



Tehachapi-Cummings County Water District

Our Water ♡ Our Future

Tehachapi-Cummings County Water District
Tehachapi, California

Annual Comprehensive Financial Report
For the Year Ended June 30, 2024



**TEHACHAPI-CUMMINGS
COUNTY WATER DISTRICT
TEHACHAPI, CALIFORNIA**

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**FOR THE YEAR ENDED
JUNE 30, 2024**

Prepared by:

Crystal Sampson, Accounting & Finance Specialist

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

TABLE OF CONTENTS

	<u>Page</u>
I. INTRODUCTORY SECTION	
Letter of Transmittal.....	i
Elected and Appointed Officials.....	vi
Organization Chart	vii
GFOA Certificate of Achievement for Excellence in Financial Reporting.....	viii
II. FINANCIAL SECTION	
Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Basic Financial Statements:	
Statement of Net Position	11
Statement of Revenues, Expenses, and Changes in Net Position.....	12
Statement of Cash Flows	13
Notes to the Basic Financial Statements	15
Required Supplementary Information:	
Schedule of the District’s Proportionate Share of the Net Pension Liability	35
Schedule of Contributions – Pension.....	36
Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios.....	37
Schedule of Contributions – OPEB.....	38
Supplementary Information:	
Rate Covenant	39
Combining Schedule of Net Position	40
Combining Schedule of Revenues, Expenses, and Changes in Net Position.....	42
III. STATISTICAL SECTION	
Statistical Section	44
Net Position by Component.....	45
Changes in Net Position	46
Assessed Value and Estimated Actual Value of Taxable Property.....	47
Direct and Overlapping Property Tax Rates.....	48
Property Tax Levies and Collections	49
Principal Property Taxpayers	50
Water Sales and Services Revenue and Quantities Sold by Customer Class	51
Water Rates by Customer Class	52
Principal Water Customers.....	53
Ratios of Outstanding Debt by Type.....	54
Direct and Overlapping Debt	55
Legal Debt Margin	56
Pledged Revenue Coverage	57
Demographics and Economic Statistics	58
Principal Employers	59
Operating and Capacity Indicators	60
Other Operating and Capacity Indicators	61
IV. OTHER REPORT	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	62

INTRODUCTORY SECTION



**Tehachapi-Cummings
County Water District**
Our Water • Our Future

Directors:
John M. Ables
Jonathan Hall
Joseph B. Sasia
Robert W. Schultz
Rick Zanutto

Officers:
Robert W. Schultz, *President*
Jonathan Hall, *Vice President*
Thomas P. Neisler, *General Manager*
Catherine Adams, *Secretary*
Crystal Sampson, *Treasurer*

December 6, 2024

To the Board of Directors and Citizens of the Tehachapi-Cummings County Water District:

State law requires that all local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformance with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that law, we hereby issue the Annual Comprehensive Financial Report (ACFR) of the Tehachapi-Cummings County Water District (the District) for the fiscal year ended June 30, 2024.

This report consists of management's representations concerning the finances of the District. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the District has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the District's financial statements in conformity with GAAP. Since the cost of internal controls should not outweigh their benefit, the District's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The District's financial statements have been audited by Brown Armstrong Accountancy Corporation. The goal of the independent audit was to provide reasonable assurance that the financial statements of the District for the fiscal year ended June 30, 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified ("clean") opinion that the District's financial statements for the fiscal year ended June 30, 2024, are fairly presented in conformity with GAAP. The independent auditor's report is located at the front of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the report of the independent auditor.

Profile of the Tehachapi-Cummings County Water District

The Tehachapi-Cummings County Water District was organized on March 10, 1965, under provisions of the County Water District Law (Sections 30000 et seq. of the Water Code of the State of California). The District is located in the Tehachapi Mountains east of the Southern San Joaquin Valley and encompasses approximately 266,000 acres. The District provides an imported water supply, groundwater resource management, and flood protection. The District imports State Water Project (SWP) water from the California Aqueduct and sells this imported water to municipal & industrial (M&I) and agricultural (Ag) customers. Approximately one-half to two-thirds of imported water sales are for agricultural customers in a typical year.

The local groundwater supply is located in three basins, which are the Brite, Cummings, and Tehachapi Basins. The District is the court-appointed Watermaster for these three adjudicated basins. As Watermaster, the District protects the groundwater resources within the basins by administering the judgments and providing annual reports to the Kern County Superior Court as required.

The District is governed by a five-person Board of Directors elected “from divisions” to four-year staggered terms. “From divisions” means election of directors who are residents of the division from which they are elected by the voters of the entire District. The divisions are roughly equal in acreage. The directors are responsible for policies and decisions which govern the operations of the District.

The District has operated under the council-manager form of government since its inception. Policy making and legislative authority are vested in the Board of Directors. The Board is responsible for adopting the budget; setting policy by ordinance, resolution, or minute order; and hiring the general manager, legal counsel, and auditor. The general manager is responsible for carrying out the policies of the Board, for overseeing the day-to-day operations of the District, and the hiring of all District employees. The District serves a population of approximately 37,000 residents, which is projected to increase to 53,000 by 2040 per the 2015 Tehachapi Regional Urban Water Management Plan.

Mission. The District’s mission is to ensure the most reliable, cost-effective water supply for its customers through the importation of State Water Project water and management of the groundwater basins and to operate and maintain certain flood control structures to protect customers’ safety and property.

Budget Process. The annual budget serves as the foundation for the District’s financial planning and control. All departments of the District are required to submit budget requests to the general manager on or before April 1 each year. The general manager, assistant general manager, administration manager, and accounting and finance specialist, together with an ad-hoc budget committee, prepare the draft budget. The Board holds meetings on and adopts a preliminary budget no later than June 30 and a final budget no later than September 1. Each January, a mid-year budget review is performed by the noted District staff and ad-hoc budget committee, and any necessary revisions are approved by the Board during the January Board meeting. To provide transparency to its ratepayers, the District maintains its funds in separate sub-accounts in a clearly identifiable manner. Thus, the budget is prepared by sub-accounts (“funds,” e.g., general) and departments (e.g., administration). Department heads may transfer resources within a department as they see fit. Transfers between funds must be approved by a resolution of the Board.

Strategic Plan. The District’s Strategic Plan is a structured process that establishes long-term financial planning to guide operations and manage financial resources. The plan is updated biennially, with the most recent update approved on August 16, 2023. Each biennial Strategic Plan update includes a Capital Improvement Plan with short-term (1-2 years), mid-term (3-5 years), and long-term (6-10 years) goals. The Strategic Plan is considered while the District’s annual budget is being devised due to its effect on capital reserve funds.

Information Useful in Assessing the District’s Economic Condition

The financial position information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the District operates.

Local Economy. Since the District receives no sales taxes, fuel taxes, or other taxes that are sensitive to the business cycle, nonoperating revenues tend to be stable. Property taxes from income-producing properties can be impacted by the business cycle, but, generally, property taxes are more stable than revenues from other taxes. The District’s tax base is estimated by Kern County to increase by approximately 0.5% in fiscal year 2025. Fiscal year 2024 growth rate was approximately 6.1%.

The District’s second largest source of revenue, imported water sales, experienced an increase of 58% in fiscal year 2023-24 compared to fiscal year 2022-23. This increase was comprised of a 20% increase in M&I water sales and 47% increase in Ag water sales. M&I water deliveries were 140 acre-feet (AF) in calendar year 2023 and 271 AF in calendar year 2022. Ag water deliveries were 3,859 AF in calendar year 2023 and 2,195 AF in calendar year 2022. Revenue and expenditure records are kept on a fiscal year basis whereas water delivery records are kept on a calendar year basis. Thus, these records are not directly comparable.

State Water Project Allocation. For calendar year 2024, the SWP Table A Allocation is 40% (7,720 acre-feet), less than was anticipated based on the hydrologic year experienced by California. The current year's allocation comes on the heels of a 100% allocation in 2023 that came late in the year at the end of April. Last year's 100% allocation was an increase of 65% over the allocation estimate provided in February 2023.

The District entered calendar year 2023 with 65 AF of SWP carryover water and exited the year with a deficit of 100 AF of SWP carryover water. This deficit will be repaid in the calendar year 2024. As of June 30, 2024, the District has imported 3,325 AF and has been unable to bank any water in the San Joaquin Valley. Water banking is ongoing within the District recharge facilities.

Energy Costs. The District's water rates are driven by the price it pays for natural gas to power its pump plants. Natural gas prices have increased substantially for the past several years. Due to the District's desired practice of securing a portion of its supplies three years in advance, it has been able to maintain stable pricing. Going forward, the District will continue its endeavor to lock in long-term natural gas supplies at prices that will stabilize its water rates at consistent levels for several years to come. However, this is becoming more difficult. The District continues to seek opportunities to lock in long-term natural gas supplies at prices that will stabilize its water rates at consistent levels for several years to come, which includes locating additional sources for its natural gas supplies.

The District purchased 100% of its natural gas needs for calendar year 2024 at the melded price of \$3.52 per MMBtu. Prices for 2025 have consistently been between \$5.00 and \$8.00 per MMBtu. In November 2024, the District was able to contract for 50% of its anticipated natural gas needs (based on 10,000 AF of importation) for \$3.43 per MMBtu. The District took advantage of a dip in the price and locked in its normal pre-purchase amount for 2025. With the uncertainty in the natural gas futures market, no purchases were made beyond 2025. The District will continue to look for opportunities to procure future supplies at favorable costs. Shell Energy, the District's longtime natural gas supplier, informed the District that they will no longer service the Commercial/Industrial natural gas market in California after 2024. This left the District without a natural gas source of supply. As of June 2024, the District entered into a contract with a new supplier of natural gas to meet the District's needs in 2025 and beyond. The District intends to contract with a second supplier to provide a redundant supply.

Air Quality Regulations. The San Joaquin Valley Air Pollution Control District's Governing Board limited the District's engines at Pump Plant 1 to 4,000 operating hours per year, restricting the amount of water that could be pumped. To increase pumping capacity, the District secured financing to replace all four engines at Pump Plant 1 and controls at the other three pump plants in fiscal year 2015-16. Since that time, all Air Quality Regulations have been continually met for Pump Plant 1 in the San Joaquin Valley Air Pollution Control District and for Pump Plants 2-4 in the Eastern Kern Air Pollution Control District.

Long-term Debt. In 2015, the District completed financing with Umpqua Bank for its project to replace Pump Plant 1 engines and system-wide controls. Principal of up to \$7,000,000 was payable over 10 years at 2.51% interest beginning December 2015. The project was completed under budget at a cost of approximately \$5,781,000. In November of 2016, the loan was re-amortized over 7.5 years at 2.51% to maintain anticipated principal and interest payments and shorten the term. These changes resulted in significant interest savings for the District. This debt was extinguished in December of 2023.

To continue with the District's endeavors to replace and upgrade its pumping infrastructure to ensure a reliable, cost-effective water supply while complying with tightening air quality regulations, in June 2023, the District completed bond financing with US Bank for its Pump Plants 2 and 3 engine replacement project. The financing closed with just over \$12,000,000 in total proceeds at 3.65% true interest cost over a 15-year term. The debt is scheduled to be paid in full in June of 2038. During fiscal year 2023-24, the District made nearly \$1.04 million in principal and interest payments and included \$1.05 million in its budget for fiscal year 2024-25. As of the fiscal year ended June 30, 2024, the District spent nearly \$200,000 of the bond proceeds on various initial project costs, primarily comprised of payments made to consultants. Just after the fiscal year end, the District's spent just over \$1.9 million of the bond proceeds to pay for consulting and costs associated with approving plans and ordering spare parts for engines at one of the two pump plants. During fiscal year 2024-25, the District has budgeted to spend \$7.3 million of the bond proceeds on this project. Construction is expected to be completed during fiscal year 2025-26.

Workforce. The District's workforce consists of 21 full-time positions and one to three temporary summer helpers.

Pension Liability. District employees are members of the California Public Employees' Retirement System (CalPERS). See Note 6 of the ACFR for the fiscal year ended June 30, 2024.

The District has been actively managing its pension unfunded accrued liability (UAL) balances over the past three fiscal years. During fiscal year 2021-22, the District made an additional discretionary payment (ADP) in the amount of \$2,600,000 followed by \$414,000 in fiscal year 2022-23. During fiscal year 2023-24, the District made a payment of \$1,153,700, which fully satisfied the UAL balance per the CalPERS Actuarial Valuation as of June 30, 2022. Subsequent to the District's fiscal year ended on June 30, 2024, CalPERS released its Actuarial Valuation as of June 30, 2023, reflecting a UAL balance of \$229,061, which the District included in its 2024-25 Budget. That UAL balance was paid off in September 2024. Through making \$4,396,761 in ADP payments since fiscal year 2021-22, the District has been able to eliminate its UAL balances and achieved \$3,742,003 in interest savings as compared to making the minimum contribution payments on the UAL balances.

Reserves. Concurrently with the fiscal year 2024-25 budget, the Board adopted an updated reserves policy, which sets forth reserve targets and an approach for accumulating reserves over time. The policy requires management to review reserve funds balances, at a minimum, on an annual basis to ensure compliance with the policy. At that time, full and interim reserve targets were calculated and progress toward achieving those targets was reported to the Board.

Accumulation of sufficient reserves in the flood control reserve funds is challenging due to the extensive size of the assets, their replacement cost, and their expected long lives. It is hoped that backstop funding from Federal Emergency Management Agency (FEMA) and California Office of Emergency Services (CalEMA) would be available if the District were to suffer catastrophic losses to its flood control facilities due to a declared disaster. Until the District is able to amass such large reserves for these needs, its short-term goal consists of ensuring funds are adequate for normal maintenance and replacement needs, emergency response to floods, and any required matching funds to qualify for FEMA assistance during disasters.

As of June 30, 2024, all full or interim reserve targets are satisfied, with the exception of the three flood control improvement districts. Management will review the need for additional reserve contributions during budget development for fiscal year 2025-26.

The following table shows the amounts as of June 30, 2024:

Reserve Funds & Descriptions	Reserve Formula	Audited Actual Balance 6/30/2023	FY 2023-24 (Per Audited Balances)				FY 2024-25 (Per Final Budget)					
			Full Reserve Target	Interim Reserve Target	Actual Balance 6/30/2024	Reserve Target Met?	Full Reserve Target	Interim Reserve Target	Projected Balance 6/30/2025	Reserve Target Met?		
DESIGNATED RESERVES												
70 General Fund												
Working capital	90 days of operating expenses (prior year audit)	\$ 3,724,120	\$ 1,789,300	\$ 1,789,300	\$ 2,770,151	Full	Yes	\$ 2,069,000	\$ 2,069,000	\$ 2,851,300	Full	Yes
72 Water banking reserve	Cost to replace or extract banked water	2,275,799	2,000,000	2,000,000	2,581,671	Full	Yes	-	-	2,679,350	Full	Yes
85 Tax Revenue Liability												
Tax revenue liability reserve	50% of Kern County's liability estimate	1,299,953	1,285,200	642,600	1,333,294	Full	Yes	1,285,000	642,500	1,386,600	Full	Yes
71 Emergency												
Emergency reserve	5% of general fund operating expenses (prior year audit)	412,896	357,900	178,950	424,363	Full	Yes	420,000	210,000	441,400	Full	Yes
81 Major Repairs & Overhaul												
Asset maintenance / replacement reserve	5% of capital assets' book value (prior year audit)	1,754,573	1,726,700	863,350	1,803,136	Full	Yes	1,750,000	875,000	1,875,100	Full	Yes
87 Rate Stabilization												
Rate stabilization reserve	1% to 5% of general fund operating expenses	644,643	357,900	178,950	662,321	Full	Yes	420,000	210,000	688,800	Full	Yes
83 Equip./Infra. - Repl./Upgrade												
Strategic planning capital improvements	20% mid-term CIP	2,711,492	5,328,000	2,664,000	2,896,813	Interim	Yes	2,134,000	1,067,000	3,012,600	Full	Yes
RESTRICTED RESERVES												
82 State Payment												
Six-month operating reserve	50% of current year expenditure budget	6,542,032	2,182,700	2,182,700	7,943,704	Full	Yes	1,938,000	1,938,000	7,615,800	Full	Yes
Tax revenue liability reserve	50% of Kern County's liability estimate	582,156	582,200	582,200	582,200	Full	Yes	582,200	582,200	582,200	Full	Yes
76 Improvement District No. 2												
Asset maintenance / replacement reserve	50% of construction cost indexed for inflation	(59,844)	281,100	281,100	18	Interim	No	306,000	306,000	(135,600)	Interim	No
77 Improvement District No. 3												
Asset maintenance / replacement reserve	50% of construction cost indexed for inflation	192,460	624,700	624,700	209,435	Interim	No	681,000	681,000	218,000	Interim	No
86 Benefit Assessment District No. 1												
Asset maintenance / replacement reserve	50% of construction cost indexed for inflation	1,149,809	1,791,000	1,791,000	1,172,116	Interim	No	1,952,000	1,952,000	1,218,900	Interim	No
73 Engine Project												
Certificates of Participation (COP) proceeds	Unspent COP proceeds	11,809,603	11,676,200	11,676,200	11,720,096	Full	Yes	4,376,200	4,376,200	4,376,200	Full	Yes

Awards and Acknowledgements

Certificate of Achievement for Excellence in Financial Reporting. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Tehachapi-Cummings County Water District for its annual comprehensive report for the fiscal year ended June 30, 2023. This was the fifteenth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements. The preparation of this report was accomplished by the combined efforts of District staff. We are grateful for the dedicated efforts and professionalism that our staff members bring to the District. Additionally, we appreciate the professional assistance provided by Brown Armstrong Accountancy Corporation. Finally, we would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the Tehachapi-Cummings County Water District's fiscal policies.

Sincerely,



Thomas P. Neisler
General Manager

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2024**

Elected Officials

BOARD OF DIRECTORS

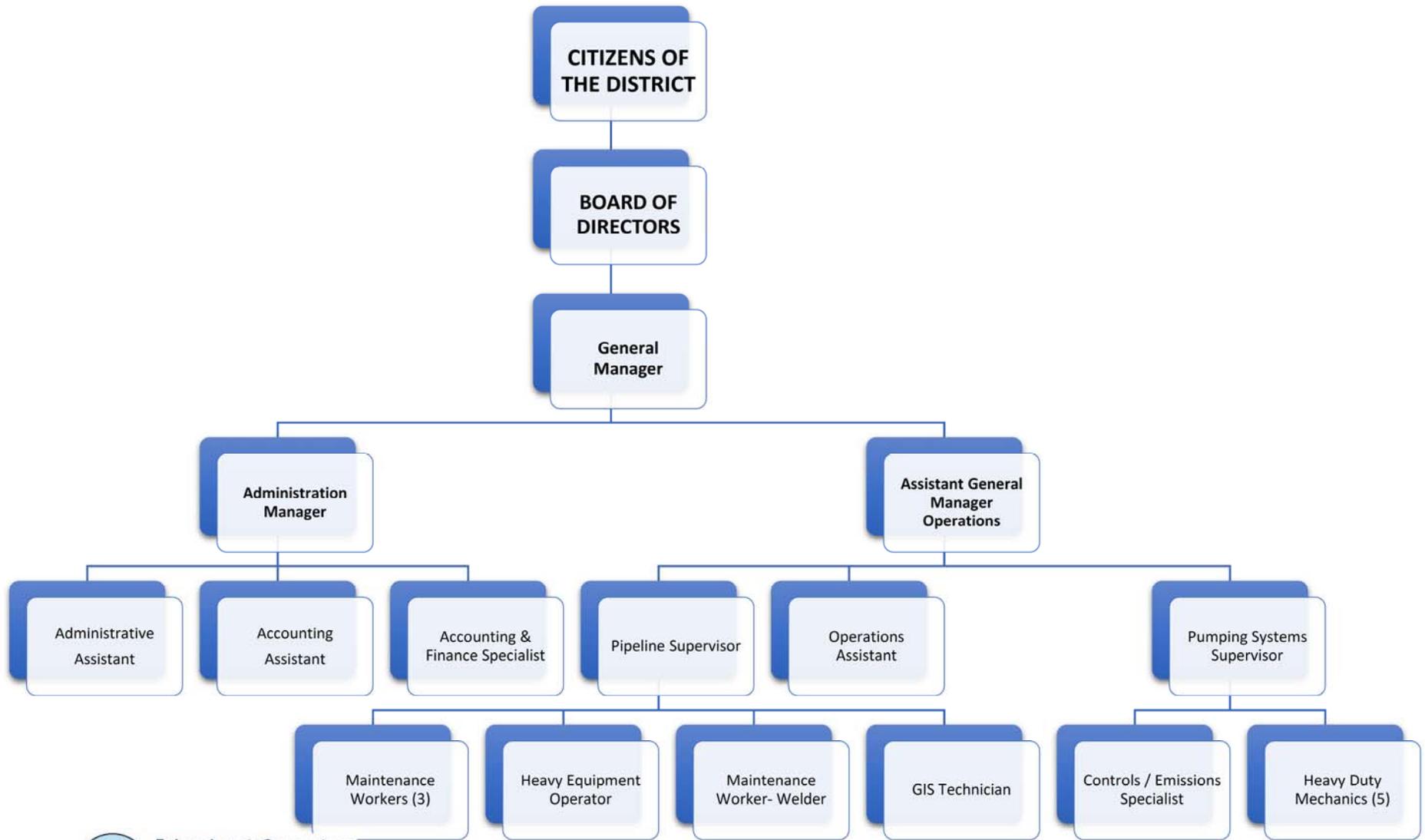
John M. Ables	December 2024
Jonathan Hall	December 2024
Joseph B. Sasia	December 2026
Robert W. Schultz	December 2026
Rick Zanutto	December 2024

Appointed Officials

Robert W. Schultz	President
Jonathan Hall	Vice President
Thomas P. Neisler	General Manager
Crystal Sampson	Treasurer
Catherine Adams	Secretary

Tehachapi-Cummings County Water District
22901 Banducci Road
Tehachapi, California 93561
P.O. Box 326
Tehachapi, California 93581
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**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
ORGANIZATION CHART**



Revision No. 15
Date: 01/03/24



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Tehachapi-Cummings County Water District
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Tehachapi-Cummings County Water District
Tehachapi, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Tehachapi-Cummings County Water District (the District) as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise the District's basic 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 respective financial position of the District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis and other 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District’s basic financial statements. The accompanying combining statements and other supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and other supplementary information, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

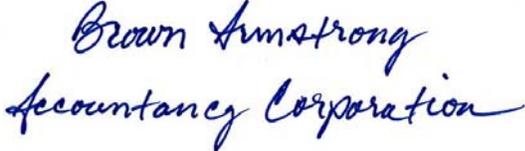
Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2024, on our consideration of the District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION



Bakersfield, California
December 6, 2024

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
JUNE 30, 2024**

INTRODUCTION

As management of the Tehachapi-Cummings County Water District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report, basic financial statements, and notes to the basic financial statements. All amounts are expressed in whole dollars, unless otherwise indicated.

FINANCIAL HIGHLIGHTS

- The District's total combined cash balance increased by \$370,066 (1%) over the prior fiscal year of which restricted cash increased by \$1,293,144 (6%) and unrestricted cash decreased by \$923,078 (7%).
- The District's total net position improved by \$3,219,429 (10%) over the prior fiscal year to a balance of \$36,259,121 as of June 30, 2024. The change in net position was comprised of an increase in restricted net position of \$1,914,136 (23%) that was primarily attributable to an increase in State Water Payment Reserves, an increase of net investment in capital assets of 807,132 (7%) related to capital asset activity during the fiscal year and related debt, and the remaining increase in unrestricted net position of \$498,161 (4%) pertained to the portion of the net position improvement that is not subject to external restrictions.
- During the year, the District's operating revenues increased by \$993,953 (58%) over the prior fiscal year. Between the 100% water allocation in calendar year 2023 and the 40% water allocation in calendar year 2024, more water was available for sale. Agriculture (Ag) sales increased by 47%, municipal and industrial (M&I) sales increased by 20%, and banked water reserve account sales (mandatory and voluntary) increased by 195% over the prior year.
- Operating expenses decreased by \$455,498 (4%) compared to the prior fiscal year. Although there was a significant increase in pumping expenses, primarily attributable to the \$1,168,853 increase in natural gas costs due to increased pumping coupled with increased natural gas costs, there were significant decreases in state water payment charges, bond issuance costs, repairs and maintenance expenses, and electricity costs that resulted in an overall decrease in operating expenses.
- Total long-term liabilities decreased by \$1,471,157 (11%) over the prior fiscal year. The largest reductions were comprised of the \$325,863 payoff of the 2015 Installment Agreement, \$500,000 reduction in principal balance on the 2023 Revenue Certificates of Participation, \$443,071 reduction in net pension liability partly attributable to the additional \$1,153,700 unfunded accrued liability payment made during the 2023-24 fiscal year, and a \$128,607 improvement in the net other post-employment benefit (OPEB) liability, which became overfunded by \$94,738 during the 2023-24 fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial section of this annual report includes management's discussion and analysis, basic financial statements, required supplementary information, and supplementary information. The District reports information using accounting principles appropriate for an enterprise fund to report its activities, which is the same accounting framework used by private sector companies. An enterprise fund is a distinct fiscal entity that carries on its activities with the objective of recovering its costs through user charges.

Basic Financial Statements. The basic financial statements include three types of statements that are interconnected and create different views of the District's activities and performance as well as notes that explain in more detail some of the information in the financial statements and can be found on pages 11-34 of this report.

Statement of Net Position. This statement shows the District's financial position as of June 30, 2024, and includes its assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The net position represents the District's remaining value after the liabilities and deferred inflows of sources are deducted from assets and deferred outflows of sources. It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

Statement of Revenues, Expenses, and Change in Net Position. The current year's revenues and expenses for the year ended June 30, 2024, are identified within this report. Additionally, this statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its operating (e.g., water sales, user fees, and other charges) and nonoperating revenues (e.g., taxes and assessments).

Statement of Cash Flows. This statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities. It also provides answers to such questions as: Where did cash come from? What was cash used for? And what was the cash balance during the reporting period?

Required Supplementary Information. Although not considered to be part of the basic financial statements, required supplementary information (RSI) is an essential part of financial reporting as it provides a full understanding of the basic financial statements by placing them in an appropriate operational, economic, or historical context. RSI includes this management's discussion and analysis report as well as schedules providing details about pension and other postemployment benefit liabilities. This information can be found on pages 35-38 of this report.

Supplementary Information. For the purposes of additional analysis, the provided supplementary information was derived from and directly relates to the underlying accounting and other records used to prepare the basic financial statements. This section includes rate covenant information and combining statements and can be found on pages 39-43 of this report.

FINANCIAL ANALYSIS OF THE DISTRICT

The Statement of Net Position (page 11) and Statement of Revenues, Expenses, and Changes in Net Position (page 12) provide an indication of the District's financial condition and measure whether the financial condition of the District improved during the last fiscal year. In this analysis, the District uses a summarized format of those statements to reflect on trend information for periods prior to the period presented in the financial statements.

Net Position. As previously noted, net position may serve over time as a useful indicator of a government's financial strength. The District's Condensed Statements of Net Position (Table 1) shows assets plus deferred outflows of resources exceed liabilities plus deferred inflows of resources by \$36,259,121 as of fiscal year end 2024, for an overall net increase of \$3,219,429 (10%) compared with the prior year.

In addition to presenting assets, liabilities, and net position, this statement also has separate sections for deferred outflows/inflows of resources. These sections represent, respectively, the consumption/acquisition of net assets that applies to future periods and will not be recognized as an expense/revenue until then.

The District's net position is comprised of the net investment in capital assets (e.g., land, water infrastructure, and equipment) of \$13,135,542 (36%), unrestricted net position of \$12,648,248 (35%), and restricted net position of \$10,475,331 (29%). The net investment in capital assets increased by 7% (\$807,132) over the prior year and is used by the District to provide services to citizens and its customers; consequently, these assets are not available for future spending. An unrestricted net position may be used to meet the District's ongoing obligations. As of June 30, 2024, the District shows that unrestricted net position improved by \$403,423 (3%) over the prior year. The remaining 29% of the District's net position (\$10,475,331) is externally restricted by state law, which is an increase of \$2,008,874 (24%) over the prior year. See Note 4 on pages 23-24 for additional information about restricted assets

Table 1
Condensed Statements of Net Position
June 30, 2024 and 2023
(in thousands)

	<u>2024</u>	<u>2023</u>	<u>Dollar Change</u>	<u>Percent Change</u>
ASSETS				
Current Assets	\$ 13,420	\$ 13,898	\$ (478)	-3%
Noncurrent Assets	21,723	20,334	1,389	7%
Capital Assets, Net of Depreciation	<u>13,434</u>	<u>12,907</u>	<u>527</u>	<u>4%</u>
Total Assets	<u>48,577</u>	<u>47,139</u>	<u>1,438</u>	<u>3%</u>
DEFERRED OUTFLOWS OF RESOURCES				
	<u>2,672</u>	<u>2,769</u>	<u>(97)</u>	<u>-4%</u>
LIABILITIES				
Current Liabilities	1,480	1,630	(150)	-9%
Noncurrent Liabilities	<u>11,767</u>	<u>12,848</u>	<u>(1,081)</u>	<u>-8%</u>
Total Liabilities	<u>13,247</u>	<u>14,478</u>	<u>(1,231)</u>	<u>-9%</u>
DEFERRED INFLOWS OF RESOURCES				
	<u>1,743</u>	<u>2,390</u>	<u>(647)</u>	<u>-27%</u>
NET POSITION				
Net Investment in Capital Assets	13,136	12,328	808	7%
Restricted	10,475	8,466	2,009	24%
Unrestricted	<u>12,648</u>	<u>12,246</u>	<u>402</u>	<u>3%</u>
Total Net Position	<u>\$ 36,259</u>	<u>\$ 33,040</u>	<u>\$ 3,219</u>	<u>10%</u>

Table 2
Condensed Statements of Revenues, Expenses, and Changes in Net Position
Years Ended June 30, 2024 and 2023
(in thousands)

	<u>2024</u>	<u>2023</u>	<u>Dollar Change</u>	<u>Percent Change</u>
OPERATING REVENUES				
Water Sales	\$ 2,635	\$ 1,659	\$ 976	59%
Other Operating Revenues	88	70	18	26%
Total Operating Revenues	<u>2,723</u>	<u>1,729</u>	<u>994</u>	<u>57%</u>
NONOPERATING REVENUES				
Taxes and Assessments	11,628	10,970	658	6%
Benefit Assessments	106	113	(7)	-6%
Other Nonoperating Revenues	1,227	1,303	(76)	-6%
Total Nonoperating Revenues	<u>12,961</u>	<u>12,386</u>	<u>575</u>	<u>5%</u>
TOTAL REVENUES	<u>15,684</u>	<u>14,115</u>	<u>1,569</u>	<u>11%</u>
EXPENSES				
Depreciation Expense	1,038	1,007	31	3%
Other Operating Expenses	10,962	11,448	(486)	-4%
Nonoperating Expenses	465	66	399	605%
TOTAL EXPENSES	12,465	12,521	(56)	0%
Change in Net Position	3,219	1,594	1,625	102%
Net Position - Beginning	<u>33,040</u>	<u>31,446</u>	<u>1,594</u>	<u>5%</u>
Net Position - Ending	<u>\$ 36,259</u>	<u>\$ 33,040</u>	<u>\$ 3,219</u>	<u>10%</u>

Revenues, Expenses, and Changes in Net Position. Various revenue streams, expense categories, any special items, and their resulting effect on the net position are identified in the Condensed Statements of Revenues, Expenses, and Changes in Net Position (Table 2). During the year, revenues exceeded expenses by \$3,219,429, which resulted in an increase to net position by the same amount.

During the fiscal year, the District's total revenues were \$15,684,049 and only 17% of that revenue was attributable to the operating revenues of water sales and services whereas nonoperating revenues composed of taxes, assessments, and other nonoperating revenue, mostly comprised of interest earnings, brought in 83% of revenue. During the prior fiscal year, total revenues were \$14,115,419 of which 12% was attributable to water sales and services and 79% pertained to nonoperating revenues of taxes and assessments, and 9% for other nonoperating revenue composed of interest earnings and the resale of excess natural gas. During fiscal year 2023-24, revenue from M&I water increased by 20% while revenue from Ag water sales increased by 47%.

The District's total expenses were \$12,464,620 and 70% of expenses pertained to operating expenses associated with source of supply, pumping, and transmission and distribution. Pumping costs increased significantly by \$1,168,853 (135%) over the prior year due to the increase in natural gas needed to import and distribute the increased water supply that was allocated at 100% near the end of fiscal year 2022-23. Despite the significant increase in pumping costs, the District experienced a net decrease in operating expenses of \$455,498 (4%) over the prior year, due to significant decreases in state water payment charges, bond issuance costs, repairs and maintenance expenses, and electricity costs

To establish more stable energy prices, the District commits to advance purchases of natural gas. When the District receives water allocations that are much lower than forecasted and it is unable to import the forecasted amount of water, excess quantities of natural gas become available for resale to the supplier. In fiscal year 2023-24, there were no excess quantities of natural gas available for resale. In the prior year, natural gas resale revenue made up \$729,476 of other nonoperating revenue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of June 30, 2024, the District had invested \$37,763,183 in a broad range of capital assets (Table 3). This amount represents a net increase (i.e., additions less deductions) of \$1,473,142 or 4% compared with last year due to water system improvements, various capital improvement projects in process, and vehicle and equipment acquisitions during the year. Accumulated depreciation increased 4% due to these improvements. The District's capital assets are 67% depreciated. Per the District's capitalization policy, assets with a value exceeding \$5,000 are capitalized. See Note 3 on page 23 for more detailed information on capital asset activity.

**Table 3
Capital Assets
June 30, 2024 and 2023
(in thousands)**

	<u>2024</u>	<u>2023</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Land	\$ 931	\$ 931	\$ -	0%
Construction in Progress	350	354	(4)	-1%
Water System Improvements	31,455	30,459	996	3%
General Office, Shop, and Equipment	4,807	4,326	481	11%
Flood Control Facilities	220	220	-	0%
Total Capital Assets	37,763	36,290	1,473	4%
Less Accumulated Depreciation	(24,329)	(23,383)	(946)	-4%
Net Capital Assets	<u>\$ 13,434</u>	<u>\$ 12,907</u>	<u>\$ 527</u>	<u>4%</u>

Long-Term Liabilities. At the end of the current fiscal year, the District had total long-term liabilities of \$11,766,755, a decrease of 8% compared to the prior year (Table 4). This amount includes outstanding principal balances for the 2023 Revenue Certificates of Participation and long-term liabilities for compensated absences and pension. The OPEB liability became an asset over the prior year due to it becoming overfunded per the most recent actuarial valuation. More detailed information pertaining to long-term liabilities can be found at Note 5 on pages 24-25.

Table 4
Long-Term Liabilities June 30, 2024 and 2023
(in thousands)

	<u>2024</u>	<u>2023</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Compensated Absences	\$ 126	\$ 124	\$ 2	2%
Net OPEB Liability	(95)	34	(129)	-379%
Net Pension Liability	805	1,248	(443)	-35%
2023 Certificates of Participation	11,487	12,062	(575)	-5%
2015 Installment Agreement	-	326	(326)	-100%
Total Long-Term Liabilities	<u>\$ 12,323</u>	<u>\$ 13,794</u>	<u>\$ (1,471)</u>	<u>-11%</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- Assessed valuations of the Tehachapi-Cummings County Water District will increase by approximately 0.5% in fiscal year 2024-25. A stable or growing tax base is extremely important for the District, as approximately 75% of the District's total revenue in 2023-24 was from property taxes and assessments, which are directly linked to assessed valuations.
- The 2024-25 tax rate reflects balanced State Water Project obligations, revenues, and expenditures. The amount required to be collected from the tax levy will decrease slightly from the current fiscal year (from 0.053732% to 0.053148%) due to reserve balances.
- The Department of Water Resources provided a 2024 State Water Project allocation of 40%. This allocation did not allow the District to meet all its forecast demands, recharge obligations, and goals (e.g., importing 10,000 AF/ year).
- Imported water sales (Ag and M&I) are forecast to increase in fiscal year 2024-25 by 11%.
- The District increased banked water supplies on its own account by 3,703 AF in calendar 2023. The District will continue water banking on its own account.
- As of January 1, 2017, all term M&I customers are required to bank water and execute the necessary contracts.
- The District has a contract with California Correctional Institution (CCI) to purchase high-quality disinfected tertiary recycled water. This recycled water, under a permit with the State to distribute it, is sold for golf course irrigation and for non-food crop agricultural irrigation.
- Investment earnings are projected to be slightly lower into fiscal year 2024-25 than the fiscal year just ended due to expected interest rate reductions that will lower the District's average yield as proceeds from higher yielding investments that mature during the period are invested in securities with lower yields
- At June 30, 2024, the weighted yield to maturity for the District's 34 securities was 4.81%. Yields for the District's pooled fund investments consisted of California Asset Management Program (CAMP) at 5.44% 30-day net yield, the Kern County Treasury Pool at 3.46% net annualized yield, and the Local Agency Investment Fund (LAIF) at 4.48% average monthly effective yield. In the prior year, yields for the Kern County Treasury Pool were 2.65% and 3.17% with LAIF.
- Employee benefit costs account for 36% of total salaries and benefits in the adopted 2024-25 budget.

- Currently, staff is comprised of 21 full-time employees plus 1 to 3 temporary, full-time summer helpers.
- The District sold \$10,925,000 in municipal bonds in 2023 to fund the replacement of eight engines at Pumping Plants 2 and 3. The repayment term was 15 years. During fiscal year 2023-24, work on the project began.
- The District has met its goal of purchasing its supply of natural gas at a price of \$5/MMBtu or less over the past eleven pumping seasons. The District has contracted for nearly half of its natural gas needs through 2025 at a rate of \$3.43/MMBtu.
- The District is working toward contracting for the preparation of a Cost-of-Service, Rate, and Fee Study. The study will review District expenses, including increased natural gas costs and debt service for the new bonds. If the study is completed in fiscal year 2024-25, and if rate increases are indicated, the required Proposition 218 protest elections will be held.
- The District's pressure zone water rates were developed in 2010 to generate revenues that closely matched costs to reduce operating losses in the general reserve. During fiscal year 2024-25, the District will be performing a water rate study to determine if a water rate change is necessary to keep up with rising costs.
- The adopted 2024-25 budget includes a reserves policy, which sets forth reserve targets and an approach to accumulating those reserves over time. As of June 30, 2024, all of the interim or full reserve targets had been satisfied except for the three flood control improvement districts.
- As in prior years, the District will not establish a budget for depreciation expense.

All of these factors were considered in preparing the Tehachapi-Cummings County Water District's budget for the 2024-25 fiscal year. The final budget for 2024-25 fiscal year was approved by the District's Board of Directors on August 21, 2024.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, creditors, and other interested parties with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Office in-person at 22901 Banducci Road, Tehachapi, California 93561, by mail at P.O. Box 326, Tehachapi, CA 93581, or by email at tccwd@tccwd.com.

BASIC FINANCIAL STATEMENTS

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024**

ASSETS

Current Assets:

Cash and Cash Equivalents	\$ 12,471,749
Accounts Receivable	727,201
Accrued Interest Receivable	131,252
Prepaid Expenses	90,007
	<u>13,420,209</u>
Total Current Assets	<u>13,420,209</u>

Noncurrent Assets:

Restricted Assets:

Cash and Cash Equivalents	21,627,569
Capital Assets Not Being Depreciated:	
Land	832,021
Land Not in Use	99,355
Construction in Progress	349,538
Capital Assets, Net of Accumulated Depreciation	12,153,206
Net OPEB Asset	94,738
	<u>35,156,427</u>

Total Noncurrent Assets

35,156,427

Total Assets

48,576,636

DEFERRED OUTFLOWS OF RESOURCES

Deferred Outflows Related to Pensions	<u>2,672,085</u>
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LIABILITIES

Current Liabilities:

Accounts Payable	692,929
Accrued Wages Payable	85,315
Interest Payable	43,438
Customer Deposits	7,131
Current Portion of Long-Term Debt	651,269
	<u>1,480,082</u>

Total Current Liabilities

1,480,082

Noncurrent Liabilities:

Compensated Absences Payable	80,764
Bonds Payable, Less Current Portion	10,880,921
Net Pension Liability	805,070
	<u>11,766,755</u>

Total Noncurrent Liabilities

11,766,755

Total Liabilities

13,246,837

DEFERRED INFLOWS OF RESOURCES

Deferred Inflows Related to Pensions	<u>1,742,763</u>
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NET POSITION

Net Investment in Capital Assets	13,135,542
Restricted For:	
Debt Repayment	8,960,153
Flood Control	1,420,440
Employee Benefits	94,738
Unrestricted	12,648,248
	<u>12,648,248</u>
Total Net Position	<u>\$ 36,259,121</u>

The accompanying notes are an integral part of this statement.

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

OPERATING REVENUES	
Water Sales	\$ 2,634,729
Water Services	<u>88,168</u>
Total Operating Revenues	<u>2,722,897</u>
OPERATING EXPENSES	
Source of Supply	3,269,000
Pumping	4,428,553
Transmission and Distribution	997,486
General and Administrative	2,266,760
Depreciation	<u>1,037,971</u>
Total Operating Expenses	<u>11,999,770</u>
Operating Loss	<u>(9,276,873)</u>
NONOPERATING REVENUES (EXPENSES)	
Taxes and Assessments	11,628,109
Benefit Assessments	105,871
Interest and Penalties	1,103,560
Interest Expense	(464,850)
Gain on Sale of Capital Assets	17,500
Other Revenues	<u>106,112</u>
Total Nonoperating Revenues (Expenses)	<u>12,496,302</u>
Change in Net Position	3,219,429
Net Position - Beginning of Year	<u>33,039,692</u>
Net Position - End of Year	<u><u>\$ 36,259,121</u></u>

The accompanying notes are an integral part of this statement.

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

Cash Flows from Operating Activities	
Cash Received from Customers	\$ 2,246,475
Cash Payments to Employees for Services	(4,072,117)
Cash Payments to Suppliers for Goods and Services	<u>(7,869,945)</u>
Net Cash Used by Operating Activities	<u>(9,695,587)</u>
Cash Flows from Non-Capital Financing Activities	
Receipts from Property Taxes and Assessments	<u>11,761,450</u>
Net Cash Provided by Non-Capital Financing Activities	<u>11,761,450</u>
Cash Flows from Capital and Related Financing Activities	
Payments for Purchase and Construction of Property and Equipment	(1,564,820)
Proceeds from Sale of Capital Assets	17,500
Payment on Long-Term Debt	(901,703)
Interest Paid on Long-Term Debt	<u>(465,415)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(2,914,438)</u>
Cash Flows from Investing Activities	
Investment Gains	<u>1,218,641</u>
Net Cash Provided by Investing Activities	<u>1,218,641</u>
Net Increase in Cash and Cash Equivalents	370,066
Cash and Cash Equivalents - Beginning of Year	<u>33,729,252</u>
Cash and Cash Equivalents - End of Year	<u>\$ 34,099,318</u>
Cash and Cash Equivalents as Reported in the Statement of Net Position	
Unrestricted Cash and Cash Equivalents	\$ 12,471,749
Restricted Cash and Cash Equivalents	<u>21,627,569</u>
Total Cash and Cash Equivalents	<u>\$ 34,099,318</u>

The accompanying notes are an integral part of this statement.

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
STATEMENTS OF CASH FLOWS (Continued)
FOR THE YEAR ENDED JUNE 30, 2024**

Reconciliation of Operating Loss to Net Cash

Used by Operating Activities:

Operating Loss	\$ (9,276,873)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Depreciation	1,037,971
Changes in Operating Assets and Liabilities:	
(Increase) in Accounts Receivable - Water Customers	(477,781)
Decrease in Other Receivables	1,559
(Increase) in Prepaid Expenses and Refundable Deposits	(5,990)
Increase in Accounts Payable	127,618
Increase in Accrued Wages Payables	18,123
(Decrease) in Customer Deposits	(200)
Increase in Compensated Absences Payable	2,224
(Decrease) in Net OPEB Liability	(128,607)
(Decrease) in Net Pension Liability and Related Deferred Inflows/Outflows	<u>(993,631)</u>
 Net Cash Used by Operating Activities	 <u><u>\$ (9,695,587)</u></u>

The accompanying notes are an integral part of this statement.

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Tehachapi-Cummings County Water District (the District) was established by local election held within the boundaries of the proposed District on February 16, 1965, and by resolution of the Kern County (the County) Board of Supervisors in accordance with the provisions of the County Water District Law, Division 12, Section 30000 et seq. of the Water Code of the State of California. The District is a successor to the Tehachapi-Cummings Water Conservation District and by motion of the Board of Directors all of its existing assets, liabilities, and equities were transferred to the newly formed District effective April 15, 1965. The District is governed by a Board of Directors comprised of five members who are voters within the District.

The District was formed to provide for the organization and management of water works by the acquisition or construction of water facilities for distribution and sale of water. The District's area is approximately 266,000 acres.

The accompanying financial statements present the District and its component units, entities for which the District is considered to be financially accountable. Currently, the District has no such component units to report.

B. Financial Reporting

The District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. GASB Statement No. 34, as amended, established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components – net investment in capital assets, restricted, and unrestricted. These classifications, as stated in GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, which was implemented by the District in the 2012-13 fiscal year, are defined as follows:

Net Investment in Capital Assets: This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position components as the unspent proceeds.

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

Unrestricted: This component of net position consists of the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting

The District utilizes accounting for enterprise entities that account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operations. The principal operating revenues of the District are charges for water sales. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred regardless of the timing of cash payments or receipts.

E. Basis of Presentation

The District's basic financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting* and conform to accounting principles generally accepted in the United States of America.

When both restricted and unrestricted resources are available for use, it is the District's practice to first expend restricted resources, subsequently utilizing unrestricted resources as needed.

F. Accounts Receivable

The District provides for probable uncollectible amounts in accounts receivable through a charge to earnings and a credit to a valuation allowance based on its assessments of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Changes in the valuation allowance have not been material to the financial statements.

G. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents consumption of net assets that applies to future period(s) and so will not be recognized as an outflow of resources (expense) until then. The District reports deferred outflows related to the pension and other postemployment benefit (OPEB) contributions in accordance with GASB Statements No. 68 and No. 75.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item, which is a result of the District's implementation of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, that qualifies for reporting in this category.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Use of 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 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.

I. Capital Assets

Capital assets are stated at cost and are being depreciated over their estimated useful lives, ranging from 5 to 50 years. The District uses a capitalization threshold of \$5,000. Donated capital assets received prior to the implementation of GASB Statement No. 72 were recorded at fair value on the date of donation. Donated capital assets received subsequent to the implementation of GASB Statement No. 72 are recorded at acquisition value as of the date received. Depreciation of capital assets is computed principally on the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings	40-50
Wells, Pipelines, and Other Delivery Infrastructure	20-75
Transportation Equipment	7-15
Office Equipment	5-10

Maintenance and repairs of capital assets are charged to operations and major improvements are capitalized. Upon retirement, sale, or other disposition of capital assets, the cost and accumulated depreciation are eliminated from the accounts and a gain or loss is included in operations.

J. Flood Control Improvement Districts No. 2 and No. 3, and Assessment Zone No. 1

These three special improvement districts are maintained separate from other activities of the District, although falling within its jurisdiction. The District is responsible for the maintenance of the three flood control districts, which impose a separate tax on property within their boundaries for maintenance of facilities. As special improvement districts, no depreciation of capital assets is recognized.

K. Compensated Absences

Accumulated unpaid employee vacation and sick leave benefits are accrued by the District. The total accumulated vacation and sick leave benefits included in these financial statements as compensated absences payable amounted to \$126,193 at June 30, 2024.

L. Taxes Receivable and Allowance for Delinquent Taxes

Unapportioned taxes in the County Treasury at year-end are recorded as current assets of the District. Delinquent taxes for the current year are only recognized as assets and are offset by an allowance of equal amount, having the effect of a zero balance for delinquent taxes receivable.

M. Inventory of Water in Storage

Water in the District's reservoir facility at June 30, 2024, measured approximately 1,057 acre-feet. Of this amount, 450 acre-feet is considered a minimum pool for emergency reserve. The remaining 607 acre-feet in storage on June 30, 2024, is for the purpose of agricultural peaking when the demand is greater than the system pumping capacity. The value of this water is not recorded as an asset of the District; said policy is consistent with prior years.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Property Taxes

Under California law, property taxes are assessed and collected by counties for up to 1 percent of assessed value, plus other increases as approved by affected voters. Property tax revenues are pooled and then allocated based on assessed valuation. Property taxes on the second rolls are payable in two installments, November 1 and February 1. Property tax payments become delinquent after December 10 and April 10, respectively.

Property taxes are assessed and collected each fiscal year according to the following property tax calendar:

Lien Date	January 1	
Levy Date	July 1 to June 30	
Due Date	November 1	- 1st Installment
	February 1	- 2nd Installment
Delinquent Date	December 10	- 1st Installment
	April 10	- 2nd Installment

O. Cash and Cash Equivalents

For purposes of reporting cash flows, the District considers highly liquid investments (including restricted assets) with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents also include cash on hand and amounts deposited with banks, the County Treasurer’s office, the Local Agency Investment Fund (LAIF), and California Asset Management Program (CAMP).

P. Investments

Investments are reported in the accompanying statement of net position at fair value.

Q. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District’s California Public Employees’ Retirement System (CalPERS) plan (Plan) 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.

R. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, accounting principles generally accepted in the United States of America 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, 2023
Measurement Date	June 30, 2024
Measurement Period	July 1, 2023 to June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Accounting Changes

Implemented Standards – During the fiscal year ended June 30, 2024, the District has implemented the following new GASB pronouncements:

GASB Statement No. 100 – *Accounting Changes and Error Corrections—an Amendment of GASB Statement No. 62*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. For fiscal years beginning after June 15, 2023, and all reporting periods thereafter. The District has implemented this statement where applicable.

Future Accounting Pronouncements – Recently released standards by GASB affecting future fiscal years are as follows:

GASB Statement No. 101 – *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. The District will implement this statement when and where applicable

GASB Statement No. 102 – *Certain Risk Disclosures*. The objective of this statement is to provide users of government financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints. The statement is effective for periods beginning after June 15, 2024. The District will implement this statement when and where applicable.

GASB Statement No. 103 – *Financial Reporting Model*. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The District will implement this statement when and where applicable.

GASB Statement No. 104 – *Disclosure of Certain Capital Assets*. The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The District will implement this statement when and where applicable.

NOTE 2 – CASH AND INVESTMENTS

Cash and Investments as of June 30, 2024, are classified in the accompanying financial statements as follows:

Current Assets - Cash and Cash Equivalents	\$ 12,471,749
Noncurrent Assets - Restricted Cash and Cash Equivalents	<u>21,627,569</u>
Total Cash and Cash Equivalents	<u>\$ 34,099,318</u>

NOTE 2 – CASH AND INVESTMENTS (Continued)

Cash and Investments as of June 30, 2024, consist of the following:

Petty Cash	\$ 500
Deposits with Financial Institutions	1,266,225
Investments	<u>32,832,593</u>
Total Cash and Investments	<u>\$ 34,099,318</u>

Investments Authorized by the District’s Investment Policy

The District’s investment policy authorizes investment of funds using several of the investment instruments permitted by California Government Code Sections 53600 et seq. The investment policy does not address investment of debt proceeds held by bond trustee that are governed by the provisions of debt agreements.

Disclosures Relating to Interest Rate Risk and Credit 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 limiting the maximum maturity of any one security to five years, structuring the portfolio based on historic and current cash flow analyses to eliminate the need to sell securities prior to maturity, and avoiding the purchase of long-term securities for the sole purpose of short-term speculation.

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. The District does not have a formal policy regarding credit risk. The County Investment Pool, LAIF, and CAMP are not rated. Federal Agency Securities held by the District have an AA+ rating and money market funds have an A+ rating. Ratings are from S&P Global Ratings (S&P).

As of June 30, 2024, the District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities		
		Less than 1 Year	1 Year to 5 Years	6 Years to 10 Years
Kern County Investment Pool	\$ 90,186	\$ 90,186	\$ -	\$ -
Local Agency Investment Fund (LAIF)	10,294	10,294	-	-
California Asset Management Program (CAMP)	4,203,512	4,203,512	-	-
U.S. Government Issues	16,784,120	2,236,995	14,547,125	-
Investments Held by Bond Trustee: Money Market Mutual Funds	<u>11,744,481</u>	<u>11,744,481</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 32,832,593</u>	<u>\$ 18,285,468</u>	<u>\$ 14,547,125</u>	<u>\$ -</u>

Concentration of Credit Risk

The investment policy of the District contains no limitation on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. As of year-end, the District had no investments in any one issuer (other than U.S. Treasury Securities, mutual funds, and external investments pools) that represent 5% or more of total District investments.

NOTE 2 – CASH AND INVESTMENTS (Continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

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

As of June 30, 2024, the District had \$1,158,498 on deposit with financial institutions in excess of federal depository insurance limits, held in uncollateralized accounts.

Fair Value of Investments

Investment Type	Quoted Prices (Level 1)	Observable Inputs (Level 2)	Total
U.S. Treasury Notes	\$ 5,041,859	\$ -	\$ 5,041,859
Federal Agency Securities	-	11,742,261	11,742,261
Total	\$ 5,041,859	\$ 11,742,261	\$ 16,784,120
Other investments			
Kern County Investment Pool			\$ 90,186
Money market mutual funds			11,744,481
LAIF			10,294
CAMP			4,203,512
			\$ 32,832,593

The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The District's fair value measurements are as follows:

Investment in State Investment Pool

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

NOTE 2 – CASH AND INVESTMENTS (Continued)

Fair Value of Investments (Continued)

Investment in CAMP Pool

The District invests in CAMP's short-term cash reserve money market portfolio and cash management vehicle managed to maintain a dollar-weighted average portfolio maturity of sixty days or less and seeks to maintain a constant net asset value of one dollar per share. CAMP invests in obligations of the U.S. Government and its agencies, high quality, short-term debt obligations of U.S. companies and financial institutions and is AAAM rated by S&P.

Investment In County Pool

Cash funds deposited with the County Treasurer's office are in a pooled money fund. The County Investment Pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by California Government Code Section 27143. Pooled funds may be invested in: (1) direct obligations of the United States government to the payment of which the full faith and credit of the United States government is pledged, (2) certificates of deposit at savings and loan associations and federally insured banks when secured by acceptable collateral, and (3) savings accounts at savings and loan associations and banks, to the extent fully insured.

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 the County for the entire County portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County, which are recorded on an amortized cost basis.

NOTE 3 – CAPITAL ASSETS

Presented in the following table is the District's capital asset activity for the 2023-24 fiscal year:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 832,021	\$ -	\$ -	\$ 832,021
Land Not in Use	99,355	-	-	99,355
Construction in Progress	354,168	728,029	(732,657)	349,540
	<u>1,285,544</u>	<u>728,029</u>	<u>(732,657)</u>	<u>1,280,916</u>
Total Capital Assets, Not Being Depreciated				
Capital Assets, Being Depreciated				
Pumping Plants	13,396,287	625,089	-	14,021,376
Mainline Pipeline	4,293,120	-	-	4,293,120
Dams and Reservoir	2,119,082	7,163	-	2,126,245
Transmission and Distribution System	1,849,609	76,226	-	1,925,835
General Office, Shop, and Equipment	4,325,814	573,349	(91,676)	4,807,487
Emissions Reduction	5,476,360	-	-	5,476,360
Water Reclamation	388,990	-	-	388,990
Groundwater Recharge and Recovery	2,934,811	287,621	-	3,222,432
Flood Control Facilities	220,424	-	-	220,424
	<u>35,004,497</u>	<u>1,569,448</u>	<u>(91,676)</u>	<u>36,482,269</u>
Total Capital Assets, Being Depreciated				
Less Accumulated Depreciation				
Pumping Plants	(8,353,340)	(607,202)	-	(8,960,542)
Mainline Pipeline	(2,803,183)	(57,241)	-	(2,860,424)
Dams and Reservoir	(1,005,037)	(28,192)	-	(1,033,229)
Transmission and Distribution System	(1,368,940)	(28,845)	-	(1,397,785)
General Office, Shop, and Equipment	(2,730,828)	(214,975)	91,676	(2,854,127)
Emissions Reduction	(5,476,360)	-	-	(5,476,360)
Water Reclamation	(93,359)	(7,780)	-	(101,139)
Groundwater Recharge and Recovery	(1,545,143)	(93,736)	-	(1,638,879)
Flood Control Facilities	(6,580)	-	-	(6,580)
	<u>(23,382,770)</u>	<u>(1,037,971)</u>	<u>91,676</u>	<u>(24,329,065)</u>
Total Accumulated Depreciation				
Net Capital Assets, Depreciated	<u>11,621,727</u>	<u>531,477</u>	<u>-</u>	<u>12,153,204</u>
Net Capital Assets, Depreciated				
Total Capital Assets	<u>\$ 12,907,271</u>	<u>\$ 1,259,506</u>	<u>\$ (732,657)</u>	<u>\$ 13,434,120</u>

NOTE 4 – RESTRICTED ASSETS

Water Payment Fund Reserves: This cash is restricted by tax assessment for payment of the District's obligations to the Kern County Water Agency for the District's share of State Water Project costs pursuant to contracts for agricultural water and municipal & industrial water.

Improvement District No. 2 Reserves: This cash is restricted by tax assessment for flood control maintenance, operations, and capital improvements within the boundaries of Flood Control Improvement District No. 2.

Improvement District No. 3 Reserves: This cash is restricted by tax assessment for flood control maintenance, operations, and capital improvements within the boundaries of Flood Control Improvement District No. 3.

Assessment Zone No. 1 Reserves: This cash is restricted by tax assessment for flood control maintenance, operations, and capital improvements within the boundaries of Assessment Zone No. 1.

NOTE 4 – RESTRICTED ASSETS (Continued)

2023 Certificates of Participation (COPS) Reserves: This cash is restricted by trust agreement and held with a fiscal agent to pay for the costs of the 2023 Engine Project or to reimburse the District for previous costs expended in the acquisition or construction of the project, including any incidental expenses. The balance also includes interest earnings received from the investment of the unspent project proceeds.

Cash is restricted at June 30, 2024, as follows:

Water Payment Reserves	\$ 8,525,904
Improvement Districts	209,453
Assessment Zone #1	1,172,116
Cash with Fiscal Agent	<u>11,720,096</u>
Total	<u>\$ 21,627,569</u>

NOTE 5 – LONG-TERM LIABILITIES

The following summarizes changes in long-term liabilities for the year ended June 30, 2024:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated Absences	\$ 123,969	\$ 87,668	\$ (85,444)	\$ 126,193	\$ 45,429
Net OPEB Liability (Asset)	33,869	-	(128,607)	(94,738)	-
Net Pension Liability	1,248,141	-	(443,071)	805,070	-
2023 Revenue Certificates of Participation	10,925,000	-	(500,000)	10,425,000	530,000
Unamortized Premium	1,137,601	-	(75,840)	1,061,761	75,840
Direct Borrowing:					
2015 Installment Agreement	<u>325,863</u>	<u>-</u>	<u>(325,863)</u>	<u>-</u>	<u>-</u>
Total Long-Term Liabilities	<u>\$ 13,794,443</u>	<u>\$ 87,668</u>	<u>\$ (1,558,825)</u>	<u>\$ 12,323,286</u>	<u>\$ 651,269</u>

2015 Installment Agreement

As of April 1, 2015, the District entered into an installment purchase agreement with Umpqua Bank (Bank) to finance certain improvements to the District's water system (project). The Bank agreed to provide project funds up to \$7,000,000, of which the District received \$5,780,810 at project completion. Installment payments include principal and interest at 2.51% per annum. Amounts borrowed are secured by net revenues received by the District from ownership and operation of the water system. The District paid off this debt as of June 30, 2024.

2023 Revenue Certificates of Participation

In June of 2023, the District issued \$10,925,000 in 2023 Revenue Certificates of Participation (Certificates or COPs) to finance certain capital improvements to the District's water system. The Certificates are payable from Series 2023 installment payments payable by the District pursuant to an Installment Purchase Agreement dated as of June 1, 2023. The obligation of the District to make installment payments is a special obligation of the District payable solely from net revenues, consisting of revenues of the District's water system remaining after payment of operation and maintenance costs.

Interest due with respect to the Certificates (5%) is payable on June 1 and December 1 of each year, commencing on December 1, 2023. 100% of the water system revenues are pledged to repayment of the bonds and approximate \$3 million per year. For the 2023-24 fiscal year, system net revenues after transfers, if any, were \$3,491,513. As of June 30, 2024, the amount outstanding is \$10,425,000. The installment purchase agreement contains a provision that, in an event of default, outstanding amounts may become immediately due and payable.

NOTE 5 – LONG-TERM LIABILITIES (Continued)

The future debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Total
2025	\$ 530,000	\$ 521,250	\$ 1,051,250
2026	560,000	494,750	1,054,750
2027	585,000	466,750	1,051,750
2028	615,000	437,500	1,052,500
2029	645,000	406,750	1,051,750
2030-2034	3,755,000	1,515,000	5,270,000
2035-2038	3,735,000	478,500	4,213,500
	<u>\$ 10,425,000</u>	<u>\$ 4,320,500</u>	<u>\$ 14,745,500</u>

NOTE 6 – 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 Employee Pension Plan, a Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a miscellaneous risk pool. Plan assets may be used to pay benefits for any employer rate plan of the miscellaneous pool. Accordingly, rate plans within the miscellaneous pool are not separate plans under GASB Statement No. 68.

Individual employers may sponsor more than one rate plan in the miscellaneous pool. The District sponsors two rate plans. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website at www.calpers.ca.gov.

Benefits Provided

The Plan is a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS. A full description of the pension plan benefit provisions, assumptions for funding purposes but not accounting purposes, and membership information is listed in the June 30, 2022 Annual Actuarial Valuation Report. Details of the benefits provided can be obtained in Appendix B of the June 30, 2022 Actuarial Valuation Report. This report is a publicly available valuation report that can be obtained at CalPERS' website at www.calpers.ca.gov under Forms and Publications. The rate plan provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit Formula	2% @ 60	2% @ 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50	50
Monthly Benefits, as a Percentage of Eligible Compensation	2%	2%
Required Employee Contribution Rates	6.93%	7.00%
Required Employer Contribution Rates	9.44% + \$265,523	7.56% + \$6,839

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan (Continued)

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The District pays the required employee contribution on behalf of the employees.

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability. The dollar amounts are billed on a monthly basis. The District's required contribution for the unfunded liability was \$272,362 in fiscal year 2024. The District's contributions to the Plan for the year ended June 30, 2024, were \$645,268.

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

As of June 30, 2024, the District reported a liability of \$805,070 for its proportionate share of the net pension liability. The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2023, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022, rolled forward to June 30, 2023, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

The District's proportionate share of the net pension liability as of June 30, 2024 and 2023, was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2023	0.02667%
Proportion - June 30, 2024	<u>0.01610%</u>
Change - Increase (Decrease)	-0.01057%

For the year ended June 30, 2024, the District recognized pension expense of \$322,170. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)**Pension Liabilities, Pension Expenses, and Deferred Outflows/Inflows of Resources Related to Pensions** (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension Contributions Subsequent to Measurement Date	\$ 1,315,801	\$ -
Differences between Actual and Expected Experience	41,127	6,380
Changes in Assumptions	48,606	-
Change in Employer's Proportion	11,590	1,709,018
Differences Between the Employer's Contributions and Proportionate Share of Contributions	1,124,613	27,365
Net Differences between Projected and Actual Earnings on Plan Investments	<u>130,348</u>	<u>-</u>
Total	<u>\$ 2,672,085</u>	<u>\$ 1,742,763</u>

\$1,315,801 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30,</u>	
2025	\$ (242,151)
2026	(184,074)
2027	36,005
2028	<u>3,741</u>
Total	<u>\$ (386,479)</u>

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

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

Actuarial Assumptions

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

	<u>Miscellaneous</u>
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Actuarial Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by entry age and service
Mortality(1)	Derived using CalPERS' Membership Data for all Funds
Post-Retirement Benefit Increase	Contract Cost of Living Adjustment (COLA) or 2.3% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.3% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Morality to capture ongoing morality improvement probabilities of morality improvement using 80% of Scale MP 2020 published by the Society of Actuaries. For more details, please refer to the *2021 CalPERS Experience Study and Review of Actuarial Assumptions* report from November 2021 that can be found on the CalPERS website.

Long-Term Expected Rate of Return

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses for 10 basis points.

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

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

Long-Term Expected Rate of Return (Continued)

The expected real rates of return by asset class are as follows:

<u>Asset Class(1)</u>	<u>New Strategic Allocation</u>	<u>Real Return (1,2)</u>
Global Equity - Cap-Weighted	30%	4.54%
Global Equity - Non-Cap-Weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-Backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
	<u>100%</u>	

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

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

Discount Rate

The discount rate used to measure the total pension liability for PERF C was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the 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 for the Plan, calculated using the discount rate for the Plan, 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:

	<u>Miscellaneous</u>
1% Decrease	5.90%
Net Pension Liability	\$ 2,745,709
Current Discount Rate	6.90%
Net Pension Liability	\$ 805,070
1% Increase	7.90%
Net Pension Liability	\$ (792,242)

NOTE 6 – DEFINED BENEFIT PENSION PLAN (Continued)

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

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS’ financial reports and can be found at the CalPERS’ website at www.calpers.ca.gov.

Payable to the Pension Plan

At June 30, 2024, the District reported no payables for the year ended June 30, 2024.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information about the OPEB Plan

Plan Description

The District has established a Retiree Healthcare Plan (HC Plan) and participates in an agent multiple-employer defined benefit retiree healthcare plan. A separate financial report is prepared for the HC Plan.

Benefits Provided

The HC Plan provides full-time employees who retire directly from the District, at a minimum age of 50 with a minimum of twenty-five years of service, a 50% cash subsidy for monthly medical insurance premiums for employee-only coverage. Payments cease at age 65 when the retiree is eligible for Medicare. Employees who retire directly from the District at a minimum age of 50 with a minimum of twenty-five years of full-time service are eligible to continue medical coverage as a participant with active employees at a blended premium rate until eligible for Medicare at age 65 as an implied subsidy.

Employees Covered

As of the June 30, 2023, actuarial valuation, the following current and former employees were covered by the benefit terms under the HC Plan:

Retirees Currently Receiving Benefits	1
Active Employees	<u>20</u>
Total	<u><u>21</u></u>

Contributions

In December of 2011, the District created a trust account with the California Employers’ Retiree Benefit Trust (CERBT). The HC Plan and its contribution requirements are established by Board of Directors Resolution No. 21-11, Agreement and Election of TCCWD to Prefund Other Postemployment Benefits Through CalPERS, adopted December 21, 2011. The annual contribution is based on the actuarially determined contribution.

For the fiscal year ended June 30, 2024, the District’s cash contributions were \$7,743 in payments to the trust and the payments for retiree health benefits were \$7,837.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Net OPEB Liability (Asset)

The District’s net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation dated June 30, 2023, based on the following actuarial methods and assumptions:

Discount Rate	5.00%
Inflation	4.00%
Salary Increases	3.3% per annum, in aggregate
Investment Rate of Return	5.00%
Mortality Rate *	Derived using CalPERS’ Membership Data for all funds
Pre-retirement Turnover **	Derived using CalPERS’ Membership Data for all funds
Healthcare Trend Rate	4.00%

*Pre-retirement and post-retirement mortality information was derived from data collected during 2000 to 2019 in the 2021 CalPERS Experience Study. The Experience Study Reports may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

**The pre-retirement turnover information was developed based on CalPERS’ specific data. For more details, please refer to the 2021 CalPERS Experience Study. The Experience Study Report may be accessed on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

CalPERS offers three asset allocation strategies for selection by employers who contract to pre-fund their future OPEB costs through CERBT.

The asset allocation and associated expected asset return, and thus the assumed discount rate, have a considerable impact on valuation results and the magnitude of liabilities. CalPERS periodically reviews the expected asset returns and the rates used in this valuation are based on CalPERS revised guidance. The following table summarizes financial characteristics of the three strategies:

	<u>Strategy 1</u>	<u>Strategy 2</u>	<u>Strategy 3</u>
Expected 20 Year Return / Discount Rate	6.0%	5.5%	5.0%
Standard Deviation of Expected Returns	12.1%	9.9%	8.4%

All three asset allocation strategies invest to some extent in each of the six asset classes (Global Equity, Fixed Income, Global Real Estate, Treasury Inflation Protected Securities, Commodities, and Cash invested in 91-Day Treasury Bills). The portion of assets allocated to each asset class varies among the strategies, and thus, the long-term expected rate of return and level of risk of each asset allocation is different for each strategy.

The District chooses to invest in Strategy 3.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.00 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 7 – OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Net OPEB Liability (Asset) (Continued)

Changes in the Net OPEB Liability (Asset)

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at June 30, 2023	\$ 192,476	\$ 158,607	\$ 33,869
Changes in the Year:			
Service Cost	4,469	-	4,469
Interest Cost	4,101	-	4,101
Deferred Actuarial	(10,440)	-	(10,440)
Changes of Benefit Terms	(110,464)	(8,019)	(102,445)
Employer Contributions	-	15,580	(15,580)
Actual Investment Income	-	7,598	(7,598)
Benefit Payments, Including Refunds	(4,400)	(4,400)	-
Implicit Rate	(1,114)	-	(1,114)
Net Changes	(117,848)	10,759	(128,607)
Balance at June 30, 2024	\$ 74,628	\$ 169,366	\$ (94,738)

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

The following presents the net OPEB liability (asset) of the District if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for the measurement period ended June 30, 2024:

	1% Decrease	Discount Rate	1% Increase
Net OPEB Liability (Asset)	\$ (89,653)	\$ (94,738)	\$ (99,572)

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

The following presents the net OPEB liability (asset) of the District, as well as what the District's net OPEB liability (asset) would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Trend Rates	1% Increase
Net OPEB Liability (Asset)	\$ (99,208)	\$ (94,738)	\$ (89,926)

OPEB Plan Fiduciary Net Position

CERBT issues a publicly available financial report that may be obtained from CalPERS website at: <https://www.calpers.ca.gov/page/employers/benefit-programs/cerbt>.

OPEB Income and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized OPEB income of \$9,469. There were no deferred outflows or deferred inflows related to the net OPEB liability (asset) as of June 30, 2024.

NOTE 8 – RISK MANAGEMENT

The District is a member of the Association of California Water Agencies, Joint Powers Insurance Authority (JPIA). JPIA is a group of California Water Districts who have pooled funds to provide self-insurance coverage as follows:

<u>Type of Coverage</u>	<u>Limits Per Occurrence</u>	
	<u>Pooled Self-Insured</u>	<u>Excess Insurance</u>
General, Automobile, and Public Officials Liability	\$5,000,000	\$5,000,000 - 55,000,000
Property Insurance	\$10,000,000	\$ 10,000,000 - 500,000,000
Fidelity Insurance	\$100,000	\$1,000,000
Dam Failure Liability	\$4,000,000	\$4,000,000
Workers' Compensation	\$2,000,000	\$ 2,000,000 - 4,000,000
Cyber Insurance	\$3,000,000 - 5,000,000	\$3,000,000 - 5,000,000

The District is in a group that has a \$2,500 retention level (deductible) per occurrence for property damage due to theft and natural causes. Property includes buildings, personal property, fixed equipment, mobile equipment, turbines, generators, and transformers. For mechanical damage to turbines, generators, and transformers, the deductible ranges from \$25,000 to \$50,000. The deductible for dam failure is \$1,000,000. The District also carries a policy for fidelity insurance with a \$1,000 to a \$100,000 deductible. There is a \$1,000 deductible on mobile equipment and a \$500 deductible for licensed vehicles. Self-insured retention for cyber liability insurance is \$100,000. The auto and general liability program no longer has a deductible.

Claims over the retention levels are insured by the group up to the self-insurance limits and by policies purchased by JPIA from various insurance companies for the excess. JPIA bills the District a deposit premium at the beginning of each policy year, which is placed in a reserve fund to cover the self-insurance portion of any claim. Settlements and/or expenses related to claims during the year are charged against the reserve. If the balance of the reserve at the end of the year is deemed too low in relation to the outstanding claims, the District is retrospectively billed for additional premiums. When the claims are fully settled, any amounts remaining in the reserve are refunded to the District.

There have been no losses exceeding coverage limits during any of the previous three years.

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Water Supply Contract with Kern County Water Agency

The District obtained its surface water supply in accordance with certain contracts signed in December 1966 with the Kern County Water Agency (Agency), amended to its current annual amount of 19,300 acre-feet of entitlement surface water, through the year 2039, for a supply of water for agricultural purposes and for municipal and industrial water purposes. To the extent water under these contracts is not taken, it can be returned for credit. Credit for water not taken is received the following calendar year.

The Agency will also guarantee the sale of excess municipal and industrial water to other members of the Agency. The Agency, in turn, obtained its surface water supply in 1963, when it signed a contract with the State of California, Department of Water Resources (DWR), to purchase annual surface water, currently contracted at 982,730 acre-feet, through the State Water Project (SWP) through the year 2039.

The District's contract with the Agency provides for various separate charges, all of which are included in "source of supply" in operating expenses of the District's statement of revenue, expenses, and changes in net position. The "fixed charge" component of the contract is not necessarily reduced by annual water supply deficiencies as the District is obligated to pay 100% of the annual fixed costs billed to the Agency. Under certain circumstances, fixed charges could be reduced by the DWR when the District receives less than its full entitlement in years of low water supply. The source of supply costs attributable to this contract were \$3,220,641 the year ended June 30, 2024.

NOTE 9 – COMMITMENTS AND CONTINGENCIES (Continued)

Natural Gas Purchase Commitment

The District has entered into a contract with Twin Eagle Resource Management, LLC to purchase natural gas. This commitment is fixed in the amount of natural gas to be purchased and when the natural gas will be delivered to the District as follows:

<u>Vendor</u>	<u>Delivery Period</u>	<u>Commitment</u>
Twin Eagle Resource Management, LLC	April 2025 - September 2025	\$ 753,228

Property Tax Appeals

Certain taxpayers within the County have made appeals to the County for reductions of their property taxes. These pending appeals may affect the amount of property taxes the District receives in the future. However, the amounts of any future reductions are currently unknown.

NOTE 10 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 6, 2024, which is the date the financial statements were available to be issued. There were no subsequent events identified by management that would require disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY
LAST TEN YEARS**

<u>Measurement Date</u>	<u>Proportion of the Net Pension Liability</u>	<u>Proportionate Share of Net Pension Liability</u>	<u>Covered Payroll</u>	<u>Proportionate Share of the Net Pension Liability as a % of Payroll</u>	<u>Plan Fiduciary Net Position as a % of the Total Pension Liability</u>
2023	0.01610%	\$ 805,070	\$ 1,906,336	42.23%	77.97%
2022	0.02667%	1,248,141	1,728,818	72.20%	90.85%
2021	0.02987%	1,615,339	1,633,782	98.87%	88.01%
2020	0.02770%	3,014,111	1,699,719	177.33%	76.68%
2019	0.02672%	2,738,424	1,646,396	166.33%	77.56%
2018	0.02550%	2,457,691	1,601,521	153.46%	79.39%
2017	0.02520%	2,499,304	1,525,054	163.88%	78.21%
2016	0.02421%	2,094,927	1,497,937	139.85%	79.96%
2015	0.02110%	1,448,016	1,339,895	108.07%	85.62%
2014	0.01917%	1,670,715	1,164,070	143.52%	83.02%

Notes to Schedule:

Benefit Changes: None.

Changes in Assumptions: In 2022, the accounting discount rate changed from 7.15% to 6.90%. In 2017, the accounting discount rate changed from 7.65% to 7.15%.

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSION
LAST TEN YEARS**

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2024	\$ 162,101	\$ (1,315,801)	\$ (1,153,700)	\$ 2,050,133	64.18%
2023	231,268	(645,268)	(414,000)	1,906,336	33.85%
2022	358,598	(2,958,598)	(2,600,000)	1,728,818	171.13%
2021	321,619	(321,619)	-	1,633,782	19.69%
2020	273,132	(273,132)	-	1,699,719	16.07%
2019	241,653	(241,653)	-	1,646,396	14.68%
2018	200,814	(200,814)	-	1,601,521	12.54%
2017	167,497	(167,497)	-	1,525,054	10.98%
2016	218,649	(218,649)	-	1,497,937	14.60%
2015	199,443	(199,443)	-	1,339,895	14.88%

Notes to Schedule:

Valuation Dates: 6/30/13, 6/30/14, 6/30/15, 6/30/16, 6/30/17, 6/30/18, 6/30/19, 6/30/20, 6/30/21, 6/30/22

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
LAST TEN YEARS***

<i>Measurement Period</i>	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service Cost	\$ 4,469	\$ 3,857	\$ 3,857	\$ 3,446	\$ 3,446	\$ 3,397	\$ 3,397
Interest on the Total OPEB Liability	4,101	11,005	11,342	10,457	12,224	10,176	9,632
Changes in Assumptions	-	-	-	-	(16,642)	-	-
Deferred Actuarial Gains/ (Losses)	(10,440)	-	-	-	-	-	-
Changes in Benefits	(110,464)	1,794	1,794	5,861	(5,719)	-	-
Benefit Payments, Including Refunds	(4,400)	-	(17,038)	(17,038)	-	-	(3,290)
Implicit Rate	(1,114)	(1,114)	7,161	(1,026)	(1,026)	(1,012)	(1,012)
Net Change in Total OPEB Liability	(117,848)	15,542	7,116	1,700	(7,717)	12,561	8,727
Total OPEB Liability - Beginning	192,476	176,934	169,818	168,118	175,835	166,274	157,547
Total OPEB Liability - Ending (a)	\$ 74,628	\$ 192,476	\$ 176,934	\$ 169,818	\$ 168,118	\$ 178,835	\$ 166,274
Plan Fiduciary Net Position							
Contributions - Employer	\$ 15,580	\$ 49,643	\$ 37,258	\$ 31,024	\$ 13,986	\$ 21,582	\$ 13,210
Actual Investment Income	7,598	8,834	2,583	7,160	10,983	3,850	3,754
Benefit Payments	(4,400)	(41,900)	(17,038)	(17,038)	(19,642)	(11,471)	(3,290)
Other Adjustments	(8,019)	-	-	2,137	-	-	-
Net Change in Plan Fiduciary Net Position	10,759	16,577	22,803	23,283	5,327	13,961	13,674
Plan Fiduciary Net Position - Beginning	158,607	142,030	119,227	95,944	90,617	76,656	62,982
Plan Fiduciary Net Position - Ending (b)	\$ 169,366	\$ 158,607	\$ 142,030	\$ 119,227	\$ 95,944	\$ 90,617	\$ 76,656
Net OPEB Liability (Asset) [(a) - (b)]	\$ (94,738)	\$ 33,869	\$ 34,904	\$ 50,591	\$ 72,174	\$ 88,218	\$ 89,618
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	226.95%	82.40%	80.27%	70.21%	57.07%	50.67%	46.10%
Covered Payroll	\$ 2,050,133	\$ 1,906,336	\$ 1,728,818	\$ 1,615,127	\$ 1,699,719	\$ 1,646,396	\$ 1,601,521
Net OPEB Liability (Asset) as a Percentage of Covered Payroll	-4.62%	1.78%	2.02%	3.13%	4.25%	5.36%	5.60%

* Fiscal year 2018 was the first year of implementation; therefore, 10 years of information are not yet available.

Notes to Schedule:

Benefit Changes: None.

Changes in Assumptions: None.

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
SCHEDULE OF CONTRIBUTIONS – OPEB
LAST TEN YEARS***

Fiscal Year	Actuarially Determined Contributions	Contributions in Relation to the Actuarially Determined Contributions	Contribution Deficiency/ (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
2024	\$ 7,743	\$ (15,580)	(7,837)	\$ 2,050,133	0.76%
2023	49,643	(49,643)	-	1,906,336	2.60%
2022	37,258	(37,258)	-	1,728,818	2.16%
2021	31,024	(31,024)	-	1,615,127	1.92%
2020	13,986	(13,986)	-	1,699,719	0.82%
2019	21,582	(21,582)	-	1,646,396	1.31%
2018	13,210	(13,210)	-	1,601,521	0.82%

* Fiscal year 2018 was the first year of implementation; therefore, 10 years of information are not yet available.

SUPPLEMENTARY INFORMATION

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
RATE COVENANT
FOR THE YEAR ENDED JUNE 30, 2024**

The District covenants that it shall prescribe, revise, and collect charges for Water Service that, after allowances for contingencies and errors in estimates, shall produce revenues sufficient in each fiscal year to produce net revenues equal to at least 1.25 times the sum of: (1) debt service payments related to the 2023 Revenue Certificates of Participation, and (2) all debt service and any additional payments required with respect to outstanding debt of the District.

The rate covenant for the 2023-24 fiscal year is as follows:

Rate Covenant: Net revenues + all other available revenues
Installment payments due in the fiscal year

The rate covenant is calculated as follows:

Revenues	
Water Sales	\$ 2,634,729
Water Services	88,168
Property Taxes	7,194,224
Interest & Penalties	644,823
Other (Operating & Nonoperating)	<u>99,583</u>
Total Gross Revenue	10,661,527
Less: Operation and Maintenance Expenses	(8,633,845)
Add: Depreciation Expense	<u>1,037,971</u>
Net Revenues	3,065,653
Transfers (to)/from Rate Stabilization Fund	<u>-</u>
Net Revenues After Transfers (a)	<u>\$ 3,065,653</u>
Annual Debt Service	
2023 Revenue Certificates of Participation- Principal	\$ 500,000
2023 Revenue Certificates of Participation- Interest	<u>537,146</u>
Total Debt Service in Fiscal Year 2023-24 (b)	<u>\$ 1,037,146</u>
Rate Covenant Calculation (a)/(b):	<u>2.96</u>
Net Revenues Remaining After Debt Service	<u>\$ 2,028,507</u>

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
COMBINING SCHEDULE OF NET POSITION
JUNE 30, 2024**

	General Activities	Major Repairs	Tax Revenue Liability	Emergency Repairs	Water Payment Fund
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 2,770,151	\$ 1,803,136	\$ 1,333,294	\$ 424,363	\$ -
Accounts Receivable	563,225	-	-	-	-
Accrued Interest Receivable	16,905	11,012	8,151	2,586	46,568
Due from Other Funds	43,886	-	-	-	-
Prepaid Expenses and Refundable Deposits	59,680	-	-	-	-
Total Current Assets	3,453,847	1,814,148	1,341,445	426,949	46,568
Noncurrent Assets:					
Restricted Assets:					
Cash and Cash Equivalents	-	-	-	-	8,525,904
Capital Assets:					
Land	832,021	-	-	-	-
Land Not In Use	99,355	-	-	-	-
Construction in Progress	50,960	-	-	-	-
Pumping Plants	14,021,375	-	-	-	-
Mainline Pipeline	4,293,121	-	-	-	-
Dam and Reservoir	2,126,245	-	-	-	-
Transmission and Distribution System	1,925,835	-	-	-	-
General Office, Shop, and Equipment	4,807,487	-	-	-	-
Emissions Reduction	5,476,360	-	-	-	-
Water Reclamation	388,990	-	-	-	-
Groundwater Banking and Recovery	3,222,432	-	-	-	-
Flood Control Facilities	6,580	-	-	-	-
Total Capital Assets	37,250,761	-	-	-	-
Less: Accumulated Depreciation	(24,329,063)	-	-	-	-
Total Capital Assets, Net	12,921,698	-	-	-	-
Other Noncurrent Assets:					
Net OPEB Asset	94,738	-	-	-	-
Total Noncurrent Assets	13,016,436	-	-	-	8,525,904
Total Assets	16,470,283	1,814,148	1,341,445	426,949	8,572,472
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows Related to Pensions	2,672,085	-	-	-	-
Total Deferred Outflows of Resources	2,672,085	-	-	-	-
LIABILITIES					
Current Liabilities:					
Accounts Payable	636,021	-	-	-	8,762
Accrued Wages Payable	85,315	-	-	-	-
Interest Payable	-	-	-	-	-
Customer Deposits	7,131	-	-	-	-
Due to Other Funds	-	-	-	-	-
Current Portion of Long-Term Debt	45,429	-	-	-	-
Total Current Liabilities	773,896	-	-	-	8,762
Noncurrent Liabilities:					
Compensated Absences Payable	80,764	-	-	-	-
Bonds Payable, Less Current Portion	-	-	-	-	-
Net Pension Liability	805,070	-	-	-	-
Total Noncurrent Liabilities	885,834	-	-	-	-
Total Liabilities	1,659,730	-	-	-	8,762
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows Related to Pensions	1,742,763	-	-	-	-
Total Deferred Inflows of Resources	1,742,763	-	-	-	-
NET POSITION					
Net Investment in Capital Assets	12,921,698	-	-	-	-
Restricted	94,738	-	-	-	8,563,710
Unrestricted	2,723,439	1,814,148	1,341,445	426,949	-
Total Net Position	\$ 15,739,875	\$ 1,814,148	\$ 1,341,445	\$ 426,949	\$ 8,563,710

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
COMBINING SCHEDULE OF NET POSITION (Continued)
JUNE 30, 2024**

2023 COPS	Improvement District No. 2	Improvement District No. 3	Assessment Zone No. 1	Water Banking Reserve	Equipment Infrastructure Replacement	Water Rate Stabilization	Totals
\$ -	\$ -	\$ -	\$ -	\$ 2,581,671	\$ 2,896,813	\$ 662,321	\$ 12,471,749
-	-	-	-	163,976	-	-	727,201
-	13	1,247	7,284	14,543	18,900	4,043	131,252
-	-	-	-	-	-	-	43,886
-	-	-	30,327	-	-	-	90,007
-	13	1,247	37,611	2,760,190	2,915,713	666,364	13,464,095
11,720,096	18	209,435	1,172,116	-	-	-	21,627,569
-	-	-	-	-	-	-	832,021
-	-	-	-	-	-	-	99,355
298,578	-	-	-	-	-	-	349,538
-	-	-	-	-	-	-	14,021,375
-	-	-	-	-	-	-	4,293,121
-	-	-	-	-	-	-	2,126,245
-	-	-	-	-	-	-	1,925,835
-	-	-	-	-	-	-	4,807,487
-	-	-	-	-	-	-	5,476,360
-	-	-	-	-	-	-	388,990
-	-	-	-	-	-	-	3,222,432
-	5,907	197,208	10,729	-	-	-	220,424
298,578	5,907	197,208	10,729	-	-	-	37,763,183
-	-	-	-	-	-	-	(24,329,063)
298,578	5,907	197,208	10,729	-	-	-	13,434,120
-	-	-	-	-	-	-	94,738
12,018,674	5,925	406,643	1,182,845	-	-	-	35,156,427
12,018,674	5,938	407,890	1,220,456	2,760,190	2,915,713	666,364	48,620,522
-	-	-	-	-	-	-	2,672,085
-	-	-	-	-	-	-	2,672,085
48,146	-	-	-	-	-	-	692,929
-	-	-	-	-	-	-	85,315
43,438	-	-	-	-	-	-	43,438
-	-	-	-	-	-	-	7,131
43,886	-	-	-	-	-	-	43,886
605,840	-	-	-	-	-	-	651,269
741,310	-	-	-	-	-	-	1,523,968
-	-	-	-	-	-	-	80,764
10,880,921	-	-	-	-	-	-	10,880,921
-	-	-	-	-	-	-	805,070
10,880,921	-	-	-	-	-	-	11,766,755
11,622,231	-	-	-	-	-	-	13,290,723
-	-	-	-	-	-	-	1,742,763
-	-	-	-	-	-	-	1,742,763
-	5,907	197,208	10,729	-	-	-	13,135,542
396,443	31	210,682	1,209,727	-	-	-	10,475,331
-	-	-	-	2,760,190	2,915,713	666,364	12,648,248
\$ 396,443	\$ 5,938	\$ 407,890	\$ 1,220,456	\$ 2,760,190	\$ 2,915,713	\$ 666,364	\$ 36,259,121

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024**

	General Activities	Major Repairs	Tax Revenue Liability	Emergency Repairs	Water Payment Fund
OPERATING REVENUES					
Water Sales	\$ 2,232,413	\$ -	\$ -	\$ -	\$ -
Water Services	88,168	-	-	-	-
Total Operating Revenues	<u>2,320,581</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OPERATING EXPENSES					
Source of Supply	48,359	-	-	-	3,220,641
Pumping	4,428,553	-	-	-	-
Transmission and Distribution	997,486	-	-	-	-
General and Administrative	2,121,426	-	-	-	16,233
Depreciation	1,037,971	-	-	-	-
Total Operating Expenses	<u>8,633,795</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,236,874</u>
Operating Income (Loss)	<u>(6,313,214)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,236,874)</u>
NONOPERATING REVENUES (EXPENSES)					
Taxes and Assessments	7,194,224	-	-	-	4,417,901
Benefit Assessments	-	-	-	-	-
Interest and Penalties	147,966	51,160	35,264	12,077	222,910
Interest Expense	(464,850)	-	-	-	-
Gain on Sale of Capital Assets	17,500	-	-	-	-
Other Revenues	14,758	8,415	6,228	1,976	35,585
Total Nonoperating Revenues (Expenses)	<u>6,909,598</u>	<u>59,575</u>	<u>41,492</u>	<u>14,053</u>	<u>4,676,396</u>
Income Before Transfers	596,384	59,575	41,492	14,053	1,439,522
Transfers Between Funds	<u>(413,530)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	182,854	59,575	41,492	14,053	1,439,522
Net Position - Beginning of Year, as previously reported	<u>15,616,880</u>	<u>1,754,573</u>	<u>1,299,953</u>	<u>412,896</u>	<u>7,124,188</u>
Restatement for correction of an error	(59,859)	-	-	-	-
Net Position - Beginning of Year, as restated	<u>15,557,021</u>	<u>1,754,573</u>	<u>1,299,953</u>	<u>412,896</u>	<u>7,124,188</u>
Net Position - End of Year	<u>\$ 15,739,875</u>	<u>\$ 1,814,148</u>	<u>\$ 1,341,445</u>	<u>\$ 426,949</u>	<u>\$ 8,563,710</u>

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION (Continued)
FOR THE YEAR ENDED JUNE 30, 2024**

2023 COPS	Improvement District No. 2	Improvement District No. 3	Assessment Zone No. 1	Water Banking Reserve	Equipment Infrastructure Replacement	Water Rate Stabilization	Totals
\$ -	\$ -	\$ -	\$ -	\$ 402,316	\$ -	\$ -	\$ 2,634,729
-	-	-	-	-	-	-	88,168
-	-	-	-	402,316	-	-	2,722,897
-	-	-	-	-	-	-	3,269,000
-	-	-	-	-	-	-	4,428,553
-	-	-	-	-	-	-	997,486
-	43,728	82	85,241	50	-	-	2,266,760
-	-	-	-	-	-	-	1,037,971
-	43,728	82	85,241	50	-	-	11,999,770
-	(43,728)	(82)	(85,241)	402,266	-	-	(9,276,873)
-	4,327	11,657	-	-	-	-	11,628,109
-	-	-	105,871	-	-	-	105,871
419,280	41	5,694	33,722	67,036	89,778	18,632	1,103,560
-	-	-	-	-	-	-	(464,850)
-	-	-	-	-	-	-	17,500
-	10	953	5,566	15,089	14,443	3,089	106,112
419,280	4,378	18,304	145,159	82,125	104,221	21,721	12,496,302
419,280	(39,350)	18,222	59,918	484,391	104,221	21,721	3,219,429
274,164	39,366	-	-	-	100,000	-	-
693,444	16	18,222	59,918	484,391	204,221	21,721	3,219,429
(297,001)	(53,937)	389,668	1,160,538	2,275,799	2,711,492	644,643	33,039,692
-	59,859	-	-	-	-	-	-
(297,001)	5,922	389,668	1,160,538	2,275,799	2,711,492	644,643	33,039,692
<u>\$ 396,443</u>	<u>\$ 5,938</u>	<u>\$ 407,890</u>	<u>\$ 1,220,456</u>	<u>\$ 2,760,190</u>	<u>\$ 2,915,713</u>	<u>\$ 666,364</u>	<u>\$ 36,259,121</u>

STATISTICAL SECTION

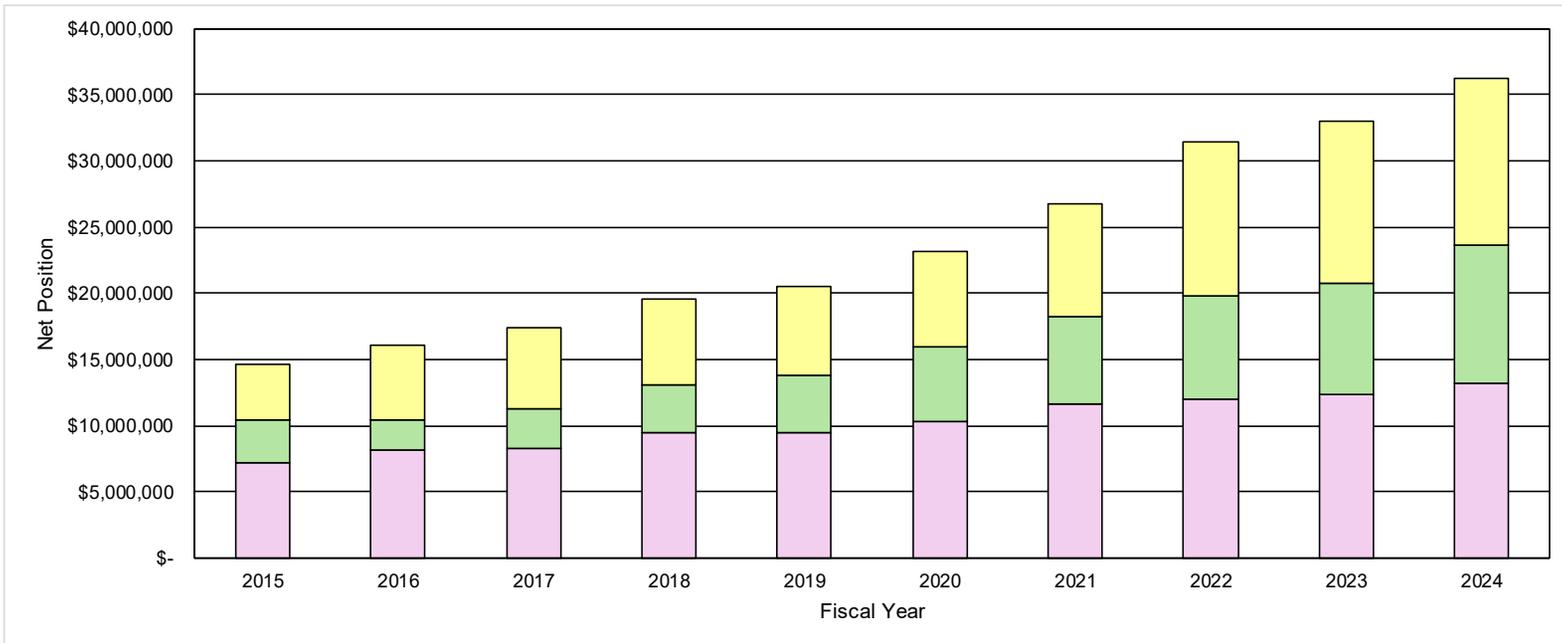
STATISTICAL SECTION

This part of the Tehachapi-Cummings County Water District's (the District) Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

CONTENTS	PAGE
Financial Trends	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	45
Revenue Capacity	
These schedules contain information to help the reader assess the District's most significant local revenue source and property tax revenues. Additional information is provided for the District's other significant own-source revenue, water rates, and charges.	47
Debt Capacity	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	54
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	58
Operating Information	
These schedules contain service data to help the reader understand how the information in the District's financial report relates to the services the government provides and the activities it performs.	60

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
PRIMARY GOVERNMENT										
Net Investment in Capital Assets	\$ 7,171,929	\$ 8,090,795	\$ 8,313,751	\$ 9,484,993	\$ 9,425,255	\$ 10,252,447	\$ 11,658,013	\$ 11,934,099	\$ 12,328,410	\$ 13,135,542
Restricted	3,213,736	2,332,799	3,001,728	3,558,393	4,361,160	5,675,767	6,617,503	7,851,486	8,466,457	10,475,331
Unrestricted	4,214,735	5,641,709	6,093,012	6,536,020	6,738,346	7,236,981	8,433,312	11,660,774	12,244,825	12,648,248
Total Primary Government Net Position	<u>\$ 14,600,400</u>	<u>\$ 16,065,303</u>	<u>\$ 17,408,491</u>	<u>\$ 19,579,406</u>	<u>\$ 20,524,761</u>	<u>\$ 23,165,195</u>	<u>\$ 26,708,828</u>	<u>\$ 31,446,359</u>	<u>\$ 33,039,692</u>	<u>\$ 36,259,121</u>



Notes:

Unrestricted net position in 2010 and later is affected by a prior-period adjustment pertaining to the booking of a liability for pension-related debt for a California Public Employees' Retirement System (CalPERS) side fund balance. That side fund balance was paid in full in June 2012 with a new six-year financing in the amount of \$1,719,700. The loan balance was paid in full in December 2016.

Governmental Accounting Standards Board (GASB) Statement No. 68 relating to the booking of net pension liability became effective in fiscal year 2015. A prior period adjustment of \$(2,079,960) affected unrestricted net position in 2015.

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
OPERATING REVENUES										
Water Sales	\$ 2,911,318	\$ 2,752,766	\$ 3,283,122	\$ 3,165,019	\$ 3,108,692	\$ 3,492,339	\$ 4,029,085	\$ 2,366,905	\$ 1,659,192	\$ 2,634,729
Water Services	83,084	74,792	94,373	130,907	92,988	101,768	105,947	101,495	69,752	88,168
Total Operating Revenues	<u>2,994,402</u>	<u>2,827,558</u>	<u>3,377,495</u>	<u>3,295,926</u>	<u>3,201,680</u>	<u>3,594,107</u>	<u>4,135,032</u>	<u>2,468,400</u>	<u>1,728,944</u>	<u>2,722,897</u>
OPERATING EXPENSES										
Source of Supply	2,175,844	2,930,542	2,359,233	2,631,392	2,709,312	2,451,904	2,655,940	2,988,516	3,716,290	3,269,000
Pumping	2,704,953	2,566,889	3,717,915	3,478,766	4,190,602	3,720,033	3,766,575	3,015,082	3,665,907	4,428,553
Transmission and Distribution	859,971	1,097,929	1,566,557	893,107	1,186,672	1,271,710	1,229,463	1,094,086	1,577,265	997,486
General and Administrative	1,720,254	1,473,593	1,698,386	1,684,384	1,797,989	1,737,563	2,035,767	1,791,351	2,488,540	2,266,760
Depreciation Expense	384,693	507,970	705,045	820,972	880,039	896,727	943,560	993,995	1,007,266	1,037,971
Total Operating Expenses	<u>7,845,715</u>	<u>8,576,923</u>	<u>10,047,136</u>	<u>9,508,621</u>	<u>10,764,614</u>	<u>10,077,937</u>	<u>10,631,305</u>	<u>9,883,030</u>	<u>12,455,268</u>	<u>11,999,770</u>
Operating Loss	<u>(4,851,313)</u>	<u>(5,749,365)</u>	<u>(6,669,641)</u>	<u>(6,212,695)</u>	<u>(7,562,934)</u>	<u>(6,483,830)</u>	<u>(6,496,273)</u>	<u>(7,414,630)</u>	<u>(10,726,324)</u>	<u>(9,276,873)</u>
NONOPERATING REVENUES (EXPENSES)										
Taxes and Assessments	6,771,443	6,818,390	7,876,330	8,044,202	8,161,988	8,673,121	9,193,482	10,475,312	10,970,168	11,628,109
Benefit Assessments	116,317	109,594	100,977	107,308	103,622	134,590	127,604	109,634	113,435	105,871
Grant Revenues	327,977	108,707	41,399	149,475	46,766	-	355,624	300,000	-	-
Interest and Penalties	46,178	63,310	92,718	156,452	187,820	251,974	150,698	148,601	407,788	1,103,560
Interest Expense	(48,827)	(91,729)	(137,272)	(110,863)	(94,078)	(77,061)	(59,213)	(41,104)	(66,536)	(464,850)
Gain (Loss) on Sale of Assets	6,169	112,500	-	6,334	-	-	7,500	-	(282)	17,500
Other Revenues	208,490	93,496	38,677	25,538	107,335	141,640	264,211	165,608	895,084	106,112
Total Nonoperating Revenues (Expenses)	<u>7,427,747</u>	<u>7,214,268</u>	<u>8,012,829</u>	<u>8,378,446</u>	<u>8,513,453</u>	<u>9,124,264</u>	<u>10,039,906</u>	<u>11,158,051</u>	<u>12,319,657</u>	<u>12,496,302</u>
Special Item - Natural Gas Resale	-	-	-	-	-	-	-	994,110	-	-
Change in Net Position	2,576,434	1,464,903	1,343,188	2,165,751	950,519	2,640,434	3,543,633	4,737,531	1,593,333	3,219,429
Net Position - Beginning of Year	14,103,926	14,600,400	16,065,303	17,408,491	19,574,242	20,524,761	23,165,195	26,708,828	31,446,359	33,039,692
Restatement	<u>(2,079,960)</u>	-	-	-	-	-	-	-	-	-
Net Position - End of Year	<u>\$ 14,600,400</u>	<u>\$ 16,065,303</u>	<u>\$ 17,408,491</u>	<u>\$ 19,574,242</u>	<u>\$ 20,524,761</u>	<u>\$ 23,165,195</u>	<u>\$ 26,708,828</u>	<u>\$ 31,446,359</u>	<u>\$ 33,039,692</u>	<u>\$ 36,259,121</u>

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (in thousands)**

Fiscal Year	Real Property ¹		Personal Property	Gross Current Assessed Value	Less: Tax Exempt Real Property	Net Current Assessed Value	Total Direct Tax Rate	Estimated Actual Value	Assessed Value ² as a % of Est. Actual Value
	Local Secured	Utility							
2015	\$ 3,075,240	\$ 672	\$ 1,023,044	\$ 4,098,956	\$ 40,826	\$ 4,058,130	0.387490	\$ 3,553,442	115.35%
2016	3,111,543	672	1,085,786	4,198,001	42,427	4,155,574	0.378670	3,400,693	123.45%
2017	3,248,057	1,467	933,818	4,183,342	41,468	4,141,874	0.693970	3,574,099	117.05%
2018	3,382,537	1,467	966,914	4,350,918	40,986	4,309,932	0.566530	3,768,947	115.44%
2019	3,571,967	1,082	970,280	4,543,329	40,685	4,502,644	0.567780	3,936,823	115.41%
2020	3,820,687	1,082	948,176	4,769,945	40,310	4,729,635	0.513330	4,191,148	113.81%
2021	4,052,359	1,405	941,340	4,995,104	39,603	4,955,501	0.500460	4,723,641	105.75%
2022	4,251,328	1,404	1,282,816	5,535,548	38,202	5,497,346	0.535590	5,378,667	102.92%
2023	4,558,234	1,403	1,281,197	5,840,834	37,796	5,803,038	0.534980	5,185,035	112.65%
2024	4,913,433	1,402	1,279,343	6,194,178	36,911	6,157,267	0.537320	3,807,961	162.66%

¹ Beginning with fiscal year 2024, the assessed values for Real Property were broken down to amounts for Local Secured and Utility assets.

² Includes tax-exempt property.

Note:

Estimated Actual Value is the prior year's Estimated Actual Value times the change in population times the change in house values as expressed in dollars per square foot as reported by Kerndata.com. Population is used as a proxy for growth and \$/sq. ft. for existing residential is a proxy for real estate market value. Unfortunately, this estimate does not take into consideration the taxable value of industrial improvements, such as the two cement plants and the expansion of wind turbines on the east side of the District. Tax rate is per \$1,000 of assessed value.

Sources: Kern County Auditor-Controller-County Clerk and Kerndata.com

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(rate per \$100 of assessed value)**

Fiscal Year	TCCWD Debt Service Tax Rate	Overlapping Property Tax Rates					TVHD Debt Service Tax Rate	Total Direct and Overlapping Tax Rates
		Kern County Operating Tax Rate	KCCD Debt Service Tax Rate	KCWA Debt Service Tax Rate	TUSD Debt Service Tax Rate			
2015	0.038749	1.000000	0.010450	0.011259	0.063958	0.073485	1.197901	
2016	0.037867	1.000000	0.013571	0.013572	0.044537	0.078107	1.187654	
2017	0.069397	1.000000	0.015316	0.013180	0.053490	0.080016	1.231399	
2018	0.056653	1.000000	0.036249	0.017842	0.050000	0.080672	1.241416	
2019	0.056778	1.000000	0.033625	0.016577	0.040475	0.071111	1.218566	
2020	0.051333	1.000000	0.033028	0.018945	0.056412	0.079896	1.239614	
2021	0.050046	1.000000	0.033851	0.017706	0.046585	0.067375	1.215563	
2022	0.053559	1.000000	0.038609	0.017314	0.012495	0.068039	1.190016	
2023	0.053498	1.000000	0.031243	0.014844	-	0.059048	1.158633	
2024	0.053732	1.000000	0.034261	0.013145	-	0.042682	1.143820	

Taxing Agencies:

TCCWD: Tehachapi-Cummings County Water District
KCCD: Kern Community College District
KCWA: Kern County Water Agency
TUSD: Tehachapi Unified School District
TVHD: Tehachapi Valley Hospital District

Source: Kern County Treasurer-Tax Collector

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
GENERAL FUND
LAST TEN FISCAL YEARS**

Fiscal Year	Taxes Levied	Collected Within the Fiscal Year of the Levy		Prior Year Collections ¹	Total Collections	Delinquent Tax	
		Amount	Percentage of Levy	Amount	Amount	Amount	Percentage of Levy
2015	\$ 4,666,872	\$ 4,664,301	99.94%	\$ 4,355	\$ 4,668,656	\$ 2,571	0.06%
2016	4,756,897	4,753,678	99.93%	(10,513)	4,743,165	3,219	0.07%
2017	4,695,481	4,690,481	99.89%	(18,320)	4,672,161	5,000	0.11%
2018	4,833,039	4,827,648	99.89%	(8,638)	4,819,010	5,391	0.11%
2019	5,062,850	5,053,669	99.82%	(11,077)	5,042,592	9,181	0.18%
2020	4,833,039	4,827,648	99.89%	15,726	4,843,374	5,391	0.11%
2021	5,661,284	5,642,592	99.67%	6,832	5,649,424	18,692	0.33%
2022	6,144,421	6,106,519	99.38%	156,860	6,263,379	37,902	0.62%
2023	6,438,882	6,424,686	99.78%	32,325	6,457,011	14,196	0.22%
2024	6,798,332	6,790,429	99.88%	33,883	6,824,312	7,903	0.12%

Note:

This fund is on the "Teeter Plan" whereby the County of Kern (the County) guarantees distribution of 100% of the assessment levied but retains all penalties and interest on delinquent taxes when collected.

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
PROPERTY TAX LEVIES AND COLLECTIONS
STATE PAYMENT FUND
LAST TEN FISCAL YEARS**

Fiscal Year	Taxes Levied	Collected Within the Fiscal Year of the Levy		Prior Year Collections ¹	Total Collections	Delinquent Tax	
		Amount	Percentage of Levy	Amount	Amount	Amount	Percentage of Levy
2015	\$ 1,838,998	\$ 1,838,406	99.97%	\$ 52,883	\$ 1,891,289	\$ 592	0.03%
2016	1,845,559	1,817,559	98.48%	32,956	1,850,515	28,000	1.52%
2017	2,924,384	2,871,752	98.20%	(7,952)	2,863,800	52,632	1.80%
2018	2,927,287	2,886,689	98.61%	67,327	2,954,016	40,598	1.39%
2019	3,132,776	3,092,405	98.71%	(2,498)	3,089,907	40,371	1.29%
2020	2,927,287	2,886,689	98.61%	67,110	2,953,799	40,598	1.39%
2021	3,269,307	3,178,969	97.24%	77,696	3,256,665	90,338	2.76%
2022	3,757,363	3,621,246	96.38%	61,188	3,682,434	136,117	3.62%
2023	4,038,684	3,969,414	98.28%	67,812	4,037,226	69,270	1.72%
2024	4,314,014	4,252,558	98.58%	77,043	4,329,601	61,456	1.42%

¹ Includes penalties and redemptions.

Source: Kern County Auditor-Controller-County Clerk

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
PRINCIPAL PROPERTY TAXPAYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO**

Property Owner	2024			2015		
	Assessed Value	Rank	Percentage of Total	Assessed Value	Rank	Percentage of Total
Alta Wind I Owner Lessor ABCD	\$ 317,010,000	1	5.15%	\$ 324,180,000	1	7.91%
Lehigh Cement West Inc	252,499,681	2	4.10%			0.00%
Alta Wind XI LLC	200,429,000	3	3.26%	253,075,000	2	6.17%
California Portland Cement Co	146,922,589	4	2.39%	146,734,372	3	3.58%
Coram California Development LP	129,721,440	5	2.11%			0.00%
Alta Wind II Owner Lessor ABCDE	127,246,144	6	2.07%	146,152,800	4	3.57%
CEFF II Tehachapi Prop LLC	123,610,728	7	2.01%			0.00%
Mustang Hills LLC	111,558,000	8	1.81%	107,800,000	8	2.63%
Voyager Wind IV Expansion LLC	93,635,080	9	1.52%			0.00%
Windstar Energy LLC	78,755,836	10	1.28%	109,870,276	7	2.68%
Brookfield Tehachapi I				122,115,119	5	2.98%
Calaveras Cement Co				110,453,005	6	2.69%
Grimmway Farms (FKA Crystal Organic Farms LLC)				19,869,679	9	0.48%
Brookfield Tehachapi III				18,765,000	10	0.46%
Total Assessed Value for Principal Taxpayers	<u>1,581,388,498</u>		<u>25.70%</u>	<u>1,359,015,251</u>		<u>33.15%</u>
Total Assessed Value	<u>6,157,266,767</u>		<u>100.00%</u>	<u>4,098,955,844</u>		<u>100.00%</u>

Source: Kern County Treasurer-Tax Collector data extracted by Kerndata.com

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
WATER SALES AND SERVICES REVENUE AND QUANTITIES SOLD BY CUSTOMER CLASS
LAST TEN FISCAL YEARS**

Water Sales and Services Revenue								
Fiscal Year	Agricultural	Municipal and Industrial	Surplus	Wheeled ¹	BWRA ¹	Storage ¹	Recycled	Total
2015	\$ 2,053,503	\$ 703,478	\$ 204,530	\$ -	\$ -	\$ -	\$ 32,891	\$ 2,994,402
2016	2,073,356	493,037	247,291	-	-	-	13,874	2,827,558
2017	2,472,006	871,383	-	-	-	-	34,106	3,377,495
2018	2,195,171	1,054,616	-	-	-	-	46,139	3,295,926
2019	1,737,453	1,235,687	-	194,648	-	-	33,892	3,201,680
2020	2,329,420	796,540	4,610	246,157	180,800	-	36,580	3,594,107
2021	1,988,395	1,120,559	15,559	175,659	800,000	-	34,860	4,135,032
2022	1,184,374	1,109,909	57,498	72,991	-	8,462	35,166	2,468,400
2023	962,944	481,765	-	27,650	218,539	13,119	24,927	1,728,944
2024	1,414,469	578,973	11,020	34,905	644,856	13,114	25,560	2,722,897

Quantities of Water Sold (Acre-Feet (AF)) ²								
Calendar Year	Agricultural	Municipal and Industrial	Surplus	Wheeled ¹	BWRA ¹	Storage ¹	Recycled	Total
2014	5,468	1,562	226	-	-	-	393	7,649
2015	4,349	1,309	226	-	-	-	158	6,042
2016	5,679	1,371	226	-	-	-	357	7,633
2017	5,419	2,052	-	-	-	-	509	7,980
2018	4,903	1,373	-	-	-	-	497	6,773
2019	5,371	243	8	1,124	-	-	364	7,110
2020	5,781	400	22	1,508	-	-	402	8,113
2021	4,379	487	96	845	2,000	212	346	8,365
2022	2,195	271	16	231	538	328	408	3,985
2023	3,859	140	108	222	1,520	328	296	6,473

¹ Beginning fiscal year 2022, Wheeled, Banked Water Reserve Account (BWRA), and Storage water sales revenues and quantity of water sold are detailed in this report starting with 2019.

² Water records are maintained on a calendar year basis.

Sources: District's audited financial statements and billing records

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
WATER RATES BY CUSTOMER CLASS
LAST TEN FISCAL YEARS**

Fiscal Year	Monthly Meter Charge		Commodity Charge (per AF)						
	All Customers		Agricultural			Term Municipal and Industrial			Regular Municipal and Industrial (All Zones)
			Pressure Zone 1	Pressure Zone 2	Pressure Zone 3	Pressure Zone 1	Pressure Zone 2	Pressure Zone 3	
2015	\$	4.50	\$ 363.00	\$ 456.00	\$ 676.00	\$ 363.00	\$ 456.00	\$ 676.00	\$ 1,385.00
2016		4.50	363.00	436.00	676.00	363.00	436.00	676.00	1,385.00
2017		4.50	363.00	436.00	676.00	363.00	436.00	676.00	1,385.00
2018		4.50	363.00	436.00	676.00	363.00	436.00	676.00	1,385.00
2019		4.50	363.00	436.00	676.00	363.00	436.00	676.00	1,385.00
2020		4.50	363.00	436.00	676.00	363.00	436.00	676.00	1,385.00
2021		4.50	363.00	436.00	676.00	363.00	436.00	676.00	1,385.00
2022		4.50	363.00	436.00	676.00	363.00	436.00	676.00	1,385.00
2023		4.50	363.00	436.00	676.00	363.00	436.00	676.00	1,385.00
2024		4.50	363.00	436.00	676.00	363.00	436.00	676.00	1,385.00

Notes:

In 2010, the District established three pressure zones with varying rates. In addition to the commodity charges, customers taking recharge water pay a \$15/acre foot (AF) surcharge and a 6% spreading loss surcharge per AF calculated using their pressure zone rate. Pressure Zone 3 customers have their spreading loss surcharge calculated using the rate for Pressure Zone 2 customers.

Source: Resolutions approved by the District's Board of Directors

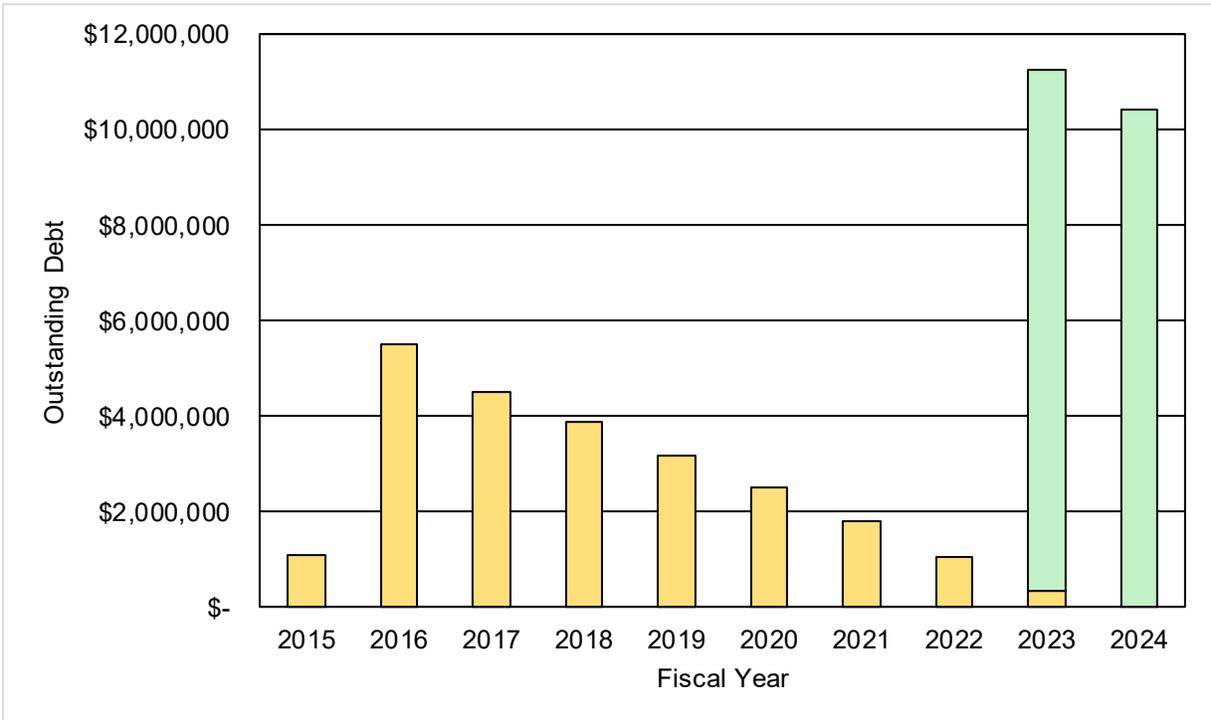
**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
PRINCIPAL WATER CUSTOMERS
CURRENT FISCAL YEAR AND NINE YEARS AGO**

<u>Property Owner</u>	<u>2024</u>			<u>2015</u>		
	<u>Water Sales and Services</u>	<u>Rank</u>	<u>Percentage of Total</u>	<u>Water Sales and Services</u>	<u>Rank</u>	<u>Percentage of Total</u>
Grimmway Farms (FKA Crystal Organic Farms LLC)	\$ 1,269,973	1	46.64%	\$ 784,040	2	26.18%
Bear Valley Community Services District	272,447	2	10.01%	147,163	4	4.91%
Valley Sod (FKA Tehachapi Turf)	122,420	3	4.50%	56,192	10	1.88%
Stallion Springs Community Svc District	65,611	4	2.41%	98,124	6	3.28%
City of Tehachapi	59,685	5	2.19%	84,078	7	2.81%
Golden Hills Community Services District	49,605	6	1.82%	68,400	9	2.28%
Greenrich Farms	14,080	7	0.52%			
Holland Flower Market	10,508	8	0.39%			
CA Water Service	10,294	9	0.38%			
David Ha	9,725	10	0.36%			
Bornt & Sons Farms				954,761	1	31.88%
Granite Construction Company				204,530	3	6.83%
California Correctional Institute				119,929	5	4.01%
Lehr Brothers (FKA Kundert Brothers Farms)				72,552	8	2.42%
Total Water Sales and Services for Principal Water Customers	<u>\$ 1,884,348</u>		<u>69.20%</u>	<u>\$ 2,589,769</u>		<u>86.49%</u>
Total Water Sales and Services	<u>\$ 2,722,897</u>		<u>100.00%</u>	<u>\$ 2,994,402</u>		<u>100.00%</u>

Source: District's billing records

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Business-Type Activities		Total		
	Bank Loans / Installment Purchases	Certificates of Participation	Debt	Per Capita	As a Share of Personal Income
2015	\$ 1,074,252	\$ -	\$ 1,074,252	\$ 28.30	0.10%
2016	5,484,300	-	5,484,300	153.62	0.49%
2017	4,518,632	-	4,518,632	125.67	0.39%
2018	3,863,211	-	3,863,211	105.28	0.31%
2019	3,191,004	-	3,191,004	85.94	0.25%
2020	2,501,866	-	2,501,866	66.75	0.19%
2021	1,794,795	-	1,794,795	47.84	0.13%
2022	1,069,615	-	1,069,615	28.66	0.07%
2023	325,863	10,925,000	11,250,863	312.74	0.73%
2024	-	10,425,000	10,425,000	312.94	0.70%



**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
DIRECT AND OVERLAPPING DEBT
AS OF JUNE 30, 2024**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Overlapping Debt:			
Bear Valley Community Services District	\$ 319,000	100.00%	\$ 319,000
Kern Community College District	583,982,558	5.83%	34,066,499
Tehachapi Valley Healthcare District	62,170,000	93.65%	<u>58,221,781</u>
Total Overlapping Debt			92,607,280
TCCWD Direct Debt ²	10,425,000	100.00%	<u>10,425,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 103,032,280</u></u>

¹ Estimated percentage applicable is determined by comparing the assessed value of each of the taxing agencies with that of the District. Bear Valley Community Services District is fully contained within the District; therefore, 100% of its debt overlaps.

² Tehachapi-Cummings County Water District's (TCCWD) Direct Debt excludes bank loans and pension-related debt.

Sources: Kern County Auditor-Controller-County Clerk and business offices of noted taxing agencies

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
LEGAL DEBT MARGIN
LAST TEN FISCAL YEARS
(in thousands)**

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Debt limit	\$ 614,843	\$ 629,700	\$ 627,382	\$ 653,764	\$ 681,557	\$ 709,445	\$ 749,265	\$ 830,332	\$ 876,125	\$ 929,127
Total debt applicable to limit	<u>1,074</u>	<u>5,484</u>	<u>4,519</u>	<u>3,863</u>	<u>3,191</u>	<u>2,502</u>	<u>1,795</u>	<u>1,070</u>	<u>11,251</u>	<u>10,425</u>
Legal debt margin	<u>\$ 613,769</u>	<u>\$ 624,216</u>	<u>\$ 622,863</u>	<u>\$ 649,901</u>	<u>\$ 678,366</u>	<u>\$ 706,943</u>	<u>\$ 747,470</u>	<u>\$ 829,262</u>	<u>\$ 864,874</u>	<u>\$ 918,702</u>
Total debt applicable to the limit as a percentage of debt limit	0.2%	0.9%	0.7%	0.6%	0.5%	0.4%	0.2%	0.1%	1.3%	1.1%

Legal Debt Margin Calculation for FYE 2024

Assessed value	\$ 6,157,267
Add back: exempt real property	<u>36,911</u>
Total assessed value	6,194,178
Debt limit (15% of total assessed value)	929,127
Debt applicable to limit:	
Certificates of participation	<u>10,425</u>
Total debt applicable to limit	<u>10,425</u>
Legal debt margin	<u>\$ 918,702</u>

Note:

The California Water Code does not specify a debt limit for county water districts. However, many other types of special districts in California have a statutory debt limit of 15% of assessed value of all taxable property in the district. We shall use this figure as a guide.

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
 PLEDGED REVENUE COVERAGE
 LAST TEN FISCAL YEARS***

2023 Revenue Certificates of Participation						
Fiscal Year	Water Charges and Other Revenue ¹	Less: Operating Expenses ²	Net Available Revenue	Debt Service		Pledged Revenue Coverage
				Principal	Interest	
2024	\$ 10,661,527	\$ 7,595,874	\$ 3,065,653	\$ 500,000	\$ 537,146	2.96

¹ All revenues in the General Activities, Water Banking Reserve, and Rate Stabilization funds.

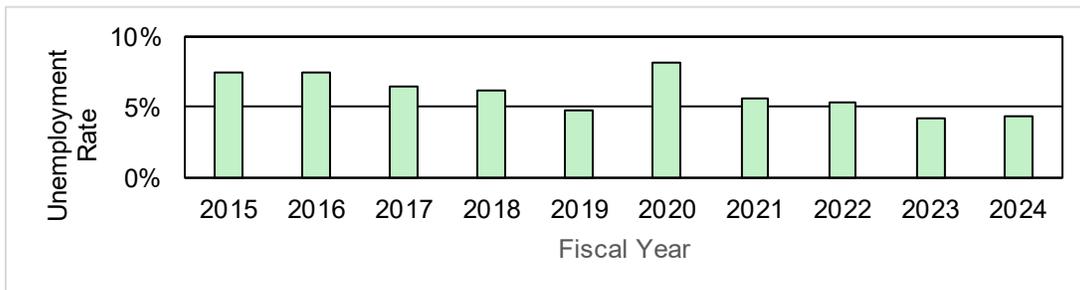
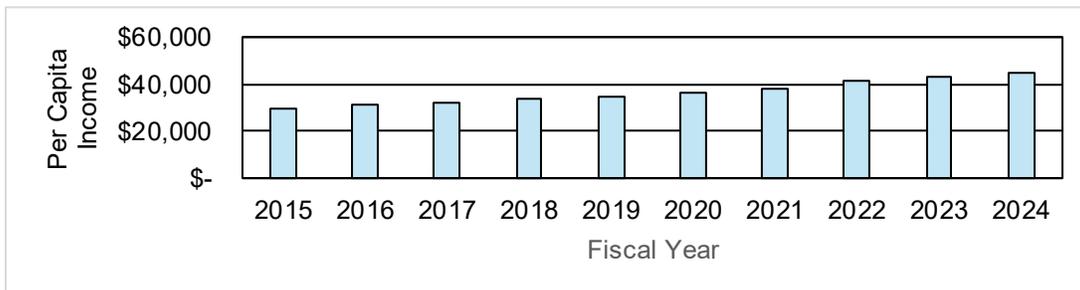
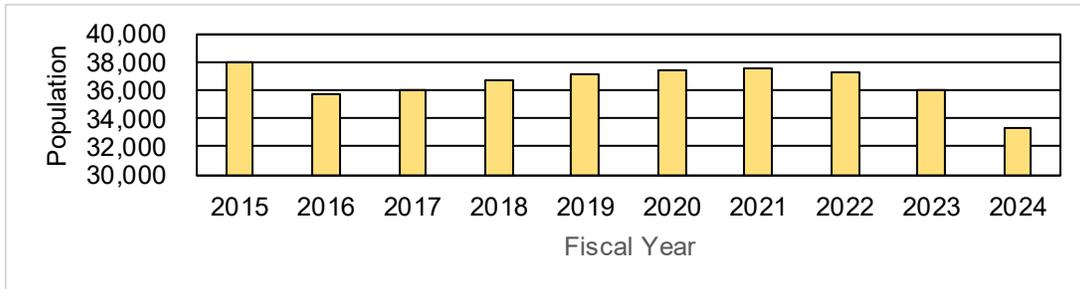
² All operation and maintenance costs (including amounts reasonably required to be set aside in contingency reserves for operation and maintenance costs, the payment of which is not immediately required) as such costs become due and payable.

* This is a 10-year schedule. Information in this schedule is not available prior to fiscal year 2023-24. Additional years will be added to this schedule until 10 years of data are presented.

Source: District's accounting records

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
DEMOGRAPHICS AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

Fiscal Year	Population ¹	Personal Income (in thousands)	Personal Income per Capita ²	Unemployment Rate
2015	37,964	\$ 1,122,599	\$ 29,570	7.5%
2016	35,700	1,112,347	31,158	7.5%
2017	35,957	1,161,697	32,308	6.4%
2018	36,694	1,229,020	33,494	6.2%
2019	37,131	1,291,526	34,783	4.8%
2020	37,480	1,352,293	36,080	8.2%
2021	37,517	1,431,209	38,148	5.6%
2022	37,318	1,531,108	41,029	5.3%
2023	35,975	1,541,522	42,850	4.2%
2024	33,313	1,479,125	44,401	4.3%



Sources:

¹ California Department of Finance. The 2016 figure is from the 2015 Regional Urban Water Management Plan (RUWMP). The 2015 RUWMP is the most recent version available. Population is adjusted annually by Tehachapi's total population change over the prior year.

² California Department of Finance. Personal Income Per Capita is adjusted annually by the statewide change in this measure over the prior year.

³ California Employment Development Department. Unemployment Rate data is calculated as a weighted average of unemployment rates for June each year for the sub-county places: Bear Valley Springs, Golden Hills, Stallion Springs, and Tehachapi City.

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
PRINCIPAL EMPLOYERS
CURRENT FISCAL YEAR AND NINE YEARS AGO**

Employer	Product / Service	2024		2015	
		Employees	Rank	Employees	Rank
California Correctional Institution	State prison	1,314	1	1,911	1
Tehachapi Unified School District	Public school system	545 *	2	464	2
Walmart	Retail	200 *	3		
Adventist Health (FKA Tehachapi Hospital)	Healthcare	197 *	4	175	3
Tehachapi Cement, LLC (FKA Lehigh Southwest Cement Co.)	Cement production	150	5	120	4
Home Depot	Retail store	128	6	115	5
Chemtool, Inc.	Specialty lubricants	115 *	7		
Albertson's Supermarket	Retail grocery store	105	8	112	6
Pearce Renewables	Renewable energy	100	9		
City of Tehachapi	Government	98	10	58	10
Save Mart Supermarket	Retail grocery store			65	9
Benz Sanitation	Waste hauler			70	8
Kmart	Retail			107	7
Total		<u>2,952</u>		<u>3,197</u>	

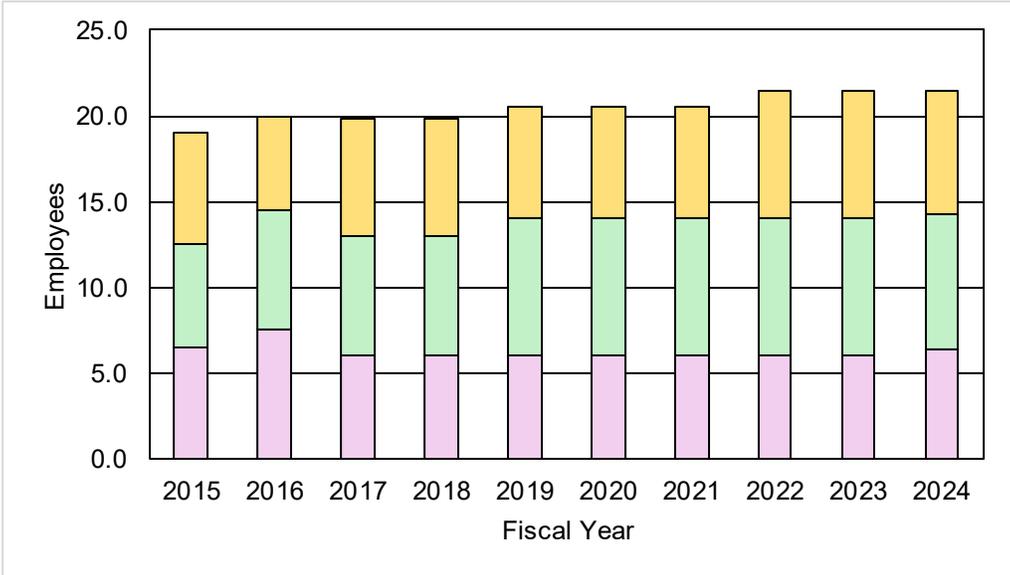
Note:

Employee counts denoted with an asterisk (*) were unable to be updated with 2024 employee counts. Therefore, 2023 data was used because the District felt that any differences in employee counts over the past year would be insignificant and that omitting these major employers could be misleading.

Source: Greater Tehachapi Chamber of Commerce

**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
OPERATING AND CAPACITY INDICATORS
LAST TEN FISCAL YEARS**

Full-Time Equivalent District Employees by Department				
Fiscal Year	Administration	Pumping	Pipeline	Total
2015	6.5	6.0	6.5	19.0
2016	7.5	7.0	5.5	20.0
2017	6.0	7.0	6.8	19.8
2018	6.0	7.0	6.8	19.8
2019	6.0	8.0	6.5	20.5
2020	6.0	8.0	6.5	20.5
2021	6.0	8.0	6.5	20.5
2022	6.0	8.0	7.5	21.5
2023	6.0	8.0	7.5	21.5
2024	6.4	7.9	7.2	21.5



**TEHACHAPI-CUMMINGS COUNTY WATER DISTRICT
OTHER OPERATING AND CAPACITY INDICATORS
LAST TEN FISCAL YEARS**

Fiscal Year	Water Stored in Brite Lake (AF) on June 30	Water Stored in SJV GW Banks ¹ (AF) on June 30	Calendar Year	State Water Imported (AF)	State Water Project Allocation	System Losses % of SWP	Watermaster Statistics				
							Groundwater Pumping (AF)			Banked Water (AF) ²	
							Tehachapi Basin	Cummings Basin	Brite Basin	Tehachapi Basin	Cummings Basin
2015	1,366	2,520	2014	7,357	5%	22.3%	5,555	3,287	347	4,903	8,973
2016	817	2,520	2015	5,160	20%	16.6%	5,541	3,629	347	4,572	8,510
2017	1,407	2,520	2016	7,639	60%	12.6%	5,934	3,569	333	4,001	9,285
2018	1,400	8,360	2017	10,453	85%	6.5%	5,782	3,437	341	6,107	10,508
2019	1,373	5,210	2018	9,997	35%	5.5%	4,916	3,754	337	8,156	11,317
2020	1,003	2,410	2019	9,973	75%	5.0%	4,378	2,592	350	10,064	11,774
2021	1,484	190	2020	7,211	20%	15.7%	5,139	2,757	370	9,871	10,803
2022	1,239	190	2021	3,940	5%	31.5%	4,563	2,779	275	7,793	6,570
2023	1,614	-	2022	1,151	5%	19.9%	3,655	2,726	379	5,782	4,998
2024	1,057	-	2023	9,556	100%	7.0%	3,450	2,110	377	8,025	7,791

¹ SJV GW Banks: San Joaquin Valley Groundwater Banks are comprised of Kern Water Bank and West Kern Water District.

² Banked water includes artificial replenishment and return flows of applied imported water on the District's account only.

Note:

Water pumping statistics are maintained on a calendar year basis.

Sources: District's Watermaster Reports and Water System End of Calendar Year Summary Reports

OTHER REPORT

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

Board of Directors
Tehachapi-Cummings County Water District
Bakersfield, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Tehachapi-Cummings County Water District (the District), as of and for the year ended June 30, 2024, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 6, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 6, 2024