A G E N D A

REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE
LAKESIDE WATER DISTRICT

January 9 2024

Meeting Place: Lakeside Water District; 10375 Vine Street
Lakeside CA 92040; **5:30 p.m**.

Assistance for those with disabilities: If you have a disability and need accommodation to participate in the meeting, please call Brett Sanders, General Manager, at (619) 443-3805 for assistance so the necessary arrangements can be made.

1. Call to Order

2. Prayer/Invocation

3. Pledge of Allegiance

4. Approval of the Agenda

5. Opportunity for Public Comment Pertaining to Items Not on the Agenda (Items must meet the requirements of Government Code Section 54954.2)

6. Approve Minutes of a Regular Meeting Held on December 5, 2023

7. Review the November 2023 Treasurers Report for the Annual Audit. Request to Note and File in Preparation.

8. Annual Audit Presentation by Mike Zizzi with Leaf & Cole. LLP.

9. Consider Resolution 24-01 to Continue Automatic Adjustments to Water Rates that Pass Through Rate Increases of Wholesale Water Charges. Sanders

10. Public Hearing on the Issuance and Incurrence of Bonded Indebtedness and Other Debt for Lakeside Water District Community Facilities District No. 2022-2 (Yerba Valley Annexation Area)

11. Consider Resolution 24-02 for Issuance and Incurrence of Bonded Indebtedness and Other Debt for Lakeside Water District Community Facilities District No. 2022-1 (Yerba Valley Annexation Area)

12. Public Hearing to File an Application with the U.S. Department of Agriculture, Rural Development, Water and Waste Loan and Grant Program for a Loan for Lakeside Water District Community Facilities District No. 2022-1 (Yerba Valley Annexation Area. Sanders

13. Consider Filing an Application with the U.S. Department of Agriculture, Rural Development, Water and Waste Loan and Grant Program for a Loan for Lakeside Water District Community Facilities District No. 2022-1 (Yerba Valley Annexation Area. Sanders

14. Consider Ordinance 2024-01 of the Board of Directors of Lakeside Water District Levying Special Taxes Within the "Lakeside Water Community Facilities District No. 2022-1 (Yerba Valley Annexation Area)". Sanders

15. Consider Modification to the District's Admin.Code Section 2.13-11(B) Fees. Sanders

16. Operations Report. Johnze

17. Approve Demands of the Treasurer for December 2023.

18. CWA Report

19. Director's Reports and/or Ad Hoc Sub-Committees Reports.

20. General Managers' Report.

21. Adjourn; Next Regular Meeting Date February 6, 2024.

PUBLIC COMMENT PROCEDURES

Members of the public will be allowed to address the Board on any agenda item prior to the Board's decision on the item. They will also be allowed to comment on matters not on the posted agenda, which are under the subject matter jurisdiction of the district. No action may be taken by the board except to set the matter presented for the next regular board meeting if proposed by the board. State your name, topic and provide the secretary with a request to speak form, so you can be properly included in the comment period. Comments are limited to 3 minutes and the board is not required to comment on the topic.

CERTIFICATE OF POSTING

I certify that on January 5, 2024, I posted a copy of the meeting agenda and any public records relating to items on the agenda and that they are available for public inspection at the time the record is distributed to all, or a majority of all members of the board. Such records shall be available at the district office located at 10375 Vine Street, Lakeside, California, or on the district's website at LakesideWater.org.

Agendas are posted at least 72 hours in advance of a regular meeting, or 24 hours in advance of a special meeting of the Board of Directors, near their regular meeting place, and as per Government Code Section 54954.2(a)(1) and 54956(a).

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Brett Sanders, General Manager / Board Secretary

MINUTES OF A REGULAR MEETING OF THE BOARD OF DIRECTORS OF THE LAKESIDE WATER DISTRICT HELD ON December 5, 2023

At the time and place provided by law for the holding of a Regular Meeting of the Board of Directors of the Lakeside Water District; to-wit at the meeting place of said Board at 10375 Vine Street, Lakeside, California, at 5:30 p.m. the Board duly convened, the following members present.

Directors:	Frank Hilliker Pete Jenkins Steve Johnson Eileen Neumeister Steve Robak
Secretary:	Brett Sanders

1) Call to Order by Board President Hilliker

2) Prayer/Invocation – Director Johnson introduced Reverend Timothy P. Avazian who has served in church ministries for over 35 years to provide the prayer for today's meeting.

3) Pledge of Allegiance – The pledge was led by Director Jenkins

4) Approval of Agenda. Motion by Director Robak to accept the agenda as submitted.

Motion: Robak Second: Johnson

Vote:	Ayes	5	Hilliker, Jenkins, Johnson, Neumeister, Robak
	Noes	0	
	Abstain	0	
	Absent	0	

5) Opportunity for Public Comment Pertaining to Items Not on the Agenda (Items must meet the requirements of Government Code Section 54954.2). One comment supporting the District's addition of a prayer or invocation to the meeting.

6) Approve Minutes of a Regular Meeting held on November 7, 2023. Motion by Director Robak to approve the minutes as submitted.

Motion: Robak Second: Neumeister

Vote:	Ayes	4	Hilliker, Jenkins, Neumeister, Robak
	Noes	0	
	Abstain	1	Johnson
	Absent	0	

7) Review the October 2023 Treasurers Report for the Annual Audit. Request to Note and File in Preparation. Approved to Note and File

8) 20-Year Service Award for Utility Worker 3, Equipment Operator, Lead Pipeline Inspector and Facility Mark Out Specialist Bryan Otten. General Manager Sanders provided the Board a summary of Mr. Otten's career at the District and the many responsibilities he handles in a professional and efficient manner and thanked Bryan for his dedicated service to the District. The Board followed with a round of applause and wished Bryan many more years of great service to the District.

9) Operations Report – Operations Superintendent Johnze

a. Vine Street Wells 7 and 8 Rehabilitation. Well 7 rehabilitation continues, HydroCurrent has completed the Mechanical/Chemical pretreatment, AirBlast, airlift cleaning and disinfecting. Currently setting up to start the pumping development. We will have flow amounts within 5 to 7 days to design the new pump.
b. Shut-down of the 20" main through the Highway 67 bridge to repair a leak at a restraining bar bracket.
c. Control valve maintenance at the District's pump stations. Outsourced project.
d. Lead Service Line Inspection Mandated by the USEPA. The District has performed approximately 40 service inspections to verify the pipe type looking for steel or iron pipelines. Required to verify private customer lines at a minimum of two locations.
e. AWP Pipeline Crossings and Inspections. District crews continue to work with the AWP contractor to expedite main replacements and crossing inspections. They have crossed us 4 times with a replacement of approx. 60 L.F of 10".
f. No County of SD Road Work Updates.
0 Mainbreak, 3 Service Leak, 1 Fire Hydrants

10) Consider Purchase of Water Quality Mixing Equipment for the Sky Rim Reservoir. Superintendent Johnze provided a summary of the water quality issues we are having at Sky Rim Reservoir, and that due to the low usage from the tank a method to improve the water quality is required to save time and hours by eliminating chlorination or flushing. Motion by Director Robak to approve purchase as requested.

Motion: Robak Second: Jenkins

Vote:	Ayes	5	Hilliker, Jenkins, Johnson, Neumeister, Robak
	Noes	0	
	Abstain	0	
	Absent	0	

11) Update on the District's Asset Management Plan for 2024. General Manager Sanders provided a PowerPoint presentation outlining the issues that will be included in the update. Identified the surge of projects in the last three years may allow the District to pause for a year or two to allow revenue to catch up with the future spending levels. New strategies may extend asset lifecycles and prioritize projects.

12) Consider Board Meeting Calendar for 2024. General Manager Sanders provided a proposed calendar with two meeting adjustments from the planned first Tuesday of each month schedule for regular meetings. Board discussion added two more dates. Motion by Director Johnson to approve the 2024 Board Meeting Calendar with Regular Meeting revisions for four months; January 2 to (January 9), May 7 to (April 30), September 3 to (September 10) and October 1 to (October 8) 2024.

Motion: Johnson Second: Neumeister

Vote:	Ayes	5	Hilliker, Jenkins, Johnson, Neumeister, Robak
	Noes	0	
	Abstain	0	

Absent 0

13) Approve Demands of the Treasurer for November 2023. Motion by Director Robak to approve the demands as presented.

Motion: Robak   Second: Johnson

Vote:	Ayes	5	Hilliker, Jenkins, Johnson, Neumeister, Robak
	Noes	0	
	Abstain	0	
	Absent	0	

14) CWA Report. Director Hilliker reported that the Board continues to spend long periods in closed session. Legislative plan approved for 2024. Audit approved by committee. Frank described the East County Caucus meeting held each month before the Regular Meeting. The meeting gives Frank a chance to review what members of other committees have been reviewing.

15) Director's Report and Ad Hoc Sub-Committees Reports. No reports.

16) Manager's Quarterly Report. The General Manager reported.

1) Water Demand. Current Demand is 277.1 AF This calendar year demand is projected at 3,230 AF the lowest since 2015 during the peak of drought restrictions. 300 AF lower than last year.
2) EC Sand and Enniss Pipeline Replacement Project The project has started.They both have different contractors. The District has separate deposits from each party to perform inspection and operational tasks.The duration is scheduled for 104 days.
3) Riverrun East 2 Development; The project is currently in plan check, we working with the engineer to have multiple connections to maintain reliable water service to the proposed 14 buildings.

Reviewed the Capital Outlays to date which account for 18% of our $517,350 budget.
Articles submitted:
Water Customers in North County overwhelmingly approve divorce from regional agency
San Diego County could be dry into late December. Or longer. So where's the El Nino?

17. Closed Session – Closed to the Public

Personnel Exception per Government Code Section 54957; Employee Performance Evaluation – General Manager- Out of closed session the Board President announced that the General Manager had successfully accomplished the goals set out for FY 2023-24 and awarded the Incentive Compensation as per the contract provision.

18) Adjourn; There being no further business the meeting is adjourned to the next Regular Meeting to be held on January 9, 2024 at 5:30 p.m.

Attest:

______________________________   ______________________________
Brett Sanders, Board Secretary   Frank Hilliker
Lakeside Water District   Board President

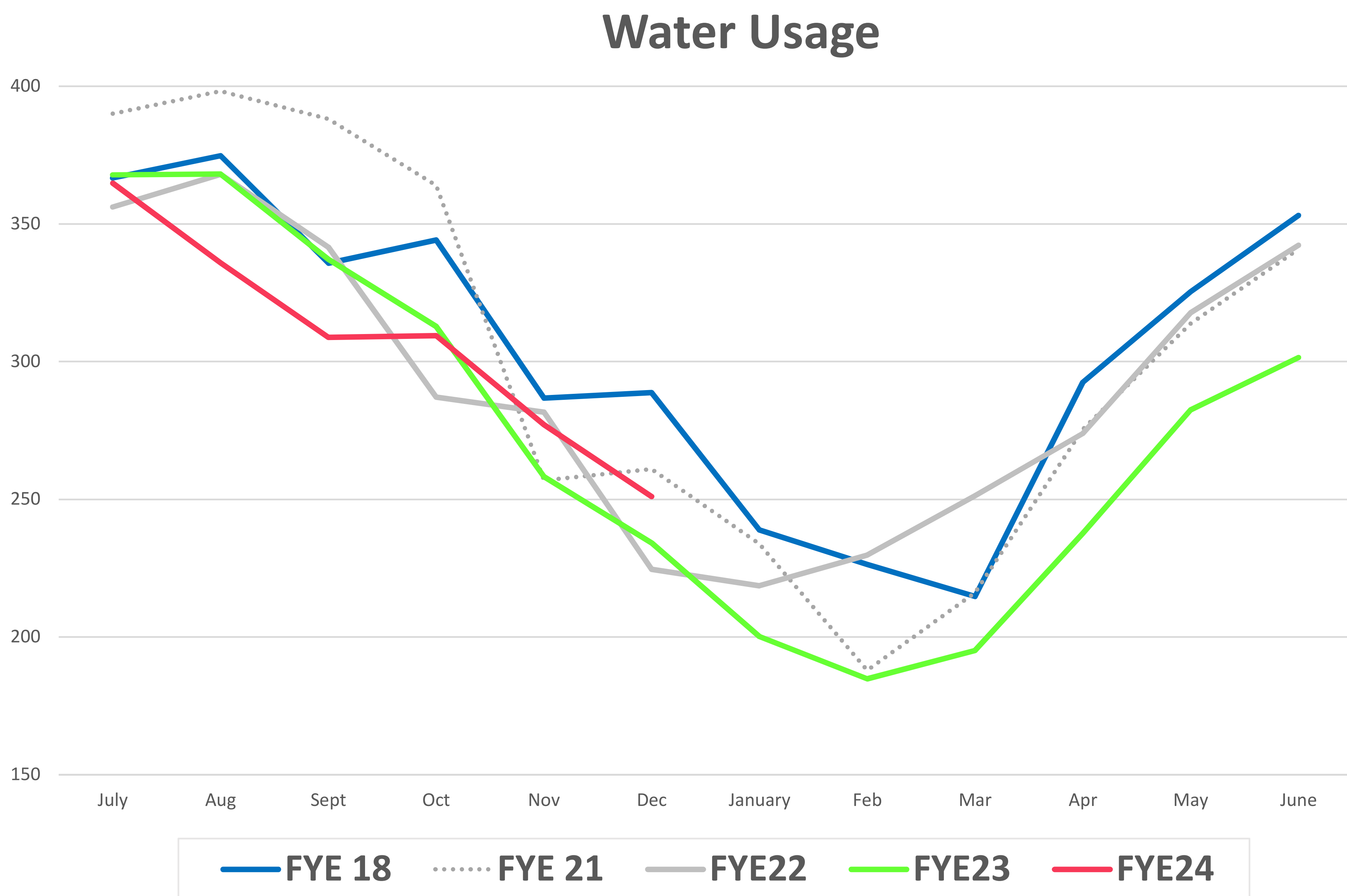
Lakeside Water District
Statement of Revenues and Expenses
November 2023

	Nov 23	Jul - Nov 23	Budget	% of Budget
Operating Revenue				
Water Sales				
4000 · Water Sales on Account	633,064	3,514,283	7,252,312	48%
4010 · System meter charge	90,048	414,234	1,004,444	41%
4020 · CWA/IAC	34,362	175,055	419,358	42%
4040 · Penalties / other	16,600	58,263	0	100%
Total Water Sales	774,074	4,161,835	8,676,114	48%
4100 · Capacity Fees LWD	0	18,425	237,773	8%
4101 · SDCWA Capacity & Treatment	0	24,607	314,039	8%
4200 · Meter Services	0	10,125	35,000	29%
4210 · Engineering & Inspection Fees	0	500	7,500	7%
4220 · Fire Hydrants	0	2,975	30,000	10%
4230 · Tapping	0	2,129	15,000	14%
4300 · Miscellaneous Income	1,250	4,125	15,000	28%
4310 · Water Letters	625	725	250	290%
4400 · Rent - Land Lease	10,391	112,682	271,821	41%
4600 · Interest Income	41,263	113,513	227,645	50%
4700 · Taxes Revenue	29,077	57,084	679,000	8%
4951 · High Meadow Ranch	0	2,173	9,200	24%
Total Operating Revenue	856,680	4,510,898	10,518,342	43%
Expense				
Administrative and General				
7001 · Incentive Compensation	0	0	5,000	0%
7000 · General Manager/Secretary	20,496	94,211	222,949	42%
7020 · Director's Fees	555	3,610	10,750	34%
7100 · General Insurance	0	56,462	66,575	85%
7200 · Annual Audit	14,600	26,625	29,000	92%
7210 · Attorney Fees	1,404	2,886	30,000	10%
7230 · Consultants	0	0	2,000	0%
7320 · Lafco Operating Costs	0	5,748	5,634	102%
7401 · Administrative Expense	145	529	7,000	8%
7450 · Public Info/Public Relat	0	0	11,350	0%
7500 · State Health Dept./ SWRCB	868	1,449	49,064	3%
7800 · Bad Debt Expense	0	0	2,000	0%
7900 · Water Dev./Conservation Program	0	0	9,500	0%
Total Administrative and General	38,068	191,520	450,822	42%
Operations and Maintenance				
5628 · Telemetry Repair	643	6,685	3,000	223%
5620 · Yerba Valley Annexation	5,106	12,479	30,000	42%

Lakeside Water District
Statement of Revenues and Expenses
November 2023

	Nov 23	Jul - Nov 23	Budget	% of Budget
5627 · County - Road Improvements	0	374	15,000	2%
6102 · Dist. Pump & Maint	0	8,694	60,000	14%
6110 · Emergency Repairs & Service	620	9,493	45,000	21%
5000 · Water Purchases	523,512	2,878,597	6,351,182	45%
5075 · Padre Dam Deliver Charge	0	0	2,600	0%
5080 · Water Treatment & Testing	340	7,900	20,040	39%
5090 · Infrastructure Access Charge	35,027	175,135	428,910	41%
5091 · SDCWA Capacity & Treatment Fee	3,515	28,122	314,039	9%
5100 · Electric Power	30,335	213,893	395,566	54%
5200 · Water Treatment -Maint/Supplie	100,178	154,842	700,000	22%
6000 · Wages, Field	65,204	314,201	754,202	42%
6100 · Distribution - Maint/Supplies	17,446	75,103	130,000	58%
6200 · Trucks-Fuel,Maintenance,Repair	3,261	29,687	70,000	42%
6400 · Outside Labor	3,565	16,280	40,000	41%
6410 · Engineering	16	130	20,000	1%
7010 · Wages, Office	24,350	121,750	297,794	41%
7030 · Payroll Taxes	7,186	37,997	97,227	39%
7040 · Group Insurance	29,005	130,342	326,350	40%
7050 · CalPers Retirement	13,499	67,639	178,157	38%
7070 · Unemployment Insurance	0	512	5,000	10%
7400 · Office Expense	11,396	62,365	157,714	40%
7440 · Dues & Subscriptions	112	13,973	19,778	71%
7920 · Miscellaneous Expense	293	1,038	5,000	21%
Total Operations and Maintenance	874,609	4,367,231	10,466,559	42%
Total Expense	912,677	4,558,751	10,917,381	42%
Net Income Over Expense	(55,997)	(47,853)	(399,039)	12%

CAPITAL REQUIREMENTS				
1510 · Buildings & Land Improvements	7,240	10,972	4,000	274%
1520 · O & M Equipment	0	7,453	10,000	75%
1530 · Office Furniture & Equipment	0	13,532	19,000	71%
1548 · Office Solar	0	0	400,000	0%
1547 · CIP Design/Engineering	0	15	25,000	0%
1550 · Pumping Plant & Distribution	0	45,853	25,000	183%
1551 · New Service/Meters	0	0	10,000	0%
1750 · Cellular Transmit Meters (42)	0	24,293	24,350	100%
Total Capital Expense	7,240	102,118	517,350	20%



Water Usage
400
350
300
250
200
150
July
Aug
Sept
Oct
Nov
Dec
January
Feb
Mar
Apr
May
June
FYE 18
FYE 21
FYE22
FYE23
FYE24

Lakeside Water District
Investment Report
November 2023

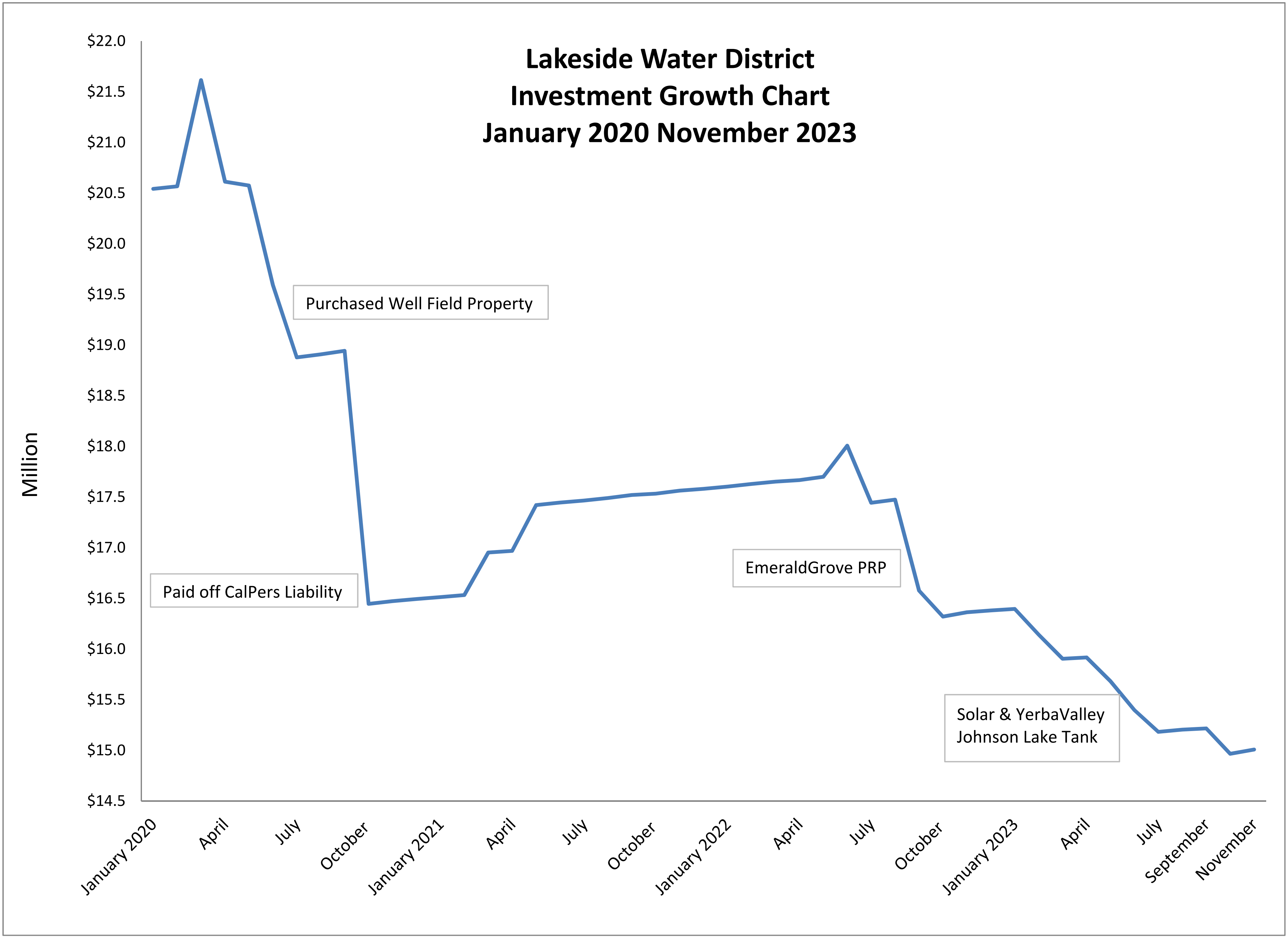
Current Assets	
Checking/Savings	
1050 · Multi-Bank Securities, Inc.	117,402
1030 · King Cash Fund	20,517
1020 · UBS Cash Fund	4,968
1070 · Investment - LAIF	957
Total Checking/Savings	143,845
Other Current Assets	
Investments	
1351.50 · FHLM 5.1% 1/27/28	295,000
1351.49 · TSRY 3.54% 5/15/27	335,501
1383.33 · AllyBk 3% 6/9/26 57803	139,000
1351.48 · StBk India 3.3% 6/1/27 33682	100,000
1351.47 · FHLN 3.75% 5/26/27 no call 12mo	1,000,000
1383.32 · FHLB 3.375% 5/28/27 no call24mo	255,000
1383.31 · FHLB 3% 4/29/27 no call 24mo	250,000
1383.30 · FHLB 3.25% 4/21/27	255,000
1383.29 · FHLB 2.5% 3/30/27	200,000
1383.28 · BealBk 2.05% 3/3/27 57833	247,000
1351.46 · FHLN 2.5% 3/29/27	270,000
1383.27 · FHLB 2.5% 2/25/27	670,000
1351.45 · FHLB 1.65% 12/30/26	270,000
1351.44 · FHLN 1.375% 11/16/26	270,000
1351.43 · FHLN 1.1% 10/13/26	350,000
1351.42 · PentagonFed 0.9% 9/29/26 227	249,000
1351.41 · ConnectOneBk 0.8% 9/24/26 57919	136,000
1351.40 · FHLN 0.9% 8/26/26	640,000
1351.39 · Synchrony 0.9% 8/20/26 27314	119,000
1351.38 · Toyota 0.95% 7/22/26 57542	140,000
1351.34 · Greenstate 0.7% 3/12/26 60269	249,000
1351.33 · FHLB 0.875% 3/10/26	245,000
1321.69 · BkUnited 0.55% 1/22/26 58979	242,000
1383.26 · FNMA 0.57% 12/30/25	270,000
1351.32 · FMCC 0.625% 11/24/25	500,000
1351.31 · FNMA 0.55% 9/30/25	512,000
1383.25 · FNMA 0.51% 8/14/25	375,000
1321.67 · FFCB 0.62% 8/25/25	240,000
1321.66 · FHLMC 0.6% 8/12/25	200,000
1383.24 · FHLM 0.6% 8/12/25	260,000
1351.30 · FNMA 0.65% 8/14/25	270,000
1351.29 · Chippewa 0.5% 7/29/25 12322	151,000

Lakeside Water District
Investment Report
November 2023

1383.23 · JP MorganC 0.55% 7/31/25 628	249,000
1383.22 · BMO Harris 0.55% 7/29/24 16571	136,000
1383.21 · 1st Carolina 0.5% 6/26/25 35530	175,851
1383.20 · Bk Baroda 0.65% 7/22/25 33681	249,000
1321.65 · StBkIndia 1.1% 5/28/25 33682	104,000
1383.19 · TexasEx 1.1% 5/13/25 20099	125,000
1351.26 · Summit 0.85% 5/15/25 32203	249,000
1351.25 · EnterpriseB 0.85% 5/14/25 34786	249,000
1351.24 · M1 Bk 1% 5/8/25 9797	249,000
1351.22 · Encore 1.15% 4/30/24 34562	249,000
1351.21 · PacifWestrn 1.25% 4/30/25 24045	249,000
1351.20 · Evergreen 1.15% 4/28/25 35230	249,000
1383.15 · Celtic 1.45% 4/17/25 57056	249,000
1351.19 · CenterstateBk 1% 3/31/25 33555	249,000
1351.18 · Adirondack 1.1% 3/25/25 28380	249,000
1383.10 · LiveOak 1.85% 1/20/25 58665	230,000
1351.15 · RaymondJame 1.75% 2/14/25 33893	249,000
1351.11 · St Bk India2.05% 11/27/24 33682	145,000
1351.10 · Knoxville 1.95% 11/26/24 68085	100,000
1383.03 · BalboaThrft 2.1% 7/19/24 26704	249,000
1383.02 · NorthWstBk 2.1% 7/11/24 58752	249,000
1383.00 · FirstNatBk 2.151% 6/28/24 3330	210,000
1351.03 · MorganStan 2.7% 6/6/24 34221	199,000
1382.98 · WellsFargo 3% 2/27/24 3511	249,000
Total Investments	14,864,351
Total Current Assets	15,008,196

Investment Changes in November

Matured	1350.93 · MorganSt 3.55% 11/24/23 34221	50,000


Lakeside Water District
Investment Growth Chart
January 2020 November 2023
Million
$22.0
$21.5
$21.0
$20.5
$20.0
$19.5
$19.0
$18.5
$18.0
$17.5
$17.0
$16.5
$16.0
$15.5
$15.0
$14.5
Purchased Well Field Property
Paid off CalPers Liability
EmeraldGrove PRP
Solar & YerbaValley
Johnson Lake Tank
January 2020
April
July
October
January 2021
April
July
October
January 2022
April
July
October
January 2023
April
July
September
November

Investments by Maturity

November 2023

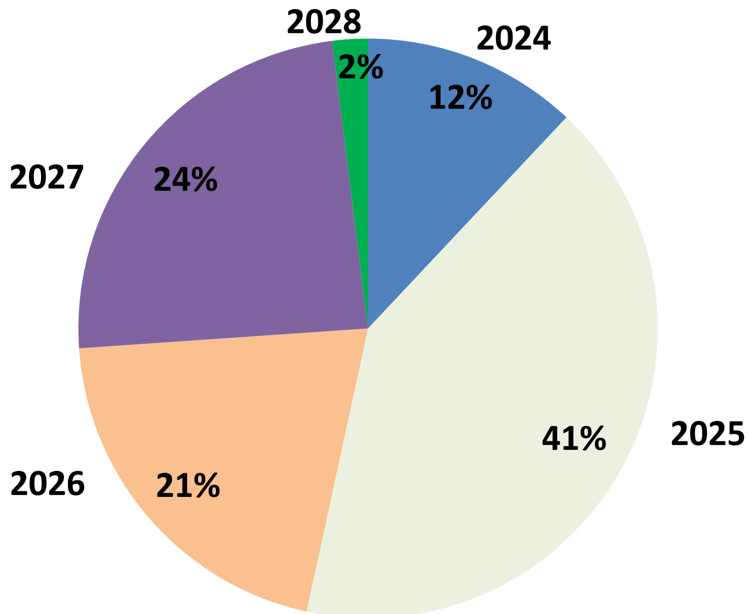
Description	Cusip	Maturity	Rate	Amount	Est. Yr Interest	Avg Rate
Wells Fargo	949763XY7	2/27/2024	3.00%	$ 249,000	$ 7,470.00	
EncoreBk	29260MBE4	4/30/2024	1.15%	$ 249,000	$ 2,863.50	
Morgan Stanley	61760AE88	6/6/2024	2.70%	$ 199,000	$ 5,373.00	
First Natl Bk	32112UDA6	6/28/2024	2.30%	$ 210,000	$ 4,830.00	
Northwest Bk	66736ABQ1	7/11/2024	2.10%	$ 249,000	$ 5,229.00	
Balboa Thrif	05765LAZ0	7/19/2024	2.10%	$ 249,000	$ 5,229.00	
BMO Harris	05600XAN0	7/29/2024	0.55%	$ 136,000	$ 748.00	
Knoxville Credit Union	499724AK8	11/26/2024	1.95%	$ 100,000	$ 1,950.00	
STATE BK INDIA	856285RS2	11/27/2024	2.05%	$ 145,000	$ 2,972.50	
Maturity in 2024	$ 1,786,000	12%				2.05%
Live Oak Bk	538036HP2	1/20/2025	1.85%	$ 230,000	$ 4,255.00	
RAYMOND JAMES BK	75472RBB6	2/14/2025	1.75%	$ 249,000	$ 4,357.50	
ADIRONDACK BK UTICA	00687QAT9	3/25/2025	1.10%	$ 249,000	$ 2,739.00	
CENTERSTATE BK FLA	15201QCJ4	3/31/2025	1.00%	$ 249,000	$ 2,490.00	
CELTIC BANK	15118RUW5	4/17/2025	1.45%	$ 249,000	$ 3,610.50	
EVERGREEN BK GROUP	300185JM8	4/28/2025	1.15%	$ 249,000	$ 2,863.50	
PACIFIC WESTN BK	69506YRL5	4/30/2025	1.25%	$ 249,000	$ 3,112.50	
M1 BK MACKS CREEK MO	55316CAY2	5/8/2025	1.00%	$ 249,000	$ 2,490.00	
TEXAS EXCHANGE BANK SSB	88241THD5	5/13/2025	1.10%	$ 125,000	$ 1,375.00	
ENTERPRISE BK	29367RLM6	5/14/2025	0.85%	$ 249,000	$ 2,116.50	
SUMMIT ST BK SANTA	866264DP6	5/15/2025	0.85%	$ 249,000	$ 2,116.50	
State Bank of India	856285TQ4	5/28/2025	1.10%	$ 104,000	$ 1,144.00	
FIRST CAROLINA BANK	31944MAY1	6/26/2025	0.60%	$ 175,851	$ 1,055.10	
Bank of Baroda	06063HMS9	7/22/2025	0.70%	$ 249,000	$ 1,743.00	
CHIPPEWA VY BK	169894AT9	7/29/2025	0.50%	$ 151,000	$ 755.00	
JPMORGAN CHASE BANK NA	48128UHS1	7/31/2025	0.55%	$ 249,000	$ 1,369.50	
FHLMC	3134GWND4	8/12/2025	0.60%	$ 260,000	$ 1,560.00	
FHLMC	3134GWND4	8/12/2025	0.60%	$ 200,000	$ 1,200.00	
FNMA	3135G05S8	8/14/2025	0.51%	$ 375,000	$ 1,912.50	
FNMA	3136G4C43	8/14/2025	0.65%	$ 270,000	$ 1,755.00	
FFCB	313EL4W1	8/25/2025	0.63%	$ 240,000	$ 1,502.40	
FNMA	3136G44F7	9/30/2025	0.55%	$ 512,000	$ 2,816.00	
FHLMC	FMCC5080214	11/24/2025	0.63%	$ 500,000	$ 3,125.00	
FNMA	3135G06Q1	12/30/2025	0.57%	$ 270,000	$ 1,541.70	
Maturity in 2025	$ 6,151,851	41%				0.86%
Bank United	066519QC6	1/22/2026	0.58%	$ 242,000	$ 1,410.86	
FHLB	3130ALLS1	3/10/2026	0.88%	$ 245,000	$ 2,143.75	
Greenstate	39573LAY4	3/12/2026	0.70%	$ 249,000	$ 1,743.00	
Ally Bank	02007GSU8	6/9/2026	3.00%	$ 139,000	$ 4,170.00	

Investments by Maturity

Description	Cusip	Maturity	Rate	Amount	Est. Yr Interest	Avg Rate
Toyota Fin	89235MLD1	7/22/2026	0.95%	$ 140,000	$ 1,330.00	
Synchrony	87165GD74	8/20/2026	0.90%	$ 119,000	$ 1,071.00	
FHLB	3130ANJT8	8/26/2026	0.90%	$ 640,000	$ 5,760.00	
ConnectOneBk	20786ADL6	9/24/2026	0.80%	$ 136,000	$ 1,088.00	
PentagonFed	70962LAS1	9/29/2026	0.90%	$ 249,000	$ 2,241.00	
FHLN	3130APB87	10/13/2026	1.10%	$ 350,000	$ 3,850.00	
FHLN	3130APLP8	11/16/2026	1.38%	$ 270,000	$ 3,712.50	
FHLB	3130AQBE2	12/30/2026	1.65%	$ 270,000	$ 4,455.00	
Maturity in 2026	$ 3,049,000	21%				1.08%
FHLB	3130AQYG2	2/25/2027	2.50%	$ 670,000	$ 16,750.00	
Beal Bk	07371CK81	3/3/2027	2.05%	$ 247,000	$ 5,063.50	
FHLB	3130ARDY4	3/29/2027	2.50%	$ 270,000	$ 6,750.00	
FHLB	3130ARCL3	3/30/2027	2.50%	$ 200,000	$ 5,000.00	
FHLB	3130ARKD2	4/21/2027	3.25%	$ 255,000	$ 8,287.50	
FHLB	3130ARMS7	4/29/2027	3.00%	$ 250,000	$ 7,500.00	
US Treasurery	912828X88	5/15/2027	3.54%	$ 335,501	$ 11,876.73	
FHLB	3130ARMS7	5/26/2027	3.75%	$ 1,000,000	$ 37,500.00	
FHLB	3130ARYQ8	5/28/2027	3.37%	$ 255,000	$ 8,593.50	
State Bank India N	856285N64	6/1/2027	3.30%	$ 100,000	$ 3,300.00	
Maturity in 2027	$ 3,582,501	24%				3.09%
FHLM	3134GYF31	1/27/2028	5.10%	$ 295,000	$ 15,045.00	
Maturity in 2028	$ 295,000	2%				5.10%

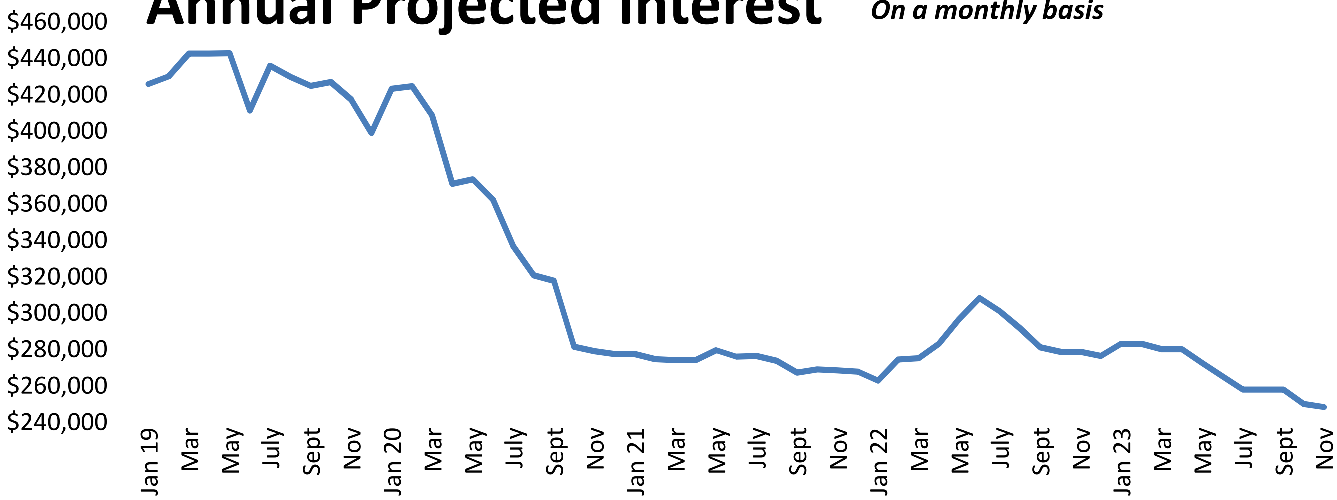
Total Investments	Total Yr Interest	Avg
$ 14,864,351	$ 248,312	1.67%

Investments by Maturity Year



Annual Projected Interest

On a monthly basis



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

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

We have audited the financial statements of Lakeside Water District (the "District") for the year ended June 30, 2023. Professional standards require that we provide you with the following information related to our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 6, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2023. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

- The useful lives assigned to capital assets have been estimated based on the intended use.
- Management has represented no circumstances indicating the carrying value of the long-lived assets was impaired.
- Management's estimates of the net OPEB obligation (Asset) is based upon the Alternative Measurement method.
- Management's estimate of the net pension liability is based upon an actuarial study performed by the actuarial consultant.

Certain financial statement disclosures may be particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- Cash and Investments (Note 2)
- Noncurrent Liabilities (Note 4)
- Defined Benefit Pension Plan (Note 5)
- Post Employment Benefits (Note 6)
- Commitments and Contingencies (Note 7)

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements With Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreement arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January ___, 2024.

Management Consultations With Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to Management's Discussion and Analysis and the Required Supplementary Information on pages 38 - 43, which is Required Supplementary Information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the use of the Board of Directors and management of the District and is not intended to be and should not be used by anyone other than these specified parties.

San Diego, California
January ___, 2024

LAKESIDE WATER DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

Leaf & Cole, LLP
Certified Public Accountants

LAKESIDE WATER DISTRICT
FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

TABLE OF CONTENTS

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, 2023 and 2022, and the related notes to the financial statements, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lakeside Water District, as of June 30, 2023 and 2022, 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 38 to 43 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 Government 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.

San Diego, California
January __, 2024

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, 2023 and 2022. 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 $3,470,984 to $39,065,263 for the year ended June 30, 2023.

- The District's operating revenues totaled $8,440,944 for the year ended June 30, 2023, a decrease of $108,093 from the year ended June 30, 2022.

- The District's operating expenses totaled $12,346,990 for the year ended June 30, 2023, a increase of $5,736,679 from the prior year. The increase in transmission and distribution and general and administrative 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 earnings within the plan the District recognized pension expense in the current year of $2,330,234 which represents a increase of over $4.9 million from the prior year.

- The District's investment loss decreased from $(755,805) to $(25,505) as the District incurred over $1 million in unrealized losses in the prior year as a result of increased market interest rates. As anticipated these unrealized losses have reversed as the prior year portfolio matures.

Financial Analysis of the District

Net Position

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

	2023	2022	Change
Assets:			
Current and other assets	$ 18,401,329	$ 22,797,383	$ (4,396,054)
Capital assets, net	23,536,093	21,561,625	1,974,468
Total Assets	41,937,422	44,359,008	(2,421,586)
Deferred Outflows of Resources	2,315,413	2,998,288	(682,875)
Liabilities:			
Current liabilities	1,465,984	811,847	654,137
Noncurrent liabilities	1,004,814	708,125	296,689
Total Liabilities	2,470,798	1,519,972	950,826
Deferred Inflows of Resources	2,716,774	3,301,077	(584,303)
Net Position:			
Investment in capital assets	23,536,093	21,561,625	1,974,468
Unrestricted	15,529,170	20,974,622	(5,445,452)
Total Net Position	$ 39,065,263	$ 42,536,247	$ (3,470,984)

Net position decreased by $3,470,984 from fiscal year 2022 to 2023. Investment in capital assets increased $1,974,468 in fiscal year 2023 resulting from the Johnson Lake tank recoating, and the Emerald Grove pipeline replacement.

Unrestricted net position decreased $5,445,452 as a result of the large increase in pension expense driven mostly by the deferred difference in actual vs. projected earnings.

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:

	2023	2022	Change
Revenues:			
Operating revenues	$ 8,440,944	$ 8,549,037	$ (108,093)
Nonoperating revenues	290,584	79,882	210,702
Capital contributions	144,478	233,697	(89,219)
Total Revenues	8,876,006	8,862,616	13,390
Expenses:			
Depreciation expense	720,803	707,888	12,915
Other operating expenses	11,626,187	5,902,423	5,723,764
Total Expenses	12,346,990	6,610,311	5,736,679
Change in Net Position	(3,470,984)	2,252,305	(5,723,289)
Net Position at Beginning of Year	42,536,247	40,283,942	2,252,305
Net Position at End of Year	$ 39,065,263	$ 42,536,247	$ (3,470,984)

A closer examination of the source of changes in net position reveals that the District's operating revenues decreased by $108,093 in fiscal year 2023 as a result of lower revenues from lower water sales. Nonoperating revenues increased by $210,702 in fiscal year 2023 due to significant unrealized losses in the prior year resulting from increasing market interest rates. Operating expenses, exclusive of depreciation, increased $5,723,764 in fiscal year 2023 due to the significant increase in pension expense resulting from changes in actuarial assumptions.

Capital Assets

Capital assets consist of the following at June 30:

	2023	2022	Change
Capital Assets Not Being Depreciated:			
Land	$ 1,440,905	$ 1,440,905	$ -
Construction in progress	262,535	416,923	(154,388)
Total Capital Assets Not Being Depreciated	$ 1,703,440	$ 1,857,828	$ (154,388)
Capital Assets Being Depreciated:			
Pumping plant and distributions	$ 34,900,010	$ 32,072,467	$ 2,827,543
Building and land improvements	654,289	654,289	-
Water development and treatment plant	2,109,904	2,109,903	1
Equipment	595,895	591,881	4,014
Autos and trucks	394,153	394,153	-
Office equipment	207,497	206,694	803
Total Capital Assets Being Depreciated	38,861,748	36,029,387	2,832,361
Less: Accumulated Depreciation	(17,029,095)	(16,325,590)	(703,505)
Net Capital Assets Being Depreciated	21,832,653	19,703,797	2,128,856
Net Capital Assets	$ 23,536,093	$ 21,561,625	$ 1,974,468

Capital assets, net of accumulated depreciation, increased $1,974,468 for the year ended June 30, 2023. Capital asset additions include the Johnson Lake tank recoating, and the Emerald Grove pipeline replacement.

Economic Factors and Future Rates and Budgets

Imported water expense has continued to rise. A small increase was anticipated for the year ended June 30, 2023. Purchases were down by 5% while the cost per acre foot of water increased from $1,757 in 2022 to $1,900 in 2023. Imported water cost is estimated to be $2,190 per acre foot in 2024. To minimize the impact of the rising cost of imported water, the District has utilized local well production for approximately 7% to 9% of its needs. Well production decreased by 17% in 2023 compared to 2022 due to low well production. Well production decreased 53.2 acre feet, and 159.3 acre feet less was purchased in 2023 compared to the previous year. Well water is produced at an estimated cost of $885 per acre foot on average. Well production is estimated to have saved the District $259,434 in 2023 and $303,612 in 2022.

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, 2023 AND 2022

ASSETS

	2023	2022
Current Assets: (Notes 1 and 2)		
Cash and cash equivalents	$ 548,353	$ 543,536
Investments	14,278,085	16,836,345
Accounts receivable, net	1,374,306	1,353,501
Taxes receivable	10,971	11,660
Accrued interest receivable	45,780	49,903
Inventory	209,760	168,694
Prepaid expenses	9,014	33,153
Total Current Assets	16,476,269	18,996,792
Noncurrent Assets:		
Capital Assets: (Notes 1 and 3)		
Nondepreciable capital assets	1,703,440	1,857,828
Depreciable, capital assets, net	21,832,653	19,703,797
Total Capital Assets	23,536,093	21,561,625
Other Noncurrent Assets: (Notes 1 and 6)		
Lease receivable	1,668,666	1,874,833
Net pension asset	-	1,557,447
Net OPEB asset	256,394	368,311
Total Other Noncurrent Assets	1,925,060	3,800,591
Total Noncurrent Assets	25,461,153	25,362,216
TOTAL ASSETS	$ 41,937,422	$ 44,359,008
DEFERRED OUTFLOWS OF RESOURCES: (Notes 1 and 5)		
Deferred outflows related to pension contributions	135,674	117,402
Deferred outflows related to pensions	2,179,739	2,880,886
Total Deferred Outflows of Resources	2,315,413	2,998,288

(Continued)

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

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

LIABILITIES

	2023	2022
Current Liabilities: (Notes 1 and 4)		
Accounts payable	$ 1,331,401	$ 697,660
Prepaid rent	11,790	-
Compensated absences	122,793	114,187
Total Current Liabilities	1,465,984	811,847
Noncurrent Liabilities: (Notes 1 and 5)		
Customer deposits	625,218	641,243
Compensated absences, net of current portion	85,859	66,882
Net pension liability	293,737	-
Total Noncurrent Liabilities	1,004,814	708,125
Total Liabilities	2,470,798	1,519,972
DEFERRED INFLOWS OF RESOURCES: (Notes 1 and 5)		
Deferred inflows related to pensions	1,147,011	1,486,510
Deferred inflows related to leases	1,569,763	1,814,567
Total Deferred Inflows of Resources	2,716,774	3,301,077
Commitments and Contingencies (Notes 5, 6, 7 and 9)		
NET POSITION (Note 9):		
Investment in capital assets	23,536,093	21,561,625
Unrestricted (as restated)	15,529,170	20,974,622
Total Net Position	$ 39,065,263	$ 42,536,247

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, 2023 AND 2022

	2023	2022
Operating Revenues:		
Water sales	$ 7,754,016	$ 8,025,830
Infrastructure access fees	418,892	417,984
Installation and service fees	108,821	96,719
Other operating revenues	159,215	8,504
Total Operating Revenues	8,440,944	8,549,037
Operating Expenses:		
Source of supply	6,158,374	6,001,624
Transmission and distribution	3,783,854	(385,394)
General and administrative	1,025,947	(357,907)
Depreciation	720,803	707,888
Pumping	403,114	362,877
Water treatment	80,076	137,070
Customer accounts	174,822	144,153
Total Operating Expenses	12,346,990	6,610,311
Operating (Loss) Income	(3,906,046)	1,938,726
Nonoperating Revenues:		
Taxes and assessments	681,751	620,563
Rent income	255,491	258,801
Gain (loss) on disposal of capital assets	1,080	(44,089)
Annexation (costs) fees	(622,233)	412
Investment loss	(25,505)	(755,805)
Total Nonoperating Revenues	290,584	79,882
(Loss) Income Before Capital Contributions	(3,615,462)	2,018,608
Capital Contributions	144,478	233,697
Change in Net Position	(3,470,984)	2,252,305
Net Position at Beginning of Year	42,536,247	40,283,942
NET POSITION AT END OF YEAR	$ 39,065,263	$ 42,536,247

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

LAKESIDE WATER DISTRICT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
Cash Flow From Operating Activities:		
Cash received from customers	$ 8,244,899	$ 8,866,776
Cash payments to suppliers for goods and services	(7,124,837)	(7,200,601)
Cash payments to employees for services	(1,550,476)	(1,560,015)
Other operating cash receipts	(463,018)	8,916
Net Cash (Used in) Provided by Operating Activities	(893,432)	115,076
Cash Flow From Noncapital Financing Activities:		
Receipts from taxes, and assessments	682,440	616,933
Net Cash Provided by Noncapital Financing Activities	682,440	616,933
Cash Flows From Capital and Related Financing Activities:		
Acquisition and construction of capital assets	(2,695,691)	(1,451,828)
Proceeds from disposal of capital assets	1,500	-
Capital contributions	144,478	233,697
Proceeds from lease revenues	228,644	184,855
Net Cash Used in Capital and Related Financing Activities	(2,321,069)	(1,033,276)
Cash Flows From Investing Activities:		
Proceeds from sale and maturities of investments	7,933,070	5,365,049
Purchase of investments	(5,740,887)	(5,740,887)
Investment income	344,695	325,904
Net Cash Provided by (Used in) Investing Activities	2,536,878	(49,934)
Net Increase (Decrease) in Cash and Cash Equivalents	4,817	(351,201)
Cash and Cash Equivalents at Beginning of Year	543,536	894,737
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 548,353	$ 543,536

(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, 2023 AND 2022

	2023	2022
Reconciliation of Operating (Loss) Income to Net Cash (Used in) Provided by Operating Activities:		
Operating (loss) income	$ (3,906,046)	$ 1,938,726
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:		
Depreciation	720,803	707,888
(Increase) Decrease in:		
Accounts receivable, net	(20,805)	190,496
Inventory	(41,066)	(49,356)
Prepaid expenses	24,139	(1,295)
Net pension asset	1,557,447	(1,557,447)
Net OPEB asset	111,917	(66,234)
Deferred outflows related to pension contributions	(18,272)	2,458,010
Deferred outflows related to pensions	701,147	(2,689,636)
(Decrease) Increase in:		
Accounts payable	633,741	(25,813)
Customer deposits	(16,025)	135,747
Compensated absences	27,583	8,793
Net pension liability	293,737	(2,354,153)
Deferred inflows related to pensions	(339,499)	1,418,938
Annexation fees	(622,233)	412
Net Cash (Used in) Provided by Operating Activities	$ (893,432)	$ 115,076
Supplemental Disclosures of Cash Flow Information:		
Net unrealized (loss) gain on investments	$ (366,077)	$ (1,088,109)

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 $39,900 and $42,900 at June 30, 2023 and 2022, 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, 2023, 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 $720,803 and $707,888 for the years ended June 30, 2023 and 2022, respectively.

Compensated Absences

Accumulated and unpaid compensated absences totaling $208,652 and $181,069 are accrued when incurred and included in current and noncurrent liabilities at June 30, 2023 and 2022, 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, 2023, the District participated in the self-insurance programs of the Authority as follows:

Property Loss - Insured up to $500 million per occurrence (total insurable value $1,628,751 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.

General and Auto Liability - 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.

Public Officials' Liability - Insured up to $55 million per occurrence; the Authority is self-insured up to $10 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 $43,146 and $27,490 for the years ended June 30, 2023 and 2022. 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, 2021
Measurement Date	June 30, 2022
Measurement Period	June 30, 2021 to June 30, 2022

Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Other Postemployment Benefit Programs of 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, 2022
Measurement Date	June 30, 2022
Measurement Period	July 1, 2021 to June 30, 2022

Fair Value Measurements

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

- 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 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 92% 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 January __, 2024, 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	2023 Total	2022 Total
Cash on hand	$ 978	$ -	$ 978	$ 2,177
Deposits with financial institutions	546,424	-	546,424	406,703
California Local Agency Investment Fund (LAIF)	951	-	951	134,656
Certificates of Deposits	1,406,284	5,534,807	6,941,091	9,564,176
U.S. Agency Securities	-	7,011,165	7,011,165	6,932,834
U.S. Treasury	-	325,829	325,829	339,335
Total Cash and Investments	$ 1,954,637	$ 12,871,801	$ 14,826,438	$ 17,379,881

	2023	2022
Financial Statement Classification:		
Cash and cash equivalents	$ 548,353	$ 543,536
Investments	14,278,085	16,836,345
Total Cash and Investments	$ 14,826,438	$ 17,379,881

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, 2023.

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, mutual funds, and external investment pools) that represent 5% or more of total District investments at June 30, 2023.

Custodial Credit Risk

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

At June 30, 2023, none of the District's deposits with financial institutions in excess of federal depository insurance limits were held in uncollateralized accounts. The 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:

	2023	2022
Deposits with financial institutions	$ 546,424	$ 406,703
California Local Agency Investment Fund (LAIF)	951	134,656
Cash on hand	978	2,177
Total	$ 548,353	$ 543,536

Note 3 - Capital Assets:

Capital assets consist of the following at June 30:

	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 3 - Capital Assets: (Continued)

	2022			
	Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2022
Capital Assets Not Being Depreciated:				
Land	$ 1,415,117	$ 25,788	$ -	$ 1,440,905
Construction in progress	411,957	1,147,498	(1,142,532)	416,923
Total Capital Assets Not Being Depreciated	$ 1,827,074	$ 1,173,286	$ (1,142,532)	$ 1,857,828
Capital Assets Being Depreciated:				
Pumping plant and distribution	$ 30,979,809	$ 1,239,228	$ (146,570)	$ 32,072,467
Building and land improvements	614,938	39,351	-	654,289
Water development and treatment plant	2,109,903	-	-	2,109,903
Equipment	456,246	140,611	(4,976)	591,881
Autos and trucks	394,153	-	-	394,153
Office equipment	204,810	1,884	-	206,694
Total Capital Assets Being Depreciated	34,759,859	1,421,074	(151,546)	36,029,387
Less: Accumulated depreciation	(15,725,159)	(707,888)	107,457	(16,325,590)
Net Capital Assets Being Depreciated	19,034,700	713,186	(44,089)	19,703,797
Net Capital Assets	$ 20,861,774	$ 1,886,472	$ (1,186,621)	$ 21,561,625

Note 4 - Noncurrent Liabilities:

Noncurrent liabilities consist of the following at June 30:

	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

	2022				
	Balance at June 30, 2021	Additions	Deletions	Balance at June 30, 2022	Due Within One Year
Customer deposits	$ 505,496	$ 296,529	$ (160,782)	$ 641,243	$ -
Compensated absences	172,276	122,980	(114,187)	181,069	114,187
Net pension liability	2,354,153	2,100,334	(6,011,934)	(1,557,447)	-
	$ 3,031,925	$ 2,519,843	$ (6,286,903)	$ (735,135)	$ 114,187

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, 2023 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	14.53%	4.56%

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 2023	Proportionate Share of Net Pension Liability 2022
Miscellaneous Risk Pool	$ 293,737	$ (1,557,447)

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, 2021, 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, 2021.

- Each employer rate plan's fiduciary net position was subtracted from its total pension liability to obtain its net pension liability as of the valuation date. The 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, 2022, the measurement date, was calculated as follows:

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

The District's proportionate share percentage of the net pension liability as of June 30, 2021 and June 30, 2022, was as follows:

	Miscellaneous Risk Pool
Proportion at measurement date - June 30, 2021	(0.082023)%
Proportion at measurement date - June 30, 2022	0.006277%
Change - Increase (Decrease)	0.088300%

The District recognized pension expense of $2,330,934 and $(2,606,934) for the Plan for the years ended June 30, 2023 and 2022, respectively. As of June 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30:

	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)

Note 5 - Defined Benefit Pension Plan: (Continued)

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

	2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	$ 117,402	$ -
Differences between actual contributions made and proportionate share of contributions	1,521,317	-
Differences between expected and actual experience	-	174,651
Net difference between projected and actual earnings on pension plan investments	1,359,569	-
Adjustment due to difference in proportions	-	1,311,859
Total	$ 2,998,288	$ 1,486,510

The $135,674 and $117,402 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, 2023 and 2022, 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
2024	$ 400,933
2025	378,716
2026	220,171
2027	32,908
Total	$ 1,032,728

Note 5 - Defined Benefit Pension Plan: (Continued)

Actuarial Assumptions

The total pension liabilities in the June 30, 2021 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.50%
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, 2022 based on June 30, 2021 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 Plan's asset classes, expected compound (geometric) returns were calculated over the short-term (first 11 years) and the long-term (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 the Plan. 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)	$ 1,789,367	$ 293,737	$ (936,795)

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, 2022 measurement date, the following current and former employees were covered by the benefit terms under the OPEB Plan:

Active employees	$	11
Inactive employees or beneficiaries currently receiving benefit payments		1
Inactive employees entitled to but not yet receiving benefit payments		-
	$	12

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, 2022, 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	2.72%
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 2.72% was used.

Health Insurance Premiums

For the year ended June 30, 2023, 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 2.72% 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, 2022	$ 274,254	$ 642,565	$ (368,311)
Changes recognized for the measurement period:			
Service cost	31,037	-	31,037
Net investment income	-	(75,429)	75,429
Benefit payments	(3,819)	(3,819)	-
Administrative expense	-	(5,451)	5,451
Net Changes	27,218	(84,699)	111,917
Balance at June 30, 2023	$ 301,472	$ 557,866	$ (256,394)

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)	$ (218,083)	$ (256,394)	$ 291,015

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 (1.72%)	Current Healthcare Cost Trend Rates (2.72%)	1% Increase (3.72%)
Net OPEB Liability (Asset)	$ (276,685)	$ (256,394)	$ (233,449)

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, 2022 to June 30, 2023, the District recognized OPEB expense (benefit) of $111,917. As of June 30, 2023, 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, 2023 and 2022, the total unpaid amount on these contracts is approximately $349,497 million and $1.7 million, 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 $1,311 to $11,448 with discount rates of 3%. The leases include multiple extensions in five year increments. The lease receivable totaled $1,668,666 and $1,874,833 at June 30, 2023 and 2022, respectively. Deferred inflows related to leases totaled $1,569,763 and $1,814,567 at June 30, 2023 and 2022, respectively. The District recognized lease revenue of $255,491 and $258,801 for the years ended June 30, 2023 and 2022, respectively.

Note 8 - New Governmental Accounting Standards:

GASB No. 91

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

GASB No. 92

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

GASB No. 93

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

GASB No. 94

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

Note 8 - New Governmental Accounting Standards: (Continued)

GASB No. 96

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

GASB No. 97

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

GASB No. 99

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

GASB No. 100

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

Note 8 - New Governmental Accounting Standards: (Continued)

GASB No. 101

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

Note 9 - Prior Period Adjustment:

Certain adjustments resulting in an decrease in net position were made during the current year. The following is a detail of the items directly affecting net position:

Net Position at June 30, 2022, as Originally Stated	$ 42,475,981
Reduction in lease receivable	(8,213)
Additional amortization of deferred inflows related to leases	68,479
Net Position at June 30, 2022, as Restated	$ 42,536,247
Rental Income, as Originally Stated	$ 198,535
Reduction in lease receivable	(8,213)
Additional amortization of deferred inflows related to leases	68,479
Rental Income, as Restated	$ 258,801

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

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

	Measurement Date June 30, 2022	Measurement Date June 30, 2021	Measurement Date June 30, 2020	Measurement Date June 30, 2019	Measurement Date June 30, 2018
Proportion of the Net Pension Liability	0.006277%	(0.082023)%	0.055811%	0.057055%	0.055341%
Proportionate Share of the Net Pension Liability	$ 293,737	$ (1,557,447)	$ 2,354,153	$ 2,284,761	$ 2,085,656
Covered Payroll	$ 958,149	$ 943,605	$ 912,690	$ 884,211	$ 826,999
Proportionate Share of the Net Pension Liability as Percentage of Covered - Employee Payroll	30.66%	(165,05)%	257.94%	258.40%	252.20%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.32%	114.80%	76.81%	76.08%	76.99%

	Measurement Date June 30, 2017	Measurement Date June 30, 2016	Measurement Date June 30, 2015	Measurement Date June 30, 2014	Measurement Date June 30, 2013
Proportion of the Net Pension Liability	0.053970%	0.053200%	0.0500009%	0.047982%	N/A
Proportionate Share of the Net Pension Liability	$ 2,131,146	$ 1,820,794	$ 1,371,972	$ 1,185,881	$ N/A
Covered Payroll	$ 781,134	$ 753,349	$ 702,446	$ 650,738	$ N/A
Proportionate Share of the Net Pension Liability as Percentage of Covered - Employee Payroll	272.83%	241.69%	195.31%	182.24%	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.35%	76.23%	81.33%	83.03%	N/A

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 7.65% as of the June 30, 2016 measurement date to 7.15% as of the June 30, 2017 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, 2023

SCHEDULES OF CONTRIBUTIONS TO THE PENSION PLAN
LAST TEN YEARS

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Contractually Required Contribution (Actuarially Determined)	$ 135,674	$ 117,402	$ 2,575,412	$ 364,009	$ 211,912
Contributions in Relation to the Actuarially Determined Contribution	135,674	117,402	2,575,412	364,009	211,912
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	$ 1,075,394	$ 958,149	$ 943,605	$ 912,690	$ 884,211
Contributions as a Percentage of Covered-Employee Payroll	12.62%	12.25%	272.93%	39.88%	23.97%

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually Required Contribution (Actuarially Determined)	**$** 175,264	**$** 159,865	$ 142,970	**$** 105,043	**$** N/A N/A
Contributions in Relation to the Actuarially Determined Contribution	$ 175,264	$ 159,865	$ 142,970	$ 105,043	$ N/A
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ N/A
Covered Payroll	$ 826,999	$ 781,134	$ 753,349	$ 702,466	$ N/A
Contributions as a Percentage of Covered-Employee Payroll	21.19%	20.47%	18.98%	14.95%	N/A

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, 2023

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB Liability										
Service cost	$ 31,037	$ 39,445	$ 11,150	$ (48,023)	$ 47,912	$ (53,514)	$ N/A	$ N/A	$ N/A	$ N/A
Interest	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Change of benefit terms	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Differences between expected and actual experience	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Changes of assumptions	-	-	-	-	-	-	N/A	N/A	N/A	N/A
Benefit payments	(3,819)	(3,350)	(3,242)	(3,000)	(3,000)	(2,733)	N/A	N/A	N/A	N/A
Net Change in Total OPEB Liability	27,218	36,095	7,908	(51,023)	44,912	(56,247)	N/A	N/A	N/A	N/A
Total OPEB Liability - Beginning	274,254	238,159	230,251	281,274	236,362	292,609	N/A	N/A	N/A	N/A
Total OPEB Liability - Ending (a)	$ 301,472	$ 274,254	$ 238,159	$ 230,251	$ 281,274	$ 236,362	$ N/A	$ N/A	$ N/A	$ N/A
Plan Fiduciary Net Position										
Contributions - Employer	$ -	$ -	$ -	$ -	$ -	$ -	$ N/A	$ N/A	$ N/A	$ N/A
Net investment income	(75,429)	106,185	27,927	33,911	28,358	31,237	N/A	N/A	N/A	N/A
Benefit payments	(3,819)	(3,350)	(3,242)	(3,000)	(3,000)	(2,733)	N/A	N/A	N/A	N/A
Administrative expense	(5,451)	(506)	(259)	(239)	(236)	(218)	N/A	N/A	N/A	N/A
Net Change in Plan Fiduciary Net Position	(84,699)	102,329	24,426	30,672	25,122	28,286	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position - Beginning	642,565	540,236	515,810	485,138	460,016	431,730	N/A	N/A	N/A	N/A
Plan Fiduciary Net Position - Ending (b)	$ 557,866	$ 642,565	$ 540,236	$ 515,810	$ 485,138	$ 460,016	$ N/A	$ N/A	$ N/A	$ N/A
District's Net OPEB Liability (Asset) - Ending (a) - (b)	$ (256,394)	$ (368,311)	$ (302,077)	$ (285,559)	$ (203,864)	$ (223,654)	$ N/A	$ N/A	$ N/A	$ N/A
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	185.05%	234.30%	226.83%	224.02%	172.48%	194.62%	N/A	N/A	N/A	N/A
Covered-Employee Payroll	$ 1,000,039	$ 893,817	$ 933,447	$ 871,900	$ 819,107	$ 794,813	N/A	N/A	N/A	N/A
District's Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	25.63%	41.20%	32.36%	(32.75)%	(24.89)%	(28.14)%	N/A	N/A	N/A	N/A

(Continued)

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

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, 2022

SCHEDULES OF CONTRIBUTIONS TO THE OPEB PLAN
LAST TEN YEARS

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Actuarial Determined Contribution (ADC)	$ 8,188	$ 8,578	$ 8,409	$ 8,727	$ 11,393
Contributions in Relation to the Actuarially Determined Contribution	8,188	8,578	8,409	8,727	11,393
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered-Employee Payroll	$ 1,000,039	$ 893,817	$ 933,447	$ 871,900	$ 819,107
Contributions as a Percentage of Covered-Employee Payroll		0.95%	0.90%	1.00%	1.39%

	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Actuarial Determined Contribution (ADC)	$ 8,657	$ N/A	$ N/A	$ N/A	$ N/A
Contributions in Relation to the Actuarially Determined Contribution	8,657	N/A	N/A	N/A	N/A
Contribution Deficiency (Excess)	$ -	$ N/A	$ N/A	$ N/A	$ N/A
Covered-Employee Payroll	$ 794,813	$ N/A	$ N/A	$ N/A	$ N/A
Contributions as a Percentage of Covered-Employee Payroll	1.09%	N/A	N/A	N/A	N/A

Notes to Schedules:

The ADC developed for the years ending June 30, 2018 through 2022 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	2.72 percent
Investment Rate of Return	6.73% 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

LAKESIDE WATER DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022

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

Notes to Schedules: (Continued)

Valuation Date: (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.

RESOLUTION 24-01

RESOLUTION OF THE BOARD OF DIRECTORS OF LAKESIDE WATER DISTRICT TO CONTINUE AUTOMATIC ADJUSTMENTS TO WATER RATES THAT PASS THROUGH RATE INCREASES OF WHOLESALE WATER CHARGES

WHEREAS, the Board of Directors of the Lakeside Water District ("LWD" or the "District") has maintained a policy of passing through all the wholesale rate adjustments; and

WHEREAS, the Board of Directors is provided authority to provide water service and set rates for such services under the Water Code 22078 and 22280; and

WHEREAS, the Board of Directors is provided further authority to adopt a schedule of fees or charges authorizing automatic adjustments that pass through the adopted increases or decreases in the wholesale charges for water pursuant to Government Code 53756; and

WHEREAS, the governing board of the Metropolitan Water District of Southern California (MWD) annually engages in discussions that could increase wholesale water rates; and

WHEREAS, it is the intent of the district to provide for automatic adjustments to pass through increases or decreases by the San Diego County Water Authority (SDCWA) and SDCWA allocated MWD charges upon not less than 30 days' notice to LWD customers of such adjustments; and

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Lakeside Water District as follows:

AUTOMATIC ADJUSTMENTS THAT PASS THROUGH WHOLESALE CHARGES FOR WATER

SECTION 1: The LWD fees or charges established herein shall be automatically adjusted to pass through adopted increases or decreases in wholesale charges for water. The term "wholesale charges" shall include SDCWA and SDCWA allocated Metropolitan Water District charges. Notice of any adjustment pursuant to this schedule shall be given to LWD customers not less than 30 days before the effective date of the adjustment.

SECTION 2: The fees and charges established by this Resolution do not exceed the estimated amounts required to provide services for which the fees and charges are levied.

SECTION 3: If any clause or provision of this Resolution is found to be void or unenforceable by a court of competent jurisdiction, the remaining provisions of the Resolution shall nonetheless continue in full force and effect.

SECTION 4: The changes in rates and charges established by this Resolution are for the purposes of passing through wholesale water rates charged by the San Diego County Water Authority and the Metropolitan Water District of Southern California, and therefore the establishment of such rates and charges is exempt from the provisions of the California Environmental Quality Act (CEQA).

PASSED AND ADOPTED at a regular meeting of the Board Directors of Lakeside Water District held on the 9th day of January 2024 by the following vote.

AYES:

NOES

ABSTAIN:

ABSENT:

____
Frank Hilliker, President
Board of Director's

ATTEST:____________________________
Brett Sanders, Board Secretary
Lakeside Water District

NOTICE OF PUBLIC HEARING
on the Issuance and Incurrence of Bonded Indebtedness and Other Debt for
LAKESIDE WATER DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2022-1
(YERBA VALLEY ANNEXATION AREA)

At a meeting held December 6, 2022, the Board of Directors (the "Board") of Lakeside Water District (the "District"), an irrigation district organized under the provisions of California Water Code Section 20500 et seq., adopted its Resolution No. 2022-13, entitled "Resolution of the Board of Directors of Lakeside Water District Forming the 'Lakeside Water District Community Facilities District No. 2022-1 (Yerba Valley Annexation Area)'," thereby causing the formation of the community facilities district ("CFD") named therein, and its Resolution No. 2022-14, entitled "Resolution of the Board of Directors of Lakeside Water District Determining the Necessity to Incur Bonded Indebtedness and Other Debt for the 'Lakeside Water District Community Facilities District No. 2022-1 (Yerba Valley Annexation Area)' ," thereby determining the necessity to incur bonded indebtedness and other debt in the maximum aggregate principal amount of $2,500,000 upon the security of the special tax to be levied within the CFD pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311 of the California Government Code.

In order to finance the Project, as defined and described in the foregoing proceedings, the Board has authorized and caused the District to file an application (the "Application") for federal financial assistance with the U.S. Department of Agriculture, Rural Development, Water and Waste Loan and Grant Program in the form of a loan to the District for the CFD in an aggregate principal amount not to exceed $2,500,000 (the "Loan").

Accordingly, the Board hereby gives notice of a public hearing to be held by the Board Tuesday, January 9, 2024, at 5:30 pm Pacific time, or as soon as possible thereafter, in the office of the District at 10375 Vine Street, Lakeside, California 92040 (the "District Office"), to consider a resolution authorizing and approving the issuance and incurrence of bonded indebtedness and other debt under the Act and authorizing documents to be prepared with respect to the Loan. Any other comments regarding these matters may be submitted to Brett Sanders at bretts@lakesidewater.org.

In compliance with the Americans with Disabilities Act, the District requests individuals who require alternative notice format or special accommodations to participate in this public meeting contact the Board Secretary, Brett Sanders at bretts@lakesidewater.org. Requests for disability-related modifications or accommodations require different lead times and should be provided at least 72 hours in advance of a meeting.

Dated: November 6, 2023

Signed: Brett Sanders, Board Secretary

RESOLUTION NO. 24-02

RESOLUTION OF THE BOARD OF DIRECTORS OF LAKESIDE WATER DISTRICT AUTHORIZING THE ISSUANCE AND INCURRENCE OF BONDED INDEBTEDNESS AND OTHER DEBT AND AUTHORIZING RELATED DOCUMENTS AND ACTIONS FOR THE "LAKESIDE WATER DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2022-1 (YERBA VALLEY ANNEXATION AREA)"

WHEREAS, at a meeting held October 11, 2022, the Board of Directors (the "Board") of Lakeside Water District (the "District"), an irrigation district organized under the provisions of California Water Code Section 20500 et seq., adopted its Resolution No. 2022-09, entitled "Resolution of the Board of Directors of Lakeside Water District Declaring Its Intention to Establish a Community Facilities District Entitled 'Lakeside Water District Community Facilities District No. 2022-1 (Yerba Valley Annexation Area)' " (the "Resolution of Intention"), and its Resolution 2022-10, entitled "Resolution of the Board of Directors of Lakeside Water District Declaring Its Intention to Incur Bonded Indebtedness and Other Debt for the 'Lakeside Water District Community Facilities District No. 2022-1 (Yerba Valley Annexation Area)' " (the "Resolution of Intention to Incur Indebtedness"), each for the purpose of determining whether the establishment of a community services district to be designated the "Lakeside Water District Community Facilities District No. 2022-1 (Yerba Valley Annexation Area)" (the "CFD") under the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311 of the California Government Code, is necessary or desirable to carry out the purposes of the Act, including the financing of certain public improvements (the "Facilities"), together with any related expenses, services, incidental costs and financing costs (together with the Facilities, the "Project"), as further provided therein; and

WHEREAS, at a meeting held December 6, 2022, the Board adopted its Resolution No. 2022-13, entitled "Resolution of the Board of Directors of Lakeside Water District Forming the 'Lakeside Water District Community Facilities District No. 2022-1 (Yerba Valley Annexation Area)' " (the "Resolution of Formation"), thereby causing the formation of the CFD, and its Resolution No. 2022-14, entitled "Resolution of the Board of Directors of Lakeside Water District Determining the Necessity to Incur Bonded Indebtedness and Other Debt for the 'Lakeside Water District Community Facilities District No. 2022-1 (Yerba Valley Annexation Area)' " (the "Resolution Determining Necessity"), thereby determining the necessity to incur bonded indebtedness and other debt in the maximum aggregate principal amount of $2,500,000 upon the security of the special tax to be levied within the CFD pursuant to the Act; and

WHEREAS, at a meeting held February 5, 2019, the Board approved the addition of Section 16.1 to the Administrative Code of the District, entitled "Goals and Policies for Community Facilities Districts" as required by the provisions of the Act (the "Goals and Policies"); and

WHEREAS, after a duly noticed public hearing the Board has authorized and caused the District to file an application (the "Application") for federal financial assistance with the U.S. Department of Agriculture, Rural Development, Water and Waste Loan and Grant Program in the form of a loan to the District for the CFD in an aggregate principal amount not to exceed $2,500,000 (the "Loan"); and

WHEREAS, the Board now wishes to provide for the issuance and incurrence of the Loan as bonded indebtedness and other debt for the CFD to finance the Project and wishes to direct District staff to prepare and return to this Board for approval of certain documents providing for the Loan; and

WHEREAS, the Board has considered all information related to this matter, as presented at the public meetings of the Board identified herein, including any supporting reports by District staff, and any information provided during public meetings.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of Lakeside Water District, as follows:

1. The Board hereby finds that the facts set forth in the recitals to this Resolution are true and correct, and establish the factual basis for the Board's adoption of this Resolution.

2. The Board hereby authorizes the Loan in an aggregate principal amount not to exceed $2,500,000 pursuant to the Act and this Resolution. The Loan shall be secured by and payable from special taxes levied and collected in the CFD.

3. The Board hereby directs District staff to work with the District's consultants and counsel to prepare the documentation required for issuance and incurrence of the Loan and to return to this Board for its approval of such documentation.

4. The Board hereby approves, confirms and ratifies all actions heretofore taken by the officers and agents of the District with respect to the establishment of the CFD and the issuance and incurrence of the Loan, and the hereby authorizes and directs the appropriate officers of the District to do any and all things and take any and all actions and execute any and all certificates, agreements and other documents, which they, or any of them, may deem necessary or advisable in order to accomplish the purposes of this Resolution.

5. This Resolution shall take effect immediately upon its adoption.

I HEREBY CERTIFY that the foregoing Resolution was duly adopted by the Board of Directors of Lakeside Water District at a public meeting of said Board held the 9th day of January, 2024, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

____
Frank Hilliker, President
Board of Director's

ATTEST: ______________________________
Brett Sanders, Board Secretary
Lakeside Water District

NOTICE OF PUBLIC HEARING
To File an Application with
U.S. Department of Agriculture, Rural Development,
Water and Waste Loan and Grant Program for a Loan for
LAKESIDE WATER DISTRICT
COMMUNITY FACILITIES DISTRICT NO. 2022-1
(YERBA VALLEY ANNEXATION AREA)

At a meeting held December 6, 2022, the Board of Directors (the "Board") of Lakeside Water District (the "District"), an irrigation district organized under the provisions of California Water Code Section 20500 et seq., adopted its Resolution No. 2022-13, entitled "Resolution of the Board of Directors of Lakeside Water District Forming the 'Lakeside Water District Community Facilities District No. 2022-1 (Yerba Valley Annexation Area)'," thereby causing the formation of the community facilities district ("CFD") named therein, and its Resolution No. 2022-14, entitled "Resolution of the Board of Directors of Lakeside Water District Determining the Necessity to Incur Bonded Indebtedness and Other Debt for the 'Lakeside Water District Community Facilities District No. 2022-1 (Yerba Valley Annexation Area)' ," thereby determining the necessity to incur bonded indebtedness and other debt in the maximum aggregate principal amount of $2,500,000 upon the security of the special tax to be levied within the CFD pursuant to the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311 of the California Government Code.

In order to finance the Project, as defined and described in the foregoing proceedings, the Board desires that the District file an application (the "Application") for federal financial assistance with the U.S. Department of Agriculture, Rural Development, Water and Waste Loan and Grant Program in the form of a loan to the District for the CFD in an aggregate principal amount not to exceed $2,500,000 (the "Loan").

Accordingly, the Board hereby gives notice that the District intends to file the Application for the Loan. At a public meeting of the Board to be held Tuesday, January 9, 2024, at 5:30 pm Pacific time, or as soon as possible thereafter, in the office of the District at 10375 Vine Street, Lakeside, California 92040 (the "District Office"), the Board will hear any public comment in connection with the Application, the Loan and the Project, and thereupon the Board will consider authorizing the filing of the Application for the Loan. Any other comments regarding these matters may be submitted to Brett Sanders at bretts@lakesidewater.org.

In compliance with the Americans with Disabilities Act, the District requests individuals who require alternative notice format or special accommodations to participate in this public meeting contact the Board Secretary, Brett Sanders at bretts@lakesidewater.org. Requests for disability-related modifications or accommodations require different lead times and should be provided at least 72 hours in advance of a meeting.

Dated: November 6, 2023

Signed: Brett Sanders, Board Secretary

ORDINANCE 2024-01

ORDINANCE OF THE BOARD OF DIRECTORS OF LAKESIDE WATER DISTRICT LEVYING SPECIAL TAXES WITHIN THE "LAKESIDE WATER DISTRICT COMMUNITY FACILITIES DISTRICT NO. 2022-1 (YERBA VALLEY ANNEXATION AREA)"

WHEREAS, at a meeting held October 11, 2022, the Board of Directors (the "Board") of Lakeside Water District (the "District"), an irrigation district organized under the provisions of California Water Code Section 20500 et seq., adopted its Resolution No. 2022-09, entitled "Resolution of the Board of Directors of Lakeside Water District Declaring Its Intention to Establish a Community Facilities District Entitled 'Lakeside Water District Community Facilities District No. 2022-1 (Yerba Valley Annexation Area)' " (the "Resolution of Intention"), and its Resolution 2022-10, entitled "Resolution of the Board of Directors of Lakeside Water District Declaring Its Intention to Incur Bonded Indebtedness and Other Debt for the 'Lakeside Water District Community Facilities District No. 2022-1 (Yerba Valley Annexation Area)' " (the "Resolution of Intention to Incur Indebtedness"), each for the purpose of determining whether the establishment of a community services district to be designated the "Lakeside Water District Community Facilities District No. 2022-1 (Yerba Valley Annexation Area)" (the "CFD") under the Mello-Roos Community Facilities Act of 1982, as amended (the "Act"), Chapter 2.5 of Part 1 of Division 2 of Title 5, commencing at Section 53311 of the California Government Code, is necessary or desirable to carry out the purposes of the Act, including the financing of certain public improvements (the "Facilities"), together with any related expenses, services, incidental costs and financing costs (together with the Facilities, the "Project"), as further provided therein; and

WHEREAS, the Board hereby confirms that notice was published as required by the Act relative to the intention of the Board to form the CFD, to provide for certain public facilities and to incur bonded indebtedness and other debt (as defined in the Act) for the CFD in an amount not to exceed $2,500,000; and

WHEREAS, at a meeting held December 6, 2022, the Board adopted its Resolution No. 2022-13, entitled "Resolution of the Board of Directors of Lakeside Water District Forming the 'Lakeside Water District Community Facilities District No. 2022-1 (Yerba Valley Annexation Area)' " (the "Resolution of Formation"), thereby causing the formation of the CFD, and its Resolution No. 2022-14, entitled "Resolution of the Board of Directors of Lakeside Water District Determining the Necessity to Incur Bonded Indebtedness and Other Debt for the 'Lakeside Water District Community Facilities District No. 2022-1 (Yerba Valley Annexation Area)' " (the "Resolution Determining Necessity"), thereby determining the necessity to incur bonded indebtedness and other debt in the maximum aggregate principal amount of $2,500,000 upon the security of the special tax to be levied within the CFD pursuant to the Act; and

WHEREAS, at a meeting held May 2, 2023, the Board adopted its Resolution No. 23-05, entitled "Resolution of the Board of Directors of Lakeside Water District Calling a Special Election for the Levy of a Special Tax, the Incurring of Bonded Indebtedness and Other Debt and the Establishment of the Appropriations Limit for the 'Lakeside Water District Community Facilities District No. 2022-1 (Yerba Valley Annexation Area'," thereby calling a special election (the "Special Election") to be held June 30, 2023, for the matters set forth therein; and

WHEREAS, at a meeting held July 11, 2023, the Board confirmed that the Special Election was held June 30, 2023, and adopted its Resolution No. 23-09, entitled "Resolution of the Board of Directors of Lakeside Water District Declaring the Results of the Special Election for the 'Lakeside Water District Community Facilities District No. 2022-1 (Yerba Valley Annexation Area)' and Directing the Recordation of a Notice of Special Tax Lien," thereby approving the Canvass and Statement of Results of Election with all eligible votes cast in favor of the measures set forth on the ballot and directing the

Board Secretary to complete, execute and cause to be recorded in the office of the County Recorder of the County of San Diego (the "Recording Office") a notice of special tax lien (the "Notice of Special Tax Lien") in the form required by the Act; and

WHEREAS, the Board has confirmed that the Notice of Special Tax Lien was recorded in the Recording Office on August 25, 2023, as document number 2023-0232478; and

WHEREAS, the Board has considered all information related to this matter, as presented at the public meetings of the Board identified herein, including any supporting reports by District staff, and any information provided during public meetings.

NOW, THEREFORE, BE IT ORDAINED, by the Board of Directors of Lakeside Water District as follows:

SECTION 1. The Board, by the passage of this Ordinance, hereby authorizes and levies special taxes within the CFD pursuant to the Act, at the rate and in accordance with the formula (the "Rate and Method") set forth in the Resolution of Formation, which Resolution of Formation is by this reference incorporated herein. The special taxes are hereby levied commencing in fiscal year 2024-2025 and in each fiscal year thereafter until the payment in full of any bonds and other debt (as defined in the Act) issued by the District for the CFD (the "Bonds") or such longer period provided in the Rate and Method, as contemplated by the Resolution of Formation and the Resolution Determining Necessity, and all costs of administering the CFD.

SECTION 2. The Board hereby authorizes and directs the General Manager of the District each fiscal year to determine the specific special tax rate and amount to be levied for the next ensuing fiscal year for each parcel of real property within the CFD, in the manner and as provided in the Resolution of Formation.

SECTION 3. The Board hereby declares that properties or entities of the State, federal or local governments shall be exempt from any levy of the special taxes as set forth in the Resolution of Formation. In no event shall the special taxes be levied on any parcel within the CFD in excess of the maximum tax specified in the Resolution of Formation.

SECTION 4. The Board hereby declares that all of the collections of the special tax shall be used as provided for in the Act and in the Resolution of Formation including, but not limited to, the payment of principal of and interest on the Bonds, the replenishment of any reserve fund for the Bonds, the payment of the costs of the Facilities, the payment of the costs of the District in administering the CFD, and the costs of collecting and administering the special tax.

SECTION 5. The Board hereby declares that the special taxes shall be collected in the same manner as ordinary ad valorem taxes are collected and shall have the same lien priority, and be subject to the same penalties and the same procedure and sale in cases of delinquency as provided for ad valorem taxes; provided, however, that this Board may provide for other appropriate methods of collection by resolutions of this Board. In addition, the provisions of Section 53356.1 of the Act shall apply to delinquent special tax payments. The General Manager of the District is hereby authorized and directed to provide all necessary information to the Treasurer-Tax Collector of the County of San Diego in order to effect proper billing and collection of the special tax, so that the special tax shall be included on the secured property tax roll of the County of San Diego for fiscal year 2024-2025 and for each fiscal year thereafter until the Bonds are paid in full or such longer period of time provided in the Rate and Method.

SECTION 6. The Board hereby determines that the potential environmental effects of the actions authorized by this Ordinance were determined to be categorically exempt pursuant to Section 15319(a) of Article 19 of Chapter 3 of Division 6 of Title 14 of the California Code of

Regulations as reflected in the Notice of Exemption filed by the District on January 11, 2019.

SECTION 7. If any section, sub-section, subdivision, paragraph, clause or phrase in this Ordinance, or any part thereof, is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining sections or portions of this Ordinance or any part thereof. The Board hereby declares that it would have passed each section, sub-section, subdivision, paragraph, sentence, clause or phrase of this Ordinance, irrespective of the fact that any one or more sections, sub-sections, subdivisions, paragraphs, sentences, clauses or phrases may be declared invalid or unconstitutional.

SECTION 8. This Ordinance shall take effect thirty (30) days following adoption.

____
Frank Hilliker, President of the Board of Directors

I, Brett Sanders, Board Secretary of Lakeside Water District, do hereby certify that the foregoing Ordinance had its first reading and was introduced during the public meeting of the Board held the ___ day of ___________, 202_, and had its second reading and was adopted and passed during the public meeting of the Board held the ___ day of ________, 202_, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN

____
Brett Sanders, Board Secretary

2.13-7 (A) Capacity fees for 5/8” and larger than ¾” will be based proportionately upon American Water Works Association rated flows. The district reserves the right to refuse service if a meter is determined to be inappropriately sized.

2.13-7 (B) As required by the San Diego County Water Authority Act, Lakeside Water District shall require each applicant for a water meter to pay the applicable Water Authority fee at the time of application.

2.13-11 **Fees for Water Availability Search**

2.13-11(A) **Related Procedures**

See Section 4.1 – Land Development

2.13-11(B) **Fees**

In order to process requests to ascertain water availability for land development, the following fee schedule shall apply:

Boundary Adjustments	$100
Site developments, multi-family and commercial building permits and conditional use permits	Availability Form $100
Major & minor subdivisions and Parcel maps	$100
Required Agency Clearance/Commitment Form Plumbing Permit (Waived if combined with a new meter purchase)	$100

These fees are nonrefundable

2.13-12 Miscellaneous Fees

2.13-12(A) **Related Procedures**

See Section 2.11 – Miscellaneous Procedures

2.13-12(B) **Fees**

The following fees shall be charged for the noted services:

1.	Plan Check Fee* (Curb Grade, Street Improvements)	$250
2.	Water Improvements, Deposit (Water Main Extensions)	$700

* Pertains to checking of construction drawings, title sheet, notes, planview, and detail sheets related to the extension of water facilities; not street improvements or project, grading plans, etc.

OPERATIONS REPORT
JANUARY 2024
BOARD OF DIRECTORS MEETING

General Operation:

- *Well #7 Rehabilitation progress*
- *Toyon 6” to 8” C-900 upgrade*
- *Lead Service Lateral federally mandated data gathering*

Outside District Projects:

- *AWP pipeline crossings and inspections*

District Emergencies Repairs:

- *Main breaks 0*
- *Service leaks 1*
- *Fire hydrants 0*

Disbursments List December 2023

Num	Name	Account	Amount
15442	Enniss, Inc.	1550 · Pumping Plant & Distribution	13,775.33
15446	Imperial Sprinkler Supply	1550 · Pumping Plant & Distribution	165.18
eft	Union Bank InstaTax State	2100 · Payroll Liabilities	4,330.05
E-pay	Union Bank InstaTax Federal	2100 · Payroll Liabilities	28,402.17
15455	Variable Annuity Life Insurance	2100 · Payroll Liabilities	2,240.00
eft	Cal Pers	2100 · Payroll Liabilities	6,931.23
eft	San Diego County Credit Union	2100 · Payroll Liabilities	6,700.00
15415	BATTIKHA, RANDA	4000 · Water Sales on Account	146.41
15416	BROWN, KATRINA	4000 · Water Sales on Account	94.99
15417	BRZEZINSKI, VICKI	4000 · Water Sales on Account	55.90
15418	DAWOOD, MARIA	4000 · Water Sales on Account	170.66
15419	Downstream Services Inc.	4000 · Water Sales on Account	634.73
15420	EMANI, CARLO	4000 · Water Sales on Account	162.23
15421	FLICSTEIN, DALE	4000 · Water Sales on Account	167.32
15422	FRICK, ALEX & ASHLEY	4000 · Water Sales on Account	146.41
15423	LOS CABOS. INC.	4000 · Water Sales on Account	34.12
15424	MARTIN, NALINI	4000 · Water Sales on Account	133.26
15425	MITER, AIMEE	4000 · Water Sales on Account	74.52
15426	MOSVATN LLC	4000 · Water Sales on Account	163.30
15427	NIELSEN, BAXTER	4000 · Water Sales on Account	44.08
15428	POTTER, DAVID	4000 · Water Sales on Account	150.30
15429	QUICK, ERIC	4000 · Water Sales on Account	158.21
15430	ROMBACK, MATTHEW	4000 · Water Sales on Account	163.30
15431	SCHAUFUS JR, DONALD B	4000 · Water Sales on Account	106.24
15432	TYLER, MARK	4000 · Water Sales on Account	16.23
15433	WALL, ALYSSA	4000 · Water Sales on Account	185.93
15434	WEI, HONGQUAN	4000 · Water Sales on Account	146.01
eft	San Diego County Water Authority	5010 · CWA Delivery Charge	558,539.20
15452	Alpha Analytical Laboratories, Inc	5080 · Water Treatment & Testing	340.00
15450	Weck Laboratories, Inc.	5080 · Water Treatment & Testing	640.00
15409	San Diego County Water Authority	5091 · SDCWA Capacity & Treatmen	12,889.00
eft	SDGE	5100 · Electric Power	30,334.61
15389	Bondy Groundwater Consulting, Inc.	5200 · Water Treatment -Maint/Suppl	1,725.00
15396	Hach Company	5200 · Water Treatment -Maint/Suppl	1,319.06
15397	HASA	5200 · Water Treatment -Maint/Suppl	1,823.20
15398	Helix Water District	5200 · Water Treatment -Maint/Suppl	747.00
15399	Hydrocurrent Well Services	5200 · Water Treatment -Maint/Suppl	20,700.00
15435	Hydrocurrent Well Services	5200 · Water Treatment -Maint/Suppl	47,582.00
15445	Hach Company	5200 · Water Treatment -Maint/Suppl	968.09
15405	Procopio Cory Hargreaves & Savitch	5620 · Yerba Valley Annexation	3,109.00
15440	ATSI	5628 · Telemetry Repair	1,000.00

Disbursments List December 2023

Num	Name	Account	Amount
Payroll	Payroll	6000 · Payroll	65,689.47
15390	Cintas First Aid & Safety	6100 · Distribution - Maint/Supplies	273.77
15400	Inland Pacific Resource Recovery, Inc	6100 · Distribution - Maint/Supplies	540.00
15401	Lakeside Equipment	6100 · Distribution - Maint/Supplies	247.96
15404	Payton's Hardware, Inc.	6100 · Distribution - Maint/Supplies	179.19
15407	Republic Services	6100 · Distribution - Maint/Supplies	469.83
15408	San Diego County Vector Control Prog	6100 · Distribution - Maint/Supplies	61.46
15412	UniFirst Corp	6100 · Distribution - Maint/Supplies	702.43
15449	SouthWest HydroTech	6100 · Distribution - Maint/Supplies	3,874.86
15395	Ferguson Waterworks	6110 · Emergency Repairs & Service	1,006.67
15443	Ferguson Waterworks	6110 · Emergency Repairs & Service	1,532.78
15391	County Motor Parts Co., Inc.	6200 · Trucks-Fuel,Maintenance,Rep	263.42
15402	Lakeside Petroleum, Inc.	6200 · Trucks-Fuel,Maintenance,Rep	2,441.51
15451	Wintergardens Smog & Tune	6200 · Trucks-Fuel,Maintenance,Rep	1,171.22
15393	Dean's Certified Welding, Inc.	6400 · Outside Labor	2,800.00
15453	America's Finest City Backflow Service	6400 · Outside Labor	180.00
15388	ACWA - Group Ins	7040 · Group Insurance	28,292.55
15456	Standard Insurance	7040 · Group Insurance	512.65
eft	Cal Pers	7050 · CalPers Retirement	13,239.76
15403	Nyhart Company	7200 · Annual Audit	1,800.00
15447	Leaf & Cole, LLP	7200 · Annual Audit	12,800.00
15441	Business Radio Licensing	7230 · Consultants	115.00
15394	Excel Telemessaging	7400 · Office Expense	288.59
15406	Quadient - Postage	7400 · Office Expense	2,000.00
15413	Wave.Band	7400 · Office Expense	945.65
eft	Verizon	7400 · Office Expense	128.27
15444	Form An Impression	7400 · Office Expense	2,044.02
15448	Print Button	7400 · Office Expense	483.53
15392	County Recorder	7401 · Administrative Expense	40.00
15411	Underground Service Alert	7440 · Dues & Subscriptions	111.50
15410	SWRCB	7500 · State Health Dept./ SWRCB	868.00
15414	Costco	7920 · Miscellaneous Expense	455.00
eft	First Bankcard - Visa	7920 · Miscellaneous Expense	2,124.02
		Total	894,897.38

General Managers
Monthly Report

January 7, 2024

Board of Directors Meeting

1) Yerba Valley Annexation Update

2) 100 Year Anniversary Update

News Articles/Editorials Enclosed:

Historic Agreement Signed to Protest The Colorado River

San Diego-Los Angeles-Imperial agreement saves money and may fit into framework for a long-term Colorado River conservation plan

What fixed charges on utility bills based on income could look like
Controversial state law moves toward a July 1 vote by utility regulators

The Man Caught at the Center of California Water Wars

Historic Agreement Signed To Protect The Colorado River

December 13, 2023

The San Diego County Water Authority today joined the Imperial Irrigation District, Metropolitan Water District of Southern California, Fort Yuma Quechan Indian Tribe, Palo Verde Irrigation District, Coachella Valley Water District, and the United States Bureau of Reclamation in signing a historic agreement to protect the Colorado River Basin. It is the first in a series of agreements to conserve 1.6 million acre-feet of water to remain in Lake Mead.

The landmark water agreements are a vital part of the Lower Basin Plan by Arizona, California, and Nevada to protect the Colorado River from extended drought — a plan identified this fall as Reclamation's proposed action for near-term Colorado River operations. Funds to facilitate the deal are from the federal 2022 Inflation Reduction Act.

Water Authority Board Chair Mel Katz, General Manager Dan Denham, and Board member and vice chair of the Colorado River Board of California Jim Madaffer, were part of today's signing ceremony in Las Vegas in conjunction with the Colorado River Water Users Association annual conference. The Water Authority's piece of the multi-party pacts is expected to save the San Diego region $15 million to $20 million (depending on hydrological variables), which will help offset the impact of inflation and other factors pushing up water rates.

Water Authority General Manager Dan Denham speaks at the December 13 signing ceremony in Las Vegas, supporting a set of agreements to sustain the Colorado River and save money for San Diego County water ratepayers. Photo: San Diego County Water Authority

"This is a significant moment not just for today but for the long-term survival of the Colorado River," said Denham. "All the critical pieces are here: willing partners, meaningful levels of conservation, federal funding, environmental benefits for the Salton Sea, and respect for the Law of the River."

Today's signed agreement ensures Lake Mead, the nation's largest reservoir, can continue delivering water to millions of people and millions of acres of farmland, including in San Diego County, over the next three years. Additional agreements are anticipated to be signed in 2024 with the Bard Water District, the Coachella Valley Water District, and the Imperial Irrigation District.

"Less than a year ago, we faced the worst possible consequences of drought and interstate conflict. Today, California's agricultural, urban, and tribal users are banding together through these agreements to protect the Colorado River as part of the Lower Basin Plan with the instrumental support of the Bureau of Reclamation. It's an incredible turnaround," said JB

Hamby, chairman of the Colorado River Board of California and Colorado River Commissioner for California.

Earlier Partnership Creates Foundation for Cooperation

Witnesses to history await the Dec. 13 signing ceremony in Las Vegas, supporting a set of agreements to sustain the Colorado River and save money for San Diego County water ratepayers. Photo: San Diego County Water Authority

Today's agreements build on the groundbreaking 2003 Quantification Settlement Agreement. The QSA achieves several goals by helping California meet conservation obligations under Reclamation's Lower Colorado River Basin conservation program, supporting financial viability for participating agencies, and reducing the chances for more shortages. The river system has suffered drought-induced decline for more than 20 years.

"IID remains fully committed to working proactively with its partners for the long-term sustainability of the Colorado River and Lake Mead, the source of IID's only water supply," said Imperial Irrigation District General Manager Jamie Asbury. "We are equally committed to ensuring any impacts to the Salton Sea resulting from regional solutions with broader beneficiaries are appropriately addressed to protect our community.

"IID's involvement, and particularly that of Imperial Valley growers who will be generating much of this water through voluntary on-farm conservation measures, exemplifies our collective commitment and support that will be paramount in the long-term success of the River."

Metropolitan General Manager Adel Hagekhalil said: "Each one of these agreements is evidence of what we can achieve when we work together. This collaborative effort, including federal financial support and Metropolitan's commitment to leave more than 400,000 acre-feet of water in Lake Mead this year, will help stabilize the reservoir while we negotiate longer-term solutions.

"There is much work ahead. Building lasting solutions will take even greater partnership and investment from us all."

The Water Authority, MWD, and IID have been working together for several months on ways to capitalize on current water supplies. Due to a historically wet year, the State Water Project is delivering complete supplies to MWD, refilling reservoirs, and reducing demand for imported Colorado River water. The MWD Board of Directors approved the agreement in November, and the IID Board followed with its approval on December 1.

How the Water Authority's Piece Works

The Water Authority will leave 50,000 acre-feet of conserved QSA water in the Colorado River. This helps raise the level of Lake Mead, which has dropped in recent years. The volume is equivalent to the amount of water used in a year by approximately 150,000 single-family homes.

The Water Authority agreed to buy 50,000 acre-feet from MWD to meet current and future demands. The Water Authority's cost savings result from the difference between the MWD rate and the rate for IID's conserved water through the QSA. The Bureau of Reclamation will cover the cost of the Water Authority's QSA supplies left in the river.

San Diego-Los Angeles-Imperial agreement saves money and may fit into framework for a long-term Colorado River conservation plan

By Michael SmolensColumnist

An agreement between San Diego's major water agency and two others in Southern California is expected to save millions of dollars and conserve millions of gallons of water in the Colorado River, which has been threatened by years of overuse and drought.

The deal recently announced by the San Diego County Water Authority, the Los Angeles-based Metropolitan Water District of Southern California and the Imperial Irrigation District underscores a more collaborative approach after decades of combative relations.

The pact is among a series conservation agreements including four other agencies that is scheduled to be ceremoniously signed Wednesday during the annual meeting of the Colorado River Water Users Association in Las Vegas.

The San Diego-Met-IID component is an outgrowth of a 20-year-old agreement under which San Diego purchases river water from Imperial. Though the new agreement is only for one year, the arrangement is considered a building block for future interaction among the three agencies.

In a broader context, the pact is viewed by water managers as a possible template that could help usher in a more long-term river-sharing accord among seven Western states, tribes and Mexico before current agreements expire at the end of 2026.

But that optimism is tempered by this reality: The interim agreements were very difficult to negotiate despite what might be considered optimum conditions. This wouldn't have happened but for a sudden bountiful water supply and hundreds of millions in federal dollars.

Years of drought have depleted water supplies across the West and reduced Colorado River reservoirs to record low levels, particularly Lake Mead. The federal government was gearing up to drop the hammer on river users.

But the surprising and at times overwhelming rain and snowfall last winter gave all parties some breathing room to negotiate. Substantial cuts in river use were mandated, but a potentially more onerous second shoe was deferred for a while.

The talks, which involved the U.S. Bureau of Reclamation, also were greased by some of the $4 billion approved by the Biden administration and Congress in the Inflation Reduction Act of 2022 for the Colorado River and drought resiliency projects elsewhere.

Of course, wet winters and federal money won't always be there, but, ideally, the interim agreements may lead to better water management agreements for drier times.

Here’s how the three-agency agreement will work: Currently, the San Diego County Water Authority buys 200,000 acre-feet of water annually from the Imperial Irrigation District through the 2003 Quantification Settlement Agreement, or QSA. (An acre-foot is 325,900 gallons of water, or enough to supply 2.5 average families of four for a year, according to the water authority.)

The agreement helped pay for installing efficiency technology on farms across the IID and other water-saving projects.

This year, San Diego will reduce its take by 50,000 acre-feet, which the federal government will pay Imperial to leave in the river, thereby incrementally raising the level of Lake Mead. Imperial will reimburse San Diego. In all, IID will receive more than $77 million to conserve 100,000 acre-feet, according to the Desert Sun.

San Diego, in turn, will buy 50,000 acre-feet from Metropolitan, but for less money. Metropolitan has plenty of water from California sources, diminishing its need to tap the river.

San Diego officials estimate the savings will be between $15 million and $20 million. That’s not going to lower rates for consumers, but may help spread out increases.

San Diego has faced pressure to raise rates to pay off borrowing for big water projects and diversifying supplies, such as increased reservoir storage, construction of the desalination plant in Carlsbad and water purchased from Imperial.

Separate projects to recycle wastewater, such as the city of San Diego’s Pure Water program, will cause rates to go up more when they come online.

The San Diego authority also got hammered by unexpected high energy costs and lower water sales, because of conservation and reduced demand because of an abundance of water. Anticipated declining sales present substantial, long-term budget challenges for the water agency — a problem Metropolitan also faces.

The agreement also helps Imperial start replenishing the Salton Sea.

Part of the overarching goal is to encourage flexibility in water transfers and bank more water during the wet years as a buffer for the dry ones. Despite record rain and snow in much of the West, the Colorado River has not recovered.

The race is on to figure out how to take greater advantage of the wet spells. In much of California, the vast majority of water runs off into the ocean.

Long-term weather patterns influenced by climate change are difficult to predict. Scientists expect California will face extended periods of drought broken up by brief deluges fueled by atmospheric rivers.

Gauging what might happen in the short term isn't easy either. Last year was supposed to be part of a drier La Niña stretch, yet record precipitation fell in California. Meanwhile, the current El Niño has failed to live up to a wet-season expectation, but it's early.

How the future plays out when it comes to the water supply — or water negotiations — is rarely certain.

Yet the collaboration taking place is a far cry from the acrimonious history among the players. Many years ago, various interests were aggressively angling to take Imperial's water, but eventually the QSA emerged through hard-fought negotiations. Before then, San Diego received a large share of its water from Metropolitian, but the two agencies were engaged in litigation for years over how much Met charged.

The county water authority launched its building and diversification program so it wouldn't have to rely so much on Metropolitan, which not only controlled costs but, to a large degree, water allocations. The agencies have been winding down the litigation, but a lawsuit is still pending.

All the parties suggest they've turned the page. In doing that, there's a bit of irony in San Diego becoming more reliant on Metropolitan.

What fixed charges on utility bills based on income could look like

Controversial state law moves toward a July 1 vote by utility regulators

By Rob Nikolewski

Created in what would be most charitably described as murky legislative circumstances, Assembly Bill 205 figures to enact one of the most significant — and controversial — changes in the monthly bills that California utility customers pay.

In an attempt to encourage customers to transition to a power system more reliant on electrification and slash the use of fossil fuel energy generation, the legislation calls for reducing residential rates.

But at the same time, AB 205 also allows for the creation of a fixed charge all residential customers would pay each month. And the amount they get charged will be based on each household's annual income.

Determining how much the rates will decrease and how much customers in varying earnings brackets will pay each month still needs to be figured out.

Rolling out the specifics falls to the California Public Utilities Commission, or CPUC.

Establishing an income-based fixed charge is designed to help lower-income customers who are straining to keep up with rising utility bills across the Golden State. Many of them qualify for financial assistance programs, such as the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA), that can reduce their electric bills by as much as 35 percent.

To get some specifics on what an income-based fixed charge system could look like, the CPUC earlier this year called for utilities, consumer advocates and environmental groups to submit respective proposals.

But those numbers have since been updated after the commission's administrative law judge assigned to the case, Stephanie Wang, asked for revisions.

In about three months, Wang expects to write a proposed decision that will eventually go before the CPUC's five commissioners. According to the language of AB 205, the deadline for the CPUC to "authorize a fixed charge" is July 1.

When will the new rules go into effect? In San Diego Gas & Electric's service territory, the changes could begin in the second half of 2025.

It's important to know this will be the first version of the new framework and the CPUC intends to update the design, perhaps on an annual basis. So the first iteration approved by the commission will not be set in stone, with changes coming in succeeding years.

Also keep in mind that the CPUC has a free hand — it does not have to choose one proposal or another. The commission can accept, reject, combine or alter any recommendations — or even come up with its own plan from scratch.

The most recent proposals

Having said all that, what do some of the proposals look like?

The three major investor-owned utilities that are regulated by the CPUC (SDG&E, Southern California Edison and Pacific Gas and Electric) submitted a joint proposal in October.

SDG&E officials have called for reducing the average per kilowatt-hour rate by 35 percent for residential customers. Three income brackets, using existing enrollment CARE and FERA data, break down like this:

• Households in its service territory earning less than $28,000 a year would pay a fixed charge of $24 per month (lowest-income CARE customers)

• Households with annual income between $28,000 to $69,000 would pay $34 per month (all other CARE customers, plus FERA customers)

• All other households would pay $73 per month

The Public Advocates Office, the independent arm of the CPUC created to look out for utility customers, has a proposal that reduces the average per kilowatt-hour rate by just 11 percent in the SDG&E service territory. Its income tiers call for:

• CARE customers in SDG&E's territory paying a fixed charge of $4 per month

• FERA customers paying $7 per month, and

• All other customers paying $32.15 a month

The Utility Reform Network (TURN), a consumer group based in San Francisco, teamed with the National Resources Defense Council, a well-known environmental group. Their proposal for a first version would reduce average residential SDG&E rates by 21 percent. Their income brackets would see:

• CARE customers paying $5 per month in fixed charges

• FERA customers also paying $5, and

• charging about $30 a month for all other residential customers

The provisions of AB 205 also apply to customers across the state who have installed rooftop solar in their homes. The Solar Energy Industries Association submitted a proposal that would reduce residential rates in SDG&E's service territory by just 5 percent but would impose smaller fixed charges:

• CARE customers in the San Diego area would pay $6.21 per month

• FERA customers, plus one- or two-member households earning between $36,621 and $46,060 pay $11.12

• All other customers would be charged $13.57 a month

Rather than three brackets, the Sierra Club submitted a proposal with five tiers, with monthly charges as low as zero dollars for CARE and FERA customers and as high as $136.14 for upper-income customers. The Sierra Club proposal reduces the average per kilowatt-hour rate for SDG&E customers by 15 percent to 18 percent.

"That type of income-based fixed charge provides a temporary solution to a legitimate affordability crisis in California's electric rates," said Nihal Srinath, associate attorney for the Sierra Club, "and provides much-needed electrification savings for low- and middle-income customers."

Utility fixed monthly charges are not a new concept — customers of public utilities such as the Los Angeles Department of Water and Power and the Sacramento Municipal Utility District have long paid fixed monthly fees. But if fully implemented, AB 205 would mark a first for customers served by SDG&E and Pacific Gas and Electric. (Southern California Edison has a fixed charge of about $1 per month for residential customers.)

What does all this mean

for customer bills?

As per CPUC instructions, the proposals must be revenue-neutral, meaning that establishing an income-graduated fixed charge is not designed to increase the revenue collected nor the profits earned by investor-owned utilities such as SDG&E.

Rather, it reshuffles energy costs — hopefully, to the benefit of financially vulnerable customers, while also helping California meet its decarbonization goals.

Currently, monthly bills include not only the rates that customers pay plus the transmission and distribution of electricity but also money spent in other programs such as reducing the risk of wildfires and clean energy investments (electric vehicle charging infrastructure, battery storage facilities, etc.)

Part of the impetus of AB 205 is to separate the costs of those programs and put them into a fixed charge.

At the same time, the costs from fixed charges will be offset by lowering the per kilowatt-hour rate. And a lower volumetric price, the thinking goes, will encourage customers to opt for electric rather than natural gas appliances and electric vehicles over gasoline cars, trucks and SUVs.

"Suppose you want to hook up your electric car and you want to electrify your home heating or water heater," UC Berkeley associate professor James Sallee told the Union-Tribune earlier this year. "You're going to be rewarded under this rate structure because you're going to be consuming, on net, more electricity from the grid."

While the bill's supporters acknowledge some customers will end up seeing higher monthly bills, they say the majority — including middle-income customers — will see reductions.

"On average, it's not going to increase bills," said Michael Campbell, program manager for the Public Advocates Office. "Anytime you change how structures are done, there will be some people who pay more and some people pay less — and therein lies the art of the deal, really."

AB 205's critics dispute that.

"We believe that electricity rates should reflect the cost of providing electrical service, and the proposed (income-graduated fixed charges) have no clear connection to costs," Ahmad Faruqui, an economist who's worked for years on rate design, said in an email to the CPUC's president. "They are arbitrary and capricious." The letter was co-signed by 14 other economists.

How will income levels

be verified?

One thing both sides agree on is the challenge of verifying the incomes of utility customers while also addressing privacy concerns.

While utilities such as SDG&E have long called for establishing fixed charges, they don't want to take on the responsibilities of collecting and confirming financial data from customers.

"We are very adamant that utilities don't have this information, nor do we want it," said Adam Pierce, SDG&E's vice president of energy procurement and rates.

One of the most discussed solutions calls for working with state agencies such as the Franchise Tax Board that already handle financial data while ensuring customer confidentiality.

"We don't want everybody having to be interviewed by a credit firm or something," said Matt Baker, director of the Public Advocates Office, who envisions a third party with access to tax franchise data that would be anonymized — that is, the information is removed so the original source cannot be known.

"All they would be doing is validating the choice that the customer made," Baker said. "The customer says, 'I'm in the middle income (bracket).' The franchise tax board could look at it and say, yes or no. That's it. And the utility wouldn't know anything other than that."

Hammering out the details is still to be done.

And with the July 1 deadline for the first version of income-based fixed charges looming, administrative law judge Wang wanted the updated proposals to lean on the low-income CARE and FERA programs that already use existing methods to verify income.

How did AB 205

come about?

The creation of a fixed charge based on income levels was only a portion of AB 205, a sprawling piece of legislation in Sacramento called an "energy trailer bill" that passed at the end of the legislative session in 2022 on a 64-13 vote in the Assembly and a 27-8 vote in the Senate. It was signed into law by Gov. Gavin Newsom.

At the time, most of the attention on AB 205 focused on the creation of a "strategic reliability reserve" overseen by the California Department of Water Resources.

But the 21,633 words of the bill also included provisions to adopt a fixed monthly utility charge based on household income.

It didn't draw much attention until April of this year when proposals from utilities, consumer groups, environmental organizations and other parties were submitted to the CPUC.

"So it was in the trailer bill that nobody saw, nobody read, it got passed and here we are," Bill Powers, board member of the San Diego-based Protect Our Communities Foundation told the Union-Tribune this spring.

Since then, opposition has gained steam.

Critics have attacked it from numerous fronts. Some say it's legally dubious because it requires higher-income customers to pay more than lower-income customers for the same service (electricity) and may likely lead to a court challenge.

"Imagine you go to a grocery store and when you put your items on the counter, the checkout clerk asks your annual income," David R. Henderson, research fellow at Stanford's Hoover Institution, wrote in a commentary headlined, "California Gets a Jolt of Marxism."

Faruqui and other co-signers of the letter sent to the CPUC listed 11 objections, including concerns that customers who tend to consume low amounts of electricity will get zapped with higher bills when a fixed charge is added.

"Efficiency and frugality will be penalized and inefficiency and waste will be rewarded," they said.

Republicans in the Statehouse came out against AB 205 in April. Last month, the GOP senate caucus sent a letter to Newsom calling for the governor to repeal or substantially amend the fixed-charge billing system.

“The last thing Californians need is another charge that will make it harder for them to make ends meet, which is exactly what the ‘Hard Work Utility Tax’ will do,” Senate Minority Leader Brian Jones of San Diego said.

Some Democrats who voted for AB 205 are backpedaling. On Oct. 27, 22 members of the Assembly sent a letter to CPUC President Alice Reynolds, describing most of the proposals as “unreasonable.”

“While we understand that a fixed charge may be needed, we do not believe a policy shift of this magnitude should happen without sufficient time for a wide array of public input,” the letter said. “Instead, we request that the CPUC, at a minimum, extend the timeline for the proceeding, allowing for the Commission to hold public participation hearings on this proceeding.”

Supporters of the income-based fixed charge say it’s no different than the income tax system that’s been in place for more than 100 years.

“We do this all the time through progressive income taxes for all sorts of services the government provides,” Campbell of the Public Advocates Office said. “And electricity is an essential service.”

Matthew Freedman, staff attorney for the consumer group TURN, said his group is very concerned about customers with homes in inland areas who rely on air conditioning when it gets hot.

Analysis by TURN shows that August electricity bills for CARE customers living in coastal areas come to a little more than $100.

“But if you live in the SDG&E desert zone, the average bill is over $400,” Freedman said. “This is a huge spread and one of the things that fixed charge can do is help bring down bills for customers living in these very hot climates who use air conditioning during the summer — and every time there’s a rate increase, these customers get punished more.”

AB 205 applies only to residential utility customers, not commercial or industrial accounts. It does not pertain to the natural gas portion of customer bills — just electricity.

Since the fixed charge deals with the costs of transmitting and distributing electricity, it applies to customers enrolled in community choice energy programs, including the two in the San Diego area — San Diego Community Power and the Clean Energy Alliance.

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The man caught at the center of California's water wars

Adel Hagekhalil, Met's general manager, has a vision for solving California's intractable water problems.

LAS VEGAS, Nevada — Climate change is wreaking havoc on the water systems that Californians rely on, from the Sierra Nevada to the Colorado River basin.

No one knows that better than **Adel Hagekhalil**, who as general manager of the Metropolitan Water District of Southern California, is at the epicenter of the state's most intractable water woes.

The sprawling water wholesaler delivers water piped from hundreds of miles away to 19 million people in Los Angeles and its surroundings, including the growing Inland Empire. Roughly one-third of its supplies comes from Northern California, where wild weather swings have only amplified long-time resentment over sending water south; another from the drought-stricken and overallocated Colorado River; and the rest from local rainwater and groundwater.

Hagekhalil — an engineer who became the district's general manager in 2021 — is tasked with finding a way to keep the taps flowing, even as climate change is walloping all these supplies at once. His vision is to make Met less dependent on these wildly swinging systems by combining more local storage, water recycling and conservation.

He's optimistic to a fault: One source described him as a "Hallmark card," and on the sidelines of a major conference for Colorado River water users this week, he was handing out pins with his mantra "One Water" to frenemies at California's largest agricultural customer on the river, the Imperial Irrigation District.

He spoke to POLITICO recently about getting creative to adapt to climate change, the financial challenges brought by conservation and two of the most engineered and controversial water systems in the West: the Delta Conveyance Project and the Colorado River.

This transcript has been edited for length and clarity.

The short-term deal on the Colorado River struck this spring was successful partly because California's water users remained united around their proposal. But Met hasn't always been on the same page as other big water players in the state, especially IID. Tell me about how you're approaching these negotiations now.

To me, California is united. We're all together. Compared to where we were last year, with other states, I think California has done its job.

We need to start thinking about how we deal with this from a lens of abundance, where we're actually investing together in projects, whether it's in Mexico, whether it's in Southern California, in Arizona, whether it's working with the tribes to recycle water, to reuse it. I'm pushing to find new ways that can make us sustainable and resilient. The future can't be just all about cuts.

What is the status of negotiations?

I'm optimistic that we have some positive movement in the right direction. Time is not on our side, and everybody agrees that we need to do something collaboratively. We've committed as part of the lower basin that we will deal with the structural deficit in the lower basin, but the question is beyond the structural deficit, as the hydrology and system goes down, how we're going to share.

This past year really highlighted how climate change is bringing wild extremes to California's water systems. Met is at the epicenter of this. Big picture, what needs to be done to make sure you have water for customers in a wildly variable future?

Really, it's about getting water when we have it and actually banking it and storing it for drier times. … We're doing this climate adaptation master planning effort underway in Metropolitan, which I think is going to lead the way in creating all this resilience that's anchored in conservation with local water supply.

We need to get to a place where the river, the community, the people that depend on us, look back and say you guys, around this time, did something good for us, as [William] Mulholland did for our community in Southern California, by bringing water. It's not gonna be the same as he did. It's not going to be his pipelines bringing water from the river. It's going to be us conserving, recycling, reusing, conserving, storing. I call it the virtual aqueduct. I say I'm building the fourth virtual aqueduct, and it's about all these things coming together.

Gov. Gavin Newsom's administration recently released the final environmental review for the Delta conveyance project, which would send more water your way from Northern California. How does this project fit into your vision? Will Met fund its construction?

I applaud the governor and the administration for looking at different ways of supporting us on recycled water, supporting storage, investing a lot of resources in water resiliency, but to me I think this project has to be part of an integrated water plan for the entire state of California — and more, for the Southwest — because every water drop that we can capture during high flows and move away and bank it and store it, it's going to help us deal with the conditions when we don't have water. We saw what happened the last few years, and we should not be fighting over water during dry conditions.

My board is excited about having the discussion through this climate adaptation master plan because it has to be seen as part of a holistic solution and not just a single purpose project. … What is the cost benefit to Metropolitan? What's the reliability of that water? And what's the benefit to us and to the environment and to the communities around the Delta?

You've pushed for conservation, including by sponsoring legislation to ban decorative lawns, and you've been successful — which means less revenue for you. How will you pay for all these projects you've mentioned, including to reduce use on the Colorado River?

The majority of the funding for Metropolitan comes from selling water, and the shift that we're seeing is yes, we're incentivizing folks not to buy our water, which is great news. But as the amount of water we sell goes down — and this year is going to be the lowest we've seen — that loss in revenue will have an impact on the amount of money we have available for investments. So part of the climate adaptation is also financial resilience in a business model.

My idea is, can we find ways to collaborate and come up with reservoirs of money that we all can pay, all of us from California to Arizona, Nevada, and all the way up to the other states, in some kind of equitable share, and then we can pool the money, leverage the money and then strategically find ways we can invest it that can benefit us to reduce our demand on the river so we can store water.

By **CAMILLE VON KAENEL**
12/15/2023 03:56 PM EST