WATER REPLENISHMENT DISTRICT OF SOUTHERN CALIFORNIA

Achievements in Water Independence

Annual Comprehensive Financial Report
Fiscal Years Ended June 30, 2023 and 2022

WRD
WATER REPLENISHMENT DISTRICT

Annual Comprehensive Financial Report
Water Replenishment District of Southern California
For the Years Ended June 30, 2023 and 2022
With Independent Auditor's Report

Prepared by: Finance Department

Our Mission Statement

"To provide, protect and preserve safe and reliable high quality groundwater"

Water Replenishment District of Southern California
Board of Directors as of June 30, 2023

Name	Division	Title	Elected/ Appointed	Current Term
John D. S. Allen	3	President	Elected	01/23 – 01/27
Vera Robles Dewitt	5	Vice President	Elected	01/21 – 01/25
Sergio Calderon	4	Secretary	Elected	01/23– 01/27
Robert Katherman	2	Treasurer	Elected	01/21 – 01/25
Joy Langford	1	Director	Elected	02/23 – 01/27

Water Replenishment District of Southern California
Stephan D. Tucker, General Manager
4040 Paramount Boulevard
Lakewood, California 90712
(562) 275 - 4300
www.wrd.org

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INTRODUCTORY SECTION
(Unaudited)

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WATER REPLENISHMENT DISTRICT

12/11/2023

The Honorable Board of Directors of the
Water Replenishment District of Southern California (WRD)

State law requires that every general-purpose government agency publish within six months of the close of each fiscal year a complete set of audited financial statements. This report satisfies that requirement for the fiscal year ended June 30, 2023.

Management assumes sole responsibility for the completeness, reliability and integrity of the information contained in this report, based upon a comprehensive framework of internal controls established for this purpose. The primary objective is to provide governance and stakeholders a reasonable, rather than absolute, assurance the financial statements are not subject to or affected by any material misstatements.

Vasquez & Company LLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the Water Replenishment District of Southern California (WRD)'s financial statements for the fiscal year ended June 30, 2023. The Independent Auditor's report precedes the Management Discussion and Analysis (MD&A) section of this report. MD&A provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements and should be read in conjunction with this letter of transmittal.

The WRD has one blended component unit (see Notes to the Basic Financial Statements, Note 1) with a fiscal year ended on June 30. Accordingly, the Southern California Water Replenishment Financing Corporation is presented as a blended component unit of the WRD.

Profile of the WRD

The WRD is a special water District that was established in 1959 by popular vote to counteract the effects of over pumping of groundwater from two major groundwater basins in Los Angeles County. It is the only replenishment district in California operating under the provisions of the California Water Code, Section 60000 et seq., which specifically governs water replenishment districts. The WRD was formed in response to a history of over pumping of the Basins which caused wells to go dry and seawater to intrude into the potable water aquifers.

WRD manages the Central and West Coast groundwater basin (collectively, the "Basins") which provide groundwater for approximately four million residents in 43 cities of southern Los Angeles County (County). The WRD protects the Basins by replenishing the groundwater, deterring sea water intrusion and removing contaminants from the groundwater. The WRD serves as the groundwater manager for the Basins, in accordance with the adjudications of the Basins and is bound by the Baldwin, Whittier, and Merced Hills to the north, the Orange County line to the east, and the Pacific Ocean to the south and west. The service territory lies entirely within the County and serves 43 cities, including Los Angeles, Long Beach, Downey, and Torrance. The approximately 420 square mile service area uses about 220,000 acre-feet of groundwater per year.

WRD's mission is "to provide, protect and preserve safe and sustainable high-quality groundwater". Although WRD does not directly serve customers, it ensures the health of the groundwater basins, to meet the demands of maintenance and preservation of the Basins and the availability of water for pumpers to pump. According to WRD estimates, local groundwater supplies on average 41 percent of the water consumed by the area served by WRD. The remaining amount comes from water imported from the Colorado River and Northern California.

WRD was originally established to oversee the replenishment of groundwater levels in the Central and West Coast groundwater basins of the County. The need for an entity to perform this function had become clear by the 1950s. The increasing population of the Los Angeles area during the early part of this century had overwhelmed the area's limited sources of surface water, so communities, private water companies, and businesses began pumping water out of the groundwater basins. Since the natural inflow to the groundwater basins relies primarily on rainfall that averages only 14 inches per year, it was not long before the pumping outstripped the basins' ability to recharge themselves through natural means. As the groundwater levels continued to go down, some wells went dry and saltwater intruded into the basins' coastal areas, causing wells to be abandoned.

The West Basin Water Association was formed in 1947, and the Central Basin Water Association was formed in 1952. These associations developed a plan to provide supplemental water to their members, limit groundwater extraction from the basins, and create a means to provide groundwater pumping rights to users who lacked access to other supplemental water supplies. At about the same time, the entities went to court seeking specific assignments for groundwater rights. In 1956 and 1961, the court awarded varying amounts of groundwater rights to several of the entities. During fiscal year 1997/98, 150 parties to these judgments held a total of 217,367 acre-feet of water rights in the Central Basin, and 68 parties held a total of 64,468 acre-feet of water rights in the West Coast Basin. Since water rights are property rights, they can be bought and sold.

By law, WRD has broad authority to carry out its responsibilities, which include the purchase of water to replenish the basins, administering clean water programs and investing in projects intended to improve the reliable supply of clean water at a reasonable cost. In addition, WRD operates several clean water programs under the authority of 1991 legislation that broadened its mission to include the detection, prevention, and removal of contaminants in the groundwater. In response to this legislation, WRD has established programs to monitor water quality, remove containments, and mitigate saltwater intrusion.

Local Economy
While Los Angeles County employment has not fully recovered from the COVID-19 pandemic, remaining shortfalls are concentrated in tourism-related industries. Current and future federal, state and local investments present opportunities for growth and resilience moving forward.

Los Angeles has weathered the many impacts of the COVID-19 pandemic; however, there remains an employment gap of 25,000 jobs in December 2022 compared to December 2019. This deficit in pre-pandemic employment is concentrated in only a few sectors, such as Leisure and Hospitality, Manufacturing, and Wholesale Trade. At the same time, other sectors have experienced robust growth coming out of the pandemic, including Educational and Health Services and Professional and Business Services. While the recovery in total employment is promising, these shifting trends in sectorial employment, should they continue, have the power to shape the future of the Los Angeles economy.

One of the lingering effects of the pandemic (which directly impacts employment in the Leisure and Hospitality industry) is the lack of tourism. LAX's December air traffic data show that domestic and international arrivals remain around 75 percent of pre-pandemic levels. The volume of international visitors has been greatly depressed by the lack of tourism from China, although this could change in 2023 as the country reopens from COVID-19-related restrictions.

While the reduction in visitors affects the local economy, so does the exodus of its residents. The California Department of Finance estimates that over 300,000 Angelenos have left the county since 2019, with the City of Los Angeles shouldering more than half of that decrease. One commonly cited reason for leaving is the unaffordability of the housing market in the region.

At the same time, Los Angeles County should benefit from significant funding through announced public investment and private procurement. Notably, the State's Community Economic Resilience Fund and the Economic Development Agency's Build Back Better are intended to bring equitable, accessible, and sustainable jobs to the region.

The Los Angeles County economy is expected to flatline in 2022 and 2023 as the economy cools. Gross county product is expected to have grown by just 0.1 percent in 2022 and is projected to drop by -0.2 percent in 2023. Although growth is expected to essentially flatline over these two years, there are expectations that growth in the county will resume in 2024, with the GCP expanding by 1.3 percent once inflation has moderated and the Fed has stopped its tightening of monetary policy.

The unemployment rate in Los Angeles County has nearly returned to its pre-pandemic rate. Unlike the United States and California, the annual unemployment rate for the region remains slightly above the pre-pandemic level, at 4.4 percent in December 2022 compared to 4.3 percent in February 2020. The bulk of the year-over-year change, a drop of 4.0 percent from 2021 to 2022, occurred from October 2021 to February 2022; since March, the unemployment rate has continued to fall, but not at the same pace as before, indicating that the county is reaching its 'new normal' in the aftermath of the COVID-19 pandemic.

Los Angeles County continues to steer the California economy due to the size of its population and reputation as a center of commerce. Employment changes in Los Angeles County are very similar to those experienced by California, as the county represents roughly a quarter of all jobs in the State. As of December 2022, total payroll employment in Los Angeles County reached 4,629,500 jobs; this remains slightly below the pre-pandemic peak in December 2019 of 4,654,500 jobs by 25,000 jobs.

Los Angeles, both the county and the city, have seen an acceleration in the decline of their population since the onset of the COVID-19 pandemic. Los Angeles County's rapid rate of population decline is the headline among demographic changes, as the county has seen a decrease in its population each year since 2018. The rate of population decline has also been increasing, from 0.1 percent leaving in 2018 to 1.1 percent in 2022, resulting in the population falling below 10 million for the first time since 2012. While the City of Los Angeles saw a sharp drop in population in 2021, population levels in 2022 have resumed the previous, more gradual decline.

While constrained financially, both Los Angeles County and the City of Los Angeles are undertaking their own efforts to attract and facilitate regional investments in infrastructure over the next few years. These efforts share the goal of helping transform the economy positively and equitably. For example, by adopting a motion on July 13, 2021, the Los Angeles County Board of Supervisors acted preemptively to maximize the allocation and use of American Rescue Plan funds. The Board recognized that an estimated $1.9 billion in funding from the American Rescue Plan was available to the county and another $2.6 billion across its 88 cities. The Board decided to strategically use these funds to maximize the benefits for communities suffering disproportionate health and economic impacts from the COVID-19 pandemic, and so established specific equity principles and guidelines for their use.

Overall, the forecasted economic indicators for Los Angeles County point to a small economic contraction, despite the principal economic concerns brought on by the COVID-19 pandemic mainly being resolved. The growth in real GCP slowed after its big recovery in 2021, with the forecast for the coming year expecting a slight decrease. Meanwhile, real personal income lost most of the increase it experienced in 2021, with 2023 expected to be a year with limited growth before a modest increase in 2024. Nonfarm employment growth did not fully rebound from the effects of the pandemic, nor is it forecasted to do so in the coming years. Meanwhile, the unemployment rate dropped close to the pre-pandemic level, though a slight labor market contraction is expected to increase in the coming years. Finally, though the consumer price index (CPI) rose at a rate not seen in decades in 2022, it is expected to gradually decline in 2023 and 2024 as inflation returns to around pre-pandemic rates.

Relevant Financial Policies

Internal Control Structure

WRD management is responsible for the establishment and maintenance of the internal control structure that ensures that the assets of the WRD are protected from loss, theft, or misuse. The internal control structure also ensures that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. WRD's internal control structure is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

Investment Policy
The Board of Directors annually adopts an investment policy that conforms to California State law, WRD ordinance and resolutions, prudent money management, and the "prudent person" standards. The Investment Policy's objectives are safety, liquidity, and yield. WRD funds are normally invested in the State Treasurer's Local Agency Investment Fund, Certificates of Deposit, Government Agency Obligations or other specifically authorized investments.

Replenishment Assessment
Following several public budget workshops, WRD Board of Directors voted to increase the Fiscal Year 2023 Replenishment Assessment to $411.00 per acre-foot. Despite rising operating costs, WRD managed to stay the course through general belt-tightening and a conscious decision to reduce purchases for increasingly expensive imported water in favor of more cost-effective local supply.

Fitch Ratings and Standard & Poor's affirms WRD's AA+ Debt Rating
Reflecting confidence in WRD's financial stability and management, both major rating agencies assigned AA+ long-term rating to the 2018 Replenishment Assessment Revenue Bonds, which is at or near the top rating for water agencies in the state.

WRD Achievements
This was another exceptional and productive year for the Water Replenishment WRD of Southern California. Each Department has worked diligently in their specific area of expertise and as a whole to maintain optimal groundwater quality and levels for our stakeholders.

Completed the installation of an additional extraction well, remedial design, and started the procurement process for treatment system installation to clean up perchlorate impacted groundwater in the Los Angeles Forebay. Eighty percent (80%) of the project costs are funded through a grant received through Proposition 1 for a total of $10 million

Produced over 10,000 AFY of advanced treated recycled water to the Montebello Forebay from the Albert Robles Center for Water Recycling and Environmental Learning. At the T Leo J. Vander Lans Advanced Water Treatment Facility to PERC Water Corporation engaged the PERC corporation to manage operations. Performed O&M and Capital projects to reliably deliver 5 million gallons of water per day to the Alamitos Barrier Project. Continued to work to improve the quality of groundwater to local communities through Safe Drinking Water Disadvantaged Community Program projects.

Renegotiated and executed a new water purchase agreement with Long Beach Water Department for the recycled water supply to Leo J. Vander Lans Facility. Executed a Memorandum of Understanding with the Los Angeles County Department of Public Works to initiate the development of a Joint Power Authority (JPA) for cooperative operations of replenishment and resiliency facilities. Applied for and received a Title XVI authorization and $4.9M for the Regional Brackish Water Reclamation Program. Developed and implemented a PFAS Remediation

Program to provide over $34 million of funding for the pumping community for remediation of PFAS.

Developed procedures to ensure compliance with local and state public health officials and implementation of COVID-19 Workforce Transition Plan. Maintained seamless operations throughout the COVID-19 pandemic. Implemented new performance management evaluation form and process for staff. Coordinated with the Los Angeles County Registrar's office for two Board election seats in 2022 General Election.

Implemented a Computerized Maintenance Management System (CMMS) at Leo J. Vander Lans and the Albert Robles Center. Added enhancements on network security and our Virtual Private Network (VPN) enabling our workforce to securely work from home while accessing internal resources. Launched a Pumper Portal to collect groundwater production data from pumpers and WRD Hydrographs to the public to make access to water level data and graphs readily available.

Received Distinguished Budget Presentation Award from the Government Finance Officers Association for the Fiscal Year 2023 budget. Implemented a new centralized budget system.

Developed a comprehensive virtual field trip program for Kindergarten through 12th-grade students at the Albert Robles Center for Water Recycling and Environmental Learning. Executed a successful COVID-19 outreach program informing the public that the virus has no effects on their water which had over 2.5 million views. Developed four newsletters mailed to half a million residents throughout the service area. Created new Eco-Gardener Classes and hosted 30 in-person and virtual classes.

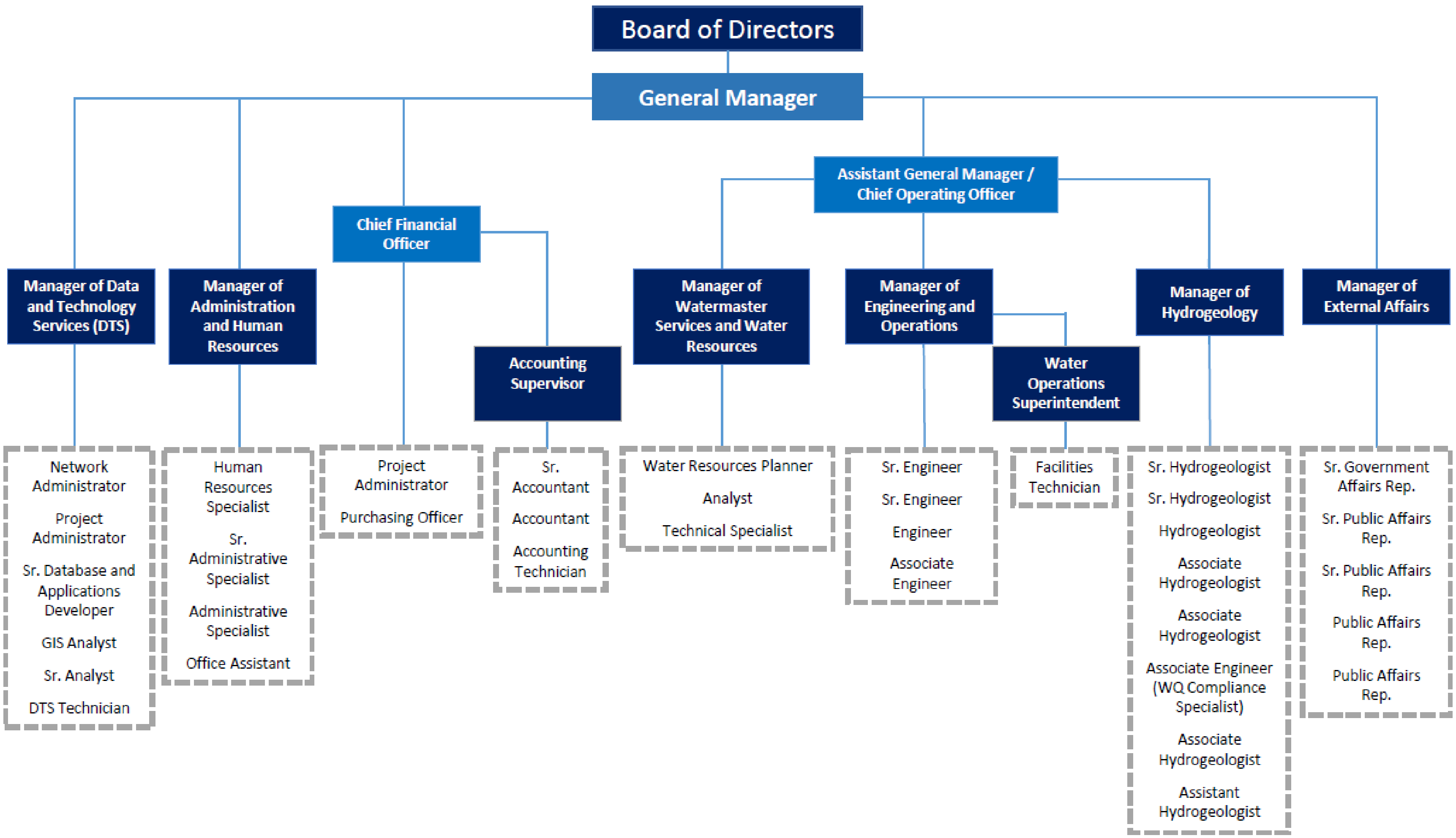
Awards and Acknowledgements
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to WRD for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the eighteenth consecutive year that WRD has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Preparation of this report was accomplished by the combined efforts of WRD staff. We appreciate the dedicated efforts and professionalism that our staff members bring to WRD. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the Water Replenishment District of Southern California's fiscal policies.

Respectfully submitted,

Gregory J. Black
Chief Financial Officer
Water Replenishment District of Southern California


Board of Directors
General Manager
Assistant General Manager / Chief Operating Officer
Chief Financial Officer
Manager of Data and Technology Services (DTS)
Manager of Administration and Human Resources
Accounting Supervisor
Manager of Watermaster Services and Water Resources
Manager of Engineering and Operations
Water Operations Superintendent
Manager of Hydrogeology
Manager of External Affairs
Network Administrator
Project Administrator
Sr. Database and Applications Developer
GIS Analyst
Sr. Analyst
DTS Technician
Human Resources Specialist
Sr. Administrative Specialist
Administrative Specialist
Office Assistant
Project Administrator
Purchasing Officer
Sr. Accountant
Accountant
Accounting Technician
Water Resources Planner
Analyst
Technical Specialist
Sr. Engineer
Sr. Engineer
Engineer
Associate Engineer
Facilities Technician
Sr. Hydrogeologist
Sr. Hydrogeologist
Hydrogeologist
Associate Hydrogeologist
Associate Hydrogeologist
Associate Engineer (WQ Compliance Specialist)
Associate Hydrogeologist
Assistant Hydrogeologist
Sr. Government Affairs Rep.
Sr. Public Affairs Rep.
Sr. Public Affairs Rep.
Public Affairs Rep.
Public Affairs Rep.


NEWPORT INGLEWOOD UPLIFT
DIVISION 1
DIVISION 2
DIVISION 3
DIVISION 4
DIVISION 5
WEST COAST GROUNDWATER BASIN
CENTRAL GROUNDWATER BASIN
GOLDSWORTHY DESALTER
ALBERT ROBLES CENTER
LEO J. VANDER LANS ADVANCED WATER TREATMENT FACILITY
Montebello Forebay Spreading Grounds
West Coast Barrier
Dominguez Gap Barrier
Alamitos Barrier
Los Angeles
Culver City
Inglewood
Hawthorne
El Segundo
Manhattan Beach
Hermosa Beach
Redondo Beach
Lawndale
Gardena
Torrance
Palos Verdes Estates
Lomita
Rolling Hills Estates
Rolling Hills
Rancho Palos Verdes
Carson
Compton
Vernon
Maywood
Huntington Park
Bell
Cudahy
Bell Gardens
South Gate
Lynwood
Downey
Paramount
Bellflower
Lakewood
Signal Hill
Long Beach
Monterey Park
Montebello
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Pico Rivera
Whittier
La Habra Heights
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Norwalk
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Cerritos
Artesia
Hawaiian Gardens

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Water Replenishment District of Southern California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrill
Executive Director/CEO

FINANCIAL SECTION

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655 N. Central Avenue
Suite 1550
Glendale, CA 91203

www.vasquez.cpa

213-873-1700
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Independent Auditor's Report

The Honorable Members of the Board
Water Replenishment District of Southern California

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Water Replenishment District of Southern California (the District), which comprise the statements of net position as of June 30, 2023 and 2022, the related statements of revenues, expenses and changes in net position, and cash flows for the years then ended, and the related notes to the financial statements, (collectively, the District's basic financial statements).

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

Emphasis of Matters

As discussed in Note 2, the District implemented the provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements,* during the fiscal year ended June 30, 2023. Our opinion is not modified with respect to this matter.

As discussed in Note 14, the fiscal year 2022 financial statements have been restated for the impact of the correction in the plan provisions of OPEB plan for the June 30, 2021 measurement date. Our opinion is not modified with respect to this matter.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Controller's Minimum Audit Requirements for California Special Districts.

Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11, and the required supplementary information on pages 81 through 86, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Vasquez & Company LLP

Glendale, California
December 11, 2023

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the Water Replenishment District of Southern California (District) provides an introduction to the financial statements of the District for the fiscal years ended June 30, 2023 and 2022. We encourage readers to consider the information presented here in conjunction with the transmittal letter in the Introductory Section and with the basic financial statements and related notes, which follow this section.

Financial Highlights

- The District's net position increased by 4.6% or $8,107,623 from $176,016,909 in fiscal year 2022 to $184,124,532 in fiscal year 2023. Net position increased by 9.7% or $15,512,572 from $160,504,337 in fiscal year 2021 to $176,016,909 in fiscal year 2022. This increase consist of $14,547,775 in change in net position and prior period adjustment of $964,797.

- The District's total operating revenues decreased by 2.0% or $1,847,266 from $90,991,045 in fiscal year 2022 to $89,143,779 in fiscal year 2023.

- The District's total expenses increased by 11.7% or $9,891,760 from fiscal year 2022 to 2023. This was primarily due to the following:

  - Operating expenses including cost of water injection, water in-lieu, connection fees, and depreciation expense increased by $7.1 million; but was offset by non-operating expenses including $829 thousand decrease in interest expense and fiscal charges, $3.4 million increase in election costs, and $145 thousand increase in other expenses.

- From fiscal year 2021 to 2022, the District's total expenses increased by 2.9% or $2,357,604 primarily due to the following:

  - Operating expenses including cost of water injection, water in-lieu, connection fees, and depreciation expense increased by $4.9 million; but was offset by non-operating expenses including $1.9 million decrease in interest expense and fiscal charges, $2.6 million decrease in election costs, and $1.9 million increase in other expenses

Required Financial Statements

This annual report includes the basic financial statements. The Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, and Statement of Cash Flows provide information about the activities and performance of the District.

The Statement of Net Position includes all assets and deferred outflows of resources and liabilities and deferred inflows of resources. 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 revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position. This statement measures the success of the District's operations over the past year and can be used to determine if the District has successfully recovered all of its costs through its rates and other charges. This statement can also be used to evaluate fiscal stability and creditworthiness.

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, noncapital financing, and capital and related financing activities.

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

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 Statement of Net Position 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 deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting 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. One can think of the District's net position - the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources - as a 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, and new or changed government legislation, such as changes in Federal and State water quality standards.

Statements of Net Position

Condensed Statements of Net Position

	June 30,		Change		June 30,	Change	
	2023	2022 (As Restated)	Amount	%	2021	Amount	%
Current assets	$ 120,223,667	$ 116,280,050	$ 3,943,617	3.4	$ 109,375,918	$ 6,904,132	6.3
Restricted assets	32,890,552	42,274,401	(9,383,849)	-22.2	53,214,216	(10,939,815)	-20.6
Other noncurrent assets	10,933,497	2,581,395	8,352,102	323.5	1,291,836	1,289,559	99.8
Capital assets, net	343,079,269	339,449,579	3,629,690	1.1	335,583,744	3,865,835	1.2
Total assets	507,126,985	500,585,425	6,541,560	1.3	499,465,714	1,119,711	0.2
Deferred outflows of resources	8,328,593	6,376,182	1,952,411	30.6	5,766,180	610,002	10.6
Current liabilities	33,636,332	28,205,500	5,430,832	19.3	26,354,676	1,850,824	7.0
Noncurrent liabilities	295,552,864	297,225,823	(1,672,959)	-0.6	318,186,115	(20,960,292)	-6.6
Total liabilities	329,189,196	325,431,323	3,757,873	1.2	344,540,791	(19,109,468)	-5.5
Deferred inflows of resources	2,141,850	5,513,375	(3,371,525)	-61.2	186,766	5,326,609	2852.0
Net position							
Net investment in capital assets	78,214,493	76,142,705	2,071,788	2.7	80,503,245	(4,360,540)	-5.4
Unrestricted	105,910,039	99,874,204	6,035,835	6.0	80,001,092	19,873,112	24.8
Total net position	$ 184,124,532	$ 176,016,909	$ 8,107,623	4.6	$ 160,504,337	$ 15,512,572	9.7

*Statement of Net Position for year ended 2021 was not restated.

As noted earlier, over time, changes in net position may serve as a useful indicator of a government's financial condition. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by $184.1 million and $176.0 million as of June 30, 2023 and 2022, respectively.

Total assets increased $6.5 million or 1.3% in the current year primarily due to increase in regulatory assets and increase in capital expenses for various projects during the year.

Total liabilities increased by $3.8 million or 1.2% due to increase in accounts payable as of June 30, 2023.

At the end of fiscal years 2023 and 2022, the District shows a positive balance in unrestricted net position of $105.9 million and $99.9 million, respectively.

Statements of Revenues, Expenses and Changes in Net Position

Condensed Statements of Revenues, Expenses and Changes in Net Position

	Years Ended June 30,		Change		Year ended	Change	
	2023	2022 (As Restated)	Amount	%	2021*	Amount	%
Revenues:							
Operating revenues	$ 89,143,779	$ 90,991,045	$ (1,847,266)	-2.0	$ 85,830,105	$ 5,160,940	6.0
Nonoperating revenues							
Property taxes	910,297	811,900	98,397	12.1	808,891	3,009	0.4
Interest and investment earnings	940,716	48,298	892,418	1847.7	53,882	(5,584)	-10.4
Other revenues	6,036,936	2,032,658	4,004,278	197.0	236,656	1,796,002	758.9
Total revenues	97,031,728	93,883,901	3,147,827	3.4	86,929,534	6,954,367	8.0
Expenses							
Operating expenses	80,022,131	72,883,508	7,138,623	9.8	67,985,088	4,898,420	7.2
Nonoperating expenses							
Interest expense and fiscal charges	9,020,576	9,849,814	(829,238)	-8.4	11,730,855	(1,881,041)	-16.0
Election costs	3,437,046	-	3,437,046	100.0	2,568,655	(2,568,655)	-100.0
Other expenses	2,054,209	1,908,880	145,329	7.6	-	1,908,880	100.0
Total expenses	94,533,962	84,642,202	9,891,760	11.7	82,284,598	2,357,604	2.9
Income before capital contributions	2,497,766	9,241,699	(6,743,933)	-73.0	4,644,936	4,596,763	99.0
Capital contributions - capital grants	5,609,857	5,306,076	303,781	5.7	13,153,479	(7,847,403)	-59.7
Change in net position	8,107,623	14,547,775	(6,440,152)	-44.3	17,798,415	(3,250,640)	-18.3
Net position - beginning of year - as restated	176,016,909	161,469,134	14,547,775	9.0	142,705,922	18,763,212	13.1
Net position - end of year	$ 184,124,532	$ 176,016,909	$ 8,107,623	4.6	$ 160,504,337	$ 15,512,572	9.7

*Statement of Revenues, Expenses and Changes in Net Position for year ended 2021 was not restated.

The Statement of Revenues, Expenses and Changes in Net Position shows how the District's net position changed during the fiscal year. The net position increased $8.1 million and $15.5 million during the fiscal years ended June 30, 2023 and 2022, respectively. In fiscal year 2023, the increase in net position is due to total revenues of $97.0 million exceeding total expenses of $94.5 million with capital contributions of $5.6 million. In fiscal year 2022, the increase in net position is due to total revenues of $93.9 million exceeding total expenses of $84.6 million with capital contributions of $5.3 million.

A closer examination of the sources of changes in net position reveals that:

In fiscal year 2023, total revenues increased $3.1 million and total expenses increased $9.9 million for a net decrease in income before capital contributions of $6.7 million. The District also saw an increase in capital contributions of $304 thousand for a net decrease in change in net position for 2023 of $6.4 million.

In fiscal year 2022, total revenues increased $7.0 million and total expenses increased $2.4 million for a net increase in income before capital contributions of $4.6 million. The District also saw a decrease in capital contributions of $7.8 million for a net decrease in change in net position for 2022 of $3.3 million.

Operating Revenues

	2023	2022	Change	2021	Change
Operating Revenues:					
Water replenishment assessment	$ 69,807,569	$ 75,528,104	$ (5,720,535)	$ 76,161,044	$ (632,940)
Desalter assessments	3,052,449	3,470,172	(417,723)	1,925,675	1,544,497
Water treatment subsidies	1,158,975	2,014,334	(855,359)	2,047,303	(32,969)
Other operating income	15,124,786	9,978,435	5,146,351	5,696,083	4,282,352
Total operating revenues	$ 89,143,779	$ 90,991,045	$ (1,847,266)	$ 85,830,105	$ 5,160,940

Total operating revenues decreased by $1.8 million from $91.0 million in fiscal year 2022 to $89.1 million in fiscal year 2023 primarily due to decreased pumping activities during the year.

Total operating revenues increased by $5.2 million from $85.8 million in fiscal year 2021 to $91.0 million in fiscal year 2022 primarily due to increased pumping activities and the rate increase during the year.

Operating Expenses

	2023	2022 (As Restated)	Change	2021	Change
Operating Expenses:					
Water supply management:					
Water purchases - injecting	$ 25,404,081	$ 25,983,785	$ (579,704)	$ 27,176,259	$ (1,192,474)
Water purchases - spreading	8,714,513	6,315,554	2,398,959	4,662,502	1,653,052
Connection fees	2,220,038	2,118,009	102,029	2,299,044	(181,035)
General and administrative	32,683,618	27,305,699	5,377,919	29,089,019	(1,783,320)
Depreciation and amortization	10,999,881	11,160,461	(160,580)	4,758,264	6,402,197
Total operating expenses	$ 80,022,131	$ 72,883,508	$ 7,138,623	$ 67,985,088	$ 4,898,420

Total operating expenses increased by $7.1 million from $72.9 in fiscal year 2022 to $80.0 million in fiscal year 2023 primarily due to increase in water purchases from spreading recycled water and increase in general and administrative expenses from salaries and employee benefits.

Total operating expenses increased by $4.9 million from $68.0 million in fiscal year 2021 to $72.9 million in fiscal year 2022. The main reason for the change was due to increase in depreciation and amortization expenses from the Groundwater Replenishment Improvement Project (GRIP) completed in June 2021 and transferred out of construction-in-process and into the related capital assets categories.

Capital Assets

At June 30, 2023 and 2022, the District's investment in capital assets amounted to $343.1 million and $339.4 million (net of accumulated depreciation), respectively. This investment in capital assets includes land, utility plant, monitoring and injection equipment, service connections, office furniture and equipment, and construction-in-progress. Major capital asset additions during fiscal year 2023 and 2022 include expenditures related to the Albert Robles Center for Water Recycling and Environmental Learning, Leo J. Vander Lans Advanced Water Treatment Facility Expansion Project, Goldsworthy Desalter and the Regional Groundwater Monitoring Program.

The capital assets of the District are summarized below and more fully analyzed in Note 6 – Capital Assets to the Basic Financial Statements.

	Balance July 1, 2022	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2023
Non-depreciable assets	$ 78,288,240	$ 14,130,972	$ -	$ 92,419,212
Depreciable assets	326,307,103	498,600	-	326,805,703
Accumulated depreciation	(65,145,764)	(10,999,882)	-	(76,145,646)
Capital assets, net	$ 339,449,579	$ 3,629,690	$ -	$ 343,079,269

	Balance July 1, 2021	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2022
Non-depreciable assets	$ 70,976,233	$ 14,859,368	$ (7,547,361)	$ 78,288,240
Depreciable assets	318,592,814	7,732,976	(18,687)	326,307,103
Accumulated depreciation	(53,985,303)	(11,160,461)	-	(65,145,764)
Capital assets, net	$ 335,583,744	$ 11,431,883	$ (7,566,048)	$ 339,449,579

Long-Term Debt

At June 30, 2023 and 2022, the District had long-term debt of $290.6 million and $298.2 million respectively. See Note 11 – Long-Term Debt to the Basic Financial Statements for further details.

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023
Replenishment Assessment Revenue Bonds				
Series 2015	$ 133,815,000	$ -	$ (2,975,000)	$ 130,840,000
Add: Unamortized premium	18,474,108	-	(800,322)	17,673,786
Series 2018	63,665,000	-	(1,145,000)	62,520,000
Add: Unamortized premium	8,706,967	-	(333,813)	8,373,154
Clean Water State Revolving Fund Loan	73,537,800	-	(2,386,738)	71,151,062
Total long-term debt	$ 298,198,875	$ -	$ (7,640,873)	$ 290,558,002

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022
Replenishment Assessment Revenue Bonds				
Series 2015	$ 136,645,000	$ -	$ (2,830,000)	$ 133,815,000
Add: Unamortized premium	19,274,430	-	(800,322)	18,474,108
Series 2018	64,750,000	-	(1,085,000)	63,665,000
Add: Unamortized premium	9,040,780	-	(333,813)	8,706,967
Clean Water State Revolving Fund Loan	71,748,020	4,186,873	(2,397,093)	73,537,800
Total long-term debt	$ 301,458,230	$ 4,186,873	$ (7,446,228)	$ 298,198,875

Requests for Information

This Annual Comprehensive Financial Report is designed to provide customers, stakeholders and other interested parties with an overview of the District's financial operations and overall 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 Chief Financial Officer at 4040 Paramount Boulevard, Lakewood, California 90712.

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BASIC FINANCIAL STATEMENTS

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	June 30	
	2023	2022 (As Restated)
ASSETS		
Current assets		
Cash and cash equivalents	**$ 89,080,724**	$ 89,089,531
Receivables:		
Water replenishment assessments	**30,650,738**	27,044,984
Notes receivable - due within one year	**313,953**	139,535
Other receivable	**104,425**	-
Prepaid items and deposits	**73,827**	6,000
Total current assets	**120,223,667**	116,280,050
Noncurrent assets		
Restricted cash and cash equivalents	**32,890,552**	42,274,401
Notes receivable - due in more than one year	**2,302,326**	2,581,395
Regulatory assets	**8,631,171**	-
Capital assets:		
Nondepreciable	**92,419,212**	78,288,240
Depreciable, net of accumulated depreciation	**250,660,057**	261,161,339
Capital assets, net	**343,079,269**	339,449,579
Total noncurrent assets	**386,903,318**	384,305,375
Total assets	**507,126,985**	500,585,425
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	**4,740,477**	2,724,925
Deferred outflows related to OPEB	**3,588,116**	3,651,257
Total deferred outflows of resources	**8,328,593**	6,376,182

(Continued)

See notes to the financial statements.

	June 30	
	2023	2022 (As Restated)
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	**$ 15,126,151**	$ 10,167,679
Accrued wages and related payables	**244,514**	195,980
Retention payable	**568,385**	630,611
Deposits payable	**317,396**	-
Interest payable	**4,252,716**	4,339,414
Unearned revenue	**5,042,675**	5,044,615
Compensated absences - due within one year	**284,256**	48,771
Lease payable, due within one year	**93,482**	138,348
Subscription payable, due within one year	**66,675**	-
Long-term debt - due within one year	**7,640,082**	7,640,082
Total current liabilities	**33,636,332**	28,205,500
Noncurrent liabilities		
Compensated absences, due in more than one year	**1,050,969**	1,094,917
Lease payable, net of current portion	**975,645**	1,054,741
Subscription payable, net of current portion	**240,452**	-
Long-term debt, due in more than one year	**282,917,920**	290,558,793
Net pension liability	**7,245,054**	2,670,419
Net OPEB liability	**3,122,824**	1,846,953
Total noncurrent liabilities	**295,552,864**	297,225,823
Total liabilities	**329,189,196**	325,431,323
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	**120,027**	2,343,561
Deferred inflows related to OPEB	**2,021,823**	3,169,814
Total deferred inflows of resources	**2,141,850**	5,513,375
NET POSITION		
Net position		
Net investment in capital assets	**78,214,493**	76,142,705
Unrestricted	**105,910,039**	99,874,204
Total net position	**$ 184,124,532**	$ 176,016,909

See notes to the financial statements.

	Years ended June 30 2023	2022 (As Restated)
Operating revenues		
Water replenishment assessments	$ **69,807,569**	$ 75,528,104
Desalter assessments	**3,052,449**	3,470,172
Water treatment subsidies	**1,158,975**	2,014,334
Other operating income	**15,124,786**	9,978,435
Total operating revenues	**89,143,779**	90,991,045
Operating expenses		
Water supply management:		
Water purchases - injecting	**25,404,081**	25,983,785
Water purchases - spreading	**8,714,513**	6,315,554
Connection fees	**2,220,038**	2,118,009
General and administrative	**32,683,618**	27,305,699
Depreciation and amortization	**10,999,881**	11,160,461
Total operating expenses	**80,022,131**	72,883,508
Net operating income	**9,121,648**	18,107,537
Nonoperating revenues (expenses)		
Property taxes	**910,297**	811,900
Interest and investment earnings	**940,716**	48,298
Interest expense and fiscal charges	**(9,020,576)**	(9,849,814)
Election costs	**(3,437,046)**	-
Other revenues	**6,036,936**	2,032,658
Other expenses	**(2,054,209)**	(1,908,880)
Total nonoperating revenues (expenses)	**(6,623,882)**	(8,865,838)
Capital contributions		
Capital contributions from other government	**5,609,857**	5,306,076
Total capital contributions	**5,609,857**	5,306,076
Changes in net position	**8,107,623**	14,547,775
Net position		
Beginning of year - as restated	**176,016,909**	161,469,134
End of year	$ **184,124,532**	$ 176,016,909

See notes to the financial statements.

	Years ended June 30 2023	2022 (As Restated)
Cash flows from operating activities:		
Cash received from water assessments and subsidies	$ **85,538,025**	$ 95,860,852
Cash received from other nonoperating revenue	**5,932,511**	2,032,658
Cash paid to vendors and suppliers for materials and services	**(54,162,803)**	(65,290,207)
Cash paid to employees for salaries and wages	**(8,946,991)**	(6,432,602)
Cash paid for election expenses	**(3,437,046)**	-
Cash paid for other nonoperating expenses	**(2,054,209)**	(1,908,880)
Net cash provided by operating activities	**22,869,487**	24,261,821
Cash flows from noncapital financing Activity:		
Proceeds from property taxes	**910,297**	811,900
Cash provided by noncapital financing activity	**910,297**	811,900
Cash flows from capital and related financing activities:		
Acquisition of capital assets	**(14,240,261)**	(14,936,768)
Acquisition of regulatory assets	**(8,631,171)**	-
Proceeds from issuance of debt, net	**-**	4,186,873
Cash paid for lease	**(139,460)**	(113,226)
Cash paid for subscription payable	**(66,684)**	-
Repayment of bonds payable	**(6,506,738)**	(6,312,093)
Interest payment	**(10,241,410)**	(11,056,567)
Proceeds from capital contributions - capital grants	**5,607,917**	5,313,708
Net cash used in capital and related financing activities	**(34,217,807)**	(22,918,073)
Cash flows from investing activities:		
Interest received	**940,716**	48,298
Issuance of notes receivable	**-**	(1,500,000)
Collection of notes receivable	**104,651**	139,535
Net cash provided by (used in) investing activities	**1,045,367**	(1,312,167)
Net (decrease) increase in cash and cash equivalents	**(9,392,656)**	843,481
Cash and cash equivalents:		
Beginning of year	**131,363,932**	130,520,451
End of year	$ **121,971,276**	$ 131,363,932
Financial statement presentation:		
Cash and cash equivalents	$ **89,080,724**	$ 89,089,531
Restricted assets - cash and cash equivalents	**32,890,552**	42,274,401
Total cash and cash equivalents	$ **121,971,276**	$ 131,363,932

(Continued)

See notes to the financial statements.

	Years ended June 30	
	2023	2022 (As Restated)
Reconciliation of operating income to net cash provided by operating activities:		
Net operating income	**$ 9,121,648**	$ 18,107,537
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	**10,999,881**	11,160,461
Election costs	**(3,437,046)**	-
Other nonoperating revenue	**6,036,936**	2,032,658
Other nonoperating expenses	**(2,054,209)**	(1,908,880)
Changes in operating assets, liabilities, and deferred outflows/inflows of resources		
(Increase) decrease in:		
Water replenishment assessments receivable, net	**(3,605,754)**	4,869,807
Other receivable	**(104,425)**	-
Prepaid items and deposits	**(67,827)**	80
Net pension asset	**-**	70,906
Increase (decrease) in:		
Accounts payable and accrued expenses	**4,958,472**	(7,145,496)
Retention payable	**(62,226)**	394,628
Deposits payable	**317,396**	(1,372,996)
Pensions and OPEB-related deferred outflows of resources	**(1,952,411)**	(610,002)
Pensions and OPEB-related deferred inflows of resources	**(3,371,525)**	5,633,707
Accrued wages and related payables	**48,534**	45,169
Net pension liability	**4,574,635**	(2,663,971)
Net OPEB liability	**1,275,871**	(4,225,080)
Compensated absences	**191,537**	(126,707)
Net cash provided by operating activities	**$ 22,869,487**	$ 24,261,821

See notes to the financial statements.

Note 1 Reporting Entity

The Water Replenishment District of Southern California (the "District") was formed by a vote of the people in 1959 for the purpose of protecting the groundwater resources of the Central and West Coast groundwater basins in Southern Los Angeles County. The District provides groundwater management for four million residents in 43 cities of Southern Los Angeles County (the "County"). The District was formed in response to a history of over pumping of the basins, which caused wells to go dry and seawater to intrude into the potable water aquifers. The District's principal funding mechanisms include a water replenishment assessment on all the pumping from the groundwater basins and a general tax assessment in the form of a tax levy upon the real property and improvements within the County. The District is governed by a five-member Board of Directors who serve overlapping four-year terms.

Blended Component Unit

As required by accounting principles generally accepted in the United States of America (U.S. GAAP), these financial statements present the District and its blended component unit. The component unit, although a legally separate entity is, in substance, part of the District's operations and so data from this unit is combined with data of the District.

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The primary criteria for including a potential component unit within the reporting entity are the governing body's financial accountability and a financial benefit or burden relationship and whether it is misleading to exclude. A primary government is financially accountable and shares a financial benefit or burden relationship, if it appoints a voting majority of an organization's governing body and it is able to impose its will on the organization or impose specific financial burdens on the primary government. A primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board, and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the primary government.

Management determined that the following component unit should be blended based on the criteria above:

Southern California Water Replenishment Financing Corporation

The Southern California Water Replenishment Financing Corporation ("Corporation") was incorporated on March 11, 1999. The Corporation is a California nonprofit public benefit corporation formed to assist the District in acquiring, constructing, operating and maintaining facilities, equipment, or other property needed by the District and leasing or selling such property to the District and as such has no employees or other operations.

Note 1 Reporting Entity (Continued)

Southern California Water Replenishment Financing Corporation (Continued)

Although the Corporation is a legally separate entity, it is included as a blended component unit of the District, as it is in substance a part of the District's operations. No separate financial statements are prepared for the Corporation.

Note 2 Summary of Significant Accounting Policies

Basis of Presentation

Financial statement presentation follows the standards promulgated by the Governmental Accounting Standards Board ("GASB") commonly referred to as U.S. GAAP. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements (i.e., the statement of net position, the statement of revenues, expenses and changes in net position, and statement of cash flows) report information on all of the activities of the District.

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 when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

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 of managing the groundwater basins on a continuing basis are financed or recovered primarily through user charges (water replenishment assessments), capital grants and similar funding. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues from water replenishment assessments are recognized in the accounting period in which related costs or charges associated with the rates assessed are incurred. Expenses are recognized in the period incurred.

Note 2 Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Operating revenues, such as water replenishment assessments, result from exchange transactions associated with the District's principal activity. Exchange transactions are those in which each party receives and gives up essentially equal value. Nonoperating revenues, such as grant funding and investment income, result from non-exchange transactions, in which, the District gives or receives value without directly receiving or giving value in exchange. Operating expenses, such as water purchases, are the result of the District's exchange transactions along with associated expenses for running the District's day-to-day operations. Nonoperating expenses, such as interest paid on debt service or election costs every other year, are the result of expenses that do not relate to the District's day-to-day operations.

Cash, Cash Equivalents, and Investments

Whenever possible, the District's cash is invested in interest bearing accounts. However, the safety and liquidity of the District's cash always takes priority over yield. The District considers all highly liquid investments with a maturity of 3 months or less to be cash equivalents.

Restricted Cash and Cash Equivalents

Cash and investments with fiscal agents are restricted due to limitations on their use by bond covenants or donor limitations. Fiscal agents acting on behalf of the District hold investment funds arising from the proceeds of long-term debt issuances. The funds may be used for specific capital outlays or for the payment of certain bonds and have been invested only as permitted by specific State statutes or applicable District ordinance, resolution, or bond indenture.

Water Replenishment Assessments Receivable

The District extends credit to customers in the normal course of operations. Management closely monitors outstanding balances and, based on collection experience, has determined all water replenishment assessment receivables are collectible. Allowances for doubtful accounts at June 30, 2023 and 2022 was estimated at $0.

Grants Receivable

When a grant agreement is approved and eligible expenditures are incurred, the amount is recorded as a grant receivable on the statement of net position and as an intergovernmental revenue or a capital contribution on the statement of revenues, expenses and changes in net position.

Note 2 Summary of Significant Accounting Policies (Continued)

Prepaid Items and Deposits

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

Regulatory Assets

Regulatory assets are initially measured as the amount of the incurred cost which will be recovered through future water replenishment assessments. Regulatory assets are amortized over future periods consistent with the period of recovery through rates. If all or part of an incurred cost recorded as a regulatory asset is no longer probable of being recovered, the amount that will not be recovered should be written off to earnings. If the Board subsequently allows recovery of costs that were previously disallowed, a new asset is recorded; classification of the new asset depends on how the asset would have been classified had it been previously allowed.

Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at $5,000. Donated assets are recorded at acquisition value at the date of donation. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized. A provision for depreciation is computed using the straight-line method over the following estimated useful lives of the assets:

Service connections	50 years
Monitoring and injection equipment	3 - 20 years
Building and improvements	40 years
Improvements other than building	10 - 40 years
Machinery and equipment	10 - 20 years
Autos and trucks	3 - 7 years
Office furniture and equipment	5 - 10 years
Utility plant and equipment	30 years
Capacity rights	30 years

The District has evaluated prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Management asserted that there were no impairments of capital assets as of June 30, 2023 and 2022.

Note 2 Summary of Significant Accounting Policies (Continued)

Right-of-Use Lease Assets and Lease Payable

The District recorded right-of-use lease assets and lease payable as a result of implementing GASB Statement No. 87, Leases. The right-of-use lease assets are initially measured at an amount equal to the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The lease assets are amortized on a straight-line basis over the term of the related leases or the useful life of the underlying assets, whichever is shorter.

Subscription Assets and Subscription Payable

The District has recorded subscription assets and subscription payable as a result of implementing GASB Statement No. 96, SBITAs, as of and for the year ended June 30, 2023. The subscription assets are initially measured at an amount equal to the related subscription liability plus payments associated with the SBITA contract made to the SBITA vendor at the commencement of subscription term, if applicable and capitalizable initial implementation costs less any SBITA vendor incentives received from SBITA vendor at the commencement of subscription term.

A subscription asset is amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets. The amortization of the subscription asset is reported as an outflow of resources (for example, amortization expense), which may be combined with depreciation expense related to other capital assets for financial reporting purposes. Amortization should begin at the commencement of the subscription term.

Unearned Revenue

Unearned revenue are reported for resources received before the eligibility requirements are met (excluding time requirements).

Deferred Outflows of Resources and Deferred Inflows of Resources

The statement of net position reports separate sections for deferred outflows of resources, and deferred inflows of resources, when applicable.

Deferred Outflows of Resources represent a consumption of net assets that applies to future periods; therefore, will not be recognized as an expense until that time.

Deferred Inflows of Resources represent an acquisition of net assets that applies to future periods; therefore, are not recognized as a revenue until that time.

Note 2 Summary of Significant Accounting Policies (Continued)

Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by the Federal and State granting agencies.

Compensated Absences

The District's policy is to permit employees to accumulate a limited amount of earned vacation and sick leave. Sick leave is payable when an employee is unable to work because of illness. Upon termination, an employee will be paid for any unused sick leave. Accumulated vacation time is accrued at year-end to account for the District's obligation to the employees for the amount owed.

It is management's belief that the majority of the obligation will be utilized during the course of the next fiscal year. Vacation pay is payable to employees at the time a vacation is taken or upon termination of employment.

Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses include amounts payable to vendors.

Long-term Debt

Debt premiums and discounts are amortized over the life of the debt using the straight-line method. Long-term debt is reported net of the applicable unamortized bond premium or discount. Debt issuance costs are expensed when incurred.

Arbitrage Rebate Requirement

The District is subject to the Internal Revenue Code (“IRC”) Section 148(f), related to its tax exempt revenue bonds. The IRC requires that investment earnings on gross proceeds of any revenue bonds that are in excess of the amount prescribed will be surrendered to the Internal Revenue Service. The District had no rebate liability for arbitrage as of June 30, 2023 and 2022.

Pensions

For purposes of measuring the net pension liability and deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the plans and additions to/deductions from the plans’ fiduciary net position have been determined on the same basis as they are reported by the plans. 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.

Note 2 Summary of Significant Accounting Policies (Continued)

Pensions (Continued)

The following timeframes are used for pension reporting:

CalPERS		
For the Year Ended	June 30, 2023	June 30, 2022
Valuation Date	June 30, 2021	June 30, 2020
Measurement Date	June 30, 2022	June 30, 2021
Measurement Period	July 1, 2021 to June 30, 2022	July 1, 2020 to June 30, 2021

PARS		
For the Year Ended	June 30, 2023	June 30, 2022
Valuation Date	June 30, 2022	June 30, 2020
Measurement Date	June 30, 2023	June 30, 2022
Measurement Period	July 1, 2022 to June 30, 2023	July 1, 2021 to June 30, 2022

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 retired) as of the beginning of the measurement period.

For the years ended June 30, 2023 and 2022, the District recognized total pension expense of $2,122,210 and $390,064 for all pension plans, respectively.

Other Postemployment Benefits ("OPEB")

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the 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 and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Note 2 Summary of Significant Accounting Policies (Continued)

Other Postemployment Benefits ("OPEB") (Continued)

The following timeframes are used for OPEB reporting:

For the Year Ended	June 30, 2023	June 30, 2022
Valuation Date	June 30, 2021	June 30, 2021
Measurement Date	June 30, 2022	June 30, 2021
Measurement Period	July 1, 2021 to June 30, 2022	July 1, 2020 to June 30, 2021

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB 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 retired) as of the beginning of the measurement period.

For the years ended June 30, 2023 and 2022, the District recognized total OPEB expense of $736,057 and $709,970, respectively.

Net Position

Net position represents the difference between all other elements in the statement of net position and should be displayed in the following three components:

Net Investment in Capital Assets – This component of net position consists of capital assets, unexpended proceeds of debt restricted to the financing of capital assets, and related deferred charges on refunding, net of accumulated depreciation and reduced by any related debt outstanding against the acquisition, construction or improvement of those capital assets.

Restricted – This component of net position consists of constraints placed on net position use through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments or restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted – This component of net position is the amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Note 2 Summary of Significant Accounting Policies (Continued)

Property Taxes and Assessments

The County Assessor's Office assesses all real and personal property within the County each year. The County Tax Collector's Office bills and collects the District's share of property taxes and assessments.

The County Treasurer's Office remits current and delinquent property tax collections to the District throughout the year. Property tax in California is levied in accordance with Article 13A of the State Constitution at one percent (1%) of countywide assessed valuations.

Property taxes receivable at year-end are related to property taxes collected by the County, which have not been credited to 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 April 10

Water Replenishment Assessments

Water replenishment assessments are billed on a monthly basis and are recognized in the accounting period in which related costs or charges associated with the rates assessed are incurred.

Overhead Absorption

Certain operating expenses are allocated to capital assets using management's allocation of manpower and service estimates that are directly related to the construction of capital assets.

Use of Estimates

The preparation of the basic financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosure. Accordingly, actual results could differ from those estimates.

Note 2 Summary of Significant Accounting Policies (Continued)

Implementation of New GASB Pronouncements

During the fiscal year ended June 30, 2023, the District implemented GASB Statement No. 94*, Public-Private and Public-Public Partnerships* (PPPs) and Availability Payment Arrangements (APAs). This Statement establishes the definitions of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. A PPP is an arrangement in which a government (the transferor) contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which a government compensates an operator for activities that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The implementation of this new accounting standard did not have an impact on the District's financial statements.

During the fiscal year ended June 30, 2023, the District implemented GASB Statement No. 96 – *Subscription-Based Information Technology Arrangements* (SBITA). The objective of this Statement is to better meet the information needs of financial statement users by (a) establishing uniform accounting and financial reporting requirements for SBITAs; (b) improving the comparability of financial statements among governments that have entered into SBITAs; and (c) enhancing the understandability, reliability, relevance, and consistency of information about SBITAs. This Statement establishes standards of accounting and financial reporting for SBITAs by a government end user (a government).

Under this Statement, a government is required to recognize a subscription assets and subscription payable. The implementation of this new accounting standard resulted in recognition of subscription assets and subscription payable in the District's June 30, 2023 financial statements. See also Notes 6 and 10.

Note 3 Cash and Investments

At June 30, 2023 and 2022, cash and investments are classified in the accompanying statements of net position as follows:

		2023		2022
Cash and cash equivalents	**$**	**89,080,724**	$	89,089,531
Restricted cash and cash equivalents		**32,890,552**		42,274,401
Total cash and cash equivalents	**$**	**121,971,276**	$	131,363,932

At June 30, 2023 and 2022, cash and investments consisted of the followings:

Demand Deposits

		2023		2022
Deposits with financial institutions	**$**	**94,640,538**	$	94,648,231
Investment with fiscal agent		**27,330,738**		36,715,701
Total cash and cash equivalents	**$**	**121,971,276**	$	131,363,932

Demand deposits are held in pool by the District. The carrying amounts of cash deposits were $94,640,538 and $94,648,231 at June 30, 2023 and 2022, respectively. Bank balance at June 30, 2023 and 2022 were $97,674,657 and $98,335,023, respectively, which were fully insured and/or collateralized with securities held by the pledging financial institutions in the District's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the District's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the District's name.

The fair value of pledged securities must equal at least 110% of the District's cash deposits. California law also allows institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total cash deposits. The District may waive collateral requirements for cash deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation. The District, however, has not waived the collateralization requirements.

Note 3 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 addresses interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by the bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Local Agency Bonds	5 years	None	None
U.S. Treasury bills, bonds and notes	5 years	None	None
Bonds issued by Local Agencies or States	5 years	None	None
U.S. government sponsored agency securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	None	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% off base value	None
Medium-Term Notes	5 years	30%	None
Money Market Mutual Funds	5 years	20%	10%
Mortgage Pass-Through Securities	5 years	None	None
Los Angels County Pooled Surplus Investment Fund	5 years	None	None
Local Agency Investment Fund (LAIF)	5 years	None	None

Note 3 Cash and Investments (Continued)

Investments Authorized by Debt Agreements

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury bills, bonds and notes	None	None	None
U.S. government sponsored agency securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	None	None	None
Investment Contracts	30 years	None	None

Disclosures Relating to Interest Rate Risk

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

Information about the sensitivity of the fair values of the District's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the District's investments by maturity as of June 30, 2023 and 2022.

Note 3 Cash and Investments (Continued)

Disclosures Relating to Interest Rate Risk (Continued)

Investment Type	2023 Remaining Maturity (in Years) Less Than 1 Year	2022 Remaining Maturity (in Years) Less Than 1 Year
Investments with fiscal agent:		
Money market mutual funds	$ 27,330,738	$ 36,715,701
Total	**$ 27,330,738**	$ 36,715,701

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. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the District's policy to limit its investments in these investment types to the top rating issued by NRSROs, including raters Standard and Poor's, and Moody's Investors Service. Presented in the following table are the Standard and Poor's credit ratings for the Districts investments as of June 30, 2023 and 2022.

	2023		
Investment Type	**Total As of June 30, 2023**	**Minimum Legal Requirement**	**AAA**
Investments with fiscal agent:			
Money market mutual funds	**$ 27,330,738**	**None**	**$ 27,330,738**
Total	**$ 27,330,738**		**$ 27,330,738**

	2022		
Investment Type	Total As of June 30, 2022	Minimum Legal Requirement	AAA
Investments with fiscal agent:			
Money market mutual funds	$ 36,715,701	None	$ 36,715,701
Total	$ 36,715,701		$ 36,715,701

Note 3 Cash and Investments (Continued)

Concentration of Credit Risk

The District's investment policy contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of June 30, 2023 and 2022, there were no investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represents 5% or more of total District investments.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. As of June 30, 2023, and 2022, none of the District's deposits or investments were exposed to custodial credit risk.

Fair Value Measurements

The District categorizes its fair value measurement within the fair value hierarchy established by U.S. GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the investments. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices of similar assets in active markets, and Level 3 inputs are significant unobservable inputs.

Note 3 Cash and Investments (Continued)

Fair Value Measurements (Continued)

Investment Type	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Totals
	2023			
Investments with fiscal agent:				
Money market mutual funds	**$ 27,330,738**	**$ -**	**$ -**	**$ 27,330,738**
Total	**$ 27,330,738**	**$ -**	**$ -**	**$ 27,330,738**

Investment Type	Quoted Prices Level 1	Observable Inputs Level 2	Unobservable Inputs Level 3	Totals
	2022			
Investments with fiscal agent:				
Money market mutual funds	$ 36,715,701	$ -	$ -	$ 36,715,701
Total	$ 36,715,701	$ -	$ -	$ 36,715,701

Note 4 Notes Receivable

At June 30, 2023 and 2022, notes receivable consisted of the followings:

	2023	2022
City of Vernon	**$ 1,116,279**	$ 1,220,930
City of Signal Hill	**1,500,000**	1,500,000
Total notes receivable	**$ 2,616,279**	$ 2,720,930
Due within one year	**$ 313,953**	$ 139,535
Due in more than one year	**$ 2,302,326**	$ 2,581,395

City of Vernon

On May 16, 2019, the District entered into a loan agreement with the City of Vernon for a maximum loan amount of $1,500,000 to finance the design, construction, installation and other services required to construct or rehabilitate the City's groundwater well. The loan is payable annually over a 10-year period. The loan is unsecured and non-interest bearing. Quarterly repayment of the loan in the amount of $34,884 started upon completion of the project and full disbursement of the loan proceeds to the City. The balance at June 30, 2023 was $1,116,279.

Note 4 Notes Receivable (Continued)

City of Signal Hill

On December 19, 2019, the District entered into a loan agreement with the City of Signal Hill for a maximum loan amount of $1,500,000 to finance the design, construction, installation, rehabilitation, and other services required to construct a replacement for the City's groundwater well. The loan is payable annually over a 10-year period. The loan is unsecured and non-interest bearing. Quarterly repayment of the loan will start upon completion of the project and full disbursement of the loan proceeds to the City. The balance at June 30, 2023 was $1,500,000.

Note 5 Regulatory Assets

The District's Board of Directors launched the PFAS Remediation Program in August 2020, where over $60 million in grant funding was established for water purveyors in the Central Basin and West Coast Basin seeking to install treatment systems to remove PFAS from drinking water wells. The program is one of the first in the State of California to administer grants specifically for the remediation of PFAS-impacted wells.

On November 4, 2021, the District's Board of Directors approved the adoption of the Capital Improvement Projects Committee's five-year capital projects which includes the PFAS Remediation Program. The program involves an estimated total of $61 million to be provided to various purveyors in the form of grants up to fiscal year 2028.

For the year ended June 30, 2023, the District spent $ 10,685,380 for PFAS remediation cost and recognized it as regulatory assets with the intention is to fully recover the PFAS remediation cost through rate adjustments from fiscal year 2023 to 2028. The balance of regulatory assets as of June 30, 2023 was $ 8,631,171.

Note 6 Capital Assets

Changes in capital assets for the year ended June 30, 2023 were as follows:

	Balance July 1, 2022	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2023
Capital assets, not depreciated				
Land	$ 16,673,743	$ -	$ -	$ 16,673,743
Construction-in-process	61,614,497	14,130,972	-	75,745,469
Total capital assets, not depreciated	78,288,240	14,130,972	-	92,419,212
Capital assets, being depreciated				
Building and improvements	11,158,712	-	-	11,158,712
Utility plant and equipment	285,429,135	-	-	285,429,135
Capacity rights	2,439,604	-	-	2,439,604
Monitoring and injection equipment	25,571,918	35,247	-	25,607,165
Service connections	401,420	-	-	401,420
Right-of-use lease assets	1,306,314	15,498	-	1,321,812
Subscription assets	-	447,855	-	447,855
Total capital assets, being depreciated	326,307,103	498,600	-	326,805,703
Less accumulated depreciation				
Building and improvements	(4,156,779)	(297,264)	-	(4,454,043)
Utility plant and equipment	(43,333,377)	(9,514,104)	-	(52,847,481)
Capacity rights	(1,382,583)	(81,309)	-	(1,463,892)
Monitoring and injection equipment	(16,003,542)	(847,442)	-	(16,850,984)
Service connections	(118,991)	(6,211)	-	(125,202)
Right-of-use lease assets	(150,492)	(162,028)	-	(312,520)
Subscription assets	-	(91,524)	-	(91,524)
Total accumulated depreciation	(65,145,764)	(10,999,882)	-	(76,145,646)
Total capital assets, being depreciated, net	261,161,339	(10,501,282)	-	250,660,057
Total capital assets, net	$ 339,449,579	$ 3,629,690	$ -	$ $343,079,269

Note 6 Capital Assets (Continued)

Changes in capital assets for the year ended June 30, 2022 were as follows:

	Balance July 1, 2021	Additions/ Transfers	Deletions/ Transfers	Balance June 30, 2022
Capital assets, not depreciated				
Land	$ 16,673,743	$ -	$ -	$ 16,673,743
Construction-in-process	54,302,490	14,859,368	(7,547,361)	61,614,497
Total capital assets, not depreciated	70,976,233	14,859,368	(7,547,361)	78,288,240
Capital assets, being depreciated				
Building and improvements	10,283,111	875,601	-	11,158,712
Utility plant and equipment	283,357,390	2,071,745	-	285,429,135
Capacity rights	2,439,604	-	-	2,439,604
Monitoring and injection equipment	20,894,505	4,677,413	-	25,571,918
Service connections	401,420	18,687	(18,687)	401,420
Right-of-use lease assets	1,216,784	89,530	-	1,306,314
Total capital assets, being depreciated	318,592,814	7,732,976	(18,687)	326,307,103
Less accumulated depreciation				
Building and improvements	(3,815,535)	(341,244)	-	(4,156,779)
Utility plant and equipment	(33,838,953)	(9,494,424)	-	(43,333,377)
Capacity rights	(1,301,274)	(81,309)	-	(1,382,583)
Monitoring and injection equipment	(14,918,578)	(1,084,964)	-	(16,003,542)
Service connections	(110,963)	(8,028)	-	(118,991)
Right-of-use lease assets	-	(150,492)	-	(150,492)
Total accumulated depreciation	(53,985,303)	(11,160,461)	-	(65,145,764)
Total capital assets, being depreciated, net	264,607,511	(3,427,485)	(18,687)	261,161,339
Total capital assets, net	$ 335,583,744	$ 11,431,883	$ (7,566,048)	$ $339,449,579

Major capital asset additions during 2023 and 2022 include work on various stages of construction projects. A significant portion of these additions related to various projects were completed during the current year and transferred out of construction-in-process and into the related capital assets categories.

Note 6 Capital Assets (Continued)

The District engaged in various construction projects throughout 2023. The balances of the various construction projects that comprise the construction-in-progress balances as of June 30, 2023 and 2022 are as follows:

	2023	2022
Leo J. Vander Lans Advanced Water Treatment Facility (LJVWTF) Expansion	**$ 7,625,289**	$ 4,269,526
Caltrans Pipeline	**913,182**	913,182
Compliance Monitoring	**2,363**	2,363
Goldworthy Desalter	**964,839**	732,754
Safe Drinking Water Progam	**12,938,378**	10,053,820
Dominguez Gap Recycled Water Project	**2,043,274**	1,349,296
Replenishment operations (Interconnection Pipeline)	**16,464**	16,464
Groundwater Replenishment Improvement Project (GRIP)	**331,702**	210,352
Groundwater Infrastructure Improvements	**779,147**	779,147
Environmental and Compliance Monitoring	**15,370,418**	12,685,338
Bond interest for capital projects	**19,715,369**	19,715,369
Supervisory Control and Data Acquisition (SCADA)	**2,721,415**	2,721,415
Asset Management	**1,764,352**	1,648,403
Paramount Equipment/Fleet Center	**966,788**	698,251
Regional Brackish Water Reclamation Program	**6,508,254**	2,793,234
General Engineering Administration	**335,788**	295,375
Pipeline Projects	**13,768**	13,768
Joint LA Basin Replenishment & Extraction Project	**2,734,679**	2,716,440
Total construction-in-process	**$ 75,745,469**	$ 61,614,497

Capitalized Interest

Starting the fiscal year ended June 30, 2019, the District no longer capitalize interest due to the implementation of GASB Statement No. 89.

Note 6 Capital Assets (Continued)

At June 30, 2023 and 2022, lease assets consisted of the following major classes of underlying assets:

		2023		2022
Lease assets				
Land	$	**1,094,803**	$	1,079,305
Warehouse space		**114,794**		114,794
Office equipment		**112,215**		112,215
Total lease assets		**1,321,812**		1,306,314
Accumulated amortization				
Land		**158,916**		79,458
Warehouse space		**110,202**		55,101
Office equipment		**43,402**		15,933
Total accumulated amortization		**312,520**		150,492
Lease assets, net	$	**1,009,292**	$	1,155,822

Note 7 Unearned Revenue

Water Replenishment Assessment

Cities may prepay their water replenishment assessment per the terms of a groundwater banking agreement between the district and the respective city. There was no unearned revenue related to water replenishment assessment as of June 30, 2023 and 2022.

Advances from Caltrans

In April 2004, the District and the California Department of Transportation (Caltrans) entered into an agreement relating to groundwater in the vicinity of the I-105 freeway. The agreement calls for $8 million to be paid by Caltrans to the District to be used to pay the costs of the proposed pipeline project described in the agreement, and to pay the replenishment assessment levied against the Caltrans groundwater extractions from beneath the I-105 freeway section. Caltrans advanced the $8 million to the District to fund the proposed pipeline project. As of June 30, 2023, and 2022, the District has spent $2,957,325 and $2,955,385 on the project, leaving an unexpended balance on the advance of $5,042,675 and $5,044,615, respectively.

Note 8 Compensated Absences

Summary of changes in compensated absences for the years ended June 30, 2023 and 2022 are as follows:

Fiscal Year	Beginning Balance	Net Earned	Buy Back	Ending Balance	Due within One Year	Due in More than One Year
2022-23	**$ 1,143,688**	**$ 338,680**	**$ (147,143)**	**$ 1,335,225**	**$ 284,256**	**$ 1,050,969**
2021-22	1,270,395	(11,561)	(115,146)	1,143,688	48,771	1,094,917

Note 9 Lease Liabilities

Leases

The District has the following leases as of June 30, 2023 and 2022:

City of Torrance – Land
On January 1, 2020, the District extended its lease agreement with City of Torrance (lessor) to lease one parcel of real property known as City of Torrance City Service Facility until January 31, 2035 for a monthly payment of $9,509 subject to adjustment every 5 years based on CPI.

3673 Industry Avenue, LLC. – Warehouse Space
On April 13, 2022, the District extended a lease agreement with 3673 Industry Avenue, LLC. (lessor) to lease the groundwater monitoring operations facility for twenty-five (25) months for a monthly payment of $4,480. The extended term of the agreement started on July 1, 2021.

Quadient Leasing USA, Inc. – Office Equipment
On December 2, 2022, the District entered into a lease agreement with Quadient Leasing USA, Inc. (lessor) to lease an office equipment for 36 months from December 2, 2022 to December 1, 2025 for a monthly payment of $473.61.

Ricoh, USA, Inc. – Office Equipment
On March 1, 2022, the District entered into a lease agreement with Ricoh USA Inc. (lessor) to lease an office equipment for sixty (60) months from January 1, 2022 to December 31, 2026 for a monthly payment of $1,731.

Xerox Financial Services, LLC. – Office Equipment
On June 30, 2019, the District entered into a lease agreement with Xero Financial Services, LLC. (lessor) to lease an office equipment for sixty (60) months from October 1, 2019 to September 30, 2024 for a monthly payment of $642.

Note 9 Lease Liabilities (Continued)

Leases (Continued)

Since the interest rate implicit in the above leases is not readily determined by the District, the future lease payments were discounted using an estimated incremental borrowing rate should a loan be taken to pay lease amounts during the lease terms. The discount rate used to calculate the lease liability was 6%.

The District recorded a right-to-use lease asset with a net book value of $1,009,292 and $1,155,822 and a lease liability of $1,069,127 and $1,193,089 for all these leases as of June 30, 2023 and 2022, respectively.

Lease Payable

As of June 30, 2023, lease payable consisted of the following:

	Balance July 1, 2022	Additions	Payments	Balance June 30, 2023	Due within One Year	Due in More Than One Year
City of Torrance	$ 1,028,576	$ -	$ (53,859)	$ 974,717	$ 57,181	$ 917,536
3673 Industry Avenue, LLC	66,610	-	(61,261)	5,349	5,349	-
Ricoh, USA, Inc.	81,734	-	(16,310)	65,424	17,316	48,108
Xerox Financial Services, LLC	16,169	-	(5,635)	10,534	8,628	1,906
Quandient	-	15,498	(2,395)	13,103	5,008	8,095
Total lease payable	$ 1,193,089	$ 15,498	$ (139,460)	$ 1,069,127	$ 93,482	$ 975,645

As of June 30, 2022, lease payable consisted of the following:

	Balance July 1, 2021	Additions	Payments	Balance June 30, 2022	Due within One Year	Due in More Than One Year
City of Torrance	$ 1,079,306	$ -	$ (50,730)	$ 1,028,576	$ 53,859	$ 974,717
3673 Industry Avenue, LLC	114,794	-	(48,184)	66,610	61,261	5,349
Ricoh, USA, Inc.	-	89,530	(7,796)	81,734	16,310	65,424
Xerox Financial Services, LLC	22,685	-	(6,516)	16,169	6,918	9,251
Total lease payable	$ 1,216,785	$ 89,530	$ (113,226)	$ 1,193,089	$ 138,348	$ 1,054,741

Note 9 Lease Liabilities (Continued)

Lease Payable (Continued)

Payments of principal and interest for each of the next five fiscal years and increments thereafter are as follows:

Years ending June 30	Principal	Interest	Total
2024	$ 93,482	$ 61,439	$ 154,921
2025	86,313	56,174	142,487
2026	86,748	50,972	137,720
2027	80,366	45,839	126,205
2028	76,273	41,258	117,531
Thereafter	645,945	138,674	784,619
Total	$ 1,069,127	$ 394,356	$ 1,463,483

Note 10 Subscription Payable

The District has entered into IT software subscription agreements with three SBITA vendors with subscription terms ranging from 3-5 years. Subscription payable is measured at the present value of the subscription payments expected to be made during the subscription term. The District used an estimated borrowing rate of 6% in calculating the subscription payable at implementation date. The District reported a total payment of $140,728 on IT software subscription for the fiscal year ended June 30, 2023. The subscription payable as of June 30, 2023 amounts to $307,127.

	Balance July 1, 2022	Additions	Payments	Balance June 30, 2023	Due within One Year	Due in More Than One Year
NEOGOV	$ -	$ 42,958	$ (7,912)	$ 35,046	$ 13,721	$ 21,325
Microsoft Corporation	-	143,246	(20,536)	122,710	21,768	100,942
Questica LTD	-	187,607	(38,236)	149,371	31,186	118,185
Total subscription payable	$ -	$ 373,811	$ (66,684)	$ 307,127	$ 66,675	$ 240,452

The future minimum subscription obligations as of June 30, 2023, are as follows:

Years ending June 30	Principal	Interest	Total
2024	$ 66,675	$ 15,733	$ 82,408
2025	79,464	11,044	90,508
2026	63,735	10,685	74,420
2027	69,771	3,205	72,976
2028	27,482	25,320	52,802
Total	$ 307,127	$ 65,987	$ 373,114

Note 11 Long-Term Debt

Summary of changes in long-term debt for the year ended June 30, 2023 is as follows:

	Balance July 1, 2022	Additions	Deletions	Balance June 30, 2023	Due within One Year	Due in More Than One Year
Replenishment Assessment Revenue Refunding Bonds,						
Series 2015	$ 133,815,000	$ -	$ (2,975,000)	$ 130,840,000	$ 2,975,000	$ 127,865,000
Add: Unamortized Premium	18,474,108	-	(800,322)	17,673,786	800,322	16,873,464
Rep lenishment Assessment Revenue Bonds,						
Series 2018	63,665,000	-	(1,145,000)	62,520,000	1,145,000	61,375,000
Add: Unamortized Premium	8,706,967	-	(333,813)	8,373,154	333,813	8,039,341
Clean Water State Revolving Fund Loan	73,537,800	-	(2,386,738)	71,151,062	2,385,947	68,765,115
Total long-term debt	$ 298,198,875	$ -	$ (7,640,873)	$ 290,558,002	$ 7,640,082	$ 282,917,920

Summary of changes in long-term debt for the year ended June 30, 2022 is as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Due within One Year	Due in More Than One Year
Replenishment Assessment Revenue Refunding Bonds,						
Series 2015	$ 136,645,000	$ -	$ (2,830,000)	$ 133,815,000	$ 2,975,000	$ 130,840,000
Add: Unamortized Premium	19,274,430	-	(800,322)	18,474,108	800,322	17,673,786
Rep lenishment Assessment Revenue Bonds,						
Series 2018	64,750,000	-	(1,085,000)	63,665,000	1,145,000	62,520,000
Add: Unamortized Premium	9,040,780	-	(333,813)	8,706,967	333,813	8,373,154
Clean Water State Revolving Fund Loan	71,748,020	4,186,873	(2,397,093)	73,537,800	2,385,947	71,151,853
Total long-term debt	$ 301,458,230	$ 4,186,873	$ (7,446,228)	$ 298,198,875	$ 7,640,082	$ 290,558,793

Replenishment Assessment Revenue Refunding Bonds, Series 2015

On December 10, 2015, the District issued $148,345,000 of Replenishment Assessment Revenue Refunding Bonds, Series 2015. The bonds were rated AA+ from both Standard & Poor's and Fitch Ratings. The proceeds were used to refinance the District's outstanding 2004, 2008 and 2011 certificates of participation and provide $69,500,000, which will fund the District's 5-year capital improvement plan, including projects such as the Groundwater Reliability Improvement Project, the expansion of the Goldsworthy Desalter, the Groundwater Basin Management Program and the Safe Drinking Water Program. The bonds call for level debt service payments and mature in annual installments through the year ended June 30, 2046.

Note 11 Long-Term Debt (Continued)

Replenishment Assessment Revenue Refunding Bonds, Series 2015 (Continued)

The Replenishment Assessment Revenue Bonds, Series 2015 debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2024	$ 3,125,000	$ 6,122,025	$ 9,247,025
2025	3,285,000	5,961,775	9,246,775
2026	3,455,000	5,793,275	9,248,275
2027	3,630,000	5,616,150	9,246,150
2028	3,815,000	5,430,025	9,245,025
2029-2033	22,230,000	24,005,000	46,235,000
2034-2038	28,545,000	17,690,125	46,235,125
2039-2043	36,610,000	9,622,450	46,232,450
2044-2046	26,145,000	1,596,500	27,741,500
	$ 130,840,000	$ 81,837,325	$ 212,677,325

Replenishment Assessment Revenue Bonds, Series 2018

On December 1, 2018, the District issued $65,785,000 of Replenishment Assessment Revenue Bonds, Series 2018. The bonds were rated AA+ from both Standard & Poor's and Fitch Ratings. The bonds will fund the District's 5-year Capital Improvement Plan including projects such as the Water Independence Now Program, Groundwater Basin Management Program, the Groundwater Quality Protection and Remediation Plan and the Regional Brackish Water Reclamation Program. The bonds call for level debt service payments and mature in annual installments through the year ended June 30, 2049.

Note 11 Long-Term Debt (Continued)

Replenishment Assessment Revenue Bonds, Series 2018 (Continued)

The Replenishment Assessment Revenue Bonds, Series 2018 debt service requirements to maturity are as follows:

Year Ending June 30	Principal	Interest	Total
2024	$ 1,200,000	$ 3,096,000	$ 4,296,000
2025	1,260,000	3,034,500	4,294,500
2026	1,325,000	2,969,875	4,294,875
2027	1,395,000	2,901,875	4,296,875
2028	1,465,000	2,830,375	4,295,375
2029-2033	8,540,000	12,944,250	21,484,250
2034-2038	10,970,000	10,517,500	21,487,500
2039-2043	14,085,000	7,401,125	21,486,125
2044-2048	18,090,000	3,399,500	21,489,500
2049	4,190,000	104,750	4,294,750
	$ 62,520,000	$ 49,199,750	$ 111,719,750

Clean Water State Revolving Fund Loan

In October 2017, the Board of Directors of the District approved an agreement with California's State Water Resources Control Board (SWRCB) that will provide $95 million in funding for the construction of the Groundwater Reliability Improvement Project (GRIP), an advanced water treatment facility currently under construction in the City of Pico Rivera. Of the $95 million in funding, SWRCB has agreed to provide $15 million as grant funds while the remaining $80 million will be a loan that is payable in annual installments starting on December 31, 2020 and matures on December 31, 2048. The $80 million loan has an interest rate of 1%. During the years ended June 30, 2023 and 2022, the District drew down $0 and $4,186,873, respectively, from SWRCB.

Note 11 Long-Term Debt (Continued)

The annual debt service requirements at June 30, 2023 are as follows:

Year Ending June 30	Principal	Interest	Total
2024	$ 2,409,807	$ 711,511	$ 3,121,318
2025	2,433,905	687,413	3,121,318
2026	2,458,244	663,074	3,121,318
2027	2,482,826	638,491	3,121,317
2028	2,507,654	613,663	3,121,317
2029-2033	12,919,473	2,687,112	15,606,585
2034-2038	13,578,497	2,028,091	15,606,588
2039-2043	14,271,137	1,335,450	15,606,587
2044-2048	14,999,108	607,478	15,606,586
2049	3,090,411	30,904	3,121,315
	$ 71,151,062	$ 10,003,187	$ 81,154,249

Note 12 Deferred Compensation Savings Plan

For the benefit of its employees, the District participates in IRS Code Section 457 and 401(a) Deferred Compensation Programs (Programs). The purpose of these Programs is to provide deferred compensation for District 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. The District is in compliance with this legislation. These assets are not the legal property of the District, and are not subject to claims of the District's general creditors. The assets and related liabilities are not shown on the statements of net position. The District has little administrative involvement and does not perform the investing function for this plan. Unaudited market value of all plan assets held in trust at June 30, 2023 and 2022 was $6,441,427 and $5,200,589, respectively.

Note 13 Defined Benefit Pension Plans

CalPERS Plans

General Information about the Pension Plans

Plan Description

The District's defined benefit pension plan (the "Plan") provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to Plan members and beneficiaries. The Plan is part of the Miscellaneous Risk Pool Public Agency portion of the California Public Employees' Retirement System ("CalPERS"), a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California.

A menu of benefit provisions, as well as other requirements, is established by State statutes within the Public Employees' Retirement Law. The Plan selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through the District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding provisions, assumptions and membership information that can be found on the CalPERS website.

Benefit Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member becomes eligible for service retirement upon attainment of age 60 with at least 5 years of credited service. During the year ended June 30, 2013, the California's Public Employees' Pension Reform Act ("PEPRA") went into effect. Employees hired after January 1, 2013 who are new to the CalPERS system are part of the PEPRA plan. PEPRA members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay. Retirement benefits for classic employees are calculated as 3% of the average final 12 months compensation. Retirement benefits for PEPRA employees are calculated as 2% of the average final 36 months compensation.

Note 13 Defined Benefit Pension Plans (Continued)

CalPERS Plans (Continued)

General Information about the Pension Plans (Continued)

Benefit Provided (Continued)

Participant is eligible for non-industrial disability retirement if becomes disabled and has at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8 percent of final compensation, multiplied by service. Industrial disability benefits are not offered.

An employee's beneficiary may receive the basic death benefit if the employee dies while actively employed. The employee must be actively employed with the District to be eligible for this benefit. An employee's survivor who is eligible for any other pre-retirement death benefit may choose to receive that death benefit instead of this basic death benefit.

The basic death benefit is a lump sum in the amount of the employee's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one-month salary for each completed year of current service, up to a maximum of six months' salary. For purposes of this benefit, one month's salary is defined as the member's average monthly full-time rate of compensation during the 12 months preceding death.

Upon the death of a retiree, a one-time lump sum payment of $500 will be made to the retiree's designated survivor(s), or to the retiree's estate.

Benefit terms provide for annual cost-of-living adjustments to each employee's retirement allowance. Beginning the second calendar year after the year of retirement, retirement and survivor allowances will be annually adjusted on a compound basis by 2 percent.

Note 13 Defined Benefit Pension Plans (Continued)

CalPERS Plans (Continued)

General Information about the Pension Plans (Continued)

Employee Covered by Benefit Terms

At June 30, 2021 and 2020, the valuation dates, the following employees were covered by the benefit terms:

	2021		2020	
	Classic	PEPRA	Classic	PEPRA
Active employees	19	22	22	22
Transferred and terminated employees	33	4	34	3
Retired employees and beneficiaries	42	0	39	0
	94	26	95	25

Contributions

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2022, the classic active employee contribution rates were 8.00% of annual pay, and the required employer contribution rates were 16.15% of the annual payroll; the PEPRA active employee contribution rate was 7.25% of annual pay, and the required employer contribution rates were 7.73% of the annual payroll.

For the measurement period ended June 30, 2021, the classic active employee contribution rates were 8.00% of annual pay, and the required employer contribution rates were 16.337% of the annual payroll; the PEPRA active employee contribution rate was 7.25% of annual pay, and the required employer contribution rates were 7.874% of the annual payroll.

Note 13 Defined Benefit Pension Plans (Continued)

CalPERS Plans (Continued)

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

June 30, 2023 reporting year

The June 30, 2021 valuations were rolled forward to determine the June 30, 2022 (measurement date) total pension liabilities 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	6.90%
Inflation	2.30%
Salary increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS' membership data for all funds
Post-Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

Note 13 Defined Benefit Pension Plans (Continued)

CalPERS Plans (Continued)

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Actuarial Methods and Assumptions Used to Determine Total Pension Liability (Continued)

June 30, 2022 reporting year

The June 30, 2020 valuations were rolled forward to determine the June 30, 2021 total pension liabilities 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 (1)	Derived using CalPERS' membership data for all funds
Post-Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from December 2017 that can be found on the CalPERS website.

Note 13 Defined Benefit Pension Plans (Continued)

CalPERS Plans (Continued)

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Change of Assumption

On July 12, 2021, CalPERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the Board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions were reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

Note 13 Defined Benefit Pension Plans (Continued)

CalPERS Plans (Continued)

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred 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 for the measurement date June 30, 2022, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points. The expected real rates of return by asset class are as follows:

Asset Class (1)	Assumed Asset Allocation	Real Return (1,2)
Global Equity - Cap weighted	30.00%	4.54%
Global Equity - Non-Cap weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Securities	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	-5.00%	0.59%
	100.00%	

(1) An expected inflation of 2.30% used for this period.
(2) Figures are based on the 2021 Asset Liability Management study.

Note 13 Defined Benefit Pension Plans (Continued)

CalPERS Plans (Continued)

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount Rate

The discount rate used to measure the June 30, 2022 and 2021 total pension liability was 6.90% and 7.15%, respectively. 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.

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

The following presents the net pension liability of the Plan as of the measurement date June 30, 2022, calculated using the discount rate of 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (7.90%) or 1 percentage-point higher (5.90%) than the current rate:

	Plan's Net Pension Liability		
Measurement Date	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
June 30, 2022	$ 11,980,758	$ 7,221,058	$ 3,305,006

The following presents the net pension liability of the Plan as of the measurement date June 30, 2021, 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's Net Pension Liability		
Measurement Date	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
June 30, 2021	$ 6,712,556	$ 2,646,887	$ (714,152)

Note 13 Defined Benefit Pension Plans (Continued)

CalPERS Plans (Continued)

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Pension Plan Fiduciary Net Position

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

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the Plan's proportionate share of the risk pool collective net pension liability over the measurement periods July 1, 2021 to June 30, 2022 and July 1, 2020 to June 30, 2021:

	Increase (Decrease)		
Measurement Date	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) =(a) - (b)
Balance at June 30, 2021 (Valuation Date)	$ 30,793,390	$ 28,146,503	$ 2,646,887
Balance at June 30, 2022 (Measurement Date)	34,916,145	27,695,087	7,221,058
Net changes during July 1, 2021 to June 30, 2022	4,122,755	(451,416)	4,574,171

	Increase (Decrease)		
Measurement Date	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) =(a) - (b)
Balance at June 30, 2020 (Valuation Date)	$ 27,900,077	$ 21,907,988	$ 5,992,089
Balance at June 30, 2021 (Measurement Date)	30,793,390	28,146,503	2,646,887
Net changes during July 1, 2020 to June 30, 2021	2,893,313	6,238,515	(3,345,202)

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool for the measurement periods ended June 30, 2022 and 2021.

Note 13 Defined Benefit Pension Plans (Continued)

CalPERS Plans (Continued)

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

(1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation dates (June 30, 2021 and 2020). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement dates (June 30, 2022 and 2021). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2022 and June 30, 2021 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement periods (2021-22 and 2020-2021).

(3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan's share of the actuarial accrued liability. FNP is allocated based on the rate plan's share of the market value of assets.

(4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

(5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expense is allocated based on the District's share of contribution.

Note 13 Defined Benefit Pension Plans (Continued)

CalPERS Plans (Continued)

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

The District's proportionate share of the net pension liability was as follows:

2023		2022	
June 30, 2022	0.13940%	June 30, 2021	0.14206%
June 30, 2023	0.15432%	June 30, 2022	0.13940%
Change - Increase (Decrease)	0.014924%	Change - Increase (Decrease)	-0.002660%

For the years ended June 30, 2023 and 2022, the District recognized pension expense in the amounts of $2,078,795 and $344,524 for CalPERS plan, respectively.

The expected average remaining service lifetime ("EARSL") is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired). The EARSL for the miscellaneous plan risk pool for the 2021-22 measurement period is 3.7 years, which was obtained by dividing the total service years of 574,665 (the sum of remaining service lifetimes of the active employees) by 153,587 (the total number of participants: active, inactive, and retired). The EARSL for the miscellaneous plan risk pool for the 2021-21 measurement period is 3.7 years, which was obtained by dividing the total service years of 561,622 (the sum of remaining service lifetimes of the active employees) by 150,648 (the total number of participants: active, inactive, and retired)..

Note 13 Defined Benefit Pension Plans (Continued)

CalPERS Plans (Continued)

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

At June 30, 2023, and 2022, the District has deferred outflows and deferred inflows of resources related to pensions as follows:

	June 30, 2023		June 30, 2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 1,761,056	$ -	$ 1,579,674	$ -
Differences between actual and expected experience	145,015	(97,122)	296,820	-
Changes of assumptions	739,948	-	-	-
Adjustment due to differences in proportions	357,908	-	374,968	-
Differences between the District's contribution and proportionate share of contribution	307,385	-	351,871	(12,279)
Net differences between projected and actual earnings on plan investments	1,322,706	-	-	(2,310,592)
Total	$ 4,634,018	$ (97,122)	$ 2,603,333	$ (2,322,871)

The $1,761,056 and $1,579,674 reported as deferred outflows of resources related to pensions as of June 30, 2023 and 2022, respectively, resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the collective net pension liability in the years ending June 30, 2024 and June 30, 2023.

Note 13 Defined Benefit Pension Plans (Continued)

CalPERS Plans (Continued)

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in the future pension expense as follows:

2023		2022	
Year Ending June 30,	Deferred Outflows (Inflows) of Resources	Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2024	$ 922,227	2023	$ (92,563)
2025	704,619	2024	(178,552)
2026	339,979	2025	(389,570)
2027	809,015	2026	(638,527)
2028	-	2027	-
Thereafter	-	Thereafter	-
Total	$ 2,775,840	**Total**	$ (1,299,212)

Public Agency Retirement System ("PARS") Plan

General Information about the Pension Plan

Plan Description

The District provides retirement benefits to its elected directors who do not participate in CalPERS through a single-employer defined benefit plan administered as part of the Public Agency Retirement System (PARS). A separate audited GAAP-basis post-employment benefit plan report is not available for this Plan. Directors who retire at age 50 with 5 years of service with the District are eligible to receive pension benefits under the plan. The plan provides a benefit equal to the "3% at 60" plan factor of final average compensation for all years of service. The plan provides a benefit equal to "2% at 62" for Board members of the District hired after December 31, 2012 and are not participating in the CalPERS plan.

Note 13 Defined Benefit Pension Plans (Continued)

Public Agency Retirement System ("PARS") Plan (Continued)

Benefit Provided

The plan provides a Tier I benefit for Board Members of the District on or after January 1, 2003 and hired prior on or before December 31, 2012 equal to the CalPERS "3.0% at 60" benefit. Final average compensation for Tier I is defined as the highest year of W-2 and/or 1099 compensation paid by the District.

The plan provides a Tier II benefit for Board Members of the District hired after December 31, 2012 equal to the CalPERS "2.0% at 62" benefit. Final average compensation for Tier II is the highest average annual compensation paid to an employee during any consecutive thirty-six (36) months of compensation with the District, and shall be based on normal monthly rate of pay of similarly-situated employees and shall not exceed an annual amount equal to 120% of the maximum taxable earnings under Social Security as of 2012 (adjusted annually by CPI).

Eligibility for an immediate benefit under Tier I is defined as reaching age 50 and completing five years of continuous service with the District. Eligibility for an immediate benefit under Tier II is defined as reaching age 52 and completing five years of continuous service with the District.

The plan provides a deferred retirement benefit to those members who terminate employment after completing at least five years of full-time continuous service with the District but do not meet the age requirements for an immediate benefit. The benefit will commence upon satisfying all of the Tier I or Tier II eligibility requirements.

Members contribute 8% of their compensation to the Plan each year. If a member terminates prior to completing five years of full-time continuous service, then he or she will receive a refund of contributions accumulated with 5% interest per annum. The same benefit, along with an additional lump sum of $500, is paid to the surviving spouse or the designated beneficiary upon the death of a member who was actively employed at the time of his or her death.

Note 13 Defined Benefit Pension Plans (Continued)

Public Agency Retirement System ("PARS") Plan (Continued)

General Information about the Pension Plan (Continued)

Employee Covered by Benefit Terms

At June 30, 2022, the valuation date, the following employees were covered by the benefit terms:

	2022
Active employees	5
Transferred and terminated employees	0
Retired employees and beneficiaries	1
	6

Contributions

Employees contribute 8.00% of compensation, the employer contributed 9.01% of compensation during the years ended June 30, 2023 and 2022, respectively.

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2022 valuation was rolled forward to determine the June 30, 2023 total pension liability, based on the following actuarial methods and assumptions:

Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return	4.50%
Inflation	2.30%
Salary increases	3.00%
Cost of Living Adjustments	2.00%
Withdrawal	None assumed.
Disability	None assumed.
Mortality	Pre-retirement: Consistent with the Non-Industrial Rates used to value the Miscellaneous Public Agency CalPERS Pension Plans after June 30, 2021. Post-retirement: Consistent with the Non-Industrial Rates used to value the Miscellaneous Public Agency CalPERS Pension Plans after June 30, 2021.

Note 13 Defined Benefit Pension Plans (Continued)

Public Agency Retirement System ("PARS") Plan (Continued)

General Information about the Pension Plan (Continued)

Long-Term Expected Rate of Return

The long-term expected rate of return was selected by the District. Below is a projection of the 30-year average return derived by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation on the Plan's current asset allocation. The capital market assumptions are per Milliman's investment consulting practice as of June 30, 2023 and 2022, as shown below:

2023

Asset Class	Target Allocation	Long-term Expected Arithmetic Real Rate of Return	Long-term Expected Geometric Real Rate of Return
US Cash	4.94%	0.51%	0.49%
US Core Fixed Income	80.69%	2.07%	1.93%
US Equity Market	10.99%	5.56%	3.90%
Foreign Developed Equity	1.81%	6.89%	5.07%
Emerging Markets Equity	1.11%	9.58%	6.18%
US REITs	0.46%	6.96%	4.74%
Total	100.00%		
Assumed Inflation - Mean		2.32%	2.32%
Assumed Inflation - Standard Deviation		1.42%	1.42%
Portfolio Real Mean Return		2.57%	2.43%
Portfolio Nominal Mean Return		4.88%	4.80%
Portfolio Standard Deviation			4.23%
Long-term Expected Rate of Return			4.50%

Note 13 Defined Benefit Pension Plans (Continued)

Public Agency Retirement System ("PARS") Plan (Continued)

Long-Term Expected Rate of Return (Continued)

2022

Asset Class	Target Allocation	Long-term Expected Arithmetic Real Rate of Return	Long-term Expected Geometric Real Rate of Return
US Cash	5.17%	0.21%	0.20%
US Core Fixed Income	80.70%	1.95%	1.84%
US Equity Market	11.27%	5.70%	4.10%
Foreign Developed Equity	1.43%	7.30%	5.56%
Emerging Markets Equity	0.93%	9.44%	5.97%
US REITs	0.50%	6.27%	4.11%
Total	100.00%		
Assumed Inflation - Mean		2.35%	2.35%
Assumed Inflation - Standard Deviation		1.25%	1.25%
Portfolio Real Mean Return		2.45%	2.33%
Portfolio Nominal Mean Return		4.80%	2.74%
Portfolio Standard Deviation			3.64%
Long-term Expected Rate of Return			4.50%

Discount Rate

The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return of 4.5%.

Note 13 Defined Benefit Pension Plans (Continued)

Public Agency Retirement System ("PARS") Plan (Continued)

The following table shows the changes in net pension liability recognized over the measurement period of July 1, 2022 to June 30, 2023.

	2023		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (c) = (a) -(b)
Balances at June 30, 2022 (Valuation Date)	$ 513,356	$ 489,824	$ 23,532
Changes Recognized for the Measurement Period:			
Service cost	37,196	-	37,196
Interest on the total pension liability	24,451	-	24,451
Effect of economic/demographic gains or losses	(21,585)	-	(21,585)
Change of assumptions or inputs	9,305	-	9,305
Contributions from the employer	-	25,603	(25,603)
Contributions from employees	-	14,864	(14,864)
Net investment income	-	10,978	(10,978)
Benefit payments including refunds of employee contributions	(14,581)	(14,581)	-
Administrative expense	-	(2,542)	2,542
Net Changes during July 1, 2022 to June 30, 2023	34,786	34,322	464
Balances at June 30, 2023 (Measurement Date)	$ 548,142	$ 524,146	$ 23,996

Note 13 Defined Benefit Pension Plans (Continued)

Public Agency Retirement System ("PARS") Plan (Continued)

The following table shows the changes in net pension liability (asset) recognized over the measurement period of July 1, 2021 to June 30, 2022.

	2022		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (c) = (a) -(b)
Balances at June 30, 2021 (Valuation Date)	$ 508,954	$ 579,860	$ (70,906)
Changes Recognized for the Measurement Period:			
Service cost	37,976	-	37,976
Interest on the total pension liability	23,345	-	23,345
Effect of economic/demographic gains or losses	-	-	-
Change of assumptions or inputs	-	-	-
Contributions from the employer	-	22,307	(22,307)
Contributions from employees	-	13,367	(13,367)
Net investment income	-	(65,882)	65,882
Benefit payments including refunds of employee contributions	(56,919)	(56,919)	-
Administrative expense	-	(2,909)	2,909
Net Changes during July 1, 2021 to June 30, 2022	4,402	(90,036)	94,438
Balances at June 30, 2022 (Measurement Date)	$ 513,356	$ 489,824	$ 23,532

Note 13 Defined Benefit Pension Plans (Continued)

Public Agency Retirement System ("PARS") Plan (Continued)

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

The following presents the net pension liability of the Plan as of the measurement date June 30, 2023, calculated using the discount rate of 4.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.50%) or 1 percentage-point higher (5.50%) than the current rate:

	Plan's Net Pension Liability (Asset)		
Measurement Date	Discount Rate -1% (3.50%)	Current Discount Rate (4.50%)	Discount Rate +1% (5.50%)
June 30, 2023	$ 103,884	$ 23,996	$ (42,127)

The following presents the net pension liability of the Plan as of the measurement date June 30, 2022, calculated using the discount rate of 4.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (3.50%) or 1 percentage-point higher (5.50%) than the current rate:

	Plan's Net Pension Liability (Asset)		
Measurement Date	Discount Rate -1% (3.50%)	Current Discount Rate (4.50%)	Discount Rate +1% (5.50%)
June 30, 2022	$ 101,991	$ 23,532	$ (45,543)

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available upon request.

For the measurement periods ended June 30, 2023 and June 30, 2022, the District incurred a pension expense of $43,415 and $45,540, respectively.

Note 13 Defined Benefit Pension Plans (Continued)

Public Agency Retirement System ("PARS") Plan (Continued)

Pension Plan Fiduciary Net Position (Continued)

As of measurement date of June 30, 2023 and June 30, 2022. the District has deferred outflows and deferred inflows of resources related to pension as follows:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 18,487	$ (22,905)	$ 24,861	$ (20,690)
Changes of assumptions	29,371	-	32,616	-
Net differences between projected and actual earnings on pension plan investments	58,601	-	64,115	-
Total	$ 106,459	$ (22,905)	$ 121,592	$ (20,690)

The amounts above are net of outflows and inflows recognized in the 2022-2023 measurement period and 2021-2022 measurement period expense.

Amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

2023		2022	
Year Ending June 30,	Deferred Outflows (Inflows) of Resources	Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2024	$ 24,328	2023	$ 16,948
2025	28,592	2024	24,624
2026	30,146	2025	28,888
2027	488	2026	30,442
2028	-	2027	-
Thereafter	-	Thereafter	-
Total	$ 83,554	Total	$ 100,902

Note 14 Other Postemployment Benefits ("OPEB")

General Information about the OPEB

Plan Description

Union employees hired prior to December 20, 2001 qualify for postemployment healthcare benefits if they retire with 12 or more years of service at the District; however, they receive no benefits until age 55. Retirees, spouses and surviving spouses receive a benefit equal to the entire medical and dental premium cost. In addition, retirees participate in a Medical Reimbursement Program and Vision Reimbursement Program.

Union employees hired on or after December 20, 2001 and before January 1, 2012 qualify for postemployment healthcare benefits if they retire from the District at age 55 or older with 12 or more years of service. Retirees, spouses and surviving spouses receive a benefit equal to the entire medical and dental premium cost. In addition, retirees participate in a Medical Reimbursement Program and Vision Reimbursement Program.

Union employees hired after December 31, 2011 qualify for postemployment healthcare benefits if they retire from the District at age 55 or older with 10 or more years of service. They will be eligible for an employer contribution toward the cost of medical and dental coverage according to the following schedule:

Credited Years of Service	Percentage of Employer Contribution
10	50%
11	55%
12	60%
13	65%
14	70%
15	75%
16	80%
17	85%
18	90%
19	95%
20 or more	100%

Union employees hired after December 31, 2011 are not eligible to participate in the Medical Reimbursement Program or the Vision Reimbursement Program.

Note 14 Other Postemployment Benefits ("OPEB")(Continued)

General Information about the OPEB (Continued)

Plan Description (Continued)

Non-Union employees who commenced employment with the District on or before December 20, 2001, and their dependents, qualify for postemployment healthcare benefits if the employee had at least twelve years of service with the District and has reached the age of 55, regardless of the employee's then current employment status with the District when they reach age 55. In addition, retirees and their dependents participate in a Medical Reimbursement Program and Vision Reimbursement Program.

Non-Union employees who commenced employment with the District on December 21, 2001 or thereafter, and their dependents, qualify for postemployment healthcare benefits if the employee had at least twelve years of service with the District and have reached age 55 at the time of retirement from the District. In addition, retirees and their dependents participate in a Medical Reimbursement Program and Vision Reimbursement Program.

The Plan is a single-employer defined benefit OPEB plan administered by the District. The District's Board has the authority to establish and amend the benefit terms and financing requirements of the Plan.

Employee Covered by Benefit Terms

At June 30, 2021, valuation date, the following employees were covered by the benefit terms:

Category	Count
Active employees	47
Retired members and beneficiaries	18
Terminated vested	2
	67

Contribution

The annual contribution is based on the actuarially determined contribution. For the fiscal years ended June 30, 2023 and 2022, the District's actual contributions were $569,767 and $1,466,365 in total payments, which were recognized as a reduction to the OPEB liability.

Note 14 Other Postemployment Benefits ("OPEB")(Continued)

General Information about the OPEB (Continued)

Net OPEB Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2021 valuation calculated the total OPEB liabilities based on the following actuarial methods and assumptions:

Actuarial cost method	Entry age normal actuarial cost method
Actuarial assumptions:	
Net Investment Rate of Return	6.73%
Inflation	2.26%
Payroll Growth	3.25% per year
Health Plan Participation	100.00%
Morbidity Factors	CalPERS 2017 study
Disability	None assumed.
Mortality	The mortality rates used in this valuation are those described in the 2017 CalPERS experience study. Pre-retirement: CalPERS 2017 Mortality Post-retirement: CalPERS 2017 Mortality
Pre-Excise Tax Health Care Trend	Pre-65: Actual for 2022, decreasing to 4% for 2069 and later Post-65: Actual for 2022, decreasing 4% for 2069 and later

Change of Assumption

There were no changes in assumptions during the June 30, 2021 valuation date and June 30, 2022 measurement date.

Note 14 Other Postemployment Benefits ("OPEB")(Continued)

General Information about the OPEB (Continued)

Total OPEB Liability

Long-Term Expected Rate of Return

As of June 30, 2022, and 2021, the measurement dates, the long-term expected rates of return for each major investment class in the Plan's portfolio are as follows:

Asset Class (1)	Target Allocation	Long-Term Expected Real Rate of Return (2)
Equity	43.00%	5.43%
Fixed Income	49.00%	1.63%
REITs	8.00%	5.06%
Cash	0.00%	0.00%
Total	100.00%	

(1) Target asset allocation in the CERBT Strategy 2 investment policy.
(2) JP Morgan arithmetic Long Term Capital Market assumptions and expected inflations of 2.26%.

Discount Rate

The discount rate is based on a blend of the long-term expected rate of return on assets for benefits covered by plan assets and a yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or better for benefits not covered by plan assets.

Above are the arithmetic long-term expected real rates of return by asset class for the next 10 years as provided in a report by JP Morgan. For years thereafter, returns were based on historical average index real returns over the last 30 years assuming a similar equity/fixed investment mix and a 2.26% inflation rate. Investment expenses were assumed to be 10 basis points per year. These returns were matched with cash flows for benefits covered by plan assets and the Bond Buyer 20-Bond General Obligation index was matched with cash flows not covered by plan assets to measure the reasonableness of the choice in discount rate.

Note 14 Other Postemployment Benefits ("OPEB")(Continued)

General Information about the OPEB (Continued)

Total OPEB Liability (Continued)

Discount Rate (Continued)

	June 30, 2022	June 30, 2021
Discount Rate	6.73%	6.73%
Bond Buyer 20-Bond GO Index	3.69%	2.16%

Change in Net OPEB Liability

The following table shows the changes in net OPEB liability recognized over the measurement period of July 1, 2021 to June 30, 2022.

	2022		
	Increases (Decreases)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2021 (Measurement date):	$ 13,633,265	$ 11,786,312	$ 1,846,953
Changes Recognized for the Measurement Period:			
Service cost	352,501	-	352,501
Interest on the total pension liability	922,982	-	922,982
Differences between expected and actual experience	(43,275)	-	(43,275)
Net investment income	-	(1,482,317)	1,482,317
Contributions from the employer		1,441,634	(1,441,634)
Benefit payments, including refunds of employee contributions	(551,634)	(551,634)	-
Administrative expense	-	(2,980)	2,980
Net changes during July 1, 2021 to June 30, 2022	680,574	(595,297)	1,275,871
Balances at June 30, 2022 (Measurement Date)	$ 14,313,839	$ 11,191,015	$ 3,122,824

Note 14 Other Postemployment Benefits ("OPEB")(Continued)

Change in Net OPEB Liability (Continued)

The following table shows the changes in net OPEB liability recognized over the measurement period of July 1, 2020 to June 30, 2021.

	2021		
	Increases (Decreases)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2020 (Measurement date):	$ 15,187,123	$ 9,115,090	$ 6,072,033
Changes Recognized for the Measurement Period:			
Service cost	535,930	-	535,930
Interest on the total pension liability	1,037,322	-	1,037,322
Differences between expected and actual experience	1,109,190	-	1,109,190
Change of assumptions	(2,596,692)	-	(2,596,692)
Net investment income	-	1,784,539	(1,784,539)
Contributions	-	-	-
Contributions from the employer		1,519,550	(1,519,550)
Benefit payments, including refunds of employee contributions	(629,550)	(629,550)	-
Administrative expense	-	(3,317)	3,317
Change of benefit terms	(1,010,058)	-	(1,010,058)
Net changes during July 1, 2020 to June 30, 2021	(1,553,858)	2,671,222	(4,225,080)
Balances at June 30, 2021 (Measurement Date)	$ 13,633,265	$ 11,786,312	$ 1,846,953

Sensitivity of the net OPEB liability to changes in the discount rate

The following table 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 (5.73 percent) or 1-percentage-point higher (7.73 percent) than the current discount rate:

	Plan's Net OPEB Liability		
Measurement Date	Discount Rate - 1% 5.73%	Current Discount Rate 6.73%	Discount Rate +1% 7.73%
June 30, 2022	$ 5,475,299	$ 3,122,824	$ 1,249,279
June 30, 2021	$ 4,077,155	$ 1,846,953	$ 3,871,638

Note 14 Other Postemployment Benefits ("OPEB")(Continued)

Change in Net OPEB Liability (Continued)

Sensitivity of the net OPEB liability to changes in the healthcare cost 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 healthcare cost trend rates that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Plan's Net OPEB Liability		
Measurement Date	**Trend - 1%**	**Current Trend Rate**	**Trend +1%**
June 30, 2021	$ 1,399,155	$ 3,122,824	$ 5,259,381
June 30, 2020	$ 197,366	$ 1,846,953	$ 3,871,638

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

For the year ended June 30, 2023 and 2022, the District recognized total OPEB expense of $736,057 for and $709,970, respectively. The District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Contribution made after the measurement date	$ 569,767	$ -	$ 1,466,365	$ -
Differences between actual and expected experience	$1,464,752	63,173	1,721,151	29,132
Changes of assumptions	351,265	1,958,650	463,741	2,297,105
Net differences between projected and actual earnings on OPEB plan investments	1,202,332	-	-	843,577
Total	$ 3,588,116	$ 2,021,823	$ 3,651,257	$ 3,169,814

The $569,767 and $1,466,365 reported as deferred outflows of resources related to OPEB resulting from the District's contribution subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the years ending June 30, 2024 and June 30, 2023, respectively.

Note 14 Other Postemployment Benefits ("OPEB")(Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future OPEB expenses based on expected average remaining service lifetime for the measurement periods as follows:

2023			2022		
Year Ending June 30,		Deferred Outflows/(Inflows) of Resources	Year Ending June 30,		Deferred Outflows/(Inflows) of Resources
2024	$	271,626	2023	$	(175,246)
2025		279,470	2024		(183,795)
2026		253,816	2025		(175,951)
2027		373,268	2026		(201,605)
2028		(103,857)	2027		(82,151)
Thereafter		(77,797)	Thereafter		(166,174)
	$	996,526		$	(984,922)

Note 15 Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. At June 30, 2023 and 2022, the District participated in the liability and property programs of the ACWA/JPIA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of $5,000,000, combined single limit at $5,000,000 per occurrence. The District purchased additional excess coverage layers: $55 million for general, auto and public officials liability, which increases the limits on the insurance coverage noted above.

Note 15 Risk Management (Continued)

In addition to the above, the District also has the following insurance coverage:

- Employee dishonesty coverage up to $100,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverages. The District purchased additional coverage of $1,000,000, which increases the limit on the insurance coverage noted above.

- The District has coverage for replacement cash value of scheduled buildings, personal property, fixed equipment subject to $1,000 deductible per occurrence. However, if real property is not repaired or replaced within a reasonable period of time, then the actual cash value applies. Scheduled vehicles and mobile equipment are covered for actual cash value, subject to $500 deductible and $1,000 deductible per occurrence respectively. The District has a total insurable value of $169,570,540 and $157,877,258 for the years ended June 30, 2023 and 2022, respectively.

- Boiler and machinery coverage for the replacement cost of scheduled equipment up to $100 million program sublimit, subject to various deductibles ($25,000 - $50,000) depending on the type of equipment.

- Public officials' personal liability coverage up to $100,000 for each occurrence, with an annual aggregate of $100,000 per each elected/appointed official to which this coverage applies is subject to the terms, with a deductible of $1,000 per claim.

- Workers' compensation insurance provides coverage up to California statutory limits for all work related injuries/illnesses covered by California law.

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 ended June 30, 2023 and 2022. 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).

Note 16 Net Position – Net Investment in Capital Assets

The calculation of net position – balances of net investment in capital assets at June 30, 2023 and 2022 are as follows:

	2023	2022
Capital assets, net	$ 343,079,269	$ 339,449,579
Long-term debt	(290,558,002)	(298,198,875)
Lease Payable	(1,069,127)	(1,193,089)
Retention payable	(568,385)	(630,611)
Unspent debt proceeds	27,330,738	36,715,701
Net investment in capital assets	$ 78,214,493	$ 76,142,705

Note 17 Commitments

Replenishment Water Purchases

The District purchases replenishment water from Metropolitan Water District (MWD) member agencies and recycled water providers. These agencies set the price for the replenishment water that the District buys for the spreading grounds, seawater barrier injection wells, and In-Lieu water when available. The cost for replenishment water is a direct pass-through from the District to the water suppliers on the District's replenishment assessment. As a result, the District maintains numerous water purchase agreements with these agencies to keep the annual replenishment water purchases minimized and stable from year to year. In doing so, each year the District can provide the lowest annual replenishment water cost and reduce the impact on the replenishment assessment.

Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water facilities and distribution systems and other District activities. The financing of such contracts is provided primarily from the proceeds of bonds issued by the District. The District has committed to approximately $35.3 million of open construction contracts as of June 30, 2023.

Note 17 Commitments (Continued)

Construction Contracts (Continued)

The contracts outstanding include:

Project Name	Total Approved Contract	Construction Costs to-date	Balance to Complete
LJVWTF Expansion Improvement (New)	$ 15,574,001	$ 8,683,649	$ 6,890,352
Goldsworthy Desalter Expansion (Capitalize FY18/19)	943,839	574,253	369,586
Caltrans Pipeline	745,698	745,698	-
Groundwater Infrastructure Improvement	1,021,000	1,021,000	-
Interconnection Pipeline	3,800,000	3,800,000	-
Safe Drinking Water Program	17,432,895	12,663,346	4,769,549
Dominguez Gap Recycled Water Project	15,875,432	979,262	14,896,170
Groundwater Replenishment Improvement Project (ARC)	92,364	92,364	-
General Engineering Admin (New)	410,476	410,476	-
Environmental Monitoring	15,442,365	14,910,606	531,759
Whittier Narrow Conservation Pool	1,475,000	1,475,000	-
SCADA System Master	2,896,741	2,896,741	-
Asset Management	1,698,539	1,642,047	56,492
Paramount Equip/Fleet Center	924,513	924,513	-
Regional Brackish Reclamation Program (New)	13,800,042	5,975,725	7,824,317
Joint LA Basin Replenishment & Extraction Project	2,572,600	2,572,537	63
	$ 94,705,505	$ 59,367,217	$ 35,338,288

PFAS Remediation Program

The District is committed to managing and protecting local groundwater resources for over four million residents living in the 43 cities of Southern Los Angeles County. The District is working with water purveyors to address per- and polyfluoroalkyl substances (PFAS), including Perfluorooctanoic Acid (PFOA) and Perfluorooctanesulfonate (PFOS), in groundwater and ensure that all potable water is safe to drink, i.e. meets all State and Federal drinking water standards. In August 2020, the District Board of Directors established the PFAS Remediation Program, a $61 million grant program to remediate drinking water wells located in the Central Basin and West Coast Basin that contain PFAS above regulatory limits.

PFAS are a large group of man-made compounds that have been used for decades all over the world in industrial manufacturing, firefighting foams (aqueous film-forming foam [AFFF]), and consumer products including fast-food wrappers, pizza boxes, non-stick cookware (Teflon™), clothing (Gore-Tex®), fabric protectant (Scotchgard™), stain-resistant carpets, and personal care products. Both PFOA and PFOS have been phased out of products made in the United States since the 2000s. More information about the PFAS Remediation Program is posted on the District's website at www.wrd.org.

Note 17 Commitments (Continued)

Brackish Groundwater Reclamation Program

Within the West Coast Basin, a significant plume (14 square miles) of brackish groundwater containing high Total Dissolved Solids (TDS) has been trapped due to seawater intrusion and the implementation of the West Coast Seawater Intrusion Barrier. The District began the Brackish Groundwater Reclamation Program to remediate a portion of the high TDS plume. A Feasibility Study for the program was completed in 2021. The study evaluated various siting options, treatment technologies, project economics, and conveyance of treated water to stakeholders in the West Coast Basin. The first phase of the Brackish Groundwater Reclamation Program, which started in February 2022, is a water quality sampling and piloting effort to better define the plume geometry and pretreatment processes that can be used during the design of an expansion to WRD's existing Robert W. Goldsworthy Desalter. Outside funding has been awarded from the United States Bureau of Reclamation (USBR) WaterSMART Desalination Program. The second phase of the program will be the Torrance Groundwater Desalter Expansion (TGDE) Project, which will increase the existing desalter capacity by up to 7,100 acre-fee per year. The TGDE Project will be delivered via progressive design-build and the District is currently in the process of selecting a design-build team..

Leo J Vander Lans Advanced Water Treatment Facility (LVL AWTF) Onsite Inland Injection Well Project

The LVL provides advanced-treated recycled water to the Alamitos Seawater Intrusion Barrier (Barrier). Built in 2003, LVL receives tertiary-treated wastewater from the Sanitation Districts of Los Angeles County's (LACSD) Long Beach Water Reclamation Plant (LBWRP) and provides multi-barrier treatment including microfiltration (MF), reverse osmosis (RO) and advanced oxidation process (AOP) with ultraviolet light (UV). In 2014, the expansion of LVL increased its treatment capacity from 3 million gallons per day (mgd) to 8 mgd. LVL has an agreement in place with the Long Beach Water Department for supply of 6,500 AFY of tertiary effluent. Currently, LVL production is limited to the Barrier Demand. At specific times of year, there is more tertiary effluent available than demand in the barrier. This project will construct a 2 mgd injection well on site at LVL (inland of the Barrier wells), allowing for up to 2 mgd to be injected into the Central Basin when excess tertiary effluent is available. This project will improve LVL AWTF operations by allowing more constant operation of the plant due to not being dependent on Barrier operations for LVL AWTF production. On December 21, 2021, The District Board of Directors approved a $5 million contract with Yellow Jacket Drilling Service to install injection and monitoring wells associated with the project. A $1.5 million grant was received from the Pepsi Corporation. This project will improve LVL AWTF operations by allowing more constant operation of the plant due to not being dependent on Barrier operations for LVL AWTF production.

Note 18 Contingencies

Litigation

The District is currently not engaged in any litigation. Additionally, the District is unaware of any potential claims that will have any material adverse effect on the District's financial condition.

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audits could lead to requests for reimbursements by the grantor agencies for expenditures disallowed under the terms of the grant. District management believes that such disallowances, if any, would not be significant.

Note 19 Restatement of Fiscal Year 2022 Financial Statements

The fiscal year 2022 financial statements have been restated for the impact of the correction in the plan provisions of OPEB plan for the measurement date June 30, 2021. The impact of the restatement on the previously reported financial statements as of and for the year ended June 30, 2022 is as follows:

	Statement of Net Position		
	Net OPEB Liability	Deferred Inflows of Resources	Net Position
June 30, 2022 balance as previously reported	$ 2,504,652	$ 3,476,912	$ 175,052,112
Prior period adjustment	(657,699)	(307,098)	964,797
June 30, 2022 balance as restated	$ 1,846,953	$ 3,169,814	$ 176,016,909

Note 20 Subsequent Events

The District has evaluated events subsequent to the balance sheet date through December 11, 2023, the date on which the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

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REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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	Last Ten Fiscal Years [1]								
Measurement Date	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
District's proportion of the net pension liability	0.04592%	0.11629%	0.48070%	0.05019%	0.05057%	0.52840%	0.05507%	0.04894%	0.15432%
District's proportionate share of the net pension liability	$2,857,450	$3,190,280	$4,188,699	$4,977,020	$4,872,655	$5,414,574	$5,992,089	$2,646,887	$7,221,058
District's covered payroll	$3,413,694	$3,501,750	$3,748,587	$3,843,634	$4,290,759	$4,562,925	$4,699,813	$4,840,807	$4,986,031
District's proportionate share of its the net pension liability as a percentage of its covered payroll	83.71%	91.11%	111.74%	129.49%	113.56%	118.66%	127.50%	54.68%	144.83%
Plan fiduciary net position as a percentage of the total pension liability	83.03%	81.98%	81.25%	77.11%	78.56%	73.43%	78.52%	91.40%	79.32%

[1] Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years of information will be displayed as it becomes available.

	Last Ten Fiscal Years (1)								
Measurement Period	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Total pension liability									
Service cost	$ 14,757	$ 14,757	$ 13,512	$ 13,512	$ 10,999	$ 10,999	$ 36,870	$ 37,976	$ 37,196
Interest	13,202	14,546	15,988	20,409	19,666	18,042	18,574	23,345	24,451
Differences between expected and actual experience	-	-	59,815	-	(79,798)	-	-	-	-
Effect of economic/demographic gains or losses	-	-	-	-	-	-	37,609	-	(21,585)
Changes of assumptions	-	-	-	-	18,590	-	42,052	-	9,305
Benefit payments, including refunds of employee contributions	(5,191)	(1,814)	(1,850)	(16,208)	(1,925)	(1,963)	(4,038)	(56,919)	(14,581)
Net change in total pension liability	22,768	27,489	87,465	17,713	(32,468)	27,078	131,067	4,402	34,786
Total pension liability - beginning	227,842	250,610	278,099	365,564	383,277	350,809	377,887	508,954	513,356
Total pension liability - ending (a)	$ 250,610	$ 278,099	$ 365,564	$ 383,277	$ 350,809	$ 377,887	$ 508,954	$ 513,356	$ 548,142
Plan Fiduciary Net Position									
Contributions - employer	$ 17,390	$ 21,266	$ 13,308	$ 12,571	$ 18,066	$ 16,904	$ 15,582	$ 22,307	$ 25,603
Contributions - employee	-	-	6,406	6,051	8,696	12,291	13,835	13,367	14,864
Net investment income	4,313	9,664	14,356	6,208	28,020	22,680	40,889	(65,882)	10,978
Benefit payments, including refunds of employee contributions	(5,191)	(1,814)	(1,850)	(16,208)	(1,925)	(1,963)	(4,038)	(56,919)	(14,581)
Administrative expense	(1,857)	(2,821)	(1,979)	(2,082)	(2,185)	(2,460)	(2,752)	(2,909)	(2,542)
Net change in plan fiduciary net position	14,655	26,295	30,241	6,540	50,672	47,452	63,516	(90,036)	34,322
Plan fiduciary net position - beginning	340,489	355,144	381,439	411,680	418,220	468,892	516,344	579,860	489,824
Plan fiduciary net position - ending (b)	$ 355,144	$ 381,439	$ 411,680	$ 418,220	$ 468,892	$ 516,344	$ 579,860	$ 489,824	$ 524,146
District's net pension liability (assets) - ending (a)-(b)	$ (104,534)	$ (103,340)	$ (46,116)	$ (34,943)	$ (118,083)	$ (138,457)	$ (70,906)	$ 23,532	$ 23,996
Plan fiduciary net position as a percentage of of the total pension liability (asset)	141.71%	137.16%	112.62%	109.12%	133.66%	136.64%	113.93%	95.42%	95.62%
Covered payroll	$ 88,771	$ 88,771	$ 100,642	$ 87,336	$ 87,366	$ 159,958	$ 164,757	$ 158,172	$ 188,351
District's net pension asset as a percentage of covered payroll	-117.76%	-116.41%	-45.82%	-40.01%	-135.16%	-86.56%	-43.04%	14.88%	12.74%

(1) Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years of information will be displayed as it becomes available.

	Last Ten Fiscal Years [1]									
Fiscal year	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Actuarially determined contribution	$ 576,966	$ 904,036	$ 801,773	$ 830,116	$ 901,063	$ 774,592	$1,190,808	$1,451,647	$1,579,674	$1,761,057
Contributions in relation to the actuarially determined contributions	(576,966)	(904,036)	(801,773)	(830,116)	(901,063)	(774,592)	(1,190,808)	(1,451,647)	(1,579,674)	(1,761,057)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll (2)	$3,413,694	$3,501,750	$3,748,587	$3,843,634	$4,290,759	$4,562,925	$4,699,813	$4,840,807	$4,986,031	$5,135,612
Contributions as a percentage of covered payroll	16.90%	25.82%	21.39%	21.60%	21.00%	16.98%	25.34%	29.99%	31.68%	34.29%

(1) Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years of information will be displayed as it becomes available.
(2) Includes one year's payroll growth using 3.00 percent payroll assumption from 2020-21 to 2022-23.

Notes to Schedule

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

Changes of Assumptions: Effective with the June 30, 2021 valuation date (2022 measurement date), the accounting discount rate was reduced from 7.15% to 6.90%. In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated, combined with risk estimates, and are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. In addition, demographic assumptions and the inflation rate assumption were changed in accordance with the 2021 CalPERS Experience Study and Review of Actuarial Assumptions.

	Last Ten Fiscal Years [1]									
Fiscal year	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Actuarially determined contribution	$ 3,257	$ 3,257	$ 14,757	$ 14,757	$ 13,512	$ 11,729	$ 14,061	$ 14,412	$ 24,417	$ 27,101
Contributions in relation to the actuarially determined contributions	(14,538)	(17,390)	(21,266)	(13,308)	(12,571)	(18,066)	(16,904)	(15,582)	(22,307)	(25,603)
Contribution deficiency (excess)	$ (11,281)	$ (14,133)	$ (6,509)	$ 1,449	$ 941	$ (6,337)	$ (2,843)	$ (1,170)	$ 2,110	$ 1,498
Covered payroll (2)	$ 88,777	$ 88,771	$ 88,771	$ 100,642	$ 87,336	$ 87,366	$ 159,958	$ 164,757	$ 158,172	$ 188,351
Contributions as a percentage of covered payroll	16.38%	19.59%	23.96%	13.22%	14.39%	20.68%	10.57%	9.46%	14.10%	13.59%

[1] Historical information is presented only for measurement periods for which GASB 68 is applicable. Additional years of information will be displayed as it becomes available.

Notes to Schedule

Changes of assumptions: Discount rate of 4.50 percent in 2023 and in 2022.
Valuation date: 30-Jun-22

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Level dollar
Remaining amortization period	15 years as of valuation date
Asset valuation method	None
Inflation	2.30%
Salary increases	3.00%
Investment rate of return	4.50%
Retirement age	Individual retirement ages assumed for each member based on expiration of term.
Mortality	Consistent with the Non-Industrial rates used to value the CalPERS plan.
	No benefit maximum is applied. Compensation for Tier II is limited to 120% of the maximum taxable earnings under Social Security, assumed to increase 2.30% per year in future years.
Form of Payment	Single Life Annuity

Water Replenishment District of Southern California
Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios
For the Years Ended June 30, 2023 and 2022

	Last Ten Fiscal Years (1)					
Measurement period	2016-17 (1)	2017-18	2018-19	2019-20	2020-21 (2)	2021-22
Total OPEB Liability						
Service cost	$ 363,121	$ 387,880	$ 498,970	$ 510,409	$ 535,930	$ 352,501
Interest	638,606	765,695	844,995	973,429	1,037,322	922,982
Change of benefit terms	-	247,812	-	-	(1,010,058)	-
Differences between expected and actual experience	106,713	9,090	1,004,789	(36,482)	1,109,190	(43,275)
Changes of assumptions	1,026,121		(48,676)	-	(2,596,692)	-
Benefit payments, including refunds of employee contributions	(240,933)	(301,888)	(386,027)	(420,825)	(629,550)	(551,634)
Net change in total OPEB liability	1,893,628	1,108,589	1,914,051	1,026,531	(1,553,858)	680,574
Total OPEB liability - beginning	9,244,324	11,137,952	12,246,541	14,160,592	15,187,123	13,633,265
Total OPEB liability - ending (a)	$ 11,137,952	$ 12,246,541	$ 14,160,592	$ 15,187,123	$ 13,633,265	$ 14,313,839
Plan Fiduciary Net Position						
Contributions - employer	1,048,933	301,888	1,264,283	1,120,825	1,519,550	1,441,634
Contributions - employee	-	-	-	-	-	-
Net investment income	382,144	376,091	512,264	432,290	1,784,539	(1,482,317)
Benefit payments, including refunds of employee contributions	(240,933)	(301,888)	(386,027)	(420,825)	(629,550)	(551,634)
Administrative expense	(2,853)	(3,271)	(1,481)	(3,941)	(3,317)	(2,980)
Net change in plan fiduciary net position	$ 1,187,291	$ 372,820	$ 1,389,039	$ 1,128,349	$ 2,671,222	$ (595,297)
Plan fiduciary net position - beginning	5,037,591	6,224,882	6,597,702	7,986,741	9,115,090	11,786,312
Plan fiduciary net position - ending (b)	$ 6,224,882	$ 6,597,702	$ 7,986,741	$ 9,115,090	$ 11,786,312	$ 11,191,015
District's Net OPEB liability - end of year (a)-(b)	$ 4,913,070	$ 5,648,839	$ 6,173,851	$ 6,072,033	$ 1,846,953	$ 3,122,824
Plan fiduciary net position as a percentage of the total pension liability	56%	54%	56%	60%	86%	78%
Covered payroll	N/A	N/A	$ 4,476,287	$ 5,753,939	$ 5,757,206	$ 5,617,347
District's net OPEB liability as percentage of covered-employee payroll	N/A	N/A	138%	106%	32%	56%

(1) Historical information is presented only for measurement periods for which GASB 75 is applicable. Additional years' information will be displayed as it becomes available.

(2) 2022 balances were restated.

	Last Ten Fiscal Years (1)						
Fiscal Year	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Actuarially determined contribution (1)	$ 627,990	$ 754,917	$ 740,962	$ 740,962	$ 1,004,511	$ 1,044,115	$ 713,405
Contributions in relation to the actuarially determined contribution	(1,048,933)	(301,888)	(1,202,789)	(1,120,825)	(1,519,550)	(1,466,365)	(569,767)
Contribution deficiency (excess)	$ (420,943)	$ 453,029	$ (461,827)	$ (379,863)	$ (515,039)	$ (422,250)	$ 143,638
Covered payroll	N/A	N/A	$4,476,287	$5,753,939	$5,757,206	$5,617,347	$5,700,000
Contributions as a percentage of covered-employee payroll	N/A	N/A	27%	19%	26%	26%	10%

(1) Historical information is presented only for measurement periods for which GASB 75 is applicable. Additional years' information will be displayed as it becomes available.

Notes to Schedule

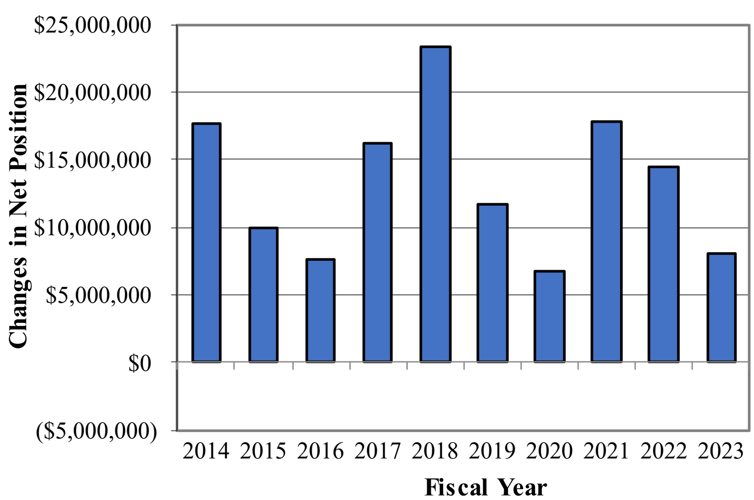
Valuation date:	June 30, 2021
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry Age Normal Cost Method
Amortization method	Straight-line
Inflation	2.26%
Payroll Growth	3.25%
Investment rate of return	6.73%
Disability	None assumed
Mortality	The mortality rates used are those described in the 2017 CalPERS experience study.

STATISTICAL SECTION
(Unaudited)

This part of the Water Replenishment District of Southern California's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information say about the government's overall financial health.

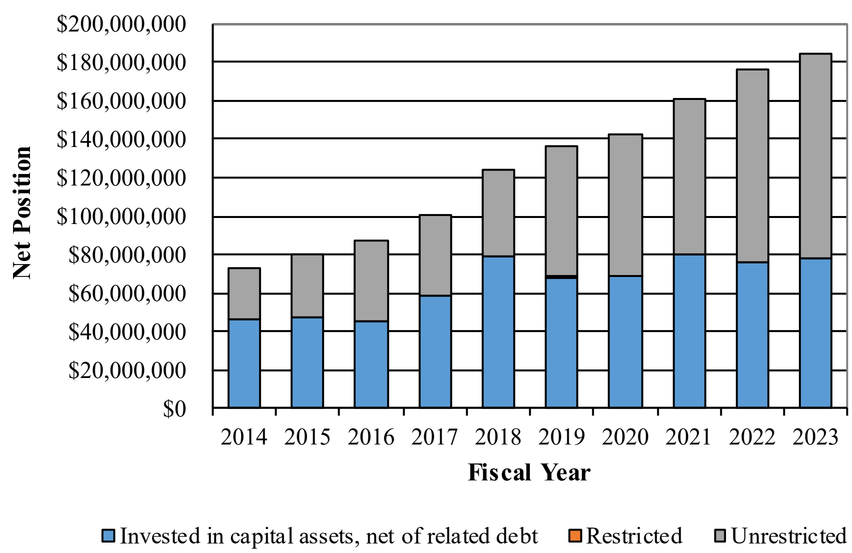
Contents **Page**

	Fiscal Year 2014	2015	2016	2017	2018*
Changes in net position:					
Operating revenues (see Schedule 2)	$ 60,386,705	$ 80,154,123	$ 59,852,856	$ 74,573,333	$ 74,289,639
Operating expenses (see Schedule 3)	(44,086,875)	(69,991,319)	(51,786,834)	(62,347,174)	(57,072,594)
Depreciation and amortization	(2,537,023)	(2,629,444)	(4,003,734)	(4,014,947)	(4,112,063)
Operating income	13,762,807	7,533,360	4,062,288	8,211,212	13,104,982
Non-operating revenues(expenses)					
Property taxes, net of collection expenses	544,319	581,180	585,957	613,015	658,530
Interest and investment earnings	244,961	163,704	562,438	864,242	1,027,074
Interest expense and fiscal changes	(3,130,364)	(2,144,351)	(2,148,520)	(2,875,746)	(6,174,350)
Election costs	-	(1,397,597)	-	(1,374,823)	(1,100,000)
Gain/(loss) on sale/disposition of assets	-	-	-	-	-
Other revenue/(expense), net	45,682	4,102,881	4,192,116	3,270,421	4,209,797
Net non-operating revenues (expenses)	(2,295,402)	1,305,817	3,191,991	497,109	(1,378,949)
Net income before capital contributions	11,467,405	8,839,177	7,254,279	8,708,321	11,726,033
Capital contributions	6,207,226	1,109,714	450,878	7,550,656	11,600,940
Changes in net position	17,674,631	9,948,891	7,705,157	16,258,977	23,326,973
Prior period adjustment	-	-	-	(3,031,941)	-
Adjusted changes in net position	17,674,631	9,948,891	7,705,157	13,227,036	23,326,973
Net position by component:					
Net investment in capital assets	46,797,969	47,030,300	45,393,945	58,811,863	79,330,770
Restricted	-		-	-	-
Unrestricted	26,485,376	32,987,244	42,328,756	42,137,874	44,945,940
Total net position	$ 73,283,345	$ 80,017,544	$ 87,722,701	$100,949,737	$124,276,710



* 2018 balances were reclassified.
Source: Water Replenishment District Finance Department

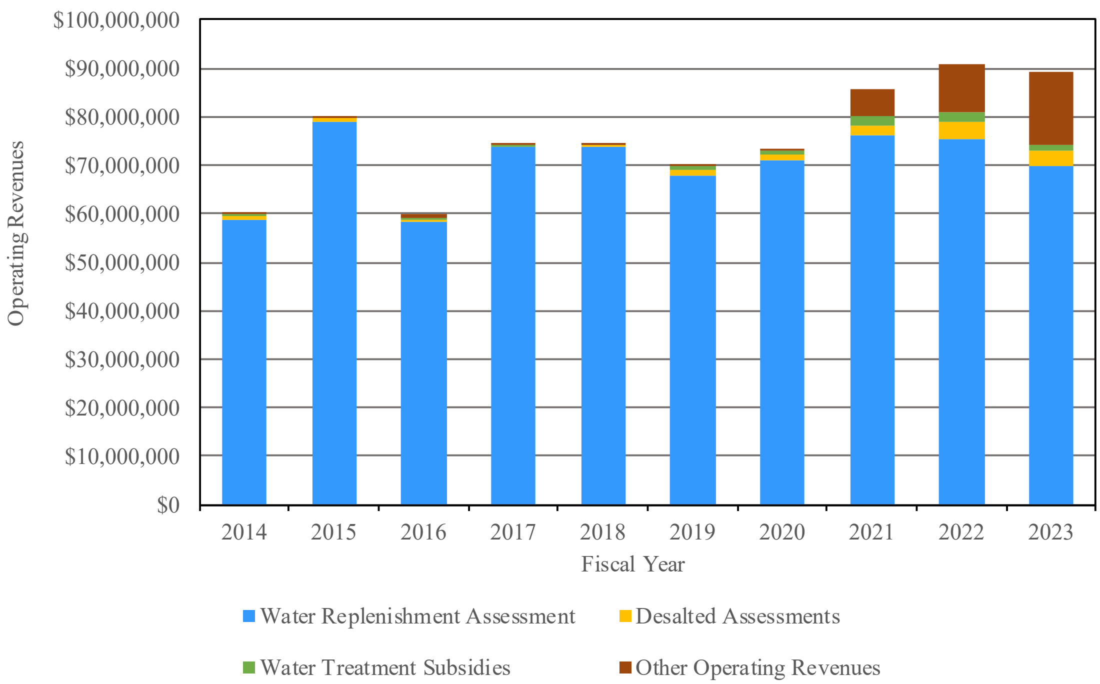
	Fiscal Year				
	2019	**2020**	**2021**	**2022***	**2023**
Changes in net position:					
Operating revenues (see Schedule 2)	$ 69,700,370	$ 73,228,665	$ 85,830,105	$ 90,991,045	$ 89,143,779
Operating expenses (see Schedule 3)	(55,541,243)	(64,700,484)	(63,226,824)	(61,723,047)	(69,022,250)
Depreciation and amortization	(4,657,627)	(4,822,237)	(4,758,264)	(11,160,461)	(10,999,881)
Operating income	9,501,500	3,705,944	17,845,017	18,107,537	9,121,648
Non-operating revenues(expenses)					
Property taxes, net of collection expenses	717,812	744,972	808,891	811,900	910,297
Interest and investment earnings	940,725	862,544	53,882	48,298	940,716
Interest expense and fiscal changes	(10,105,952)	(11,957,054)	(11,730,855)	(9,849,814)	(9,020,576)
Election costs	(601,323)	-	(2,568,655)	-	(3,437,046)
Gain/(loss) on sale/disposition of assets	(1,367,459)	-	-	-	-
Other revenue/(expense), net	2,841,726	7,286,361	236,656	123,778	3,982,727
Net non-operating revenues (expense	(7,574,471)	(3,063,177)	(13,200,081)	(8,865,838)	(6,623,882)
Net income before capital contributions	1,927,029	642,767	4,644,936	9,241,699	2,497,766
Capital contributions	9,740,625	6,118,791	13,153,479	5,306,076	5,609,857
Changes in net position	11,667,654	6,761,558	17,798,415	14,547,775	8,107,623
Prior period adjustment	-	-	-	-	-
Adjusted changes in net position	11,667,654	6,761,558	17,798,415	14,547,775	8,107,623
Net position by component:					
Net investment in capital assets	67,639,056	69,050,712	80,503,245	76,142,705	78,214,493
Restricted	1,675,642	-	-	-	-
Unrestricted	66,629,666	73,655,210	80,001,092	99,874,204	105,910,039
Total net position	$135,944,364	$142,705,922	$160,504,337	$ 176,016,909	$ 184,124,532



* 2022 balances were restated.

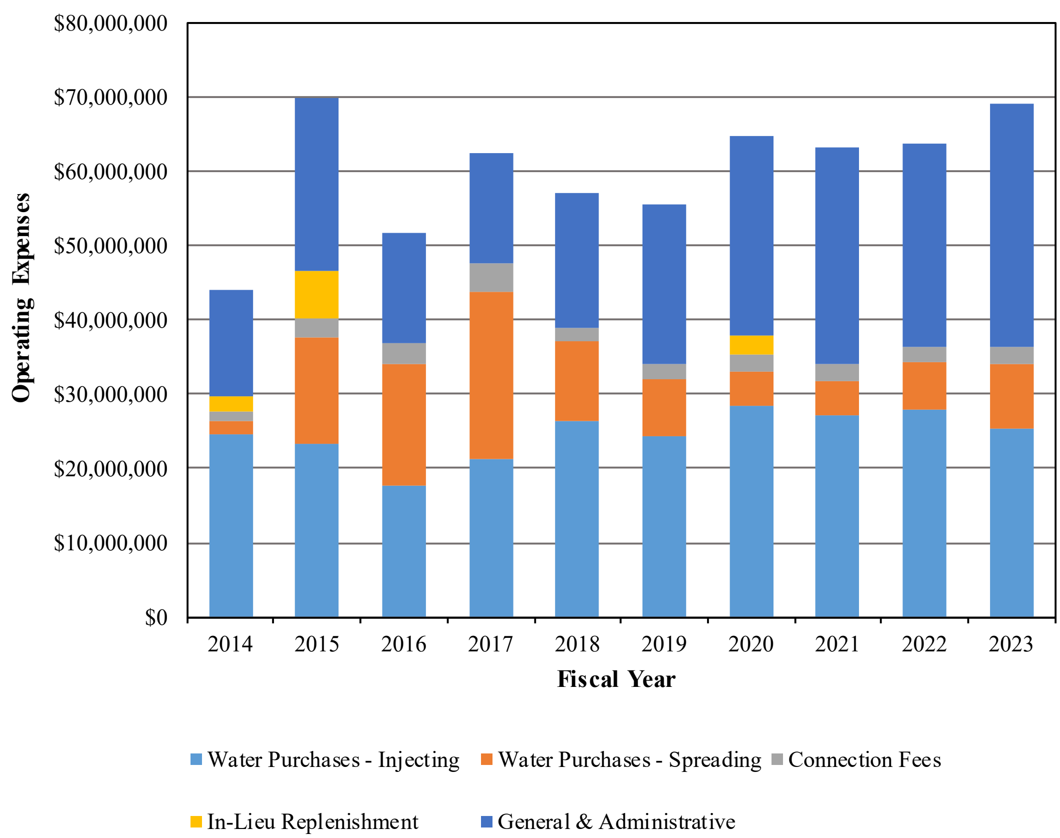
Source: Water Replenishment District Finance Department

Fiscal Year	Water Replenishment Assessment	Desalted Assessments	Water Treatment Subsidies	Other Operating Revenues	Total Operating Revenues
2014	$ 58,665,579	$ 840,559	$ 377,650	$ 502,917	$ 60,386,705
2015	79,085,428	517,963	182,649	368,083	80,154,123
2016	58,128,626	619,806	412,706	691,718	59,852,856
2017	73,822,097	-	355,914	395,322	74,573,333
2018	73,687,699	334,381	171,759	95,800	74,289,639
2019	68,007,111	1,138,025	497,799	57,435	69,700,370
2020	70,948,823	1,114,275	758,496	407,071	73,228,665
2021	76,161,044	1,925,675	2,047,303	5,696,083	85,830,105
2022	75,528,104	3,470,172	2,014,334	9,978,435	90,991,045
2023	69,807,569	3,052,449	1,158,975	15,124,786	89,143,779



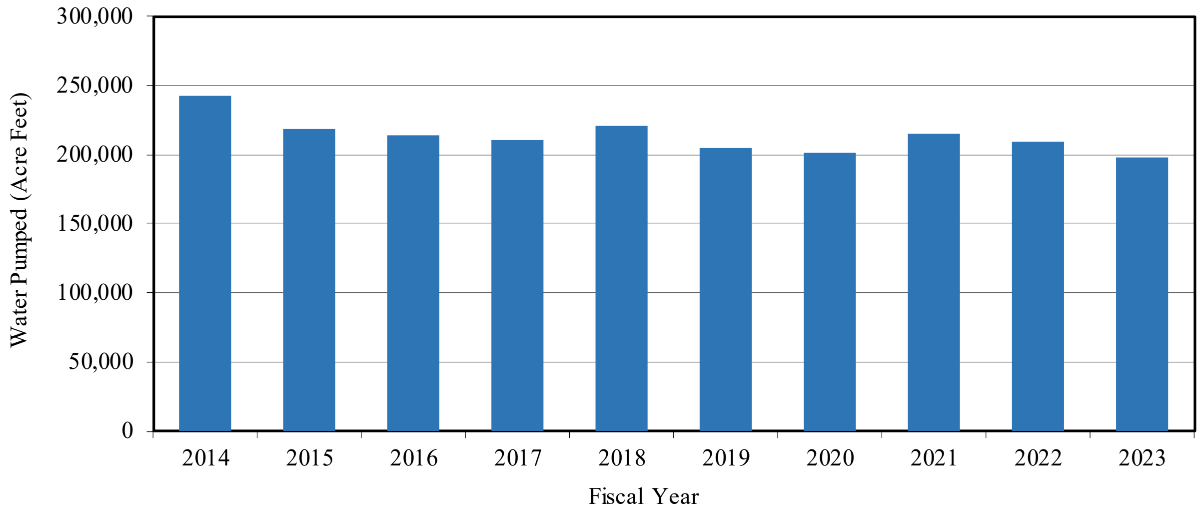
Source: Water Replenishment District Finance Department

Fiscal Year	Water Purchases - Injecting	Water Purchases - Spreading	Connection Fees	In-Lieu Replenishment	General & Administrative	Total Operating Expenses (excluding Depreciation and Amortization)
2014	$ 24,496,761	$ 1,780,435	$ 1,285,550	$ 2,028,005	$ 14,496,122	$ 44,086,873
2015	23,385,697	14,325,715	2,586,820	6,241,887	23,451,200	69,991,319
2016	17,798,133	16,290,901	2,824,490	-	14,873,310	51,786,834
2017	21,344,615	22,333,722	4,010,063	-	14,658,774	62,347,174
2018	26,328,547	10,707,564	1,970,372	-	18,066,111	57,072,594
2019	24,286,777	7,688,844	2,036,791	-	21,528,831	55,541,243
2020	28,475,096	4,591,197	2,213,180	2,532,344	26,888,667	64,700,484
2021	27,176,259	4,662,502	2,299,044	-	29,089,019	63,226,824
2022	27,892,665	6,315,554	2,118,009	-	27,305,699	63,631,927
2023	25,404,081	8,714,513	2,220,038	-	32,683,618	69,022,250



Source: Water Replenishment District Finance Department

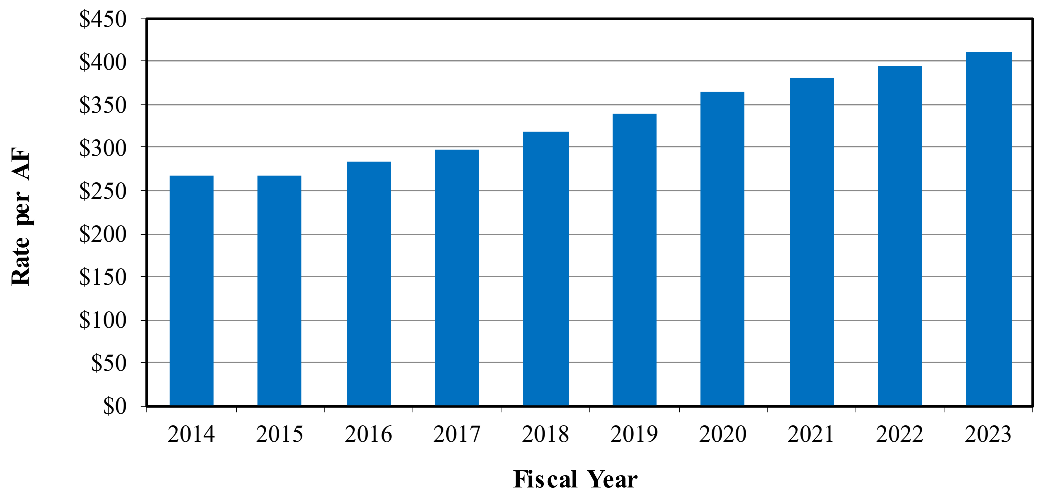
Fiscal Year	Water Pumped (Acre Feet)
2014	242,527
2015	219,068
2016	214,489
2017	210,600
2018	221,315
2019	205,198
2020	201,748
2021	215,577
2022	209,103
2023	198,274



Note: See Schedule 2 "Operating Revenue by Source" for information regarding water revenues.

Source: Water Replenishment District Finance Department

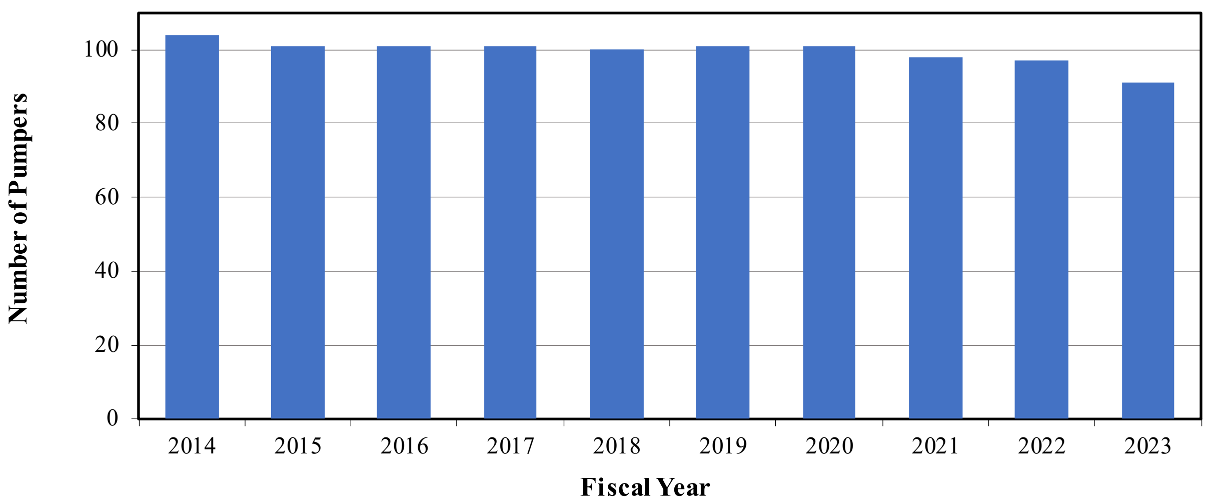
Fiscal Year		Rate per Acre Feet (AF)
2014	$	268
2015		268
2016		283
2017		297
2018		318
2019		339
2020		365
2021		382
2022		394
2023		411



Notes: Rates as of June 30 of each fiscal year.

Source: Water Replenishment District Finance Department

Fiscal Year	Number of Pumpers
2014	104
2015	101
2016	101
2017	101
2018	100
2019	101
2020	101
2021	98
2022	97
2023	91

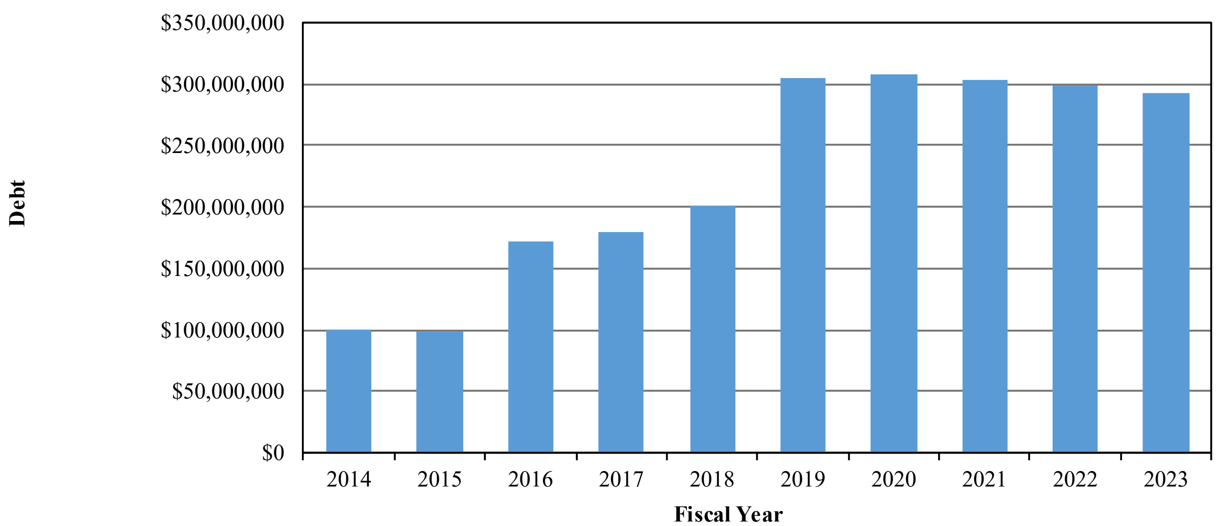


Source: Water Replenishment District Finance Department

	2023		2014	
Customer	**Water Pumped (Acre Feet)**	**Percentage of Total**	**Water Pumped (Acre Feet)**	**Percentage of Total**
Long Beach, City of	27,687	14%	27,444	11%
Golden State Water Company	24,191	12%	35,997	15%
California Water Service Company	16,722	8%	15,299	6%
Downey, City of	13,228	7%	16,473	7%
Tesoro Refining & Marketing Company, LLC	10,607	5%	3,435	1%
South Gate, City of	8,097	4%	8,340	3%
Cerritos, City of	7,103	4%	9,253	4%
Compton, City of	6,754	3%	7,859	3%
Lakewood, City of	6,348	3%	10,152	4%
Vernon, City of	5,475	3%	7,155	3%
Total	126,214	64%	141,407	58%
Total Water Consumed (Acre Feet)	198,274	100%	242,527	100%

Source: Water Replenishment District Finance Department

Fiscal Year	Long-Term Debt	Lease Payable	Subscription Payable	Total Debt	Per Capita	As a Share of Personal Income
2014	$ 100,148,068	$ -	$ -	$ 100,148,068	$ 10.00	0.021954%
2015	98,300,852	-	-	98,300,852	9.66	0.019656%
2016	171,569,874	-	-	171,569,874	16.70	0.033312%
2017	178,903,498	-	-	178,903,498	17.26	0.033798%
2018	201,450,473	-	-	201,450,473	20.64	0.039675%
2019	304,045,943	-	-	304,045,943	28.82	0.046278%
2020	308,529,697	-	-	308,529,697	30.08	0.044910%
2021	301,458,230	1,216,785	-	302,675,015	29.68	0.044186%
2022	298,198,975	1,193,089	-	299,392,064	29.33	0.041125%
2023	290,558,002	1,069,127	307,127	291,934,256	29.94	0.034920%



Source: Water Replenishment District Finance Department

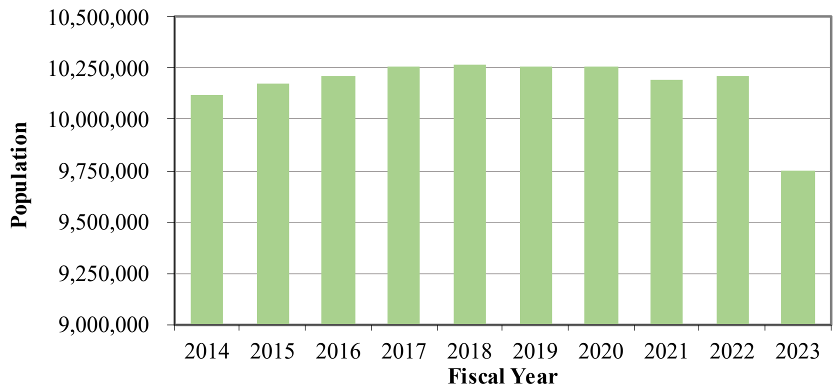
Fiscal Year	Net Revenues*	Water Purchase Payment	Revenue for Rate Covenant	Debt Service Total	Coverage Ratio
2014	$ 46,725,545	$ (29,590,753)	$ 17,134,792	$ 5,523,544	3.10
2015	61,550,688	(46,540,119)	15,010,569	6,553,382	2.29
2016	50,320,057	(36,913,524)	13,406,533	4,231,240	3.17
2017	64,662,237	(47,688,400)	16,973,837	9,246,245	1.84
2018	62,118,929	(39,006,483)	23,112,446	9,247,700	2.50
2019	52,671,802	(34,012,412)	18,659,390	9,639,683	1.94
2020	55,233,875	(37,811,817)	17,422,058	13,818,064	1.26
2021	57,840,515	(34,137,805)	23,702,710	16,726,543	1.42
2022	66,519,466	(36,326,228)	30,193,238	16,593,725	1.82
2023	58,856,856	(36,338,633)	22,518,223	16,572,704	1.36

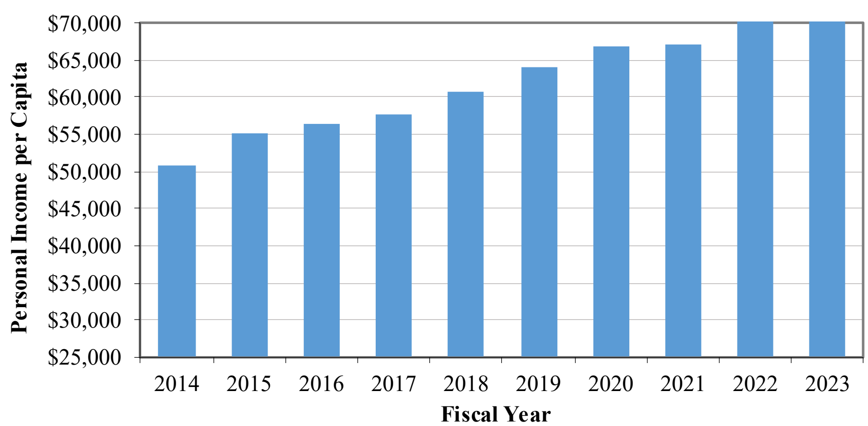
Notes:

* Net revenue is total operating revenues minus operation & maintenance expenses, excluding water purchase payment and debt services payment

Source: Water Replenishment District Finance Department

Year	Unemployment Rate (1)	Total Population (2)	Personal Income (thousands of dollars) (2)	Personal Income per Capita (2)
2014	8.2%	10,124,206	$ 514,500,000	$ 50,819
2015	7.3%	10,176,031	560,000,000	55,031
2016	4.9%	10,211,351	577,000,000	56,506
2017	4.4%	10,255,733	591,000,000	57,626
2018	4.4%	10,269,935	624,000,000	60,760
2019	4.6%	10,260,237	657,000,000	64,034
2020	18.1%	10,257,557	687,000,000	66,975
2021	9.4%	10,198,389	685,000,000	67,167
2022	4.6%	10,208,717	728,000,000	71,312
2023	4.9%	9,750,065	836,000,000	85,743





Notes:

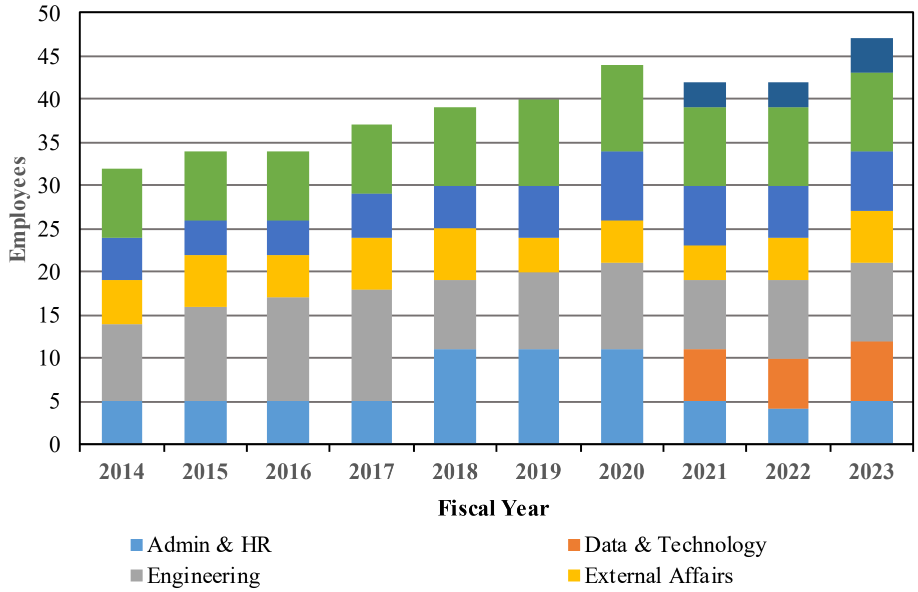
(1) Only County data is updated annually. Therefore, the District has chosen to use its data since the County data is representative of the conditions of the District.

Sources: California Department of Finance and CaliforniaLaborMarketInfo, U.S. Bureau of Labor Statistics

(2) Per capita personal income was computed using Census Bureau mid-year population estimates and Real Per Capita Income estimates from CalGov's Los Angeles County Economic Forecast. All state and local area dollar estimates are in current dollars (not adjusted for inflation).

Sources: Regional Economic Information System, Bureau of Economic Analysis,
CalGov.com/Los Angeles County Economic Forecast

	Employees									
Department	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**
Admin & HR	5	5	5	5	11	11	11	5	4	5
Data & Technology	0	0	0	0	0	0	0	6	6	7
Engineering	9	11	12	13	8	9	10	8	9	9
External Affairs	5	6	5	6	6	4	5	4	5	6
Finance	5	4	4	5	5	6	8	7	6	7
Hydrogeology	8	8	8	8	9	10	10	9	9	9
Watermaster & Water Resources	0	0	0	0	0	0	0	3	3	4
Total	**32**	**34**	**34**	**37**	**39**	**40**	**44**	**42**	**42**	**47**



Other Operating and Capacity Indicators

Fiscal Year	Number of Groundwater Pumps	Acre Feet Injected
2014	365	30,075
2015	353	28,881
2016	357	25,667
2017	360	25,906
2018	380	26,953
2019	383	23,057
2020	354	27,285
2021	363	26,070
2022	326	23,712
2023	326	23,403

Note:
Number of Wells
In previous years, the count of the number of production wells was based on wells labeled as “Active” in the wells database, regardless of whether they had production in the current Fiscal Year.
In order to provide a more accurate summary of active wells, we performed a review of the historical pumping table and identified all wells that had production greater than zero during each fiscal year.
A summary of this count is provided above.
Sources: Water Replenishment District Engineering and Finance Departments

	2023			2014		
Industry	Number of Employees	Rank	% of Total	Number of Employees	Rank	% of Total
Educational & Health Services	916,300	1	18.24%	722,700	1	14.51%
Professional & Business Services	677,100	2	13.48%	592,200	2	11.89%
Retail Trade, Transportation & Utilities	839,700	3	16.71%	803,300	3	16.12%
Government	583,200	4	11.61%	556,200	4	11.16%
Leisure & Hospitality	554,300	5	11.03%	464,100	5	9.31%
Manufacturing	320,000	6	6.37%	372,600	6	7.48%
Financial Activities	215,700	7	4.29%	211,300	7	4.24%
Information	220,600	8	4.39%	198,900	8	3.99%
Construction	150,100	9	2.99%	118,500	9	2.38%
Other Services	158,000	10	3.14%	150,600	10	3.02%
Ten Largest Industries	**4,635,000**		**92.26%**	**4,190,400**		**84.10%**
Other Industries	388,900		7.74%	792,000		15.90%
Total Industries	5,023,900		100.00%	4,982,400		100.00%

Note: The District is presenting employment by industry as we have been unable to obtain employment numbers by individual employers.

Source: California Employment Development Department

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