – RISK MANAGEMENT (continued)

The District participated in the self-insurance programs of the Insurance Authority as follows:

Property Loss – The Insurance Authority has pooled self-insurance up to \$100,000 per occurrence and has purchased excess insurance coverage up to \$500,000,000 (total insurable value of \$48,405,017). The District has a \$2,500 deductible for buildings, personal property and fixed equipment, a \$25,000/\$50,000 deductible for accidental mechanical breakdown, a \$1,000 deductible for mobile equipment, and a \$500 deductible for licensed vehicles.

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

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

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

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

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

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

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

The District pays annual premiums for these coverages. They are subject to retrospective adjustments based on claims expended. The nature and amount of these adjustments cannot be estimated and are charged to expenses as invoiced. There were no instances in the past three years where a settlement exceeded the District's coverage. Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the years ending June 30, 2021, 2020, and 2020. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2021, 2020, and 2020.

Unemployment Insurance – The District has elected to participate in a self-insured unemployment insurance plan with the State of California, whereby unemployment insurance claims are reimbursed directly to the Employment Development Department as incurred. These payments are made in lieu of funding an account through regular quarterly payroll tax contributions. There were no material expenditures for unemployment insurance claims for the year ended June 30, 2021.

CALLEGUAS MUNICIPAL WATER DISTRICT

Notes to Financial Statements

June 30, 2021

NOTE 13 – RELATED-PARTY TRANSACTIONS

A member of the District's Board of Directors retired from a construction company in 2003. The Board member's direct family member currently serves as the President and CEO of the construction company. In fiscal year 2020-2021, the District paid \$428,086 to the construction company for services provided. In addition, as of June 30, 2021, the District has outstanding contracts with the construction company totaling \$100,583.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

Construction Contracts

At June 30, 2021, the District had capital projects under construction with an estimated cost to complete of approximately \$8,748,845.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

NOTE 15 – CURRENT AND SUBSEQUENT EVENTS

The District has evaluated subsequent events through December 15, 2021, the date which the financial statements were available to be issued.

Required Supplementary Information

CALLEGUAS MUNICIPAL WATER DISTRICT

*Schedule of the District's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2021*

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Measurement Date	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of Covered Payroll	Plan's Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability
June 30, 2014	0.09462%	\$ 5,888,064	\$ 5,905,698	99.70%	80.86%
June 30, 2015	0.09441%	6,625,697	5,806,610	114.11%	79.96%
June 30, 2016	0.09221%	7,978,753	6,064,679	131.56%	76.71%
June 30, 2017	0.09439%	9,360,414	6,189,392	151.23%	75.83%
June 30, 2018	0.06493%	6,257,110	6,300,974	99.30%	84.68%
June 30, 2019	0.05755%	5,897,072	6,596,428	89.40%	86.59%
June 30, 2020	0.06282%	6,835,529	6,883,125	99.31%	85.46%

Notes to Schedule:

Benefit Changes:

There were no changes in benefits.

Changes in Assumptions:

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

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

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

There were no changes in assumptions.

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

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

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

There were no significant changes in assumptions.

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

There were no significant changes in assumptions.

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

There were no significant changes in assumptions.

*Fiscal year 2014 was the first measurement date year of implementation; therefore, only seven years are shown.

CALLEGUAS MUNICIPAL WATER DISTRICT

*Schedule of the District's Contributions to the Defined Benefit Pension Plan
For the Year Ended June 30, 2021*

Last Ten Fiscal Years*

California Public Employees' Retirement System (CalPERS) Miscellaneous Plan

Fiscal Year	Actuarially Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
June 30, 2015	\$ 722,191	\$ (722,191)	\$ -	\$ 5,806,610	12.44%
June 30, 2016	787,218	(787,218)	-	6,064,679	12.98%
June 30, 2017	849,461	(849,461)	-	6,189,392	13.72%
June 30, 2018	916,920	(3,599,920)	(2,683,000)	6,300,974	14.55%
June 30, 2019	982,032	(2,182,032)	(1,200,000)	6,596,428	14.89%
June 30, 2020	1,020,661	(1,020,661)	-	6,883,125	14.83%
June 30, 2021	1,216,247	(1,216,247)	-	7,662,170	15.87%

Notes to Schedule:

Fiscal Year	Valuation Date	Actuarial Cost Method	Asset Valuation Method	Inflation	Investment Rate of Return
June 30, 2015	June 30, 2012	Entry Age	Market Value	2.75%	7.65%
June 30, 2016	June 30, 2013	Entry Age	Market Value	2.75%	7.65%
June 30, 2017	June 30, 2014	Entry Age	Market Value	2.75%	7.65%
June 30, 2018	June 30, 2015	Entry Age	Market Value	2.75%	7.15%
June 30, 2019	June 30, 2016	Entry Age	Market Value	2.50%	7.15%
June 30, 2020	June 30, 2017	Entry Age	Market Value	2.50%	7.15%
June 30, 2021	June 30, 2018	Entry Age	Market Value	2.50%	7.15%

Amortization Method

Level percentage of payroll, closed

Salary Increases

Depending on age, service, and type of employment

Investment Rate of Return

Net of pension plan investment expense, including inflation

Retirement Age

50 years (2% @ 55 and 2% @ 60), 52 years (2% @ 62)

Mortality

Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

*Fiscal year 2015 was the first measurement date year of implementation; therefore, only seven years are shown.

CALLEGUAS MUNICIPAL WATER DISTRICT

Schedule of Changes in the District's Net OPEB Liability and Related Ratios For the Year Ended June 30, 2021

Fiscal Year Ended	Last Ten Fiscal Years*			
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Measurement Date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB liability:				
Service cost	\$ 238,765	\$ 247,270	\$ 240,068	\$ 233,076
Interest	668,177	644,668	609,404	576,607
Changes of assumptions	(194,648)	(69,566)	-	-
Differences between expected and actual experience	-	(134,108)	-	-
Benefit payments	(325,810)	(281,424)	(303,478)	(280,334)
Net change in total OPEB liability	386,484	406,840	545,994	529,349
Total OPEB liability - beginning	10,614,978	10,208,138	9,662,144	9,132,795
Total OPEB liability - ending	11,001,462	10,614,978	10,208,138	9,662,144
Plan fiduciary net position:				
Contributions - employer	786,810	739,424	743,478	715,334
Net investment income	467,591	545,285	418,927	428,746
Administrative expense	(4,263)	(1,648)	(12,553)	(3,126)
Benefit payments	(325,810)	(281,424)	(303,478)	(280,334)
Net change in plan fiduciary net position	924,328	1,001,637	846,374	860,620
Plan fiduciary net position - beginning	8,637,562	7,635,925	6,789,551	5,928,931
Plan fiduciary net position - ending	9,561,890	8,637,562	7,635,925	6,789,551
District's net OPEB liability	\$ 1,439,572	\$ 1,977,416	\$ 2,572,213	\$ 2,872,593
Plan fiduciary net position as a percentage of the total OPEB liability	86.91%	81.37%	74.80%	70.27%
Covered-employee payroll	7,739,962	7,265,664	6,840,936	6,703,386
District's net OPEB liability as a percentage of covered-employee payroll	18.60%	27.22%	37.60%	42.85%

Notes to Schedule:

Benefit Changes:

Measurement Date June 30, 2017 – There were no changes in benefits
 Measurement Date June 30, 2019 – There were no changes in benefits
 Measurement Date June 30, 2019 – There were no changes in benefits
 Measurement Date June 30, 2020 – There were no changes in benefits

Changes in Assumptions:

Measurement Date June 30, 2017 – There were no changes in benefits
 Measurement Date June 30, 2018 – There were no changes in benefits
 Measurement Date June 30, 2019 – Mortality improvement scale was updated to Scale MP-2019
 Measurement Date June 30, 2020 – There were no changes in benefits

Subsequent Event:

Measurement Date June 30, 2019 – ACA excise tax was repealed in December 2019.

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

CALLEGUAS MUNICIPAL WATER DISTRICT
Schedule of Contributions – Other Post-Employment Benefits (OPEB) Plan
For the Year Ended June 30, 2021

Fiscal Year Ended	Last Ten Fiscal Years*			
	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Actuarially determined contribution	\$ 384,000	\$ 461,000	\$ 458,000	\$ 440,000
Contributions in relation to the actuarially determined contributions	<u>(740,878)</u>	<u>(786,810)</u>	<u>(739,424)</u>	<u>(743,478)</u>
Contribution deficiency (excess)	<u>\$ (356,878)</u>	<u>\$ (325,810)</u>	<u>\$ (281,424)</u>	<u>\$ (303,478)</u>
Covered payroll	\$ 8,279,580	\$ 7,739,962	\$ 7,265,664	\$ 6,840,936
Contributions as a percentage of covered payroll	8.95%	10.17%	10.18%	10.87%

Notes to Schedule:

Valuation Date	June 30, 2020	June 30, 2019	June 30, 2017	June 30, 2017
Methods and Assumptions Used to Determine Contribution Rates:				
Actuarial cost method	Entry age normal	Entry Age	Entry Age	Entry Age
Amortization method	Closed period, level percent of pay	(1)	(1)	(1)
Amortization period	13.4-years	15.1-years	20-years	20-years
Asset valuation method	5-year rolling	5-year rolling	5-year rolling	5-year rolling
Discount rate	6.25%	6.25%	6.25%	6.25%
Inflation	2.75%	2.75%	2.75%	2.75%
Medical trend rates	(2)	(2)	(2)	(2)
Mortality	(3)	(3)	(3)	(3)
Mortality improvement	(4)	(4)	(4)	(4)

(1) Closed period, level percent of pay

(2) Non-medicare - 7.25% for 2021, decreasing to an ultimate rate of 4.0 in 2076

Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0 in 2076

(3) CalPERS 1997-2015 Experience Study

(4) Post-retirement mortality projected fully generational with Society of Actuaries Scale MP-2019

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

Supplementary Information

CALLEGUAS MUNICIPAL WATER DISTRICT
Schedule of Historic and Projected Water Sales (Unaudited)
For the Fiscal Years Ended June 30, 2016 to 2021 With Further Projections

	2017	2018	2019	2020	2021	Projected		
						2022	2026	2031
PURVEYORS:								
City of Simi Valley:								
Ventura County Water Works District #8	17,930	20,261	18,021	18,693	20,968	19,233	17,053	17,482
Golden State Water	4,785	5,311	5,217	5,228	5,492	5,038	4,467	4,580
Total Simi Valley	22,715	25,572	23,238	23,921	26,460	24,271	21,520	22,062
City of Thousand Oaks:								
City of Thousand Oaks	9,284	10,384	9,503	9,854	10,957	10,051	8,912	9,137
California American Water Company	13,483	15,257	13,969	14,341	15,869	14,556	12,906	13,231
California Water Service Company	6,163	7,213	6,753	6,888	7,424	6,810	6,038	6,190
Total City of Thousand Oaks	28,930	32,854	30,225	31,083	34,250	31,417	27,856	28,558
City of Moor park:								
Ventura County Water Works District #1	7,102	8,294	6,905	7,112	8,044	7,379	6,542	6,707
City of Camarillo:								
City of Camarillo	4,309	4,697	4,370	4,358	5,321	4,881	4,328	4,437
Camrosa County Water District	4,110	4,804	4,549	5,589	6,416	5,885	5,218	5,350
Total City of Camarillo	8,419	9,501	8,919	9,947	11,737	10,766	9,546	9,787
City of Oxnard:								
City of Oxnard	10,931	12,202	10,501	10,154	8,807	8,078	7,162	7,343
Unincorporated:								
Berylwood Heights Mutual Water Company	6	-	-	-	-	-	-	-
Brandeis Mutual Water Company	54	60	54	54	54	50	44	45
Butler Ranch Mutual Water Company	-	-	-	-	-	-	-	-
Crestview Mutual Water Company	72	347	178	40	328	301	267	274
Oak Park Water Service	1,944	2,136	1,957	2,056	2,255	2,068	1,834	1,880
Pleasant Valley Mutual Water Company	434	386	351	397	430	394	349	358
Solano Verde Mutual Water Company	303	331	262	265	351	322	285	292
Ventura County Water Works District #19	223	899	562	368	10	9	8	8
Ventura County Water Works District #38	1,192	1,603	1,494	1,620	1,902	1,745	1,547	1,586
Total Unincorporated	4,228	5,762	4,858	4,800	5,330	4,889	4,334	4,443
TOTAL WATER SALES	82,325	94,185	84,646	87,017	94,628	86,800	76,960	78,900

CALLEGUAS MUNICIPAL WATER DISTRICT
Schedule of Annual Water Rates (Unaudited)
For the Years 2012 to 2021

<u>Year</u>	<u>MWD Charge</u>	<u>O & M</u>	<u>Capital Charge</u>	<u>Total</u>
2013	\$ 847	\$ 54	\$ 218	\$ 1,056
2014	890	58	225	1,119
2015	923	60	227	1,173
2016	942	75	240	1,210
2017	979	77	244	1,257
2018	1,015	77	283	1,300
2019	1,050	79	294	1,375
2020	1,078	82	312	1,423
2021	1,104	84	319	1,507
2022	1,143	89	329	1,561

CALLEGUAS MUNICIPAL WATER DISTRICT
Schedule of Assessed Valuation and Secured Tax Levy (Unaudited)
For the Fiscal Years Ended June 30, 2012 to 2021

Fiscal Year	Assessed Valuation Within District ¹	Percent Change	Property Tax Levy	Percent Change
2013	\$ 78,639,098	-0.3%	\$ 5,844,261	0.0%
2014	79,342,029	0.9%	5,855,700	0.2%
2015	81,710,493	3.0%	6,054,333	3.4%
2016	86,590,685	6.0%	6,433,015	6.3%
2017	90,722,781	4.8%	6,754,044	5.0%
2018	91,778,094	1.2%	7,051,746	4.4%
2019	100,662,215	9.7%	7,732,107	9.6%
2020	104,311,428	3.6%	8,057,156	4.2%
2021	108,290,803	3.8%	8,379,333	4.0%
2022	112,701,592	4.1%	8,645,821	3.2%
Footnote ¹	000's omitted			

CALLEGUAS MUNICIPAL WATER DISTRICT
Schedule of Historic Operating Results (Unaudited)
For the Fiscal Year Ended June 30, 2016 to 2021

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Revenues:					
Water sales	\$ 106,446,669	\$ 125,627,260	\$ 118,158,991	\$ 125,807,108	\$ 140,946,567
Pumping power revenue	1,461,814	1,654,939	1,345,353	1,414,735	1,580,228
Readiness to serve - purveyors	6,843,084	6,345,708	6,273,480	6,168,036	6,295,572
Capacity reservation charge	5,167,044	6,734,322	6,732,324	6,216,468	6,429,822
Capital construction charges	1,202,608	-	-	-	-
Water standby charges	1,390,885	1,338,793	1,399,910	1,350,698	1,442,109
Interest income	2,077,261	2,531,707	3,536,323	3,751,825	2,601,655
Taxes	7,927,979	8,363,157	8,775,866	9,088,083	9,865,259
Build America Bond Subsidy	1,464,164	1,474,225	1,486,855	1,484,951	1,495,182
Other revenues	61,112	177,269	129,070	421,243	190,103
SMP revenues	168,526	121,785	182,167	167,790	164,211
Total Revenues	<u>134,211,146</u>	<u>154,369,165</u>	<u>148,020,339</u>	<u>155,870,937</u>	<u>171,010,708</u>
Expenditures:					
Cost of water	79,972,984	93,076,598	86,825,950	92,372,026	103,248,802
Capacity reservation charge-MWD	2,275,560	2,010,680	1,849,430	1,622,550	1,818,375
Readiness to serve - MWD	6,753,818	6,320,378	6,218,205	6,235,811	6,227,586
Pumping power	1,086,072	1,403,303	1,520,636	1,123,090	1,455,952
O & M expenses	14,580,124	14,875,249	15,805,195	22,771,485	19,269,435
Total Expenditures	<u>104,668,558</u>	<u>117,686,208</u>	<u>112,219,416</u>	<u>124,124,962</u>	<u>132,020,150</u>
Net Revenues	<u>\$ 29,542,588</u>	<u>\$ 36,682,957</u>	<u>\$ 35,800,923</u>	<u>\$ 31,745,975</u>	<u>\$ 38,990,558</u>
Debt Service Coverage	1.93	2.12	2.06	1.84	2.29
Cash Balance - End of Year	<u>\$ 177,950,234</u>	<u>\$ 171,854,970</u>	<u>\$ 168,664,325</u>	<u>\$ 169,086,493</u>	<u>\$ 186,315,054</u>

CALLEGUAS MUNICIPAL WATER DISTRICT
Schedule of Projected Operating Results (Unaudited)
For the Fiscal Years Ended June 30, 2021 to 2025

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Revenues:					
Water sales	\$ 133,010,890	\$ 121,516,655	\$ 127,190,035	\$ 133,635,336	\$ 140,303,408
Pumping power revenue	600,000	600,000	600,000	600,000	600,000
Readiness to serve - purveyors	6,628,400	7,308,910	7,680,200	7,983,980	8,321,520
Capacity reservation charge	7,164,900	7,646,500	8,204,450	8,580,200	8,636,610
Water standby charges	1,400,000	1,400,000	1,400,000	1,400,000	1,400,000
Power sales	990,000	1,019,700	1,050,290	1,081,800	1,114,250
Interest income	2,600,000	2,595,170	3,221,390	2,925,840	2,614,770
Taxes	9,100,000	9,737,000	10,223,850	10,428,330	10,636,900
Build America Bond Subsidy	1,447,000	1,353,680	1,304,140	1,252,860	1,199,660
Other revenues	65,220	66,300	67,400	68,520	69,670
SMP fees	195,600	653,330	1,151,780	1,202,550	1,255,650
Total Revenues	<u>163,202,010</u>	<u>153,897,245</u>	<u>162,093,535</u>	<u>169,159,416</u>	<u>176,152,438</u>
Expenditures:					
Cost of water	97,394,680	89,254,020	93,955,800	98,694,600	103,118,240
Capacity reservation charge-MWD	2,124,450	2,308,750	2,484,220	2,631,980	2,687,390
Readiness to serve - MWD	6,628,400	7,308,910	7,680,200	7,983,980	8,321,520
Pumping power	1,600,000	1,624,000	1,648,360	1,673,090	1,698,190
O & M expenses	20,931,360	21,951,326	21,287,078	22,186,161	22,971,888
Total Expenditures	<u>128,678,890</u>	<u>122,447,006</u>	<u>127,055,658</u>	<u>133,169,811</u>	<u>138,797,228</u>
Net Revenues	<u>\$ 34,523,120</u>	<u>\$ 31,450,239</u>	<u>\$ 35,037,877</u>	<u>\$ 35,989,605</u>	<u>\$ 37,355,210</u>
Debt Service:					
Interest expense	\$ 7,010,500	\$ 6,805,990	\$ 6,593,280	\$ 6,428,770	\$ 6,382,750
Bond principal payments	5,655,000	7,720,000	8,025,000	8,340,000	8,660,000
Total Debt Service	<u>\$ 12,665,500</u>	<u>\$ 14,525,990</u>	<u>\$ 14,618,280</u>	<u>\$ 14,768,770</u>	<u>\$ 15,042,750</u>
Debt Service Coverage	2.73	2.17	2.40	2.44	2.48
Projected Water Sales (Acre Feet)	<u>86,800</u>	<u>76,380</u>	<u>76,580</u>	<u>76,960</u>	<u>77,340</u>

Other Independent Auditors' Reports



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Calleguas Municipal Water District
Thousand Oaks, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, financial statements of the Calleguas Municipal Water District (District), which comprise the balance sheet as of June 30, 2021, and the related statement of revenues, expenses and changes in net position and cash flows for the fiscal year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

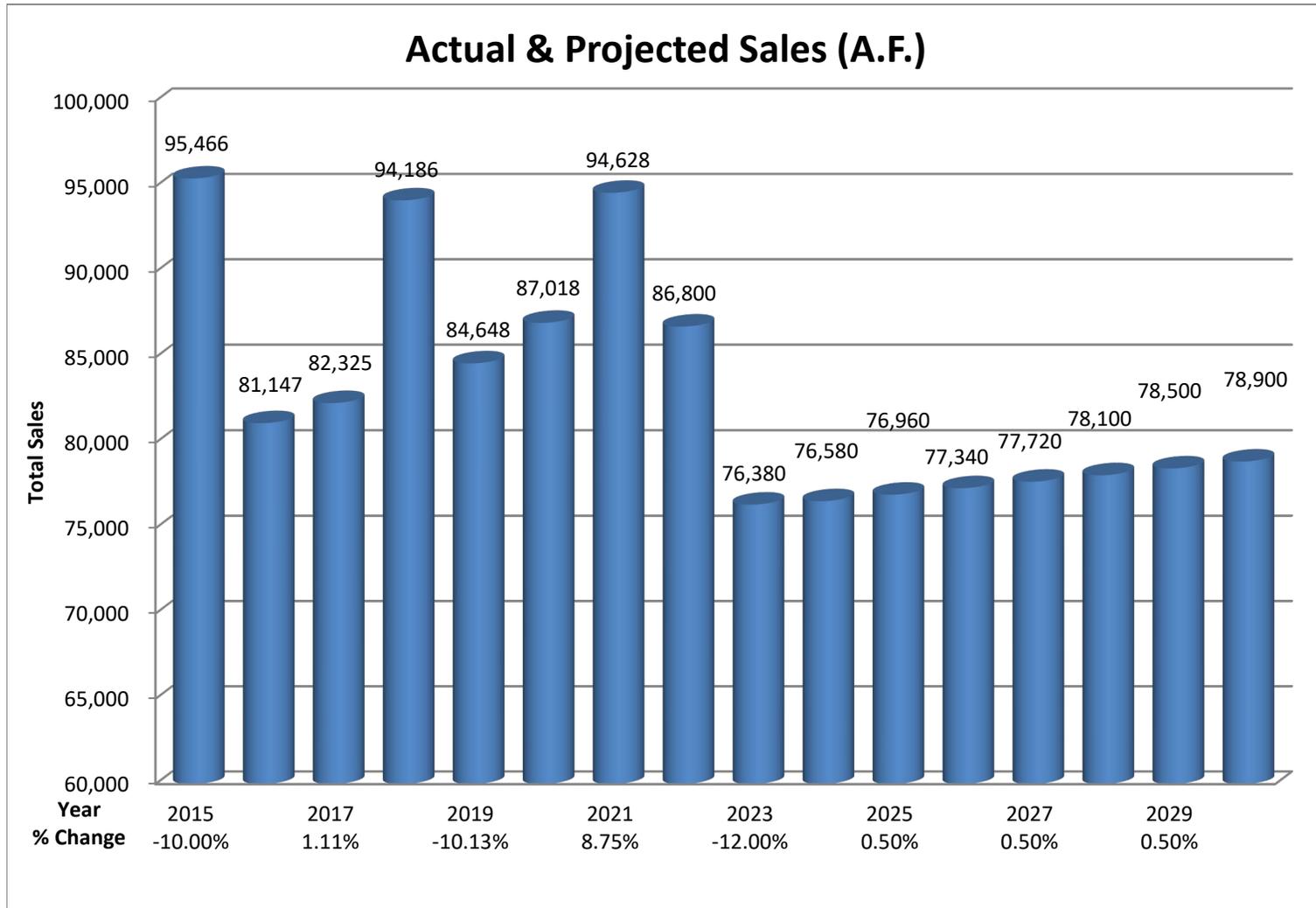
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Purpose of this Report

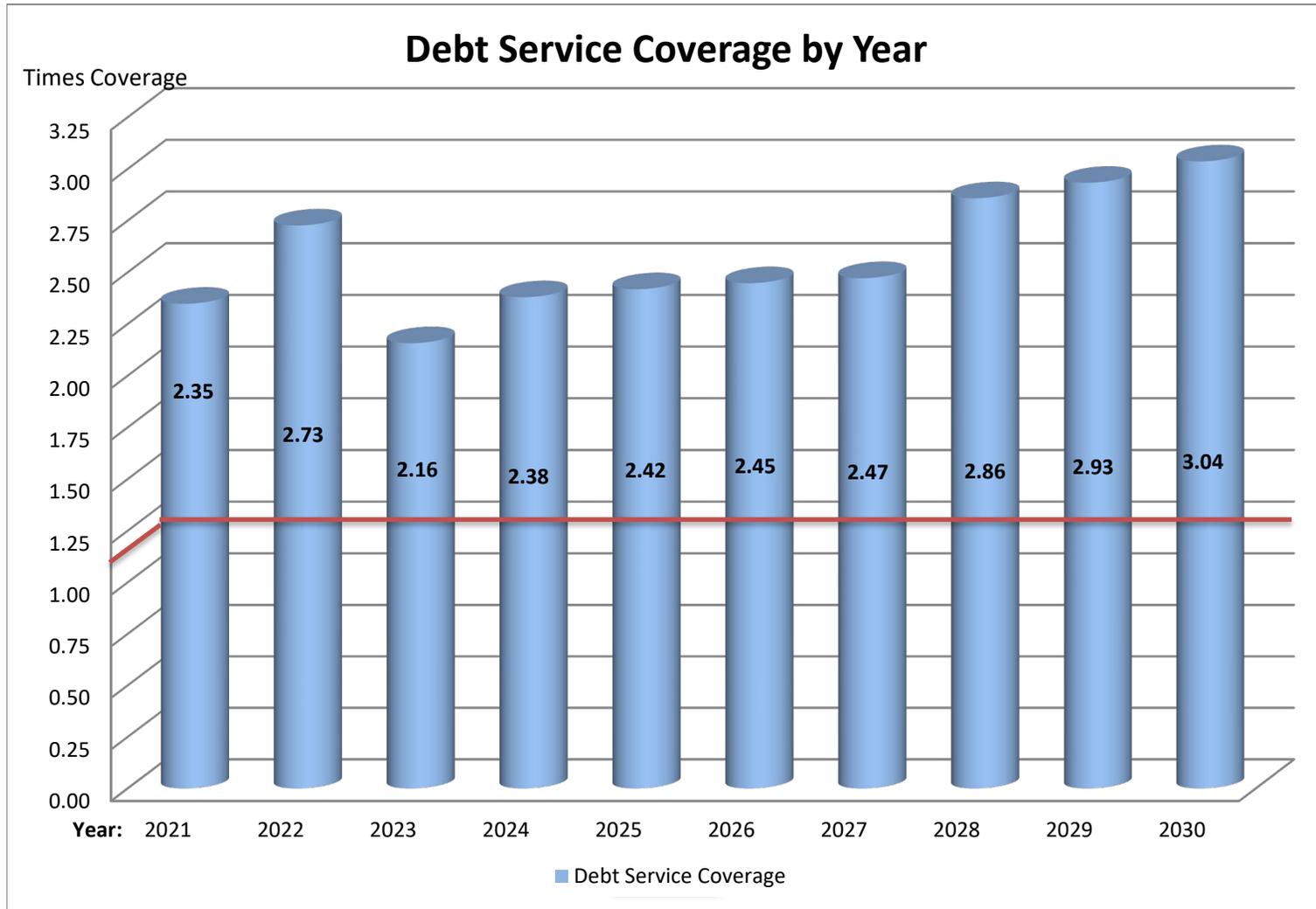
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in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

Murrieta, California
December 15, 2021

Calleguas Municipal Water District Long Range Finance Plan

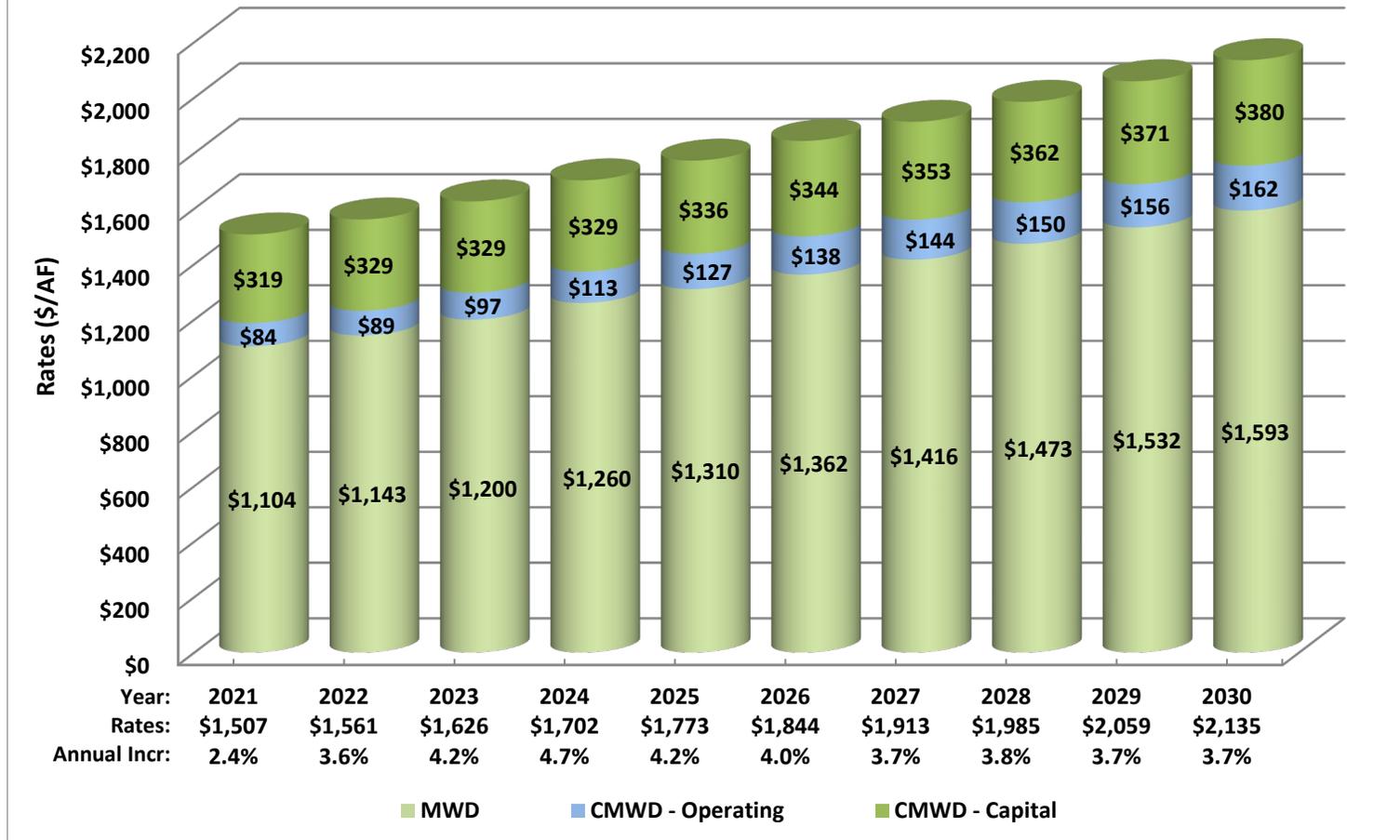


Calleguas Municipal Water District Long Range Finance Plan



Calleguas Municipal Water District Long Range Finance Plan

Potential CMWD Tier 1 Rates



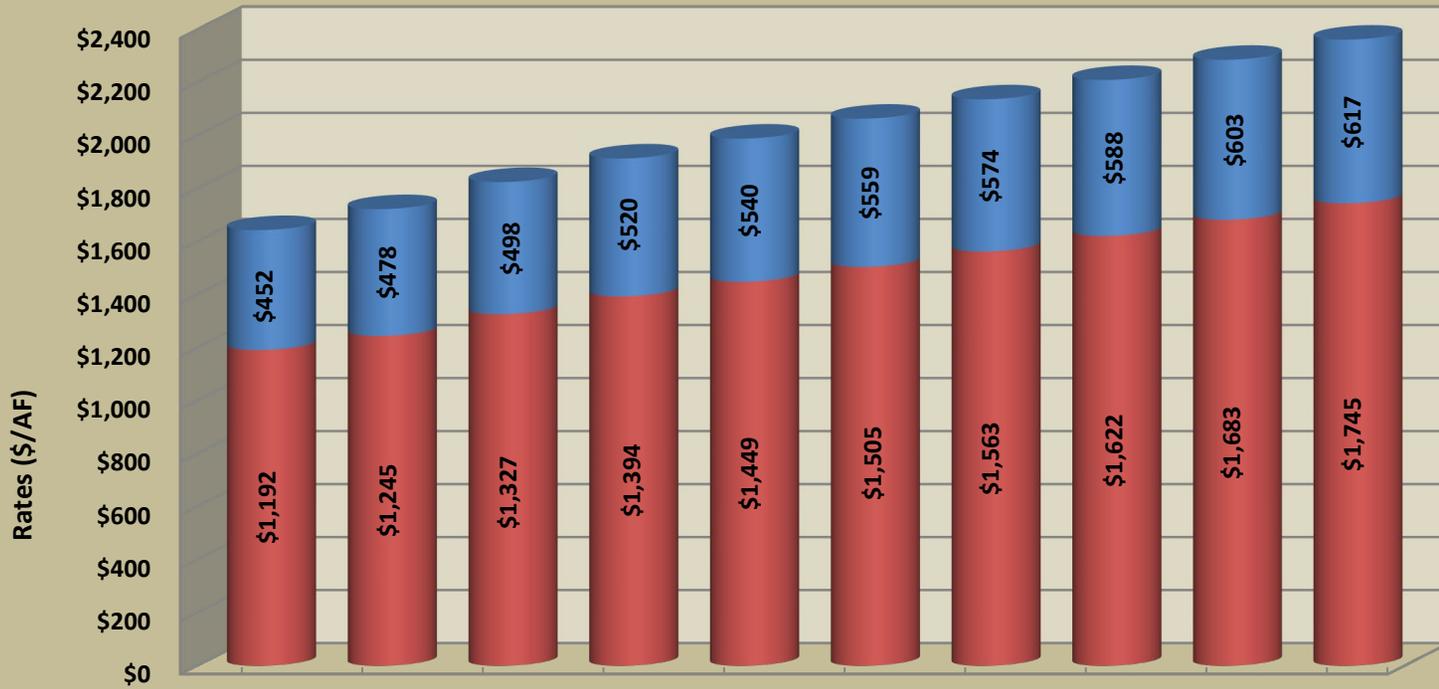
Calleguas Municipal Water District Long Range Finance Plan

Potential CMWD Operating and Capital Rates



Calleguas Municipal Water District Long Range Finance Plan

Potential Total Combined Annual Rate Increases



Year:	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Combined Rates:	\$1,644	\$1,723	\$1,825	\$1,914	\$1,989	\$2,064	\$2,137	\$2,210	\$2,286	\$2,362
Annual Increase:	1.5%	4.8%	5.9%	4.9%	3.9%	3.8%	3.5%	3.4%	3.4%	3.3%
CMWD Increase:	1.1%	5.8%	4.2%	4.4%	3.8%	3.5%	2.7%	2.4%	2.6%	2.3%
MWD Increase:	1.7%	4.4%	6.6%	5.0%	3.9%	3.9%	3.9%	3.8%	3.8%	3.7%

■ MWD Total ■ CMWD Total

Chart shows all rates (including CRC & RTS) divided by estimated