LAKESIDE WATER DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

Leaf & Cole, LLP
Certified Public Accountants

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FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

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

Independent Auditor's Report

To the Board of Directors
Lakeside Water District
10375 Vine Street
Lakeside, California 92040

Opinion

We have audited the accompanying financial statements of Lakeside Water District, as of and for the years June 30, 2024 and 2023, and the related notes to the financial statements, as listed in the table of contents.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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In performing an audit in accordance with generally accepted auditing standards, we:

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

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 37 to 42 as identified in the accompanying table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Leaf & Cole LLP

San Diego, California
February 6, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the financial performance of the Lakeside Water District ("District") provides an overview of the District's financial activities for the years ended June 30, 2024 and 2023. Please read it in conjunction with the District's financial statements which begin on page 8.

Financial Statements

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

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

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

- Net Investment in Capital Assets
- Restricted Net Position
- Unrestricted Net Position

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

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

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

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

This statement differs from the statement of revenues, expenses and changes in net position, because the statement accounts only for transactions that result in cash receipts or cash disbursements.

Financial Statements (Continued)

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

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

Financial Highlights

- The District's net position decreased by $721,658 to $38,343,605 for the year ended June 30, 2024.

- The District's operating revenues totaled $9,296,272 for the year ended June 30, 2024, an increase of $855,328 from the year ended June 30, 2023.

- The District's operating expenses totaled $11,866,319 for the year ended June 30, 2024, a decrease of $480,671 from the prior year. The decrease in transmission and distribution results from changes in the actuarial assumptions related to the defined benefit pension plan. Because of the District's efforts to fund the pension liability and the deferred difference in actual vs. projected contributions to the plan, the District recognized pension expense in the current year of $831,894 which represents a decrease of nearly $1.5 million from the prior year.

- The District's investment income loss increased from a loss of $(25,505) in the prior year to a gain of $763,119 in the current year as the District incurred a large unrealized loss in the prior year as a result of increased interest rates. As anticipated these unrealized losses have reversed as the prior year portfolio matured. In addition, the District benefited from those higher interest rates in the current portfolio.

Financial Analysis of the District

Net Position

The following is a summary of the District's statements of net position at June 30:

	2024	2023	Change
Assets:			
Current and other assets	$ 18,591,557	$ 18,401,329	$ 190,228
Capital assets, net	23,215,376	23,536,093	(320,717)
Total Assets	41,806,933	41,937,422	(130,489)
Deferred Outflows of Resources	1,840,306	2,315,413	(475,107)
Liabilities:			
Current liabilities	1,590,297	1,465,984	124,313
Noncurrent liabilities	1,247,367	1,004,814	242,553
Total Liabilities	2,837,664	2,470,798	366,866
Deferred Inflows of Resources	2,465,970	2,716,774	(250,804)
Net Position:			
Investment in capital assets	23,215,376	23,536,093	(320,717)
Unrestricted	15,128,229	15,529,170	(400,941)
Total Net Position	$ 38,343,605	$ 39,065,263	$ (721,658)

Net position decreased by $721,658 from fiscal year 2023 to 2024. Investment in capital assets decreased $320,717 in fiscal year 2024 resulting from depreciation expense exceeding the net fixed asset and construction in progress additions.

Unrestricted net position decreased $400,941 as a result of the increase in water treatment expenses due to the rehabilitation of Wells #7 and 8.

Financial Analysis of the District (Continued)

Revenues, Expenses and Changes in Net Position

The following is a summary of the District's revenues, expenses and changes in net position for the years ended June 30:

	2024	2023	Change
Revenues:			
Operating revenues	$ 9,296,272	$ 8,440,944	$ 855,328
Nonoperating revenues	1,737,222	290,584	1,446,638
Capital contributions	111,167	144,478	(33,311)
Total Revenues	11,144,661	8,876,006	2,268,655
Expenses:			
Depreciation expense	739,677	720,803	18,874
Other operating expenses	11,126,642	11,626,187	(499,545)
Total Expenses	11,866,319	12,346,990	(480,671)
Change in Net Position	(721,658)	(3,470,984)	2,749,326
Net Position at Beginning of Year	39,065,263	42,536,247	(3,470,984)
Net Position at End of Year	$ 38,343,605	$ 39,065,263	$ (721,658)

A closer examination of the source of changes in net position reveals that the District's operating revenues increased by $855,328 in fiscal year 2024 as a result of higher revenues from greater water sales. Nonoperating revenues increased by $1,446,638 in fiscal year 2024 due to the recovery of previously recognized unrealized losses and a reduction in annexation costs. Operating expenses, exclusive of depreciation, decreased $499,545 in fiscal year 2024 due to the significant decrease in transmission and distribution costs resulting from a decrease in pension costs.

Capital Assets

Capital assets consist of the following at June 30:

	2024	2023	Change
Capital Assets Not Being Depreciated:			
Land	$ 1,440,905	$ 1,440,905	$ -
Construction in progress	268,237	262,535	5,702
Total Capital Assets Not Being Depreciated	$ 1,709,142	$ 1,703,440	$ 5,702
Capital Assets Being Depreciated:			
Pumping plant and distributions	$ 35,272,709	$ 34,900,010	$ 372,699
Building and land improvements	665,260	654,289	10,971
Water development and treatment plant	2,109,904	2,109,904	-
Equipment	603,348	595,895	7,453
Autos and trucks	394,153	394,153	-
Office equipment	203,237	207,497	(4,260)
Total Capital Assets Being Depreciated	39,248,611	38,861,748	386,863
Less: Accumulated Depreciation	(17,742,377)	(17,029,095)	(713,282)
Net Capital Assets Being Depreciated	21,506,234	21,832,653	(326,419)
Net Capital Assets	$ 23,215,376	$ 23,536,093	$ (320,717)

Capital assets, net of accumulated depreciation, decreased $320,717 for the year ended June 30, 2024. Capital asset additions include the Toyon Hills main replacement, Valle Vista pressure reducing valve and meter change outs.

Economic Factors and Future Rates and Budgets

Imported water expenses continue to rise. Water purchase costs increased 12.3% in 2023 – 24 and are projected to increase 14.7% for fiscal year 2024-25. The cost per acre foot for the fiscal year 2023-24 was $2,190 and is expected to increase to $2,507 for fiscal year 2024-25.

To minimize the impact of the rising cost of imported water, the District has utilized local well production for approximately 6% to 9% of its needs. Well production decreased by 27% in the fiscal year 2023-24 due to reduced production after wells were taken offline for rehabilitation.

Well water is produced at an estimated cost of $1,096 per acre foot. Well production for fiscal year 2024-25 is estimated to save the District $482,562 based on estimated well production of 342 acre-feet.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the financial resources it manages. If you have any questions about this report or need additional financial information, contact the Lakeside Water District's office at 10375 Vine Street, Lakeside, California, 92040, (619) 443-3805.

LAKESIDE WATER DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023

ASSETS

	2024	2023
Current Assets: (Notes 1 and 2)		
Cash and cash equivalents	$ 1,656,966	$ 548,353
Investments	13,313,076	14,278,085
Accounts receivable, net	1,601,352	1,374,306
Taxes receivable	10,788	10,971
Accrued interest receivable	44,943	45,780
Inventory	176,437	209,760
Prepaid expenses	38,968	9,014
Total Current Assets	16,842,530	16,476,269
Noncurrent Assets:		
Capital Assets: (Notes 1 and 3)		
Nondepreciable capital assets	1,709,142	1,703,440
Depreciable, capital assets, net	21,506,234	21,832,653
Total Capital Assets	23,215,376	23,536,093
Other Noncurrent Assets: (Notes 1 and 6)		
Lease receivable	1,448,459	1,668,666
Net OPEB asset	300,568	256,394
Total Other Noncurrent Assets	1,749,027	1,925,060
Total Noncurrent Assets	24,964,403	25,461,153
TOTAL ASSETS	$ 41,806,933	$ 41,937,422
DEFERRED OUTFLOWS OF RESOURCES: (Notes 1 and 5)		
Deferred outflows related to pension contributions	152,106	135,674
Deferred outflows related to pensions	1,310,078	2,179,739
Total Deferred Outflows of Resources	1,462,184	2,315,413

(Continued)

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

LAKESIDE WATER DISTRICT
STATEMENTS OF NET POSITION (CONTINUED)
JUNE 30, 2024 AND 2023

LIABILITIES

	2024	2023
Current Liabilities: (Notes 1 and 4)		
Accounts payable	$ 1,467,142	$ 1,331,401
Accrued payroll	12,592	-
Prepaid rent	-	11,790
Compensated absences	110,563	122,793
Total Current Liabilities	1,590,297	1,465,984
Noncurrent Liabilities: (Notes 1 and 5)		
Customer deposits	680,636	625,218
Compensated absences, net of current portion	69,013	85,859
Net pension liability	497,718	293,737
Total Noncurrent Liabilities	1,247,367	1,004,814
Total Liabilities	2,837,664	2,470,798
DEFERRED INFLOWS OF RESOURCES: (Notes 1 and 5)		
Deferred inflows related to pensions	768,889	1,147,011
Deferred inflows related to leases	1,318,959	1,569,763
Total Deferred Inflows of Resources	2,087,848	2,716,774
Commitments and Contingencies (Notes 5, 6, 7 and 9)		
NET POSITION (Note 9):		
Investment in capital assets	23,215,376	23,536,093
Unrestricted	15,128,229	15,529,170
Total Net Position	$ 38,343,605	$ 39,065,263

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

LAKESIDE WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Operating Revenues:		
Water sales	$ 8,744,944	$ 7,754,016
Infrastructure access fees	433,639	418,892
Installation and service fees	100,552	108,821
Other operating revenues	17,137	159,215
Total Operating Revenues	9,296,272	8,440,944
Operating Expenses:		
Source of supply	6,928,139	6,158,374
Transmission and distribution	2,010,149	3,800,453
General and administrative	1,035,635	1,009,348
Depreciation	739,677	720,803
Water treatment	566,390	80,076
Pumping	414,001	403,114
Customer accounts	172,328	174,822
Total Operating Expenses	11,866,319	12,346,990
Operating Loss	(2,570,047)	(3,906,046)
Nonoperating Revenues:		
Investment income (loss)	763,119	(25,505)
Taxes and assessments	730,572	681,751
Rent income	260,224	255,491
Gain on disposal of capital assets	-	1,080
Annexation (costs) fees	(16,693)	(622,233)
Total Nonoperating Revenues	1,737,222	290,584
Loss Before Capital Contributions	(832,825)	(3,615,462)
Capital Contributions	111,167	144,478
Change in Net Position	(721,658)	(3,470,984)
Net Position at Beginning of Year	39,065,263	42,536,247
NET POSITION AT END OF YEAR	$ 38,343,605	$ 39,065,263

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

LAKESIDE WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Cash Flow From Operating Activities:		
Cash received from customers	$ 9,107,507	$ 8,244,899
Cash payments to suppliers for goods and services	(8,648,112)	(7,249,306)
Cash payments to employees for services	(1,720,990)	(1,426,007)
Other operating cash receipts	444	(463,018)
Net Cash Used in Operating Activities	(1,261,151)	(893,432)
Cash Flow From Noncapital Financing Activities:		
Receipts from taxes, and assessments	730,755	682,440
Net Cash Provided by Noncapital Financing Activities	730,755	682,440
Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(420,460)	(2,695,691)
Proceeds from disposal of capital assets	1,500	1,500
Capital contributions	111,167	144,478
Proceeds from lease revenues	217,837	228,644
Net Cash Used in Capital and Related Financing Activities	(89,956)	(2,321,069)
Cash Flows From Investing Activities:		
Proceeds from sale and maturities of investments	3,622,462	7,933,223
Purchase of investments	(2,196,787)	(5,740,887)
Investment income	303,290	344,542
Net Cash Provided by Investing Activities	1,728,965	2,536,878
Net Increase in Cash and Cash Equivalents	1,108,613	4,817
Cash and Cash Equivalents at Beginning of Year	548,353	543,536
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 1,656,966	$ 548,353

(Continued)

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

LAKESIDE WATER DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating loss	$ (2,570,047)	$ (3,906,046)
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation	739,677	720,803
(Increase) Decrease in:		
Accounts receivable, net	(227,046)	(20,805)
Inventory	33,323	(41,066)
Prepaid expenses	(29,954)	24,139
Net OPEB asset	(44,174)	111,917
Deferred outflows related to pension contributions	(16,432)	(18,272)
Deferred outflows related to pensions	491,539	701,147
(Decrease) Increase in:		
Accounts payable	135,741	633,741
Accrued payroll	12,592	-
Customer deposits	55,418	(16,025)
Compensated absences	(29,076)	27,583
Net pension liability	203,981	1,851,184
Deferred inflows related to pensions	-	(339,499)
Annexation fees	(16,693)	(622,233)
Net Cash Used in Operating Activities	$ (1,261,151)	$ (893,432)
Supplemental Disclosures of Cash Flow Information:		
Net unrealized gain (loss) on investments	$ 366,077	$ (365,924)

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

Note 1 - Organization and Significant Accounting Policies:

Organization

Lakeside Water District (the "District") was established in 1924 pursuant to the irrigation section of the California Water Code for the purpose of supplying water services to properties in the District. Effective November 16, 2006, the Riverview Water District was merged with the District.

The criteria used in determining the scope of the reporting entity are based on the provisions of GASB Cod. Sec. 2100 "Defining the Financial Reporting Entity". The District is the primary government unit. Component units are those entities, which are financially accountable to the primary government, either because the District appoints a voting majority of the component unit's board, or because the component unit will provide a financial benefit or impose a financial burden on the District. The District has no component units.

Significant Accounting Policies

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

Method of Accounting

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

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

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

The District recognizes revenues from water sales, infrastructure access fees, installation and service fees, and other operating revenues when they are earned. Operating activities generally result from providing services and producing and delivering goods. As such, the District considers fees received from water sales, infrastructure access fees, and installation and service fees to be operating revenues. Taxes and assessments are recognized as revenues based upon amounts reported to the District by the County of San Diego. Rent income is recorded when due from the occupant, generally upon the first day of each month.

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

Significant Accounting Policies (Continued)

Investments

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

Allowance for Doubtful Accounts

Bad debts are recognized on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable. The allowance for doubtful accounts receivable totaled $74,557 and $39,900 at June 30, 2024 and 2023, respectively.

Taxes and Assessments

Property taxes and assessments are billed by the County of San Diego to property owners. The District's property tax calendar for the fiscal year ended June 30, 2024, was as follows:

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

The County collects the taxes from the property owners and remits the funds to the District periodically during the year. The District has an arrangement with the County whereby the County remits taxes which are delinquent as of each June 30 to the District in exchange for the right to retain the delinquent taxes, penalties, and interest when these amounts are subsequently collected.

Inventory

Inventory consists primarily of materials used in the construction and maintenance of capital assets and is valued at the lower of cost or market using the first-in, first-out (FIFO) method.

Leases

The District is a lessor for leases detailed in Note 7. The District recognizes a lease receivable and a deferred inflow of resources.

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

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

Significant Accounting Policies (Continued)

Leases (Continued)

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

- The District used the 3% annual increase in the lease as the discount rate.

- The lease term includes the noncancelable period of the lease as well as any extensions available to the lessee. The District expects that the lessee will exercise those options, fully. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

Capital Assets

Capital assets purchased or acquired with a cost exceeding $4,000 and an estimated useful life more than one year are reported at historical cost. Donated capital assets, donated works of art, and similar items, and capital assets received in service concession agreements are reported at acquisition value. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Upon sale or disposition of property and equipment, the asset account is relieved of the cost and the accumulated depreciation account is charged with depreciation taken prior to the sale and any resultant gain or loss is credited or charged to earnings. Depreciation is calculated on the straight-line method over the following estimated useful lives:

Pumping plant and distribution	10 - 60 years
Building and land improvements	10 - 50 years
Water development and treatment plant	25 - 40 years
Equipment	5 - 10 years
Autos and trucks	5 - 10 years
Office equipment	3 - 10 years

Depreciation totaled $739,677 and $720,803 for the years ended June 30, 2024 and 2023, respectively.

Compensated Absences

Accumulated and unpaid compensated absences totaling $179,576 and $208,652 are accrued when incurred and included in current and noncurrent liabilities at June 30, 2024 and 2023, respectively.

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

Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

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

- Deferred outflows related to pensions equal to employer contributions made after the measurement date of the net pension liability, differences between actual and expected contributions, and the net difference between projected and actual earnings on pension plan investments, adjustments due to differences in proportions, differences between expected and actual experience, and changes in assumptions.

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

- Deferred inflows related to pensions resulting from adjustments due to the differences in proportions, and differences between actual and the proportionate share of contributions.

- Deferred inflows related to leases representing the net present value of revenues to be received in the future related to cell site and land leases.

Risk Management

The District is a member of the Association of California Water Agencies Joint Powers Insurance Authority ("Authority"). The Authority is a risk-pooling self-insurance authority, created under provisions of California Government Code Sections 6500 et. seq. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage.

At June 30, 2024, the District participated in the self-insurance programs of the Authority as follows:

<u>Property Loss</u> - Insured up to $500 million per occurrence (total insurable value $1,737,031 with $1,000 deductible for buildings, personal property, fixed equipment and mobile equipment and $500 for licensed vehicles. The Authority is self-insured up to $10 million and excess insurance coverage has been purchased.

<u>General and Auto Liability</u> - Insured up to $55 million per occurrence; the Authority is self-insured up to $5 million and excess insurance coverage has been purchased. The general and auto liability program has no deductible.

<u>Public Officials' Liability</u> - Insured up to $55 million per occurrence; the Authority is self-insured up to $5 million and excess insurance coverage has been purchased.

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

Significant Accounting Policies (Continued)

Risk Management (Continued)

Fidelity Bond - Insured up to $100,000 per occurrence with a $1,000 deductible.

Workers' Compensation - Insured up to the statutory limits; the Authority is self-insured up to $2 million and excess insurance coverage has been purchased. Employer's liability is insured up to $4 million; the Authority is self-insured up to $2 million and excess insurance coverage has been purchased.

The District pays annual premiums for this coverage. They are subject to retrospective adjustments based on claims experienced. The nature and amounts of the adjustments cannot be estimated and are charged to expense as invoiced. The District's insurance expense was $49,672 and $43,146 for the years ended June 30, 2024 and 2023. There were no instances in the past three years where a settlement exceeded the District's coverage.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS audited financial statements are publicly available reports that can be obtained at CalPERS website under Forms and Publications.

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

Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Measurement Period	June 30, 2022 to June 30, 2023

Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Other Postemployment Benefit Programs of the Retiree Health Plan (OPEB Plan), the assets of which are held by the California Employers' Retiree Benefit Trust (CERBT), and additions to/deductions from the OPEB Plan's fiduciary net position have been determined by the District using the alternative measurement method. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms. The District has assets designated for OPEB that are invested in California Employer's Retiree Benefit Trust (CERBT) Strategy 2 which are reported at fair value as reported to the district by CERBT.

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

Significant Accounting Policies (Continued)

Postemployment Benefits (OPEB) (Continued)

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

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Measurement Period	July 1, 2022 to June 30, 2023

Fair Value Measurements

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

- Level 1 inputs are quoted prices in active markets for identical investments that the investment manager has the ability to access at the measurement date.

- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly.

- Level 3 inputs are unobservable inputs for the investment.

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

- Investments in the California Local Agency Investment Fund (LAIF) are considered Level 2 assets and are reported at the fair value of the underlying assets as provided by LAIF.

- U.S. Agency securities are considered Level 2 assets and are reported at the fair value reported by the counter-party.

- Certificates of Deposit are considered Level 2 assets and are reported at the fair value reported by the counter-party.

Economic Dependency

The District purchases approximately 94% of its water from the San Diego County Water Authority. Interruption of this source would impact the District negatively.

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

Significant Accounting Policies (Continued)

Cash and Cash Equivalents

For purposes of the statements of cash flows, the District considers all investment instruments purchased with a maturity of three months or less to be cash equivalents. Negotiable certificates of deposit that may be redeemed without significant penalty are considered cash and cash equivalents regardless of the maturity.

Subsequent Events

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through February 6, 2025, the date the financial statements were available to be issued.

Reclassification

The District has reclassified certain prior year information to conform with the current year presentation.

Note 2 - Cash and Investments:

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

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

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

* Requires consent of the Board of Directors before investing District funds.

Note 2 - Cash and Investments:

Investment Authorized by the California Government Code and the District's Investment Policy (Continued)

The District's investment policy is more restrictive than the California Government Code. The District limits the percentage of its portfolio that can be invested in bankers acceptances, commercial paper, mutual funds, and money market mutual funds.

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

	Maturity in Years			
	One Year or Less	1 - 5 Years	2024 Total	2023 Total
Cash on hand	$ 67,333	$ -	$ 67,333	$ 978
Deposits with financial institutions	1,588,647	-	1,588,647	546,424
California Local Agency Investment Fund (LAIF)	986	-	986	951
Certificates of Deposits	3,656,996	2,126,082	5,783,078	6,941,091
U.S. Agency Securities	-	7,200,288	7,200,288	7,011,165
U.S. Treasury	-	329,710	329,710	325,829
Total Cash and Investments	$ 5,313,962	$ 9,656,080	$ 14,970,042	$ 14,826,438

	2024	2023
Financial Statement Classification:		
Cash and cash equivalents	$ 1,656,966	$ 548,353
Investments	13,313,076	14,278,085
Total Cash and Investments	$ 14,970,042	$ 14,826,438

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by purchasing 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 over time as necessary to provide the cash flow and liquidity needed for operations.

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

Note 2 - Cash and Investments: (Continued)

Disclosures Relating to Credit Risk

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

	Rating as of Year End Standard & Poor's
California Local Agency Investment Fund (LAIF)	Not Rated
Certificates of Deposits	Not Rated
U.S. Agency Securities	AA+

Concentration of Credit Risk

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

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code, except as described above. The District holds no investments in any one issuer (other than U.S. Treasury obligations, and external investment pools) that represent 5% or more of total District investments at June 30, 2024.

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counter-party (e.g., broker-dealer) the District will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At June 30, 2024, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. The District's U.S. Agency Securities were held by the same broker dealer (counter party) that was used by the District to purchase the securities.

Note 2 - Cash and Investments: (Continued)

Investment in State Investment Pool

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

The statements of cash flows have been prepared by considering all investment instruments purchased with a maturity of three months or less to be cash equivalents. Following is a detail at June 30:

	2024	2023
Deposits with financial institutions	$ 1,588,647	$ 546,424
California Local Agency Investment Fund (LAIF)	986	951
Cash on hand	67,333	978
Total	$ 1,656,966	$ 548,353

Note 3 - Capital Assets:

Capital assets consist of the following at June 30:

	2024			
	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024
Capital Assets Not Being Depreciated:				
Land	$ 1,440,905	$ -	$ -	$ 1,440,905
Construction in progress	262,535	308,961	(303,259)	268,237
Total Capital Assets Not Being Depreciated	$ 1,703,440	$ 308,961	$ (303,259)	$ 1,709,142
Capital Assets Being Depreciated:				
Pumping plant and distribution	$ 34,900,010	$ 378,919	$ (6,220)	$ 35,272,709
Building and land improvements	654,289	10,971	-	665,260
Water development and treatment plant	2,109,904	-	-	2,109,904
Equipment	595,895	7,453	-	603,348
Autos and trucks	394,153	-	-	394,153
Office equipment	207,497	15,915	(20,175)	203,237
Total Capital Assets Being Depreciated	38,861,748	413,258	(26,395)	39,248,611
Less: Accumulated depreciation	(17,029,095)	(739,677)	26,395	(17,742,377)
Net Capital Assets Being Depreciated	21,832,653	(326,419)	-	21,506,234
Net Capital Assets	$ 23,536,093	$ (17,458)	$ (303,259)	$ 23,215,376

Note 3 - Capital Assets: (Continued)

	2023			
	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023
Capital Assets Not Being Depreciated:				
Land	$ 1,440,905	$ -	$ -	$ 1,440,905
Construction in progress	416,923	2,580,928	(2,735,316)	262,535
Total Capital Assets Not Being Depreciated	$ 1,857,828	$ 2,580,928	$ (2,735,316)	$ 1,703,440
Capital Assets Being Depreciated:				
Pumping plant and distribution	$ 32,072,467	$ 2,837,228	$ (9,685)	$ 34,900,010
Building and land improvements	654,289	-	-	654,289
Water development and treatment plant	2,109,903	1	-	2,109,904
Equipment	591,881	8,728	(4,714)	595,895
Autos and trucks	394,153	-	-	394,153
Office equipment	206,694	4,123	(3,320)	207,497
Total Capital Assets Being Depreciated	36,029,387	2,850,080	(17,719)	38,861,748
Less: Accumulated depreciation	(16,325,590)	(720,803)	17,298	(17,029,095)
Net Capital Assets Being Depreciated	19,703,797	2,129,277	(421)	21,832,653
Net Capital Assets	$ 21,561,625	$ 4,710,205	$ (2,735,737)	$ 23,536,093

Note 4 - Noncurrent Liabilities:

Noncurrent liabilities consist of the following at June 30:

	2024				
	Balance at June 30, 2023	Additions	Deletions	Balance at June 30, 2024	Due Within One Year
Customer deposits	$ 625,218	$ 158,935	$ (103,517)	$ 680,636	$ -
Compensated absences	208,652	81,487	(110,563)	179,576	110,563
Net pension liability	293,737	653,386	(449,405)	497,718	-
	$ 1,127,607	$ 893,808	$ (663,485)	$ 1,357,930	$ 110,563

	2023				
	Balance at June 30, 2022	Additions	Deletions	Balance at June 30, 2023	Due Within One Year
Customer deposits	$ 641,243	$ 141,953	$ (157,978)	$ 625,218	$ -
Compensated absences	181,069	150,376	(122,793)	208,652	122,793
Net pension liability	(1,557,447)	2,405,054	(553,870)	293,737	-
	$ (735,135)	$ 2,697,383	$ (834,641)	$ 1,127,607	$ 122,793

Note 5 - Defined Benefit Pension Plan:

General Information About the Pension Plan

Plan Description - All qualified permanent and probationary employees are eligible to participate in the Miscellaneous Plan of the Lakeside Water District, (All Plans) a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Local Government resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website. The Plan consists of the Miscellaneous Plan and the PEPRA Plan.

Benefits Provided - CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Miscellaneous plan members with 5 years of service are eligible to retire at age 50 with statutorily reduced benefits. PEPRA Miscellaneous members with 5 years of service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 5 years of service. The death benefit is the Basic Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees Retirement law per contract. The Plan's provisions and benefits in effect at June 30, 2024 are summarized as follows:

	Miscellaneous Prior to January 1, 2013	PEPRA On or After January 1, 2013
Benefit formula	3.0% @ 60	1.5% @ 65
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% - 3.0% %	0.63% to 2.5%
Required employee contribution rates	8.0%	4.5%
Required employer contribution rates	16.44%	5.47%

In addition to the contribution rates above, the District was not required to make any additional payments for the Miscellaneous Plan and for the PEPRA Plan towards its unfunded actuarial liability. The miscellaneous plan is closed to new members that are not already CalPERS eligible participants.

Contribution Description – 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 the CalPERS annual actuarial process. The Plans actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Note 5 - Defined Benefit Pension Plan: (Continued)

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

The District reported the following net pension liability for its proportionate share of net position liability of the risk pool at June 30:

	Proportionate Share of Net Pension Liability 2024	Proportionate Share of Net Pension Liability 2023
Miscellaneous Risk Pool	$ 497,718	$ 293,737

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

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

- In determining an employer's proportionate share, the employer rate plans included in the Plan were assigned to the miscellaneous risk pool. Estimates of the total pension liability and the fiduciary net position were first determined for the individual rate plans as of the valuation date, June 30, 2022.

- Each employer rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The District's proportionate share percentage at the valuation date was calculated by dividing the District's net pension liability for each of its employer rate plans by the net pension liability of the risk pool as of the valuation date.

The District's proportionate share of the net pension liability as of June 30, 2023, the measurement date, was calculated as follows:

- The risk pool's total pension liability was computed at the measurement date, June 30, 2023, by applying standard actuarial roll-forward methods to the total pension liability amounts as of the valuation date. The fiduciary net position for the risk pool at the measurement date was determined by CalPERS' Financial Office. The net pension liability for the risk pool at June 30, 2023, was computed by subtracting the respective risk pool's fiduciary net position from its total pension liability.

Note 5 - Defined Benefit Pension Plan: (Continued)

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

- The individual employer risk pool's proportionate share percentage of the total pension liability and fiduciary net position as of June 30, 2023, was calculated by applying the District's proportionate share percentage as of the valuation date (described above) to the total pension liability and fiduciary net position as of June 30, 2023, to obtain the total pension liability and fiduciary net position as of June 30, 2023. The fiduciary net position was then subtracted from total pension liability to obtain the net pension liability as of the measurement date.

The District's proportionate share percentage of the net pension liability as of June 30, 2022 and June 30, 2023, was as follows:

	Miscellaneous Risk Pool
Proportion at measurement date - June 30, 2022	0.006277%
Proportion at measurement date - June 30, 2023	0.009954%
Change - Increase (Decrease)	0.00367%

The District recognized pension expense of $831,894 and $2,330,934 for the Plan for the years ended June 30, 2024 and 2023, respectively. As of June 30, 2024 and 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30:

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$ 152,106	$ -
Differences between actual contributions made and proportionate share of contributions	397,360	(431,710)
Adjustment due to difference in proportions	780,602	(337,179)
Net difference between projected and actual earnings on pension plan investments	80,585	-
Changes in assumptions	30,049	-
Differences between expected and actual experience	21,482	-
Total	$ 1,462,184	$ (768,889)

Note 5 - Defined Benefit Pension Plan: (Continued)

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

	2023	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$ 135,674	$ -
Differences between actual contributions made and proportionate share of contributions	968,315	(318,504)
Adjustment due to difference in proportions	1,125,572	(828,507)
Net difference between projected and actual earnings on pension plan investments	53,805	-
Changes in assumptions	30,099	-
Differences between expected and actual experience	1,948	-
Total	$ 2,315,413	$ (1,147,011)

The $152,106 and $135,674 reported as deferred outflows related to pension contributions will be recognized as a reduction in the net pension liability in the year ended June 30, 2025 and 2024, respectively.

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

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources
2025	$ 343,582
2026	179,950
2027	15,344
2028	2,313
Total	$ 541,189

Note 5 - Defined Benefit Pension Plan: (Continued)

Actuarial Assumptions

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

	Miscellaneous
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.80%
Inflation	2.30%
Salary Increases	Varies by Age and Length of Service
Mortality Rate Table	Derived using CalPERS' Membership Data for all funds
Post-Retirement Benefit Increases	Contract COLA up to 2.75% until purchasing power protection allowance floor on purchasing power applies 2.75% thereafter.

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each Plan, CalPERS stress-tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing of the plans, the test revealed that none of the tested employer rate plans run out of assets. Therefore, the current 6.90% discount rate is appropriate and the use of the municipal bond rate calculation is not deemed necessary. The stress test results are presented in a detailed report, *GASB Statements 67 and 68 Crossover Testing Report for Measurement Date June 30, 2023 based on June 30, 2022 Valuations,* that can be obtained from the CalPERS website.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11 - 60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one-quarter of one percent.

Note 5 - Defined Benefit Pension Plan: (Continued)

Discount Rate (Continued)

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

Asset Class	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 Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

(1) An expected price inflation of 2.3% used for this period.
(2) Figures are based on 2021-22 Asset Liability Management study.

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

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Lakeside Water District's proportionate share of the Miscellaneous Risk Pool's net pension liability (asset)	$ 2,027,088	$ 497,718	$ (761,084)

Note 6 - Other Postemployment Benefits:

General Information About the OPEB Plan

Plan Description - The District's defined benefit OPEB Plan (the "Retiree Health Plan") is a single-employer defined benefit healthcare plan. Benefit provisions are established through negotiations between the District and the bargaining units representing the employees. The Retiree Health Plan does not issue a publicly available financial report.

Benefits Provided - The plan provides limited full coverage until age 65, and then provides lifetime annual limited payments to supplement government Medicare coverage for eligible retirees and their spouses through the District's group health insurance plan, which covers both active and retired members.

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

Active employees	10
Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	-
	11

Contributions - The District has and continues to prefund its OPEB liability. The District has joined the California Employers' Retiree Benefit Trust (CERBT), an OPEB trust administrator and affiliate program of CalPERS, for the purpose of prefunding obligations for past services. At June 30, 2023, the Plan's fiduciary net assets exceeded the total OPEB liability. Thus, no contributions were made during the measurement period.

Net OPEB Liability (Asset)

The District's net OPEB liability (asset) was measured as of June 30, 2021 and the total OPEB liability was determined as of the same date, based on the alternative measurement method and the following assumptions:

Actuarial Cost Method	Projected Unit Credit and Level Dollar
Discount Rate	5.50%
Inflation	3.75%
Salary Increases	3.30%
Investment Rate of Return	5.50%

Note 6 - Other Postemployment Benefits: (Continued)

Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations. The following simplifying assumptions were made:

Retirement Age for Active Employees

Based on the historical average retirement age for the covered group, active plan members were assumed to retire at age 60, or at the first subsequent year in which the member would qualify for benefits.

Marital Status

Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality

Life expectancies were based on mortality tables from the National Center for Health Statistics. The United States Life Tables for Males and for Females were used.

Turnover

Non-group-specific age-based turnover data was used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare Cost Trend Rate

The expected rate of increase in healthcare insurance premiums was based on internal projections. A rate of 3.75% was used.

Health Insurance Premiums

For the year ended June 30, 2024, health insurance premiums were limited to $4,200 as a basis for calculating the present value of total benefits to be paid after employees reach the age of 65.

Inflation Rate

The expected long-term inflation assumption of 3.75% was based on recent experience.

Note 6 - Other Postemployment Benefits: Continued)

Methods and Assumptions (Continued)

Payroll Growth Rate

The expected long-term payroll growth rate was assumed to equal 3.30%.

Based on the historical and expected returns of the District's investment portfolio, a discount rate of 5.50% was used. In addition, a simplified version of the entry age actuarial cost method was used.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation
Equity	34%
Fixed Income	41%
TIPS	5%
Commodities	3%
REITS	17%
Total	100%

Discount Rate

The discount rate used to measure the total OPEB liability was 5.5 percent. The projection of cash flows used to determine the discount rate assumed that the District will continue to prefund its OPEB liability. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return of OPEB plan investments was applied to all periods of projected benefit payments to determine any OPEB liability.

Changes in the OPEB Liability (Asset)

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

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (c) = (a) - (b)
Balance at June 30, 2023	$ 301,472	$ 557,866	$ (256,394)
Changes recognized for the measurement period:			
Service cost	17,619	-	17,619
Net investment income	-	74,142	(74,142)
Benefit payments	(4,079)	(4,079)	-
Administrative expense	-	(12,349)	12,349
Net Changes	13,540	57,714	(44,174)
Balance at June 30, 2024	$ 315,012	$ 615,580	$ (300,568)

Note 6 - Other Postemployment Benefits: (Continued)

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

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

	1% Decrease (4.50%)	Current Discount Rate (5.50%)	1% Increase (6.50%)
Net OPEB Liability (Asset)	$ (261,473)	$ (300,568)	$ (335,605)

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

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

	1% Decrease (2.75%)	Current Healthcare Cost Trend Rates (3.75%)	1% Increase (4.75%)
Net OPEB Liability (Asset)	$ (317,811)	$ (300,568)	$ (280,503)

OPEB Plan Fiduciary Net Position

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

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

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

Amounts are first 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.

Note 6 - Other Postemployment Benefits: (Continued)

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

The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 Years
All other amounts	Expected Average Remaining Service Lifetime (EARSL) (3.8 Years at June 30, 2018)

For the period from July 1, 2023 to June 30, 2024, the District recognized OPEB expense (benefit) of $(44,1774). As of June 30, 2024, the District reported no deferred outflows or deferred inflows of resources related to OPEB.

Note 7 - Commitments and Contingencies:

Contracts

The District has entered into various contracts for the purchase of material and construction of water facilities. The amounts contracted are based on the contractor's estimated cost of construction. At June 30, 2024 and 2023, the total unpaid amount on these contracts is approximately $262,964 and $349,497, respectively.

Litigation

Legal claims and lawsuits arise from time to time in the normal course of business which, in the opinion of management, will have no material effect on the Lakeside Water District's financial position.

Leasing Activity

The District has entered into multiple leases for cell sites as well as multiple ground leases with terms ranging from month-to-month with one lease having options through February 2050. The lessees are required to make monthly payments ranging from $1,350 to $11,791 with discount rates of 3%. The leases include multiple extensions in five year increments. The lease receivable totaled $1,448,459 and $1,668,666 at June 30, 2024 and 2023, respectively. Deferred inflows related to leases totaled $1,318,959 and $1,569,763 at June 30, 2024 and 2023, respectively. The District recognized lease revenue of $260,224 and $255,491 for the years ended June 30, 2024 and 2023, respectively.

Note 8 - New Governmental Accounting Standards:

GASB No. 94

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

GASB No. 100

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

GASB No. 101

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

GASB No. 102

In December 2023, the Governmental Accounting Standards Board issued Statement No. 102 "Certain Risk Disclosures." This statement defines a concentration as a lack of diversity related to an aspect of a significant inflow or outflow of resources; and defines a constraint as a limitation imposed on a government by an external party or by formal action of the government's highest level of decision-making authority. Under this standard, if a government determines that the criteria for disclosure have been met for a concentration or constraint; it should disclose information in the notes to the financial statements in sufficient detail to enable users to understand the nature and circumstances disclosed and the vulnerability to the risk of a substantial impact. The requirements of this statement are effective for fiscal years beginning after June 15, 2024.

Note 8 - New Governmental Accounting Standards: (Continued)

GASB No. 103

In April 2024, the Governmental Accounting Standards Board issued Statement No. 103 "Financial Reporting Model Improvements." In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for *operating income (loss) and noncapital subsidies* be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

GASB No. 104

In September 2024, the Governmental Accounting Standards Board issued Statement No. 104 "Disclosure of Certain Capital Assets." This Statement requires certain types of capital assets to be disclosed separately in the capital assets note, including Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance with Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

LAKESIDE WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

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

	Measurement Date June 30, 2023	Measurement Date June 30, 2022	Measurement Date June 30, 2021	Measurement Date June 30, 2020	Measurement Date June 30, 2019
Proportion of the Net Pension Liability	.009954%	0.006277%	(0.082023)%	0.055811%	0.057055%
Proportionate Share of the Net Pension Liability	$ 497,718	$ 293,737	$ (1,557,447)	$ 2,354,153	$ 2,284,761
Covered Payroll	$ 1,075,394	$ 958,149	$ 943,605	$ 912,690	$ 884,211
Proportionate Share of the Net Pension Liability as Percentage of Covered - Employee Payroll	46.28%	30.66%	(165,05)%	257.94%	258.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.60%	97.32%	114.80%	76.81%	76.08%

	Measurement Date June 30, 2018	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015	Measurement Date June 30, 2014
Proportion of the Net Pension Liability	0.055341%	0.053970%	0.053200%	0.0500009%	0.047982%
Proportionate Share of the Net Pension Liability	$ 2,085,656	$ 2,131,146	$ 1,820,794	$ 1,371,972	$ 1,185,881
Covered Payroll	$ 826,999	$ 781,134	$ 753,349	$ 702,446	$ 650,738
Proportionate Share of the Net Pension Liability as Percentage of Covered - Employee Payroll	252.20%	272.83%	241.69%	195.31%	182.24%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.99%	75.35%	76.23%	81.33%	83.03%

Notes to Schedule:

Change in Benefit Terms - The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2015 valuation date.

Changes in Assumptions - The discount rate was changed from 7.15% as of the June 30, 2021 measurement date to 6.90% as of the June 30, 2022 measurement date.

Omitted Years - GASB Statement No 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

LAKESIDE WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

SCHEDULES OF CONTRIBUTIONS TO THE PENSION PLAN
LAST TEN YEARS

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Contractually Required Contribution (Actuarially Determined)	$ 152,106	$ 135,674	$ 117,402	$ 2,575,412	$ 364,009
Contributions in Relation to the Actuarially Determined Contribution	152,106	135,674	117,402	2,575,412	364,009
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 1,127,255	$ 1,075,394	$ 958,149	$ 943,605	$ 912,690
Contributions as a Percentage of Covered-Employee Payroll	13.49%	12.62%	12.25%	272.93%	39.88%

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually Required Contribution (Actuarially Determined)	$ 211,912	$ 175,264	$ 159,865	$ 142,970	$ 105,043
Contributions in Relation to the Actuarially Determined Contribution	211,912	175,264	159,865	142,970	105,043
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 884,211	$ 826,999	$ 781,134	$ 753,349	$ 702,466
Contributions as a Percentage of Covered-Employee Payroll	23.97%	21.19%	20.47%	18.98%	14.95%

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age
Amortization Method	Level Percent of Payroll
Asset Valuation Method	Market Value
Discount Rate	7.15%
Projected Salary Increase	3.30% to 14.20% depending on Age, Service, and type of employment
Inflation	2.75%
Payroll Growth	3.00%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual production inflation growth of 0.25%

Omitted Years - GASB Statement No. 68 was implemented during the year ended June 30, 2015. No information was available prior to this date.

LAKESIDE WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

SCHEDULES OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY (ASSET)
AND RELATED RATIOS
LAST TEN YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total OPEB Liability										
Service cost	$ 17,619	$ 31,037	$ 39,445	$ 11,150	$ (48,023)	$ 47,912	$ (53,514)	$ N/A	$ N/A	$ N/A
Interest	-	-	-	-	-	-	-	N/A	N/A	N/A
Change of benefit terms	-	-	-	-	-	-	-	N/A	N/A	N/A
Differences between expected and actual experience	-	-	-	-	-	-	-	N/A	N/A	N/A
Changes of assumptions	-	-	-	-	-	-	-	N/A	N/A	N/A
Benefit payments	(4,079)	(3,819)	(3,350)	(3,242)	(3,000)	(3,000)	(2,733)	N/A	N/A	N/A
Net Change in Total OPEB Liability	13,540	27,218	36,095	7,908	(51,023)	44,912	(56,247)	N/A	N/A	N/A
Total OPEB Liability - Beginning	301,472	274,254	238,159	230,251	281,274	236,362	292,609	N/A	N/A	N/A
Total OPEB Liability - Ending (a)	$ 315,012	$ 301,472	$ 274,254	$ 238,159	$ 230,251	$ 281,274	$ 236,362	$ N/A	$ N/A	$ N/A
Plan Fiduciary Net Position										
Contributions - Employer	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ N/A	$ N/A	$ N/A
Net investment income	74,142	(75,429)	106,185	27,927	33,911	28,358	31,237	N/A	N/A	N/A
Benefit payments	(4,079)	(3,819)	(3,350)	(3,242)	(3,000)	(3,000)	(2,733)	N/A	N/A	N/A
Administrative expense	(12,349)	(5,451)	(506)	(259)	(239)	(236)	(218)	N/A	N/A	N/A
Net Change in Plan Fiduciary Net Position	57,714	(84,699)	102,329	24,426	30,672	25,122	28,286	N/A	N/A	N/A
Plan Fiduciary Net Position - Beginning	557,866	642,565	540,236	515,810	485,138	460,016	431,730	N/A	N/A	N/A
Plan Fiduciary Net Position - Ending (b)	$ 615,580	$ 557,866	$ 642,565	$ 540,236	$ 515,810	$ 485,138	$ 460,016	$ N/A	$ N/A	$ N/A
District's Net OPEB Liability (Asset) - Ending (a) - (b)	$ (300,568)	$ (256,394)	$ (368,311)	$ (302,077)	$ (285,559)	$ (203,864)	$ (223,654)	$ N/A	$ N/A	$ N/A
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	195.41%	185.05%	234.30%	226.83%	224.02%	172.48%	194.62%	N/A	N/A	N/A
Covered-Employee Payroll	$ 904,925	$ 1,000,039	$ 893,817	$ 933,447	$ 871,900	$ 819,107	$ 794,813	N/A	N/A	N/A
District's Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	(33.21)%	(25.63)%	(41.20)%	(32.36)%	(32.75)%	(24.89)%	(28.14)%	N/A	N/A	N/A

(Continued)

LAKESIDE WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

SCHEDULES OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY (ASSET)
AND RELATED RATIOS
LAST TEN YEARS

Notes to Schedules:

In place of an actuarial valuation the total OPEB liability has been measured using the Alternative Measurement Method as described in GASB Statement 75 for plans with fewer than 100 employees (active and inactive) being provided benefits through the OPEB plan as of the beginning of the measurement period.

The District has elected to use the GASB 75 "Lookback" method where assets and liabilities are measured as of the prior fiscal year end, but applied to the current fiscal year.

The GASB 75 Alternative Measurement Method rules require that net OPEB liability changes resulting from demographic experience and assumption changes be recognized immediately in OPEB expense.

Fiscal year 2018 was the first year of implementation. The District must eventually disclose a 10-year history of the schedule of changes in net OPEB liability and related ratios.

LAKESIDE WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024

SCHEDULES OF CONTRIBUTIONS TO THE OPEB PLAN
LAST TEN YEARS

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Actuarial Determined Contribution (ADC)	$ 9,930	$ 8,188	$ 8,578	$ 8,409	$ 8,727
Contributions in Relation to the Actuarially Determined Contribution	9,930	8,188	8,578	8,409	8,727
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered-Employee Payroll	$ 904,925	$ 1,000,039	$ 893,817	$ 933,447	$ 871,900
Contributions as a Percentage of Covered-Employee Payroll	.46%	0.82%	0.96%	0.90%	1.00%

	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Actuarial Determined Contribution (ADC)	$ 11,393	$ 8,657	$ N/A	$ N/A	$ N/A
Contributions in Relation to the Actuarially Determined Contribution	11,393	8,657	N/A	N/A	N/A
Contribution Deficiency (Excess)	$ -	$ -	$ N/A	$ N/A	$ N/A
Covered-Employee Payroll	$ 819,107	$ 794,813	$ N/A	$ N/A	$ N/A
Contributions as a Percentage of Covered-Employee Payroll	1.39%	1.09%	N/A	N/A	N/A

Notes to Schedules:

The ADC developed for the years ending June 30, 2018 through 2024 was determined by the District using the Alternative Measurement Method. Expected contributions, relative to the ADC, for each fiscal year are shown above.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry age
Amortization Method	Fixed cost
Amortization Period	Closed
Asset Valuation Method	Market Value
Inflation	3.75 percent
Investment Rate of Return	5.5% per annum. Assumes investing in California Employers' Retiree Benefit Trust asset allocation strategy 2.
Healthcare Cost Trend Rates	3.3%
Salary Increase	Equal to the rate of inflation

SCHEDULES OF CONTRIBUTIONS TO THE OPEB PLAN (CONTINUED)
LAST TEN YEARS *

Notes to Schedules: (Continued)

Retirement Age	Coverage is available for employees that retire with the District at age 60 or older and have 25 or more years of service with the District.
Mortality	Life expectancies were based on mortality tables from the National Center for Health Statistics. The United States Life Tables for males and for females were used.

* Fiscal year 2018 was the first year of implementation. The District must eventually disclose a 10-year history of the contributing investment return, and payroll schedules.