



**FALLBROOK PUBLIC UTILITY DISTRICT  
MEETING OF THE FISCAL POLICY AND INSURANCE COMMITTEE**

**REVISED AGENDA**

**THURSDAY, OCTOBER 24, 2024  
10:00 A.M.**

**FALLBROOK PUBLIC UTILITY DISTRICT  
990 E. MISSION RD., FALLBROOK, CA 92028  
PHONE: (760) 728-1125**

**THIS MEETING WILL BE HELD AT THE ABOVE DATE, TIME, AND LOCATION AND MEMBERS OF THE PUBLIC MAY ATTEND IN PERSON AT THE DISTRICT OFFICE LOCATED AT 990 E. MISSION RD., FALLBROOK, CA 92028. FOR THE CONVENIENCE OF MEMBERS OF THE PUBLIC WHO DO NOT WISH TO ATTEND IN PERSON, FALLBROOK PUBLIC UTILITY DISTRICT PROVIDES A MEANS TO OBSERVE AND PROVIDE PUBLIC COMMENTS AT THE MEETING VIA WEB CONFERENCE USING THE BELOW CALL-IN AND WEBLINK INFORMATION. PLEASE NOTE THAT IN THE EVENT OF TECHNICAL ISSUES THAT DISRUPT THE ABILITY OF MEMBERS OF THE PUBLIC TO VIEW THE MEETING OR PROVIDE PUBLIC COMMENTS THROUGH THE WEB CONFERENCE OPTION, THE MEETING WILL CONTINUE.**

**TELECONFERENCE LOCATION**

**In addition, Director Baxter will be teleconferencing pursuant to Government Code section 54953 from the following location: 555 West Arrow Highway, Claremont, CA 91711**

**Join Zoom Meeting**

<https://us06web.zoom.us/j/84237626611?pwd=LhyV0nGGMZROvJh0c5CsGA2cGxZOHE.1>

**MEETING ID: 842 3762 6611**

**AUDIO PASSCODE: 117079**

**Dial by your location**

+1 346 248 7799 US (Houston); +1 720 707 2699 US (Denver); +1 253 215 8782 US (Tacoma);

**Find your local number:** <https://us06web.zoom.us/j/kr9NXJpKp>

**Members of the public may participate in the meeting from any of the above locations.**

**PUBLIC COMMENTS:** Members of the public may submit public comments and comments on agenda items in one of the following ways:

**SUBMIT COMMENTS BEFORE THE MEETING:**

- By emailing to our Board Secretary at [leckert@fpud.com](mailto:leckert@fpud.com)
- By mailing to the District Offices at 990 E. Mission Rd., Fallbrook, CA 92028
- By depositing them in the District's Payment Drop Box located at 990 E. Mission Rd., Fallbrook, CA 92028

All comments submitted before the meeting by whatever means must be received at least 1 hour in advance of the meeting. All comments will be read to the Board during the appropriate portion of the meeting. Please keep any written comments to 3 minutes.

**REMOTELY MAKE COMMENTS DURING THE MEETING:** The Board President will inquire prior to Board discussion if there are any comments from the public on each item.

- Via Zoom Webinar go to the "Participants List," hover over your name and click on "raise hand." This will notify the moderator that you wish to speak during oral communication or during a specific item on the agenda.
- Via phone, you can raise your hand by pressing \*9 to notify the moderator that you wish to speak during the current item.

**MAKE IN-PERSON COMMENTS DURING THE MEETING:** The Board President will inquire prior to Board discussion if there are any comments from the public on each item, at which time members of the public attending in person may make comments.

**THESE PUBLIC COMMENT PROCEDURES SUPERSEDE THE DISTRICT'S STANDARD PUBLIC COMMENT POLICIES AND PROCEDURES TO THE CONTRARY.**

*If you have a disability and need an accommodation to participate in the meeting, please call the Board Secretary at (760) 999-2704 for assistance.*

**I. PRELIMINARY FUNCTIONS**

CALL TO ORDER / ROLL CALL

PUBLIC COMMENT

**II. ACTION / DISCUSSION -----(ITEMS A-B)**

- A. REVIEW OF DISTRICT'S DRAFT FISCAL YEAR 2023-24 ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR)
- B. CALENDAR YEAR 2025 RATES AND CHARGES STRATEGY DISCUSSION

**III. ADJOURNMENT OF MEETING**

\* \* \* \* \*

**DECLARATION OF POSTING**

I, Lauren Eckert, Executive Assistant/Board Secretary of the Fallbrook Public Utility District, do hereby declare that I posted a copy of the foregoing agenda in the glass case at the entrance of the District Office located at 990 East Mission Road, Fallbrook, California, at least 72 hours prior to the meeting in accordance with Government Code § 54954.2.

I, Lauren Eckert, further declare under penalty of perjury and under the laws of the State of California that the foregoing is true and correct.

October 21, 2024  
Dated / Fallbrook, CA

/s/ Lauren Eckert  
Executive Assistant/Board Secretary

**M E M O**

**TO:** Fiscal Policy and Insurance (FP&I) Committee  
**FROM:** Jack Bebee, General Manager  
David Shank, Assistant General Manager/CFO  
**DATE:** October 24, 2024  
**SUBJECT:** Review of District's Draft Fiscal Year 2023-24 Annual Comprehensive Financial Report

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Purpose

Provide the Committee with a Draft Fiscal Year 2023-24 Annual Comprehensive Financial Report (ACFR).

Summary

The Draft ACFR is attached for review. The Draft ACFR contains the following:

- Transmittal letter – Message from management on the District's performance and a brief description of the District and operations
- Management Discussion and Analysis (MD&A) – Provides a discussion of the District's financial performance compared to prior periods and drivers for the variance
- Financial statements and notes – Provides the detailed financial data and notes that provide supplemental information to the statements.
- The statistical section – This section provides a wide range of economic and demographic data on the District
- Continuing Disclosure – This section provides financial disclosures the District committed to provide when issuing Wastewater Revenue Refunding Bonds and Water Revenue Bonds

Producing an ACFR is not only a best management practice but also part of the Board's commitment to providing ratepayers with transparent and comprehensive financial information. The District has now received the Governmental Financial Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the 6<sup>th</sup> year in a row. To receive this award, the GFOA performs a rigorous review of the ACFR to make sure it meets all the established criteria. The receipt of this award represents a significant achievement.

Recommended Action

Request that the Committee recommend to the Board that the Draft Fiscal Year 2023-24 Annual Comprehensive Financial Report be approved.



**DRAFT**

**A Special District in the State of California**

**Annual Comprehensive Financial Report  
For the Fiscal Year Ending June 30, 2024**

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**A Special District within the State of California**

# **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**Fiscal Year ending June 30, 2024**

**Current Board of Directors:**

District #1 - Dave Baxter

District #2 - Ken Endter

District #3 - Jennifer DeMeo, President

District #4 - Don McDougal, Vice-President

District #5 - Charley Wolk, 2023 CSDA Board Member of the Year

**Prepared by District Management:**

General Manager - Jack Bebee

Assistant General Manager/CFO - David Shank

Acknowledgment: District Management would like to thank Jodi Brown, Annalece Bokma, Aaron Cook, Mick Cothran, Jason Jared, Todd Jester, Joye Johnson, Jesse Perez, and Veronica Tamzil for their support in preparing this document.

Fallbrook Public Utility District  
990 East Mission Road  
Fallbrook, CA 92028  
(760) 728-1125  
[www.fpud.com](http://www.fpud.com)

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# **INTRODUCTORY SECTION**



November XX, 2024

Board of Directors  
Fallbrook Public Utility District  
990 East Mission Road  
Fallbrook, California 92028

990 East Mission Road  
Fallbrook, California  
92028-2232  
[www.fpud.com](http://www.fpud.com)  
(760) 728-1125

To the Board of Directors and Citizens of Fallbrook:

Board of Directors

Dave Baxter  
*Division 1*

Ken Endter  
*Division 2*

Jennifer DeMeo  
*Division 3*

Don McDougal  
*Division 4*

Charley Wolk  
*Division 5*

Staff

Jack Bebee  
*General Manager*

David Shank  
*Assistant General Manager/  
Chief Financial Officer*

Lauren Eckert  
*Executive Assistant/  
Board Secretary*

General Counsel

Paula de Sousa  
*Best Best & Krieger*

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the Fallbrook Public Utility District (District) for the fiscal year ended June 30, 2024. The purpose of this report is to provide the Board, the public, and other interested parties, with reliable and transparent financial information about the District.

The ACFR is being produced as part of management’s continued efforts to enhance the District’s fiscal transparency and to support a better understanding of the District’s financial operations. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

CliftonLarsonAllen, LLP, Certified Public Accountants, have issued an unmodified opinion on the Fallbrook Public Utility District’s financial statements for the year ended June 30, 2024. The independent auditors’ report is located at the front of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditors’ report in the Financial Section and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it. Following the MD&A are the basic financial statements, notes to the statements, and an unaudited section of statistical information.

This report has been prepared using the financial reporting model recommended in the Government Accounting Standards Board’s (GASB) Statement 34. The GASB requires proprietary fund governments to use the full accrual basis of accounting. The accompanying statements have been prepared using the full accrual basis.



## District Profile

Fallbrook is an unincorporated community in San Diego County. The first permanent recorded settlement in Fallbrook was in 1869, in the east area of the District, which later became Live Oak County Park. While agriculture has always played a major role in the community, the first plantings were olives and citrus. These crops were replaced in the 1920's by avocados and it wasn't long before Fallbrook became generally recognized as the "Avocado Capital of the World."

Fallbrook Public Utility District (District) was incorporated on June 5, 1922 to serve water from local area wells along the San Luis Rey River. Soon after it was established, the District began to grow. Annexations into the District have expanded the service area from 500 acres to 28,000 acres (44 square miles). To meet the growing demand for water, additional ground water supplies were developed along both the San Luis Rey and Santa Margarita rivers.

The District became a member of the San Diego County Water Authority (SDCWA) at its formation on June 9, 1944, and thus was eligible to receive a portion of Colorado River water that would be diverted by the Metropolitan Water District of Southern California (MWD). When Colorado River water became available in 1948, consumption within the District gradually increased to approximately 10,000 acre-feet per year by 1959. Then in 1978, MWD augmented its supply system with water from the California State Water Project and began delivering water from both systems to San Diego County.

Over the last decade, SDCWA has executed a supply reliability plan developed in the early 2000's. At that time, water demands were at all-time highs and double SDCWA's current annual water sales levels. With a water supply reliability plan built for peak annual water demands, SDCWA has invested billions in water supply reliability projects. Paying for these water supply reliability investments is driving SDCWA's cost of water higher.

With rate payers struggling to afford water in the District's service area and no hope for rate relief, the District took the bold step of detaching from SDCWA in an effort to lower the cost of water. On January 1, 2024, the District successfully completed the Detachment process and annexed into Eastern Municipal Water District's (EMWD's) service area. This change immediately reduced the District's cost of wholesale water by over 30% with no reduction in the District's water supply reliability.



## Water System

In the past, the District imported 99% of its potable water with the remaining 1% coming from a local well. With the Santa Margarita Groundwater Treatment Plant (SMGTP) now operational, a significant amount of the District's water supply will be provided through its Santa Margarita River Water Rights. This new local supply is expected to reduce the average annual amount of wholesale water purchased from EMWD by 40% or more and change the District's cost structure. The District's cost to treat and deliver the local water supply is less than the current cost of purchasing the same amount of water from EMWD. With a local supply available, the District's ratepayers are not only saving on the cost of water

but also limiting the impact of future EMWD rate increases.

The District’s water distribution system is comprised of 270 miles of pipeline, 7,000 valves, an ultraviolet disinfection water treatment plant, nine steel reservoirs, a 400-million-gallon treated water reservoir, seven pump stations and a groundwater treatment plant. District staff operate the system, and conduct all system maintenance and repairs. The District has nearly completed an Advanced Metering Infrastructure (AMI) system upgrade that will enable real-time meter reading and provide customers with real-time water use. The District has three connections to the imported water system that are connected to MWD owned pipelines.

The District’s five-year average annual water sales is 7,021 acre-feet. Residential and commercial customers represent 72% of sales, and agricultural customers make up the remaining 28%. The District’s historic sales trend is down due to improved water efficiency for both residential and commercial indoor and outdoor use, combined with sharp decreases in agricultural water demands. The decrease in agricultural water demands is being driven by the economics of agriculture production and the fact that high wholesale water costs make only limited crops profitable. The District’s agricultural water sales have reduced from 7,000 acre-feet in Fiscal Year 2008 to 1,461 in Fiscal Year 2024 or down 79%.

**Wastewater System**

The District’s wastewater system is comprised of 78 miles of buried sewer lines and force mains, a 2.7 million gallon per day water reclamation plant, a 1-megawatt solar facility and a 12-mile ocean outfall line. The District’s wastewater system has 5,042 customers with an annual influent flow of 632 million gallons of wastewater. The District hauls approximately 300 dry tons of biosolids each year to various facilities for composting and land application.



**Recycled Water System**

The District’s recycled water system includes 10.5 miles of buried pipe. Currently the District has 30 recycled water connections, and delivers an average of 0.4 million gallons per day to them. The District provides recycled water for plant nurseries, sports fields, home owners’ associations, Fallbrook High School, and street medians. In 2023, the District completed an updated Recycled System Master Plan in which potential system expansions were identified and analyzed for targeted implementation. Over 600 acre feet per year of potable demand could be served with recycled water if all extensions were implemented. Funding for the most feasible expansions is being pursued through State and Federal resources. In addition, the District will coordinate outreach to assist irrigators with planning, permitting, purchasing new equipment and receiving grant funds. Assisting growers through the entire process will help bring new recycled customers online.

The District has received grant funding to explore development of a joint Indirect Potable Reuse Project with Camp Pendleton Marine Corps Base.





## Governance and Organizational Structure

The District’s Board is made up of five community members who serve overlapping four-year terms. In March 2016, the Board unanimously approved a resolution to change the method of electing board members to “election by district” and approved a map identifying five territorial units within the District. Each director, therefore, is elected by the registered voters of the sub-district he or she resides in, within the District’s service area. To run for office, a candidate must live in the area he or she is running to represent. Prior to 2016, directors would win a seat on the board by being the top vote-getters, regardless of where they lived within the District.

### Elected District Officials (As of 06/30/2024):

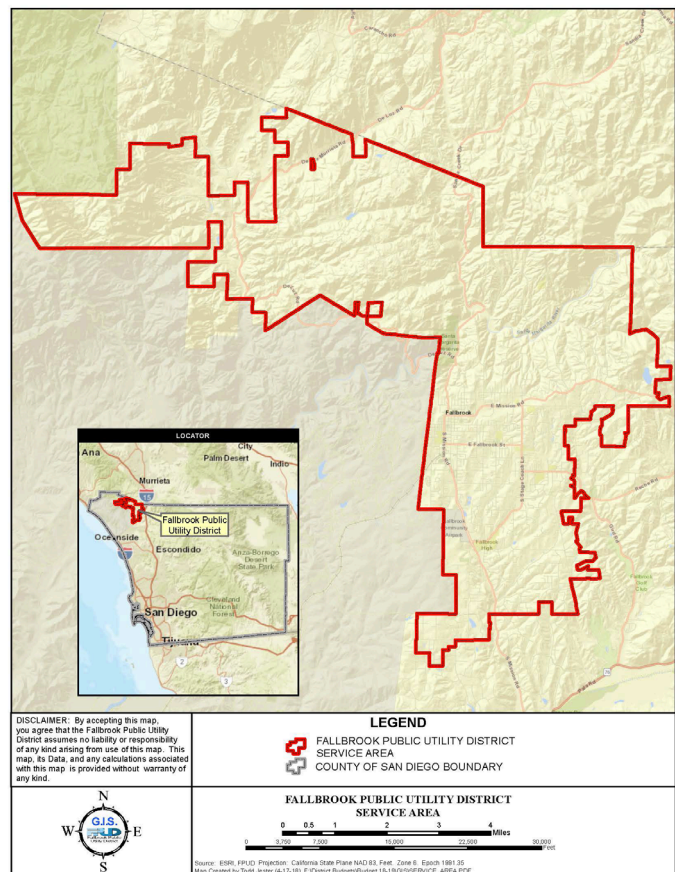
- District #1 - Dave Baxter**
- District #2 - Ken Endter**
- District #3 - Jennifer DeMeo, President**
- District #4 - Don McDougal, Vice-President**
- District #5 - Charley Wolk**

## Service Area and Local Economy

San Diego County is the second-most populous county in the state and the fifth-most populous in the United States. The District is located in the north-east region of the county and is rural in character. The District’s service area and pipeline is shown in the accompanying maps. The District is bordered to the west by the Naval Weapons Station and U.S. Marine Corps Base Camp Pendleton, making the District’s service area a bedroom community for Camp Pendleton’s active military and civilian-service workers. The service area’s 2021 population is estimated to be 34,738 with 10,334 households. Fallbrook’s population has remained relatively unchanged over the past several years.

The median household income in Fallbrook was \$78,479, which is less than the state median of \$91,905 and slightly higher than the national average of \$74,580. Being only slightly higher than the national average is noteworthy since California is one of the most expensive states to live in.

The San Diego Association of Governments (SANDAG) projects that the County’s population will approach 3.7 million residents in 2050, up from 3.3 million in 2021. The District’s 2050 housing density is expected to increase slightly as housing demands increase. Employment is also expected to slightly increase by 2050.



## Financial Policies

The District maintains certain policies that govern aspects of the District's financial management. The District's maintains the following policies:

- Debt Management Policy – Defines the District's debt management.
- Investment Policy – Establishes permitted investments in compliance with State Code.
- Fund Balance/Reserve Policies – Set target balances for reserves and working capital.
- Capitalization Policy – Establishes the parameters for defining an operating or capital expenditure.

These policies can be found on the District's website as standalone documents or as part of the District's Administrative Code.

## Long-Range Planning

The District engages in a wide range of long range planning activities. In 2022, the District completed the process of updating its 2017 financial plan. As part of the financial plan update, the District considered the economic benefits of detachment from San Diego County Water Authority (SDCWA) and annexing into Eastern Municipal Water District's (EMWD's) service area, established a rate and charge plan for each enterprise that ensured financial sustainability, and restructured rates and charges to better align level of service with cost of service. Each year a 10-year Capital Improvement Plan (CIP) is developed for water, recycled water and wastewater services' as part of the annual budget process. Other planning activities include establishing and funding a 115 Trust to offset the District's pension and Other Post Employment Benefits (OPEB) liabilities. On June 30, 2024, the trust held \$8.2 million in assets to offset in District's OPEB and Pension liabilities.

In 2018, the District adopted a new Mission Statement to ensure the District's activities are aligned with the stakeholder interests. To benefit the community of Fallbrook by providing efficient and reliable services the District has identified the following long-range strategic focus areas.

### # 1 Strategic Focus Area | Water Supply

**Need:** The District is focused on managing its water supply mix to provide rate payers with reliable and affordable water.

**Goal:** Provide a reliable, cost-effective water supply through optimization of the District's local supply and securing wholesale water at a more reasonable cost.

**Strategy:** Maximize local water supplies from the Santa Margarita River water rights settlement. Evaluate further expansion of recycled water system to utilize available capacity and provide a local cost-effective drought proof supply to recycled water customers. Change the District's wholesale provider to provide immediate and substantial financial relief to the District's water customers.

### # 2 Strategic Focus Area | Infrastructure

**Need:** The District was formed in 1922 and has aging infrastructure throughout its service area. Over the last few years, pipe failures have caused increased service disruptions and property damage. If not addressed, these problems will increase significantly as the existing infrastructure reaches the end of its useful life.

**Goal:** Maintain reliable infrastructure to our customers in the most cost-effective manner.

**Strategy:** Continue implementation of an asset-management program to improve system reliability by replacing existing aging infrastructure before its failure in an effort to avoid service disruptions and property damage.

### #3 Strategic Focus Area | Efficiency

**Need:** While the District has been able to maintain reliable service with limited resources, additional legal and environmental requirements along with rising employee costs require the District to do more with less to help control water and wastewater rates.

**Goal:** Create a District culture of continuous improvement through the implementation of systems, processes and goals for all aspects of the organization.

**Strategy:** Continue taking incremental steps toward developing an organization that is a model in the industry for operational practices and efficiency, and one that is looked to as an industry leader for a smaller utility. Collaborate with other agencies locally and nationally to implement best practices in the industry.

### #4 Strategic Focus Area | Community

**Need:** The District was formed by the community as a local resource, but the need to increase rates for long-term fiscal sustainability and to address past under-investments in infrastructure negatively affects our customers' public opinion of the District.

**Goal:** Improve experience for our customers to help provide a positive impact on the community we serve.

**Strategy:** Improve messaging and District approach, from field staff to management, to make sure we are approaching our activities with a focus on the customer's perspective. Establish programs that help invest in our community.

### #5 Strategic Focus Area | Workforce

**Need:** Maintain a workforce of qualified and capable staff. Recruiting is challenging for qualified replacements with the necessary knowledge of water and wastewater operations, heavy construction, finance and engineering.

**Goal:** Develop a well trained and educated workforce that is capable of filling key positions to maintain the organization's resilience.

**Strategy:** Create an organization where many key positions are developed internally and a formal program exists to identify staff with management potential and provide necessary training. Establish a work environment and reputation in the industry that draws qualified candidates with external recruitments.



## Major Initiatives

### Implementing Change

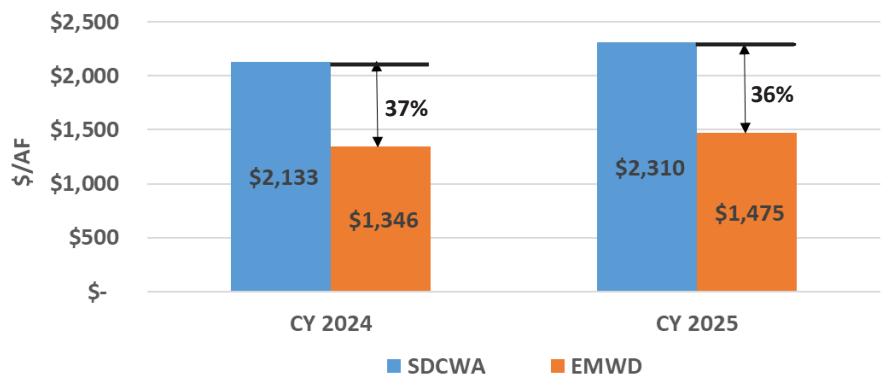
Over the past year, the District’s water operations has undergone a complete transformation. This transformation includes coordinating the delivery of Santa Margarita River (SMR) water from Camp Pendleton (the District’s local water supply), the operation of the new Santa Margarita Groundwater Treatment Plant (SMGTP), and importing water from a new wholesale water provider, Eastern Municipal Water District (EMWD). Staff now have to balance customer water demands, water deliveries from Camp Pendleton and EMWD, water production at the SMGTP with draws from and deposits into the Red Mountain Reservoir. While more complex, once optimized the water system will provide the District’s rate payers with a stable rates and a reliable water supply.

The District is also focused on the efficient operations of the Water Reclamation Plant. The District has implemented several Key Performance Indicators (KPIs) to use as performance benchmarks ensuring treatment processes are optimized and costs minimized. In addition, the District also continues to look for opportunities to expand its recycled water service area.

### Water Affordability

Chart #1- Cost Comparison of Imported Treated Water(\$/AF)

The District has faced a decade of escalating wholesale water costs driven by costly infrastructure investments made by the San Diego County Water Authority (SDCWA) in supply reliability. This year the District detached from SDCWA’s service area and annexed into EMWD’s service area. The result of this change is a significant decrease in the District’s cost of imported water. As an EMWD customer, the District’s monthly fixed charges decreased by approximately 87%. The cost of treated water deliveries also went down by approximately 20%. These savings allowed the District to hold water usage rates flat and reduce the fixed monthly fees paid by customers in calendar year 2024.



Going forward, the District expects, on average, more than half of its water supply will come from local supplies. For example, in Fiscal 2024-25, the District expects local water supply to provide more than 92% of District’s total water supplies. As the District optimizes system operations, cost savings will be passed through to customers.

The District’s detachment agreement with SDCWA required an \$8.5 million Detachment Fee to be paid to SDCWA. To manage the financial impact of the Detachment Fee in Fiscal Year 2023-24, the Board chose to debt fund the water Capital Improvement Program (CIP). By funding the CIP with debt proceeds, the District had sufficient cash reserves to pay the Detachment Fee and maintain its operating reserves. This approach also enabled the District to spread the financial impact of the Detachment Fee over time and minimize the immediate impact on water rates and charges.

The District still faces wholesale water rate increases by the Metropolitan Water District (MWD), which are passed through by EMWD. In calendar years 2025 and 2026, MWD is increasing water rates by



8.5% and 11%, respectively. However, the District will avoid SDCWA's rate increases, which was 14% in calendar year 2025, as it struggles to stabilize its financial position.

**Asset Management**

Our critical buried infrastructure, such as water mains, have an average service life of 80 to 100 years. In the past, the District's replacement cycle for buried assets was 400 years, which means a significant number of assets in operation were well beyond their expected service life. With this replacement cycle, the frequency of asset failures is expected to increase significantly over the near-term resulting in an increasing number of emergency water disruptions and property damage claims. Over the past several years, the District has seen an increase in the frequency of emergency water pipeline repairs. In an attempt to mitigate this trend, The District is reviewing its asset management program and modifying business practices in an attempt to better determine both the asset's condition and consequence of failure to support better asset renewal and replacement decisions. With the overall goal of driving the water system's asset service life down from 400 years to 100 years, the District will continue to proactively manage the renewal and rehabilitation program targeting prioritized assets.

**Continuous Improvement**

The District is focused on leveraging its information management systems into the decision making process. Providing field crews and engineering with a mix of information critical to effectively planning and making asset repair and replacement decisions is central to this effort. As staff continue to implement changes to information management systems to support better decisions, the District will begin a review of Enterprise Resource Planning (ERP) systems to evaluate which one best supports the District's goals.

**Looking Forward**

The District is committed to advocating for its ratepayers and securing a reliable and affordable water supply. To this end, the District is focused on optimizing water supply and operations to minimize its costs. This approach not only applies to the Water System operations but also the Wastewater and Recycled Water Systems' operations.

The District's organizational chart is shown on the page 9.

**Acknowledgments**

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Management would like to thank the Board of Directors for their leadership and vision guiding the implementation of the highest standards of financial management and securing District's long-term financial sustainability.



Jack Bebee  
General Manager

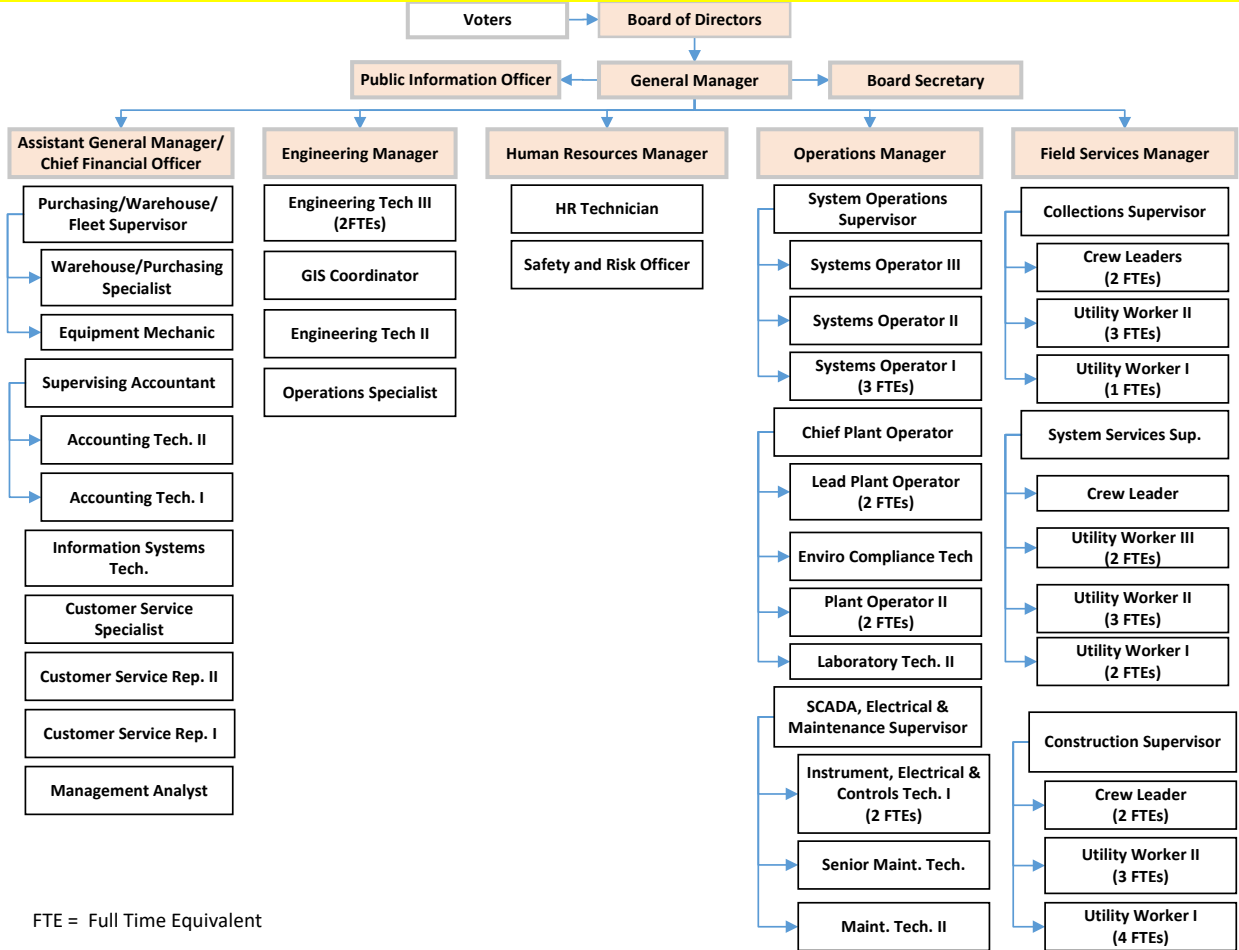


David Shank  
Assistant General Manager/CFO



Fiscal Year Organizational Structure (Total FTE 70)

**Fiscal Year 2023-2024 Organizational Structure - Total Requested Regular FTE=70**



FPUD and EMWD board members celebrate switching water wholesalers on April 30, 2024 special board meeting.

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**Certificate of Achievement for Excellence in Financial Reporting**

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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Fallbrook Public Utility District  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morrill*

Executive Director/CEO

# FINANCIAL SECTION

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## Management's Discussion and Analysis

This section of the Fallbrook Public Utility District's (District) annual financial report provides management's summary and analysis of the District's financial performance for fiscal year ending June 30, 2024. Management's Discussion and Analysis (MD&A) are broken into the following sections:

- Financial Statement Overview
- Financial Highlights & Analysis
- Capital Assets
- Debt Administration

Interested parties are encouraged to read this section of the District's annual financial report in conjunction with the Letter of Transmittal and the detailed financial statements included in this report.

### Financial Statement Overview

The financial statements report information about the District's financial position and result of operations using the accrual basis of accounting, similar to methods used by private sector companies. The statements also present changes in cash balances, and information about both short and long-term activities. This section of the annual report contains three components: Management's Discussion and Analysis, the Basic Financial Statements, and the Notes to the Financial Statements.

The Basic Financial Statements include the following:

- The Statement of Net Position present financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The Statement of Revenues, Expenses and Changes in Net Position accounts for the District's activities during the last year. It provides the basis for measuring the relative success in recovering operational costs.
- The Statement of Cash Flows report the District's cash receipts and disbursements during the period, classified into operating, financing, and investing categories.
- The Notes to the Financial Statements provide additional information and present material disclosures required by generally accepted accounting principles that are not otherwise visible in the financial statements. The notes immediately follow the statements.

### Financial Highlights

This year the District's net financial position decreased 4.6% from the June 30, 2023 balance of \$108,297,538 to the June 30, 2024 balance of \$103,300,858. The decrease was driven by the \$8,506,750 Special Item, which was the detachment payment made to the San Diego County Water Authority (SDCWA). The District's total assets increased to \$222,727,127, which is a 2.8% increase from last year. The increase in District's Restricted Assets is due to the remaining bond proceeds from the issuance of \$11,205,000 in Water Revenue Bonds this fiscal year to fund the Water System's CIP. Liabilities increased to \$123,048,533 or 9.8% from year ending June 30, 2023 due to the additional debt issued by the District. Deferred outflows of Resources dipped slightly due to changes in the District's OPEB benefits/obligations and recognition of pension plan performance. Of the District's assets, 78% are related to infrastructure, which is the largest class of assets.

The District's operating loss increased from \$1,335,588 in fiscal year ending June 30, 2023 to \$4,175,425 in fiscal year ending June 30, 2024. The increase was driven by the detachment payment

made to SDCWA. Overall, the District's operating revenues decreased 1.7% or from \$31,629,493 to \$31,103,675 in fiscal years ending June 30, 2023 and 2024, respectively. After net non-operating revenues and capital contributions, the District's fiscal year ending June 30, 2024 decrease in net position was \$4,996,680. The District sought reimbursement from both Pension and OPEB 115 Trust this year for pension and OPEB related expenditures. Bringing the combined trust balances down from \$10,349,994 fiscal year ending June 30, 2023 to \$8,198,731 fiscal year ending June 30, 2024.

### Financial Analysis

The Statements of Net Position and the Statements of Revenues, Expenses and Changes in Net Position report information about the District's enterprise fund activities in a way that will help answer questions as to whether the District, as a whole, is better or worse off as a result of this year's activities. These two statements report the net position of the District and changes in it. One can think of the District's net position as the difference between assets and deferred outflows of resources (what is owned) and liabilities and deferred inflows of resources (what is owed) and is one way to measure its financial health or financial position.

### Fiscal year 2024 compared to Fiscal Year 2023

The largest and most significant portion of the District's net position is its investment in capital assets, which are used to provide services to its customers. Water assets include the new groundwater treatment plant, the pipeline distribution system, the dam at the Red Mountain reservoir and equipment and structures. Wastewater assets include the sewage collections system, wastewater treatment plant, solar generating plant, equipment and ownership of the Ocean Outfall. Capital assets decreased to \$173,831,640 in fiscal year ending June 30, 2024 from \$174,509,824 in fiscal year ending June 30, 2023. The slight decrease in fiscal year ending June 30, 2024 was driven by the District's disposal of assets including land and equipment.

Current assets increased from fiscal year ending June 30, 2023 due largely to \$8,397,500 in unspent 2024 bond proceeds. At year-end, the trust offsetting the District's OPEB and pension liabilities held \$8,198,731, \$1,173,543 for OPEB and \$7,025,188 for pensions.

Net capital assets decreased \$678,184 in fiscal year ending June 30, 2024. District wide depreciation in fiscal year ending June 30, 2024 was \$9,027,049. The decrease in net capital assets indicates that the District's capital investments in system assets during fiscal year ending June 30, 2024 were slightly outpaced by the rate of asset depreciation.

Current liabilities increased by \$1,874,965 from fiscal year ending June 30, 2023. The driver behind the increase in current liabilities is the debt service on the 2024 Water Revenue Bonds.

The District's total net position decreased by \$4,996,680 due largely to the \$8,506,750 Special Item, which was the detachment payment made to the SDCWA.

### Fiscal year 2023 compared to Fiscal Year 2022

The largest and most significant portion of the District's net position is its investment in capital assets, which are used to provide services to its customers. Water assets include the pipeline distribution system, the dam and disinfection facility at the Red Mountain reservoir, an advanced reverse osmosis water treatment plant and other equipment and structures. Wastewater assets include the sewage collections system, wastewater treatment plant, solar generating plant and equipment. Capital assets decreased to \$174,509,824 in fiscal year ending June 30, 2023.

Current assets and liabilities remained flat from fiscal year ending June 30, 2022. At year-end, the trust offsetting the District's OPEB and pension liabilities held \$10,349,994, \$1,173,333 for OPEB and

\$9,176,661 for pensions. The District implemented GASB 96 fiscal year ending June 30, 2023. The value of the District’s subscription liability on June 30, 2023 was \$37,290.

Net capital assets decreased \$3,098,014 in fiscal year ending June 30, 2023. District wide depreciation in fiscal year ending June 30, 2023 was \$8,997,162. The decrease in net capital assets indicates that the District’s capital investments in system assets during fiscal year ending June 30, 2023 were slightly outpaced by the rate of asset depreciation. This was due to a lower than expected level of capital project execution.

The District’s total net position increased by \$5,575,556 primarily attributable to the \$8,358,223 in nonoperating revenue, which is predominantly made up of property taxes and capital improvement charges, and investment income. These along with offsetting nonoperating expenses of \$1,622,947, compensated for the operating loss of \$1,335,588.

**Condensed Statements of Net Position**

	June 30, 2024	June 30, 2023	June 30, 2022
<b>Assets</b>			
Unrestricted Current Assets	\$ 26,258,734	\$ 26,256,133	\$ 26,273,471
OPEB and Restricted Assets	20,035,878	13,794,060	12,373,596
Capital Assets, net	173,831,640	174,509,824	177,607,838
Lease Receivable, Net of Current Portion	2,600,875	2,192,063	2,534,615
<b>Total Assets</b>	<b>222,727,127</b>	<b>216,752,080</b>	<b>218,789,520</b>
<b>Deferred Outflows of Resources</b>			
	<b>7,408,477</b>	<b>7,638,677</b>	<b>3,020,909</b>
<b>Liabilities</b>			
Current liabilities	9,384,302	7,509,337	7,512,861
Noncurrent liabilities including Retention Payable	113,664,231	104,535,670	100,234,698
<b>Total Liabilities</b>	<b>123,048,533</b>	<b>112,045,007</b>	<b>107,747,559</b>
<b>Deferred Inflows of Resources</b>			
	<b>3,786,213</b>	<b>4,048,212</b>	<b>11,340,888</b>
<b>Net Position</b>			
Net Investment in Capital Assets	83,327,031	84,709,855	84,830,631
Restricted	8,559,689	10,707,799	9,631,081
Unrestricted	11,414,138	12,879,884	8,260,270
<b>Total Net Position</b>	<b>\$ 103,300,858</b>	<b>\$ 108,297,538</b>	<b>\$ 102,721,982</b>

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

	For the Year Ended June 30, 2024	For the Year Ended June 30, 2023	For the Year Ended June 30, 2022
<b>Operating Revenues</b>			
Water	\$ 22,556,356	\$ 23,467,210	\$ 25,245,783
Recycled Water	1,154,745	1,102,493	1,232,350
Wastewater	7,392,574	7,059,790	6,336,853
Total Operating Revenues	31,103,675	31,629,493	32,814,986
<b>Operating Expenses</b>			
Cost of Water	6,659,144	10,716,859	13,245,830
Water Operations	12,563,218	7,769,158	10,369,275
Recycled Water Operations	542,253	446,834	626,050
Wastewater Operations	6,487,436	5,035,068	6,620,611
Operating Expenses Before Depreciation	26,252,051	23,967,919	30,861,766
Operating Income Before Depreciation	4,851,624	7,661,574	1,953,220
Depreciation	9,027,049	8,997,162	7,067,780
Total Operating Expenses Including Depreciation Operating Loss	(4,175,425)	(1,335,588)	(5,114,560)
<b>Non-Operating Revenues (Expenses)</b>			
Property Taxes	2,734,325	2,617,564	2,397,429
Capital Improvements Charges	3,087,841	2,838,696	2,650,202
Investment Income	2,006,744	932,974	(1,835,245)
Lease Interest Income	27,608	16,496	15,437
Water Availability Charges	199,452	200,107	202,234
MWD Local Resource Program	945,500	517,280	197,884
Lease Revenue	303,595	331,006	284,819
Intergovernmental Revenue-Federal Interest Rate Subsidy	72,101	86,153	99,240
Connection Fees	141,453	186,946	193,201
SDCWA Rate Refund	-	8,441	839,398
COVID Relief Grant	-	-	184,762
Water Supply Grant Funds	-	452,253	213,368
Net Gain (Loss) on Disposal of Capital Assets	327,395	170,307	36,543
Community Benefit Program Expense	(266,448)	(96)	-
Interest Expense	(1,994,853)	(1,622,851)	(1,524,767)
Total Non-Operating Revenues, Net	7,584,713	6,735,276	3,954,505
Change in Net Position Before Capital Contributions	3,409,288	5,399,688	(1,160,055)
Capital Contributions	100,782	175,868	59,898
Special Item	(8,506,750)	-	-
<b>Change in Net Position</b>	<b>(4,996,680)</b>	<b>5,575,556</b>	<b>(1,100,157)</b>
Net Position - Beginning of Year, As Originally Stated	108,297,538	102,721,982	103,822,139
Prior Period Adjustments	-	-	-
Net Position - Beginning of Year, As Restated	108,297,538	102,721,982	103,822,139
<b>Net position - End of Year</b>	<b>\$ 103,300,858</b>	<b>\$ 108,297,538</b>	<b>\$ 102,721,982</b>

### Fiscal year 2024 compared to Fiscal Year 2023

Fiscal year ending June 30, 2024 water sales revenues were down 3.9% or \$910,854 from fiscal year ending June 30, 2023 due to a decrease in water sales. Wastewater revenues were up 4.7% from fiscal year ending June 30, 2023 levels due to rate increases and higher billable flows. While the Statements of Net Position shows the District's overall financial position, the Statements of Revenues, Expenses and Changes in Net Position provides answers as to the nature and source of the changes in the District's fiscal year ending June 30, 2024 net position. The District's net position decreased by \$4,996,680 during fiscal year ending June 30, 2024.

Operating revenue decreased \$525,818 due to lower water sales. Recycled water sales were flat at 503 AF as compared to 594 AF in fiscal year ending June 30, 2023. Wastewater revenues increased by \$332,784 versus fiscal year ending June 30, 2023. Operating revenues included potable water and recycled sales, monthly District water and wastewater operations charges and pass-through charges from SDCWA.

Operating expenses increased by \$2,314,019 from fiscal year ending June 30, 2023. The increase in operating expense was driven by a \$4,794,060 increase in water operations and a \$1,452,368 increase in wastewater operations from fiscal year ending June 30, 2023. Local supply deliveries were X% of water sales up from Y% in last year. The cost to treat this increased local supply flows drove up the water operations expenses. The District's GASB 68 Pension Expense this year switched to an expense from a credit last year due to changes in the actuarial assumptions of the District's pension obligations. This is the driver of the wastewater operations expense increase. The District's Depreciation expense increased by \$29,887 from fiscal year ending June 30, 2023.

The District's operating loss of \$4,175,425 when netted against combined nonoperating revenues and expenses of \$7,584,713 results in a \$3,409,288 increase in net position before capital contributions. The District's nonoperating revenues came from seven primary sources, property taxes in the amount of \$2,734,325, water and wastewater capital improvement charges in the amount of \$3,087,841, investment income in the combined amount of \$2,006,744, MWD Local Resources Program payments of \$945,500, Lease Revenues of \$303,595, the net gain on disposal of capital assets in the amount of \$327,395 and water availability charges in the amount of \$199,452.

### Fiscal year 2023 compared to Fiscal Year 2022

Fiscal year ending June 30, 2023 water revenues were down 7.0% or \$1,778,573 from fiscal year ending June 30, 2022 due to weather related reductions in water sales levels. Wastewater revenues were up 11.4% from fiscal year ending June 30, 2022 levels due to rate increases and higher billable flows. While the Statements of Net Position shows the District's overall financial position, the Statements of Revenues, Expenses and Changes in Net Position provides answers as to the nature and source of the changes in the District's fiscal year ending June 30, 2023 net position. The District's net position increased by \$5,575,556 during fiscal year ending June 30, 2023.

Operating revenue decreased \$1,185,493 primarily due to water sales of 6,297 AF in fiscal year ending June 30, 2023 compared to 7,576 AF during fiscal year ending June 30, 2022. Recycled water sales trended with water sales and decreased to 494 AF as compared to 586 AF in fiscal year ending June 30, 2022. Wastewater revenues increased by \$722,937 from fiscal year ending June 30, 2022. Operating revenues included potable water and recycled sales, monthly District water and wastewater operations charges and pass-through charges from the SDCWA.

Operating expenses decreased by \$4,964,465 from fiscal year ending June 30, 2022. The decrease in operating expense was driven by a \$2,528,971 decrease in the cost of water from fiscal year ending June 30, 2022, due to less water being purchased from SDCWA. Depreciation expense increased by \$1,929,382 from fiscal year ending June 30, 2022 while other operating costs decreased by \$4,364,876. The District’s GASB 68 Pension Expense was a \$1,383,517 operating expense credit this year due to changes in the actuarial assumptions of the District’s pension obligation.

The District’s operating loss of \$1,335,588 when netted against combined nonoperating revenues and expenses of \$6,735,276 results in a \$5,399,688 increase in net position before capital contributions. The District’s nonoperating revenues come from six primary sources, property taxes in the amount of \$2,617,564, water and wastewater capital improvement charges in the amount of \$2,838,696, investment income in the amount of \$932,974, water availability charges in the amount of \$200,107, connection fees in the amount of \$186,946 and the Federal Interest Rates Subsidy Payments of \$86,153.

Supplemental information for each of the three operations divisions can be found on page 76 of this report.

**Capital Assets**

The District’s has implemented an asset management program to improve the system reliability and reduce the number of unscheduled repairs. A critical component of the asset management program is the District’s pipeline and valve replacement program. In fiscal year ending June 30, 2024, the District replaced 10,290 feet of pipe and 164 valves (101 by FPU D crews and 63 by contractors). The District’s pipeline and valve replacement program’s goal is to reduce the replacement cycle of pipelines to 100 years from the previous 400 year replacement cycle. Additional information on the District’s capital asset activity can be found at Note 3 of the Notes to the Basic Financial Statements.

June 30, 2024, the District has the following commitments with respect to unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Completion Date
Toyon & De Luz Pump Stations	\$ 1,200,000	12/31/2026
Pipeline Replacements FY24	70,000	7/31/2024
Ross Lake Pipeline Replacement	170,000	8/15/2024
Via Arroyo Pipeline Replacement	2,400,000	2/1/2025
Kauffman PRV Replacement	600,000	2/1/2025
Rattlesnake Tank Site Improvements	500,000	4/1/2025
Downtown Pipeline Replacement	1,600,000	12/31/2026
Main Street Sewer Main Replacement	175,000	2/1/2025
Shady Lane LS Electrical Replacement	25,000	2/1/2025
Scrubber Replacement	380,000	4/1/2025
EV Charging Stations	300,000	2/1/2025
Building Roof Replacement	20,000	8/15/2024

## Debt Administration

At June 30, 2024, the District had \$97.5 million of long-term debt outstanding. \$1.6 million of this debt is attributable to the wastewater Qualified Energy Conservation Bonds (QECCB) solar loan, which qualifies for Federal Interest Rate Subsidy payments. The loan was originally for \$7.2 million. An additional \$2.5 million of indebtedness is attributable to the Red Mountain Disinfection Facility SRF loan, which was originally for \$6.16 million. \$17.7 million of indebtedness and \$2.9 million in unamortized premium is attributable to the District's Waste Water Revenue Refunding Bonds, which refunded the District's Wastewater Treatment Plant SRF loan, which was originally for \$29.6 million. The SRF loan for the SMGTP, was approved for \$63.9 million at the end of fiscal year ending June 30, 2022. The 2024 Water Revenue Bonds were issued in March 2024 for \$11,205,000 with the full amount outstanding and an unamortized premium of \$780,820. Scheduled debt service payments (principal and interest) on the 2024 Water Revenue Bonds commence in fiscal year 2025. During the year ending June 30, 2024 \$3.5 million of principal payments were made on the District's outstanding long-term obligations.

More detailed information about the District's debt structure is found in Note 7 to the Basic Financial Statements.



**FALLBROOK PUBLIC UTILITY DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2024**  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)

	2024	2023
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 8,150,176	\$ 8,625,839
Investments	11,261,326	10,956,276
Receivables - Water Sales and Services	4,523,257	4,442,273
Accrued Interest Receivable	71,965	61,144
Property Taxes Receivable	41,816	45,418
Lease Receivable, Current Portion	241,958	219,700
Other Receivables	193,750	399,671
Inventory	1,626,706	1,405,107
Prepaid Expenses and Other Deposits	147,780	100,705
Restricted Assets:		
Cash and Cash Equivalents	7,660,875	9,816,557
Investments	12,375,003	3,977,503
Total Current Assets	46,294,612	40,050,193
<b>NONCURRENT ASSETS</b>		
Capital Assets:		
Capital Assets, Not Being Depreciated	16,783,490	18,329,634
Capital Assets Being Depreciated, Net	157,048,150	156,180,190
Total Capital Assets, Net	173,831,640	174,509,824
Lease Receivable, Net of Current Portion	2,600,875	2,192,063
Total Noncurrent Assets	176,432,515	176,701,887
Total Assets	222,727,127	216,752,080
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Amounts From Pension	7,065,224	7,217,689
Deferred Amounts From OPEB	343,253	420,988
Total Deferred Outflows of Resources	7,408,477	7,638,677

See accompanying Notes to Basic Financial Statements.



**FALLBROOK PUBLIC UTILITY DISTRICT  
STATEMENT OF NET POSITION (CONTINUED)  
JUNE 30, 2024  
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2023)**

	2024	2023
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 3,709,946	\$ 2,489,410
Accrued Wages	160,512	147,964
Construction and Other Deposits	17,882	11,203
Accrued Interest Payable	807,554	645,606
Retention Payable	290,772	64,035
Lease Liability, Current Portion	19,299	10,173
Subscription Liability, Current Portion	33,203	37,290
Compensated Absences, Current Portion	702,235	648,132
Current Portion of Other Long-Term Debt	3,642,899	3,455,524
Total Current Liabilities	9,384,302	7,509,337
<b>NONCURRENT LIABILITIES</b>		
Health Retirement Account Liability	285,183	307,468
Net OPEB Liability (Asset)	117,970	247,383
Net Pension Liability	18,253,675	17,127,503
Lease Liability, Net of Current Portion	73,134	-
Subscription Liability, Current Portion	34,434	-
Compensated Absences, Net of Current Portion	1,053,353	972,198
Long-Term Debt - Net of Current Portion	93,846,482	85,881,118
Total Noncurrent Liabilities	113,664,231	104,535,670
Total Liabilities	123,048,533	112,045,007
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Amounts From Pension	958,726	1,668,860
Deferred Amounts From OPEB	94,877	41,941
Deferred Amounts From Lease Receivable	2,732,610	2,337,411
Total Deferred Inflows of Resources	3,786,213	4,048,212
<b>NET POSITION</b>		
Net Investment in Capital Assets	83,327,031	84,709,855
Restricted for:		
1958 Annex Projects	1,213,780	1,213,780
Debt Service	320,721	317,358
Pension	7,025,188	9,176,661
Unrestricted	11,414,138	12,879,884
Total Net Position	\$ 103,300,858	\$ 108,297,538

See accompanying Notes to Basic Financial Statements.

**FALLBROOK PUBLIC UTILITY DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2024**  
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2023)

	2024	2023
<b>OPERATING REVENUES</b>		
Water	\$ 22,556,356	\$ 23,467,210
Recycled Water	1,154,745	1,102,493
Wastewater	7,392,574	7,059,790
	<u>31,103,675</u>	<u>31,629,493</u>
<b>OPERATING EXPENSES</b>		
Cost of Water	6,659,144	10,716,859
Water Operations	12,563,218	7,769,158
Recycled Water Operations	542,253	446,834
Wastewater Operations	6,487,436	5,035,068
Operating Expenses Before Depreciation and Amortization	<u>26,252,051</u>	<u>23,967,919</u>
Operating Income Before Depreciation and Amortization	4,851,624	7,661,574
Depreciation and Amortization	<u>9,027,049</u>	<u>8,997,162</u>
Total Operating Expenses Including Depreciation and Amortization	<u>(4,175,425)</u>	<u>(1,335,588)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Property Taxes	2,734,325	2,617,564
Capital Improvements Charges	3,087,841	2,838,696
Investment Income	2,006,744	932,974
Lease Interest Income	27,608	16,496
Water Availability Charges	199,452	200,107
MWD Local Resource Program	945,500	517,280
Lease Revenue	303,595	331,006
Intergovernmental Revenue - Federal Interest Rate Subsidy	72,101	86,153
Connection Fees	141,453	186,946
SDCWA Rate Refund	-	8,441
Water Supply Grant Funds	-	452,253
Gain on Disposal of Capital Assets	327,395	170,307
Community Benefit Program Expense	(266,448)	(96)
Interest Expense	<u>(1,994,853)</u>	<u>(1,622,851)</u>
Total Nonoperating Revenues (Expenses)	<u>7,584,713</u>	<u>6,735,276</u>
Changes in Net Position Before Capital Contributions and Special Item	3,409,288	5,399,688
<b>CAPITAL CONTRIBUTIONS</b>	100,782	175,868
<b>SPECIAL ITEM</b>	<u>(8,506,750)</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	(4,996,680)	5,575,556
Net Position - Beginning of Year	<u>108,297,538</u>	<u>102,721,982</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 103,300,858</u>	<u>\$ 108,297,538</u>

See accompanying Notes to Basic Financial Statements.

**FALLBROOK PUBLIC UTILITY DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2024**  
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2023)

	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 31,228,612	\$ 33,801,164
Payments for Water	(6,109,602)	(11,890,421)
Payments for Services and Supplies	(11,001,610)	(5,091,766)
Payments for Employee Wages, Benefits and Related Costs	(8,270,200)	(10,791,442)
Payment for Special Item	(8,506,750)	-
Net Cash (Used) Provided by Operating Activities	(2,659,550)	6,027,535
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Property Taxes	2,737,927	2,614,312
Net Cash Provided by Noncapital Financing Activities	2,737,927	2,614,312
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Lease Revenues Collected	267,724	290,065
Acquisition and Construction of Capital Assets	(7,411,254)	(6,389,114)
Proceeds From Sales of Capital Assets	434,824	182,896
Proceeds of Issuance of Debt	11,998,785	-
Principal Payments on Long-Term Debt	(3,543,712)	(1,882,878)
Interest Paid	(2,223,417)	(2,006,105)
Intergovernmental Revenue - Federal Interest Rate Subsidy	72,101	86,153
Capital Improvement Charges and Connection Fees	3,229,294	3,025,642
Proceeds from SDCWA Rate Rebate	-	8,441
Proceeds from MWD Local Resource Program	945,500	517,280
Water Availability Charges	199,452	200,107
Net Cash Provided (Used) by Capital and Related Financing Activities	3,969,297	(5,967,513)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale (Purchases) of Investments, net	(8,209,446)	(4,309,170)
Interest Received	1,530,427	937,769
Net Cash Used by Investing Activities	(6,679,019)	(3,371,401)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(2,631,345)	(697,067)
Cash and Cash Equivalents - Beginning of Year	18,442,396	19,139,463
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 15,811,051	\$ 18,442,396
<b>FINANCIAL STATEMENT PRESENTATION</b>		
Cash and Cash Equivalents	\$ 8,150,176	\$ 8,625,839
Cash and Cash Equivalents - Restricted Assets	7,660,875	9,816,557
Total Cash and Cash Equivalents	\$ 15,811,051	\$ 18,442,396

See accompanying Notes to Basic Financial Statements.

**FALLBROOK PUBLIC UTILITY DISTRICT  
STATEMENT OF CASH FLOWS (CONTINUED)  
YEAR ENDED JUNE 30, 2024  
(WITH COMPARATIVE FINANCIAL INFORMATION AS OF JUNE 30, 2023)**

	2024	2023
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Loss	\$ (4,175,425)	\$ (1,335,588)
Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	9,027,049	8,997,162
Community Benefit Program Expenses	(266,448)	(96)
Special Item	(8,506,750)	-
(Increase) Decrease in:		
Receivables	124,937	2,171,671
Inventory	(221,599)	55,058
Prepaid Expenses And Other Deposits	(47,075)	(29,423)
Deferred Outflows of Resources	230,200	(4,617,768)
Increase (Decrease) in:		
Accounts Payable	710,479	(662,945)
Accrued Wages	12,548	38,960
HRA Liability	(22,285)	(71,196)
Net OPEB Obligation	(129,413)	266,835
Net Pension Liability	1,126,172	7,930,200
Compensated Absences	135,258	167,224
Deferred Inflows of Resources	(657,198)	(6,882,559)
Net Cash Provided (Used) by Operating Activities	\$ (2,659,550)	\$ 6,027,535
<b>SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES</b>		
Change in Fair Value of Investments	\$ 493,104	\$ (32,166)
Acquisition and Construction of Capital Assets in Accounts Payable	\$ 861,886	\$ 351,829
Capital Assets Contributed	\$ 100,782	\$ 175,868

See accompanying Notes to Basic Financial Statements.

**FALLBROOK PUBLIC UTILITY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization and Operations of the District**

Fallbrook Public Utility District (District) was incorporated as a political subdivision of the State of California in 1922 and operates under the provisions of the Public Utility District Code as adopted in 1953. The District constructs, operates and maintains facilities to supply water to the town of Fallbrook and the surrounding residential and agricultural areas comprising approximately 27,963 acres, which includes the former De Luz Heights Municipal Water District (annexed in 1990). The District is governed by a Board of Directors consisting of five board members, each of whom is elected to office for a term of four years by registered voters of the District.

In November 1994, the Fallbrook Sanitary District (which is wholly included within the Fallbrook Public Utility District) dissolved that district and was incorporated into the Fallbrook Public Utility District to provide wastewater services in Fallbrook. The provisions of the dissolution and assumption of services established a separate improvement district to identify the tax base and debt obligations of the former Fallbrook Sanitary District.

Under the terms and conditions of the Local Agency Formation Commission (LAFCO), a San Diego County agency that oversees special districts, the debt of the former Fallbrook Sanitary District, now identified as Improvement District S, existing at the time of the merger was paid from taxes and other revenues raised within the Improvement District "S". The debt of the former De Luz Heights Municipal Water District was also paid from revenues and taxes paid in the De Luz area.

**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Proprietary Fund**

The District's activities are reported in an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to business enterprises, where the intent of providing goods and services to the general public on a continuing basis is financed or recovered primarily through user charges.

The basic financial statements are prepared using the *economic resource measurement focus* and the *accrual basis of accounting*. Under the economic resources measurement focus all assets, deferred outflows of resources, liabilities and deferred inflows of resources (whether current or noncurrent) associated with the District's activities are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Net Position presents increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized when earned while expenses are recognized when the liability is incurred regardless of the timing of cash flow.

**FALLBROOK PUBLIC UTILITY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Proprietary Fund (Continued)**

The District distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services, delivering water, and collecting, treating and disposing of wastewater in connection with the District's principal ongoing operations. The District's principal operating revenues are charges to customers for sales and services. Operating expenses 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. Capital contributions are reported as a separate line item in the Statement of Revenues, Expenses, and Changes in Net Position.

**Net Position**

The basic financial statements of the Fallbrook Public Utility District have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting financial reporting purposes.

Net position of the District is classified into three components: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position. These classifications are defined as follows:

Net Investment in Capital Assets

This component of net position consists of capital assets, net of accumulated depreciation and amortization and reduced by the outstanding balances of notes or borrowings that are attributable to the acquisition of the asset, 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 are not included in the calculation of net investment in capital assets.

Restricted Net Position

This component of net position consists of net position with constrained use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position

This component of net position consists of net position that does not meet the definition of "net investment in capital assets," or "restricted net position." As of June 30, 2024, \$825,454 of unrestricted net position is designated for Community Benefit Program.

**FALLBROOK PUBLIC UTILITY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

**Summarized Comparative Information**

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in accordance with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

**C. 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 a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. The category of deferred outflow of resources reported in the statement of net position is related to pension and other postemployment benefits. Deferred outflows on pension and other postemployment benefits are more fully discussed in Notes 9 and 10, respectively.

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 future periods and will not be recognized as an inflow of resources (revenue) until that time. The District's deferred inflows of resources reported on the statement of net position relate to pension, other postemployment benefits and leases. Deferred inflow related to lease receivables will be recognized as revenue in a systematic and rational manner over the life of the lease. Deferred inflows on pension and other postemployment benefits are more fully discussed in Notes 9 and 10, respectively.

**D. Cash, Cash Equivalents, and Investments**

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents include petty cash, demand deposits with financial institutions, deposits in money market mutual funds (SEC registered), and deposits in external investment pools, and marketable securities that mature within 90 days of purchase. Such marketable securities and deposits in money market funds are carried at fair value. Investment pool deposits are carried at the District's proportionate share of the fair value of each pool's underlying portfolio.



**FALLBROOK PUBLIC UTILITY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Cash, Cash Equivalents, and Investments (Continued)**

State Investment Pool

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

Investment Valuation

Investments are carried at fair value. In the financial statements, changes in fair value that occur during a fiscal year are recognized as *investment income* reported for the fiscal year. *Investment income* includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

**E. Water Sales**

Water sales revenue is recorded when water is delivered and service is rendered, including an estimated amount for unbilled service.

**F. Accounts Receivable and Allowance for Doubtful Accounts**

The District participates in the County of San Diego's Teeter Plan. Under the Plan, each year in June, the County advances the delinquent accounts receivables amount to the District. The advance is then collected from the taxpayer by the County. The County also receives penalty payments. As a result, the District does not record an allowance for doubtful accounts.

**G. Inventory**

Inventory consists of water stored at Red Mountain Reservoir and in any of the District's water distribution tanks in the service area, warehouse materials, supplies and equipment necessary to support operations. Inventory is valued at cost using the weighted average cost method. Warehouse materials, supplies and equipment are charged to inventory stores expense when they are issued at the weighted average cost. Water inventory is charged to the cost of water when sold.

**H. Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses and are recorded utilizing the consumption method.



FALLBROOK PUBLIC UTILITY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2024

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. Restricted Assets**

Amounts shown as restricted assets have been restricted by debt agreements, by law or regulations, or by contractual obligations to be used for specified purposes, such as service of debt and construction of capital assets.

**J. Capital Assets**

Capital assets are valued at cost when constructed or purchased. Donated assets, donated works of art and similar assets, and capital assets received in a service concession arrangement are reported at acquisition value. The District capitalizes all plant and office equipment with a value of \$5,000 or greater and a useful life of greater than one year. Improvements to existing capital assets are capitalized if they extend the useful life of the asset by three or more years and the cost of the improvement is \$5,000 or greater. Interest costs incurred while constructing capital assets can be capitalized as part of the specific capital assets. The cost of normal maintenance and repairs that do not add to the value of assets or materially extend asset lives are not capitalized. Depreciation on capital assets in service, excluding land, is computed using the straight-line method over the estimated useful lives of such assets and is reported as an operating expense. Capital projects are subject to depreciation or amortization when completed and placed in service. The ranges of estimated useful lives of capital assets are as follows:

Water Transmission and Distribution System:	
Impounding Dams and Reservoirs	50 Years
Pipelines	50 Years
Other	20 to 25 Years
Wastewater Collection System, and Treatment and Disposal Facilities	
Buildings and Structures	45 Years
Equipment	3 to 10 Years

Right-to-use leased assets and subscription assets are amortized using the straight-line method over the shorter of the lease term or the useful life of the underlying asset.

**K. Lease Receivable**

The District measures lease receivable at the present value of lease payments expected to be received during the lease term. Interest revenue is recognized ratably over the contract term.

**L. Lease Payable**

Lease payable represents the District's obligation to make lease payments arising from the lease. Lease payable is recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

FALLBROOK PUBLIC UTILITY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Compensated Absences

Vested or accumulated vacation and sick leave is recorded as an expense and liability as benefits accrue to employees. Changes in compensated absences for the year ended June 30, 2024, were as follows:

Balance July 1, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
\$ 1,620,330	\$ 1,039,131	\$ (903,873)	\$ 1,755,588	\$ 702,235

N. Contributed Capital, Connection Fees and Water Availability Charges (Capacity Fees)

Capital contributions for water and wastewater represent contributions of capital assets from developers and revenues from the California State proposition programs. Capital contributions are recorded in the Statement of Revenues, Expenses and Changes in Net Position at acquisition value at the date the ownership is transferred to the District.

Connection and water availability charges (capacity fees) for water and sewer represent purchases of water meters and fees to connect to the water distribution system or connect to the wastewater collections system by developers or landowners. Connection fees and water availability charges are used strictly for capital improvement.

O. Property Taxes and Assessments

Property taxes in California are levied in accordance with Article XIII A of the State Constitution at 1% of countywide assessed valuations. This levy is allocated pursuant to state law to the appropriate units of local government. Additional levies require two-thirds approval by the voters and are allocated directly to the specific government. Taxes and assessments are recognized as revenue based on amounts reported to the District by the San Diego County Tax Collector’s Offices. The San Diego County Tax Collector’s Offices acts as a collection agent for the property taxes which are normally collected twice a year.

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

P. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**FALLBROOK PUBLIC UTILITY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Q. Pensions**

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

**R. Other Postemployment Benefits**

For purposes of measuring the net OPEB liability and deferred outflows/inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District’s OPEB Plan and additions to/deductions from the OPEB Plans’ fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the District’s OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**NOTE 2 CASH AND INVESTMENTS**

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

Statement of Net Position:

Current Assets:

Cash and Cash Equivalents	\$ 8,150,176
Restricted Cash and Cash Equivalents	7,660,875
Investments	11,261,326
Restricted Investments	12,375,003
Total Cash and Investments	<u>\$ 39,447,380</u>

Cash and Investments Consist of the following:

Cash on Hand	\$ 1,300
Deposits with Financial Institutions	1,676,230
Investments	37,769,850
Total Cash and Investments	<u>\$ 39,447,380</u>

**FALLBROOK PUBLIC UTILITY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)****Investments Authorized by the California Government Code and the District's Investment Policy**

The table below identifies the investment types that are authorized for the District by the California Government Code (or the District's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the District's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of funds within the pension and other postemployment benefit (OPEB) trusts that are governed by the agreement of the District and the trustee, and debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the District, rather than the general provisions of the California Government Code or the District's investment policy.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer	Quality Requirements (S & P Rating)
U.S. Treasury Obligations	5 Years	No Limitation	No Limitation	No Limitation
Federal Agencies	5 Years	No Limitation	75%	No Limitation
State Obligations	5 Years	25%	5%	A/A-1
Supranationals	5 Years	30%	No Limitation	AA
Banker's Acceptances	180 Days	25%	5%	A-1
Commercial Paper	270 Days	25%	10%	A-1
Negotiable Certificates of Deposit	5 Years	30%	5%	A/A-1
Repurchase Agreements	1 Year	10%	No Limitation	No Limitation
Medium-Term Notes	5 Years	30%	No Limitation	A
Passbook and Money Market Savings Accounts	No Limitation	No Limitation	No Limitation	No Limitation
Local Agency Investment Fund (LAIF)	No Limitation	No Limitation	No Limitation	No Limitation
County Pooled Investment Funds	No Limitation	No Limitation	No Limitation	No Limitation
California Local Agency Obligations	5 Years	25%	5%	A/A-1
Joint Powers Authority Pool	No Limitation	No Limitation	No Limitation	No Limitation
Money Market Mutual Funds	No Limitation	20%	No Limitation	AAA
Mortgage Pass-Through Securities	5 Years	20%	No Limitation	AA

**Investments Authorized by Debt Agreements**

Investment of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the District's investment policy.

FALLBROOK PUBLIC UTILITY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2024

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

**Disclosures Relating to Interest Rate Risk**

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

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

Investment Type	Total	Remaining Maturity (in Months)		
		12 Months or Less	13 to 24 Months	25 to 60 Months
Local Agency Investment Fund (LAIF)	\$ 6,897	\$ 6,897	\$ -	\$ -
U.S. Treasury Securities	6,864,081	1,891,750	2,869,554	2,102,777
California Asset Management Program (CAMP)	6,617,162	6,617,162	-	-
Asset Backed Securities	1,908,154	-	53,550	1,849,604
Medium-Term Notes	3,608,841	59,575	474,482	3,074,784
Municipal Bonds	207,278	-	107,900	99,378
Negotiable Certificates of Deposit	100,748	-	-	100,748
Federal Agency Collateralized Mortgage Obligations	2,554,725	158,767	287,480	2,108,478
Money Market	449,934	449,934	-	-
PARS Pooled Trust - Pension Trust	7,025,188	7,025,188	-	-
Investments with Fiscal Agent:				
Money Market	34,342	34,342	-	-
U.S. Treasury Securities	8,397,500	1,125,000	7,272,500	-
Total	<u>\$ 37,769,850</u>	<u>\$ 17,368,615</u>	<u>\$ 11,065,466</u>	<u>\$ 9,335,769</u>

FALLBROOK PUBLIC UTILITY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2024

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the District's Investment Policy, or debt agreements, and the Standard & Poor's (S&P) rating for each investment type at June 30, 2024.

Investment Type	Total	Minimum Rating*	Exempt from Disclosure	Ratings as of Year End			Not Rated
				AAA	AA/AA-/AA+	Other	
Local Agency Investment Fund (L	\$ 6,897	Exempt	\$ -	\$ -	\$ -	\$ -	\$ 6,897
U.S. Treasury Securities	6,864,081	Exempt	-	-	6,864,081	-	-
California Asset Management Program (CAMP)	6,617,162	AAA	-	6,617,162	-	-	-
Asset Backed Securities	1,903,154	A	-	1,552,410	-	-	350,744
Medium-Term Notes	3,608,841	A	-	-	182,439	3,426,402	-
Municipal Bonds	207,278	A/A-1	-	-	207,278	-	-
Negotiable Certificates of Deposit	100,748	A/A-1	-	-	-	100,748	-
Federal Agency Collateralized Mortgage Obligations	2,554,725	AA	-	-	2,554,725	-	-
Money Market	449,934	A	-	449,934	-	-	-
PARS Pooled Trust - Pension Trust	7,025,188	Exempt	7,025,188	-	-	-	-
Investments with Fiscal Agent:							
Money Market	34,342	A	-	34,342	-	-	-
U.S. Treasury Securities	8,397,500	Exempt	8,397,500	-	-	-	-
<b>Total</b>	<b>\$ 37,769,850</b>		<b>\$ 15,422,688</b>	<b>\$ 8,653,848</b>	<b>\$ 9,808,523</b>	<b>\$ 3,527,150</b>	<b>\$ 357,641</b>

\* Required to be rated accordingly by at least one Nationally Recognized Statistical Rating Organization (NRSRO)

The ratings for the "other" category above are as follows:

Investment Type	Total	Ratings as of Year End	
		Minimum A/A-/A+	Exempt from BBB+
Medium-Term Notes	3,426,402	3,146,878	279,524

**FALLBROOK PUBLIC UTILITY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)****Concentration of Credit Risk**

The investment policy of the District is in accordance with limitations on the amount that can be invested in any one issuer as stipulated by the California Government Code. The District holds no investments in any one issuer (other than for U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total District investments at June 30, 2024.

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, 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 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 a depository regulated under state law (unless so waived by the governmental unit). The fair 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 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's deposits with financial institutions (bank balances) were insured by the Federal Deposit Insurance Corporation or collateralized as required under California law.

**Fair Value Measurements**

The District categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the relative inputs used to measure the fair value of the investments. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Investments measured at cost or net asset value (NAV) are not subject to fair value measurement hierarchy. The three levels of the fair value hierarchy are described as follows:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

*Level 2* – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.



**FALLBROOK PUBLIC UTILITY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 2 CASH AND INVESTMENTS (CONTINUED)****Fair Value Measurements (Continued)**

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement. Unobservable inputs reflect the District's own assumptions about the inputs market participants would use in pricing the asset or liability (including assumptions about risk). Unobservable inputs are developed based on the best information available in the circumstances and may include the District's own data.

The asset's or liability's level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

	Quoted Prices (Level 1)	Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	June 30, 2023
Investments by Fair Value Level:				
Asset Backed Securities	\$ -	\$ 1,903,154	\$ -	\$ 1,903,154
Medium-Term Notes	-	3,608,841	-	3,608,841
Municipal Bonds	-	207,278	-	207,278
Negotiable Certificates of Deposit	-	100,748	-	100,748
U.S. Treasury Securities	-	15,261,581	-	15,261,581
Federal Agency Collateralized Mortgage Obligations	-	2,554,725	-	2,554,725
<b>Total Investments by Fair Value Level</b>	<b>\$ -</b>	<b>\$ 23,636,327</b>	<b>\$ -</b>	<b>\$ 23,636,327</b>
Investments Measured at Cost or Net Asset Value (NAV):				
Local Agency Investment Fund (LAIF)				6,897
California Asset Management Program (CAMP)				6,617,162
Money Market				484,276
PARS Pooled Trust - Pension Trust				7,025,188
<b>Total Investments at Cost or Net Asset Value (NAV)</b>				<b>14,133,523</b>
<b>Total Investments</b>				<b>\$ 37,769,850</b>



FALLBROOK PUBLIC UTILITY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2024

**NOTE 3 CAPITAL ASSETS**

Changes in capital assets for the year ended June 30, 2024 were as follows:

	Balance June 30, 2023	Additions	Deletions	Transfers/ Reclassifications	Balance June 30, 2024
<b>Capital Assets, Not Being Depreciated:</b>					
Land and Property Rights-Water	\$ 11,694,043	\$ 3,268	\$ (107,429)	\$ -	\$ 11,589,882
Land and Property Rights-Wastewater	1,128,164	-	-	-	1,128,164
Construction In Progress	5,507,427	8,047,600	-	(9,489,583)	4,065,444
Total Capital Assets, Not Being Depreciated	18,329,634	8,050,868	(107,429)	(9,489,583)	16,783,490
<b>Capital Assets, Being Depreciated:</b>					
Water Operations:					
Impounding Dam	35,079,523	-	-	306,579	35,386,102
Distribution System	71,585,971	-	-	2,898,728	74,484,699
Buildings and Structures	60,799,882	-	-	1,003,362	61,803,244
Equipment	11,090,614	163,680	(388,456)	-	10,915,838
Subscription Asset	80,542	102,536	(80,542)	-	102,536
Right of Use Lease Asset - Equipment	50,630	98,249	(50,630)	-	98,249
Total Water Operations	178,687,162	364,465	(469,628)	4,208,669	182,790,668
Wastewater Operations:					
Collection System	14,056,536	-	-	-	14,056,536
Treatment And Disposal Facilities	61,284,491	-	-	3,863,300	65,147,791
Equipment	1,169,324	40,961	-	-	1,210,285
Total Wastewater Operations	76,510,351	40,961	-	3,863,300	80,414,612
Recycle Operations:					
Distribution System	5,000,858	-	-	1,417,614	6,418,472
Total Recycle Operations	5,000,858	-	-	1,417,614	6,418,472
Total Capital Assets Being Depreciated	260,198,371	405,426	(469,628)	9,489,583	269,623,752
Less Accumulated Depreciation for:					
Impounding Dam	(20,075,621)	(1,423,321)	-	-	(21,498,942)
Systems and facilities	(70,369,727)	(4,899,882)	-	-	(75,269,609)
Building and Structures	(5,783,359)	(1,933,346)	-	-	(7,716,705)
Equipment	(7,702,050)	(695,342)	338,456	-	(8,058,936)
Less Accumulated Amortization for:					
Subscription Asset	(46,280)	(55,370)	80,542	-	(21,108)
Right of Use Lease Asset - Equipment	(41,144)	(19,788)	50,630	-	(10,302)
Total Accumulated Depreciation and Amortization	(104,018,181)	(9,027,049)	469,628	-	(112,575,602)
Total Capital Assets Being Depreciated, Net	156,180,190	(8,621,623)	-	9,489,583	157,048,150
Total Capital Assets, Net	\$ 174,509,824	\$ (570,755)	\$ (107,429)	\$ -	\$ 173,831,640

**NOTE 4 LEASE RECEIVABLE**

The District, acting as lessor, leases several real properties for cell towers under long-term, noncancelable lease agreements. The leases expire at various dates through 2043 and provide various renewal options ranging from three months to five years. During the year ended June 30, 2024, the City recognized \$268,915 and \$26,230 in lease revenue and interest revenue, respectively, pursuant to these contracts. Certain leases provide for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases.

**FALLBROOK PUBLIC UTILITY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 4 LEASE RECEIVABLE (CONTINUED)**

Total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 241,958	\$ 29,523	\$ 271,481
2026	249,881	27,709	277,590
2027	228,595	25,876	277,590
2028	221,431	24,191	254,471
2029	188,124	22,527	210,651
2030-2034	852,399	88,886	941,285
2035-2039	636,355	50,534	686,889
2040-2044	224,090	13,706	237,796
Total	<u>\$ 2,842,833</u>	<u>\$ 282,953</u>	<u>\$ 3,157,753</u>

**NOTE 5 LEASE LIABILITY**

The District leases a Konica Printer under a long-term, noncancelable lease agreement. The lease expires in 2029. An initial lease liability was recorded in the amount of \$98,249 for the use of the Konica Printer. As of 06/30/2024, the value of the lease liability is \$92,433. The District is required to make monthly fixed payments of \$1,853. The lease has an interest rate of 3.5110%. Total future minimum lease payments under the lease agreement are as flows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 19,299	\$ 2,937	\$ 22,236
2026	19,988	2,248	22,236
2027	20,701	1,535	22,236
2028	21,440	796	22,236
2029	11,005	113	11,118
Total	<u>\$ 92,433</u>	<u>\$ 7,629</u>	<u>\$ 100,062</u>

**NOTE 6 SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

The District has entered into subscription based-information technology arrangements (SBITAs) for use of several information technology. The SBITA arrangements expire at various dates through 2026 and provide for renewal options. As of 06/30/2024, the value of the subscription liability is \$67,637.

Total future minimum payments under the SBITA agreements are as flows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 33,203	\$ 1,957	\$ 35,160
2026	34,434	996	35,430
Total	<u>\$ 67,637</u>	<u>\$ 2,953</u>	<u>\$ 70,590</u>

FALLBROOK PUBLIC UTILITY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2024

NOTE 7 LONG-TERM DEBT

Changes in long-term debt for the year ended June 30, 2024 were as follows:

	Balance June 30, 2023	Additions	Deletions	Balance June 30, 2024	Due Within One Year
Red Mountain State Revolving Fund Loan	\$ 2,845,950	\$ -	\$ (324,764)	\$ 2,521,186	\$ 333,166
Qualified Energy Conservation Revenue Bonds	2,041,188	-	(410,387)	1,630,801	433,953
State Water Resources Control Board Loan	63,916,954	-	(1,600,383)	62,316,571	1,680,780
2021 Wastewater Revenue Refunding Bonds Series A	14,845,000	-	-	14,845,000	-
2021 Wastewater Revenue Refunding Bonds Series B	2,810,000	-	(1,120,000)	1,690,000	1,130,000
2024 Water Revenue Bonds	-	11,205,000	-	11,205,000	65,000
Unamortized Premium:					
2021 Wastewater Revenue Refunding Bonds	2,877,550	-	(377,547)	2,500,003	-
2024 Water Revenue Bonds	-	793,785	(12,965)	780,820	-
<b>Total Long-Term Debt</b>	<b>\$ 89,336,642</b>	<b>\$ 11,998,785</b>	<b>\$ (3,846,046)</b>	<b>\$ 97,489,381</b>	<b>\$ 3,642,899</b>

**Red Mountain State Revolving Fund Loan**

On June 21, 2010, The District entered into a loan agreement with the State of California Department of Public Health with interest at 2.57% payable semi-annually, and principal payments ranging from \$118,751 to \$195,414 due semi-annually beginning July 1, 2011 through January 1, 2031. The proceeds of the loan assisted the District in financing construction of the Red Mountain UV Filtration Plant, which enabled the District to meet the Federal safe drinking water standards. This standard is incorporated into the Long-Term Two Enhanced Surface Water Treatment Rule (LT2). Future debt service requirements for the loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 333,166	\$ 62,685	\$ 395,851
2026	341,786	54,065	395,851
2027	350,629	45,223	395,852
2028	359,700	36,151	395,851
2029	369,006	26,844	395,850
2030-2031	766,899	24,801	791,701
<b>Total</b>	<b>\$ 2,521,186</b>	<b>\$ 249,769</b>	<b>\$ 2,770,956</b>

**Qualified Energy Conservation Bonds (QECCB) Solar Loan**

On November 18, 2010, the District borrowed \$7,227,000 from the California Alternative Energy and Advanced Transportation Financing Authority, the proceeds of which were used to finance the construction of a solar project. Financing was secured at an interest rate of 5.74%. The Federal government will pay 70% of the Tax Credit Rate, which is 5.56% or 3.89%. The District's applicable interest rate is the difference between the taxable rate and the Federal Direct Pay rate, equivalent to 1.85% interest with principal payments ranging from \$134,593 to \$317,071 until November 18, 2027. Future debt service requirements for the loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 433,953	\$ 87,409	\$ 521,362
2026	458,515	62,150	520,665
2027	484,114	35,465	519,579
2028	254,219	7,296	261,515
<b>Total</b>	<b>\$ 1,630,801</b>	<b>\$ 192,320</b>	<b>\$ 1,823,121</b>

**FALLBROOK PUBLIC UTILITY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 7 LONG-TERM DEBT (CONTINUED)**

**State Water Resources Control Board Loan**

On August 28, 2019, the District entered into an agreement with the State Water Resources Control Board for a Drinking Water State Revolving Fund Loan to finance the construction of the Santa Margarita Conjunctive Use Project water treatment plant. The maximum loan amount was \$53,334,000 with interest at 1.9%. On January 31, 2020, the SWRCB increased the original loan approval to \$63,916,954. Total proceeds from the loan were \$62,757,217 and accrued interest of \$2,560,055 was capitalized and added to the loan balance. The District's annual repayment, including principal and interest, is \$2,814,795. The repayment term is 30 years, maturing on March 1, 2053.

Future debt service requirements for the loan payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,630,780	\$ 1,184,015	\$ 2,814,795
2026	1,661,765	1,153,030	2,814,795
2027	1,693,339	1,121,456	2,814,795
2028	1,725,512	1,089,283	2,814,795
2029	1,758,297	1,056,498	2,814,795
2030-2034	9,305,476	4,768,499	14,073,975
2035-2039	10,223,733	3,850,242	14,073,975
2040-2044	11,232,604	2,841,371	14,073,975
2045-2049	12,341,028	1,732,947	14,073,975
2050-2053	10,744,037	515,143	11,259,180
Total	<u>\$ 62,316,571</u>	<u>\$ 19,312,484</u>	<u>\$ 81,629,055</u>

**2021 Wastewater Revenue Refunding Bonds**

On January 27, 2021, the District issued Wastewater Revenue Refunding Bonds, Series 2021A in the amount of \$14,845,000 and Series 2021B in the amount of \$5,035,000 for the purpose of refunding \$24,668,470 of the outstanding balance of the funds borrowed from the California State Water Resources Control Board in November 2012 and again in September 2013 for the purpose of assisting the District in funding costs associated with the Fallbrook Wastewater Treatment Plan I Rehabilitation project which was completed in May 2016. The 2021A bonds were issued with an original issue premium of \$3,806,332, which will be amortized over the life of the bonds. The Series 2021A bonds mature annually from September 1, 2025 to September 1, 2035 with an interest rate of 4%. The Series 2021B bonds mature annually from September 1, 2021 to September 2025 with interest rates between .297% and 1.012%. The Series 2021A bonds maturing on or after September 1, 2032 are subject to option redemption. The Series 2021B bonds are not subject to option redemption.

The District has pledged all of the Net System Revenues derived from the operation of its wastewater systems for the debt service payment of the bond. The bonds contain various covenants and restrictions, principally that the District fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Wastewater System during each fiscal year which are sufficient to yield Net Revenues which are at least equal to 100% of all operation and maintenance costs and all payments required to be payable from gross revenues and 120% of principal and interest of the bonds and any parity debt for each fiscal year.

FALLBROOK PUBLIC UTILITY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2024

NOTE 7 LONG-TERM DEBT (CONTINUED)

**2021 Wastewater Revenue Refunding Bonds (Continued)**

Future debt service requirements for loan payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,130,000	\$ 603,575	\$ 1,733,575
2026	1,145,000	584,934	1,729,934
2027	1,185,000	546,700	1,731,700
2028	1,230,000	498,400	1,728,400
2029	1,280,000	448,200	1,728,200
2030-2034	7,240,000	1,412,000	8,652,000
2035-2036	3,325,000	134,300	3,459,300
Total	<u>\$ 16,535,000</u>	<u>\$ 4,228,109</u>	<u>\$ 20,763,109</u>

**2024 Water Revenue Bonds**

On February 27, 2024, the District issued Water Revenue Bonds, Series 2024 in the amount of \$11,205,000 to finance capital improvements for the District's water system. The bonds were issued with an original issue premium of \$793,785, which will be amortized over the life of the bonds. The bonds mature annually from December 1, 2024 to December 1, 2053. Bonds maturing through December 1, 2043 bears annual interest rate of 5%. Bonds maturing beginning December 1, 2044 bears annual interest rate of 4%. Bonds maturing on on December 1, 2033 to December 1, 2043 are subject optional redemption on redemption date of June 1, 2033, at par.

The District has pledged all of the Net System Revenues derived from the operation of its water systems for the debt service payment of the bond. The bonds contain various covenants and restrictions, principally that the District fix, prescribe, revise and collect rates, fees and charges for the services and facilities furnished by the Water System during each fiscal year which are sufficient to yield Net Revenues which are at least equal to 100% of all operation and maintenance costs and all payments required to be payable from gross revenues and 120% of principal and interest of the bonds and any parity debt for each fiscal year.

Future debt service requirements for loan payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 65,000	\$ 610,782	\$ 675,782
2026	180,000	496,750	676,750
2027	190,000	487,500	677,500
2028	200,000	477,750	677,750
2029	210,000	467,500	677,500
2030-2034	1,220,000	2,165,000	3,385,000
2035-2039	1,560,000	1,819,500	3,379,500
2040-2044	2,005,000	1,376,125	3,381,125
2045-2049	2,510,000	872,000	3,382,000
2050-2054	3,065,000	316,300	3,381,300
Total	<u>\$ 11,205,000</u>	<u>\$ 9,089,207</u>	<u>\$ 20,294,207</u>

**FALLBROOK PUBLIC UTILITY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 8 INVENTORY**

Inventory at June 30, 2024 consisted of the following:

Water Inventory	\$	395,742
Materials Inventory		1,009,365
Total		\$ 1,405,107

**NOTE 9 PENSION PLANS**

**A. General Information about the Pension Plan**

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Benefit Pension Plan (the Plan), administered by the California Public Employees' Retirement System (CalPERS). The Plan's benefit provisions are established by statute. The Plan is included as a pension trust fund in the CalPERS Annual Comprehensive Financial Report, which is available online at [www.calpers.ca.gov](http://www.calpers.ca.gov).

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 to 62 with statutorily reduced benefits. All members are eligible for nonindustrial disability benefits after five (5) years of service. The death benefit is one of the following: the basic death benefit or the 2W death benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees' Retirement Law. Employees are eligible for service-related disability benefits regardless of length of service. An employee must be actively employed by the District at the time of disability in order to be eligible for this benefit. Disability benefits are determined by the products of 1.8 percent of final compensation and the factor of years of service. The basic death benefit is a lump sum in the amount of the member's accumulated contributions, where interest is currently credited at 7.5 percent per year, plus a lump sum in the amount of one month's salary for each completed year of current service, up to a maximum of six months' salary. Upon the death of a retiree, a one-time lump sum payment of \$500 will be made to the retiree's designated survivor(s), or to the retiree's estate.



FALLBROOK PUBLIC UTILITY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2024

NOTE 9 PENSION PLANS (CONTINUED)

A. General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

The Plans' provisions and benefits in effect at June 30, 2023 measurement date, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or After January 1, 2013
Hire Date		
Benefit Formula	2.5%@55	2%@62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	50 - 63	52 - 67
Monthly Benefits, as a % of Eligible Compensation	2.0% to 2.5%	1.0% to 2.5%
Required Employee Contribution Rates	8%	6.50%
Required Employer Contribution Rates:		
Normal Cost Rate	14.920%	8.000%
Payment of Unfunded Liability	\$ 1,197,703	\$ -

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers are determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. District contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contributions requirements are classified as plan member contributions.

Supplemental Plan Funding

In Fiscal year ended June 30, 2017, the District entered into a Section 115 Trust (Trust) agreement with the Public Agency Retirement Services (PARS), as the trust administrator and U.S. Bank National Association (US Bank) as the trustee. The Trust funds are available to the District to pay for pension related expenditures or reduce pension liabilities. On June 30, 2024, the fair value of the funds held in the trust account was \$7,025,188. When evaluating the District's pension funding level these funds should be taken into account.

**FALLBROOK PUBLIC UTILITY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024**

**NOTE 9 PENSION PLANS (CONTINUED)****A. General Information about the Pension Plan (Continued)**

As of June 30, 2024, Fallbrook Public Utility District reported net pension liabilities for its proportionate shares of the net pension liability of each risk pool as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	<u>\$ 18,253,675</u>

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2023, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022 rolled forward to June 30, 2023 using standard update procedures. The Districts' proportionate share of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined.

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

The Fallbrook Public Utility District's proportionate share of the net pension liability as of the measurement dates ended June 30, 2022 and 2023 was as follows:

	Miscellaneous
Proportion - June 30, 2022	0.36603%
Proportion - June 30, 2023	0.36504%
Change - Increase (Decrease)	-0.00099%

For the year ended June 30, 2024, the District recognized pension expense of \$2,554,225; of which \$1,685,787 pertains to water operations, \$127,711 pertains to recycled water operations, and \$740,727 pertains to wastewater and operations. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 1,985,723	\$ -
Differences Between Actual and Expected Experience	932,496	(144,653)
Change in Assumptions	1,102,057	-
Change In Employer's Proportion	17,004	(546,964)
Differences Between The Employer's Contributions And The Employer's Proportionate Share of Contributions	72,510	(267,109)
Net Differences Between Projected and Actual Earnings on Plan Investments	2,955,434	-
Total	<u>\$ 7,065,224</u>	<u>\$ (958,726)</u>



FALLBROOK PUBLIC UTILITY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2024

NOTE 9 PENSION PLANS (CONTINUED)

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

For the year ended June 30, 2024, the District recognized pension expense of \$2,554,225; of which \$1,685,787 pertains to water operations, \$127,711 pertains to recycled water operations, and \$740,727 pertains to wastewater and operations. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to Measurement Date	\$ 1,985,723	\$ -
Differences Between Actual and Expected Experience	932,496	(144,653)
Change in Assumptions	1,102,057	-
Change In Employer's Proportion	17,004	(546,964)
Differences Between The Employer's Contributions And The Employer's Proportionate Share of Contributions	72,510	(267,109)
Net Differences Between Projected and Actual Earnings on Plan Investments	2,955,434	-
Total	<u>\$ 7,065,224</u>	<u>\$ (958,726)</u>

\$1,985,723 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 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:

Year Ending June 30,	Amount
2024-25	\$ 1,032,484
2025-26	746,347
2026-27	2,257,141
2027-28	84,803
2028-29	-
Thereafter	-
Total	<u>\$ 4,120,775</u>

FALLBROOK PUBLIC UTILITY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2024

NOTE 9 PENSION PLANS (CONTINUED)

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

Actuarial Assumptions

The total pension liability for the June 30, 2023 measurement period was determined by an actuarial valuation as of June 30, 2022, with update procedures to roll forward the total pension liability to June 30, 2023. The total pension liability was based on the following:

	<u>Miscellaneous</u>
Valuation Date	June 30, 2022
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	(1)
Mortality Rate Table	(2)
Postretirement Benefit Increase	(3)

- (1) Varies by entry age and service
- (2) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.
- (3) Contract COLA up to 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies.

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 all of the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

FALLBROOK PUBLIC UTILITY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2024

NOTE 9 PENSION PLANS (CONTINUED)

B. 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:

Asset Class <sup>(1)</sup>	New Strategic Allocation	Real Return Real Return (a) (b)	Real Return Years 11+ <sup>(3,4)</sup>
Global Equity	30.00 %	4.54%	5.98%
Global Equity - Non-Cap-Weighted	12.00	3.84%	2.62%
Private Equity	13.00	7.28%	1.81%
Treasury	5.00	0.27%	7.23%
Mortgage-Backed Securities	5.00	0.50%	4.93%
Investment Grade Corporates	10.00	1.56%	-0.92%
High Yield	5.00	2.27%	
Emerging Market Debt	5.00	2.48%	
Private Debt	5.00	3.57%	
Real Assets	15.00	3.21%	
Leverage	(5.00)	-0.59%	
Total	100.00 %		

(a) An expected inflation of 2.30% used for this period.

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

Discount Rate

The discount rate used to measure the total pension liability 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.

FALLBROOK PUBLIC UTILITY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2024

NOTE 9 PENSION PLANS (CONTINUED)

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

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 of each Plan, calculated using the discount rate for each 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 Plan</u>
1% Decrease	5.90%
Net Pension Liability	\$ 26,626,382
Current Discount Rate	6.90%
Net Pension Liability	\$ 18,253,676
1% Increase	7.90%
Net Pension Liability	\$ 11,362,219

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

Payable to the Pension Plan

At June 30, 2024, the District had no outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District administers its Public Agencies Post-Employment Health Care Plan (OPEB Plan), an agent multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions. The District’s OPEB Plan provides continued medical dental, and vision coverage for an eligible retired employee, spouse or legal dependent. Coverage will continue for the retiree and spouse or legal dependent until they become entitled to Medicare Benefits at age 65.

FALLBROOK PUBLIC UTILITY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2024

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Plan Description (Continued)**

Employees hired before July 1, 2022, retiring after age 50, with 10 or more years of continuous employment, will have the mandatory amount estimated by the District at the date of retirement to be necessary to pay for 50% of the employee’s monthly health insurance premium, and any additional costs for spouse and dependent(s) covered at the time of retirement. The difference between the total value of sick leave at retirement and the estimated cost benefit (medical, dental and vision) minus the estimated costs of 50% of the retiree’s medical premium is deposited into a health reimbursement account at the District to pay for retiree benefits until Medicare entitlement or the account is depleted. The District’s health reimbursement account (HRA) balance as of June 30, 2024 is \$280,625. The District will pay for half (50%) of the retiree-only monthly premium. Employees hired after July 1, 2022 are not eligible for District paid health benefits in retirement.

During the year ended June 30, 2017, the District entered into a trust agreement with Public Agency Retirement Services (PARS), as the trust administrator and U.S. Bank National Association (US Bank) as the trustee. Management of the OPEB Plan is vested with the General Manager of the District with oversight and governance by the District’s Finance Committee. Benefit terms are as established by the District’s board of directors and agreed upon between the District and the Fallbrook Public Utility District Employees’ Association through Memorandum of Understanding. The PARS OPEB Trust issues a publicly available financial report for the fiduciary net position that is available upon request. On June 30, 2024, the PARS OPEB account’s fair value was \$1,173,544.

**Employees Covered**

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

	Number of Participants
Inactive Employees Currently Receiving Benefits	12
Participating Active Employees	52
Total	64

**Contributions**

Benefit provisions and contribution requirements of plan members and the District are established and may be amended by the District. The plan does not require employee contributions. Administrative costs of this plan are financed through investment earnings. For the fiscal year ended June 30, 2024, total contributions of 125,729 consists of \$46,146 in premium payments made by the District outside of the trust and implicit subsidy of \$79,583.

**Net OPEB Liability**

The District’s net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023. A summary of the principal assumptions and methods used to determine the total OPEB liability is shown below.

FALLBROOK PUBLIC UTILITY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2024

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**Actuarial Methods and Assumptions**

The total OPEB liability as of June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2023
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age, Level Percent of Pay
Actuarial Assumptions:	
Discount Rate	6.00%
Inflation	2.50%
Projected Salary Increase	3.0% per year
Expected Long-Term Investment Rate of Return, Net of Plan Investment Expense	6.00%
Healthcare Cost Trend Rates	6.00 percent for 2023, 5.50 percent for 2024, 5.25 percent for 2025-2029, 5.00 percent for 2030-2039, 4.75 percent for 2040-2049, 4.50 percent for 2050-2069, and 4.00 percent for 2070 and later years; Medicare ages: 4.50 percent for 2023-2029 and 4.00 percent for 2030 and later years.
Mortality	Preretirement Mortality Rates for Public Agency Miscellaneous from 2000-2019 CalPERS Experience Study. Postretirement Mortality Rates for Public Agency Miscellaneous from 2000-2019 CalPERS Experience Study.

**Investment Policy**

The OPEB Plan has an established investment guidelines policy document which provides a framework for a well-diversified asset mix that can potentially be expected to meet the trusts short and long-term needs consistent with the District’s investment objectives, liquidity considerations and risk tolerance. The investment guidelines facilitate the process of ongoing communication between the District and the plan fiduciaries and help maintain a long-term perspective when market volatility is caused by short-term market movements. As the trustee, US Bank has delegated investment authority to Highmark Capital Management (Highmark) as the investment manager. Highmark has full investment discretion over the managed assets in the trust and is authorized to purchase, sell, exchange, invest, reinvest, and manage the OPEB Plan assets in accordance with the trust’s investment objectives.

FALLBROOK PUBLIC UTILITY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2024

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**Investment Policy (Continued)**

The goal of the trust’s investment program is to generate adequate long-term returns that, when combined with contributions, will result in sufficient assets to pay the present and future obligations of the OPEB Plan. The following objectives are intended to assist in achieving this goal:

- The OPEB Plan assets should earn, on a long-term average basis, a rate of return equal to or more than the target rate of return of 6.0%;
- The OPEB Plan trust should seek to earn a return more than its policy benchmark over the long-term;
- The OPEB Plan assets will be managed on a total return basis which considers both investment income and capital appreciation. As the plan sponsor the District recognizes the importance of preservation of capital, but also adheres to the principle that varying degrees of investment risk are generally rewarded with compensating returns.

To achieve the objectives above, the District has established an asset allocation which strives for the growth of income and principal with a strategic, long-term perspective of the capital markets. With a moderate risk tolerance, the following table summarizes the District’s OPEB Plan trust asset allocation policy:

Asset Class	Strategic Allocation	Real Rate of Return
Fixed Income	50%	1.8%
Equity	50%	4.4%

**Discount Rate**

The discount rate used to measure the total OPEB liability was 6.0%. 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 plan’s fiduciary net position was projected to be available to make all projected OPEB payments of 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.

FALLBROOK PUBLIC UTILITY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2024

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

**Changes in the Net OPEB Liability**

The changes in the net OPEB liability are as follows:

	Increase (Decrease)		
Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability (Asset)	
Balance at June 30, 2022, (Measurement Date)	\$ 1,344,597	\$ 1,097,214	\$ 247,383
Changes in the Year:			
Service Cost **	68,683	-	68,683
Interest on the Total OPEB Liability	81,104	-	81,104
Differences Between Actual and Actual Experience	-	-	-
Changes in Assumptions	(78,103)	-	(78,103)
Contribution - Employer	(53)	-	(53)
Net Investment Income	-	124,925	(124,925)
Administrative Expenses	-	82,164	(82,164)
Benefit Payments	-	(6,045)	6,045
Net Changes	(124,925)	(124,925)	-
	(53,294)	76,119	(129,413)
Balance at June 30, 2023 (Measurement Date),	\$ 1,291,303	\$ 1,173,333	\$ 117,970

\*\* - Service Cost - The actuarial present value of projected benefits payments that are attributed to the valuation year.

**Change of Assumptions**

Healthcare trend rate assumptions decreased .5% (from 6.5% to 6.0%).

**Change of Benefit Terms**

Effective July 1, 2022, employees hired after this date are not eligible for benefits..

**Subsequent Events**

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



FALLBROOK PUBLIC UTILITY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2024

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (5.00%) or 1-percentage point higher (7.00%) than the current discount rate:

	1% Decrease (5.0%)	Discount Rate (6.0%)	1% Increase (7.0%)
Net OPEB Liability	\$ 207,349	\$ 117,970	\$ 34,600

**Sensitivity of the Total OPEB Liability to Changes in Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (5.0% decreasing to 3.00%) or 1 percentage point higher (7.00% decreasing to 5.00%), than the current healthcare cost trend rates:

	1% Decrease <sup>2</sup>	Trend Rates	1% Increase <sup>3</sup>
Net OPEB Liability	\$ 4,063	\$ 117,970	\$ 250,189

<sup>2</sup> Trend rate for each future year reduced by 1.00%.

<sup>3</sup> Trend rate for each future year reduced by 1.00%.

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$126,987. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions Subsequent to the Measurement Date	\$ 125,729	\$ -
Differences Between Actual and Expected Experience	91,682	(69,021)
Change in Assumptions	56,252	(25,856)
Differences Between Projected and Actual Earnings	69,590	-
Total	<u>\$ 343,253</u>	<u>\$ (94,877)</u>

\$125,729 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025.

FALLBROOK PUBLIC UTILITY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2024

**NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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

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 Ending June 30,</u>	<u>Amount</u>
2024-25	\$ 37,208
2025-26	28,939
2026-27	57,159
2027-28	8,241
2028-29	(265)
Thereafter	(8,635)

**Payable to the OPEB Plan**

At June 30, 2024, the District had no outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2024.

**NOTE 11 RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster.

The District is a participating member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), which arranges for and provides for various insurance programs to its member agencies. The District pays a premium commensurate with the level of coverage requested. The District has elected to self-insure for a portion of property damage coverage in the amount of \$10,000 per occurrence.

At June 30, 2024, the District participated in ACWA/JPIA as follows:

Liability – General, Auto & Public Officials Errors & Omissions – ACWA/JPIA pools for the first \$5 million and purchases excess coverage up to \$55 million per occurrence, except terrorism \$5 million, communicable disease \$10million, subsidence \$45 million, lead \$45 million, and mold \$45 million.

Cyber Liability – Insured through Indian Harbor Insurance Company, with coverage limits of \$3 maximum per member and \$5 million in the aggregate.

Property Program – ACWA/JPIA pools for the first \$10 million and purchases excess coverage up to \$500 million, except for Boiler & Machinery \$100 million per occurrence, Earthquake \$2,500,000 program aggregate and Flood \$25 million. Deductibles are \$25,000 for real and personal property, \$10,000 for mobile equipment, licensed vehicles/trailers, \$25,000 for boiler and machinery, except \$50,000 if Turbine or Power Generation equipment, 5% of total insurable values for earthquake and \$100,000 for flood. District’s total insurable values is \$116,534,524.

FALLBROOK PUBLIC UTILITY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2024

**NOTE 11 RISK MANAGEMENT (CONTINUED)**

Crime Program – coverage limit of \$100,000 per loss, with a \$1,000 deductible.

Workers’ Compensation and Employer’s Liability Program – Workers’ Compensation coverage limit up to California Statutory Limits. Employer’s Liability coverage limit \$4 million program aggregate.

Dam Failure Liability – For Red Mountain Dam. Coverage limit of \$4 million per occurrence.

During the past four years, there have been no instances where the amount of claims settlements exceeded insurance coverage, nor have there been any significant reductions of insurance coverage.

**NOTE 12 COMMITMENTS AND CONTINGENCIES**

**Construction Commitments**

At June 30, 2024, the District had the following commitments with respect to unfinished capital projects:

Capital Projects	Remaining Construction Commitment	Expected Completion Date
Via Arroyo Pipeline Replacement	\$ 2,400,000	February 2025
Downtown Pipeline Replacement	1,600,000	December 2026
Toyon & De Luz Pump Stations	1,200,000	December 2026
Kauffman PRV Replacement	600,000	February 2025
Rattlesnake Tank Site Improvements	500,000	April 2025
Scrubber Replacement	380,000	April 2025
EV Charging Stations	300,000	February 2025
Main Street Sewer Main Replacement	175,000	February 2025
Ross Lake Pipeline Replacement	175,000	August 2025

**Litigation**

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. The District has (a) determined that it has no litigation pending with service of process completed which would have a material effect on its financial condition and (b) believes, to its current actual knowledge and after due inquiry and consultation with legal counsel, that no litigation has been threatened against the District in any court which would have a material effect on its financial condition.

FALLBROOK PUBLIC UTILITY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2024

**NOTE 13 SEGMENT INFORMATION**

The District reports one overall activity on its financial statements, however the District's identifiable activities include water services, recycled water services and wastewater services.

In January 2021, the District issued Wastewater Revenue Refunding Bonds (see note 7). The District has pledged all of the Net System Revenues derived from the operation of its wastewater systems for the debt service payment of the bond.

In February 2024, the District issued Water Revenue Bonds (see note 7). The District has pledged all of the Net System Revenues derived from the operation of its water systems for the debt service payment of the bond.

Condensed information for the wastewater and water activities segment as of and for the period ended June 30, 2024 are as follows:

	Water	Wastewater
<b>Condensed Statement of Net Position</b>		
Current Assets	\$ 28,017,699	\$ 9,080,595
Capital Assets	128,916,558	40,487,682
Other Assets and Deferred Outflows of Resources	7,732,430	2,148,457
Total Assets and Deferred Outflows of Resources	<u>164,666,687</u>	<u>51,716,734</u>
Current Liabilities	3,633,454	1,076,569
Long Term Debt	78,107,210	20,665,804
Net Pension and OPEB Liabilities	12,125,285	5,327,777
Deferred Inflows of Resources	3,427,988	305,545
Total Liabilities and Deferred Inflows of Resources	<u>97,293,937</u>	<u>27,375,695</u>
Net Investment in Capital Assets	51,125,301	19,667,602
Restricted for		
1958 Annex Project	1,213,780	-
Debt Service	3,084,444	-
Pension	-	-
Unrestricted	11,949,225	4,673,437
Net Position	<u>\$ 67,372,750</u>	<u>\$ 24,341,039</u>

FALLBROOK PUBLIC UTILITY DISTRICT  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 JUNE 30, 2024

NOTE 13 SEGMENT INFORMATION (CONTINUED)

	Water	Wastewater
<b>Condensed Statement of Revenues, Expenses, and Changes in Net Position</b>		
Operation Revenues		
Service charges	\$ 22,556,356	\$ 7,392,574
Total Operating Revenues	<u>22,556,356</u>	<u>7,392,574</u>
Operating Expenses		
Cost of Water	6,659,144	-
Operations and Maintenance	7,256,617	3,575,765
Administrative and General	5,306,601	2,911,671
Depreciation Expenses	5,992,713	2,897,054
Total Operating Expenses	<u>25,215,075</u>	<u>9,384,490</u>
Nonoperating Revenues (Expenses) and Transfers		
Property Taxes	1,416,793	1,251,657
Capital Improvements Charges	1,758,695	1,329,146
Investment Income	448,240	224,510
Other Revenues	1,989,027	101,251
Interest Expense	(1,652,244)	(342,609)
Community Benefit Program Expense	-	-
Transfers	1,291,148	1,676,955
Total Nonoperating Revenues (Expenses)	<u>5,251,659</u>	<u>4,240,910</u>
Special Item	<u>8,506,750</u>	<u>-</u>
Changes in Net Position	(5,913,810)	2,248,994
Net Position - Beginning of Year	73,286,560	22,092,045
Net Position - End of Year	<u>\$ 67,372,750</u>	<u>\$ 24,341,039</u>
<b>Condensed Statement of Cash Flows</b>		
Cash Flows from Operating Activities	\$ (3,155,592)	\$ 2,700,213
Cash Flows from Noncapital Financing Activities	1,416,793	1,251,657
Cash Flows from Capital and Related Financing Activities	4,346,007	(487,164)
Cash Flows from Investing Activities	<u>445,715</u>	<u>224,510</u>
Net Change in Cash and Cash Equivalents	3,052,923	3,689,216
Cash and Cash Equivalents, Beginning of the Year	19,995,470	4,307,043
Cash and Cash Equivalents, End of the Year	<u>\$ 23,048,393</u>	<u>\$ 7,996,259</u>

FALLBROOK PUBLIC UTILITY DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2024

**NOTE 14 SPECIAL ITEM**

In 2019, the District began the process to detach from the San Diego County Water Authority and annex into the service area of Easter Municipal Water District (EMWD). The detachment process was managed by the Local Agency Formation Commission (LAFCO) of San Diego County and on July 10, 2023, LAFCO approved the detachment pending a vote of the District's rate payers. On November 7, 2023, the District's rate payers approved the detachment. As part of the detachment from SDCWA, the District was required to make a payment of \$8,506,750. This payment is reported as a special item in the accompanying financial statements.

PRELIMINARY DRAFT

**FALLBROOK PUBLIC UTILITY DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –  
DEFINED BENEFIT PENSION PLANS  
FOR THE LAST TEN FISCAL YEARS\***

Fiscal Year-End	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020
Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
<b>Classic &amp; PEPR Miscellaneous Plan</b>					
Plan's Proportion of the Net Pension Liability	0.36504%	0.48437%	0.48437%	0.34901%	0.13301%
Plan's Proportionate Share of the Net Pension Liability	\$ 18,253,676	\$ 17,217,505	\$ 9,197,304	\$ 14,721,348	\$ 13,629,333
Covered Payroll	\$ 6,456,461	\$ 5,694,940	\$ 5,394,615	\$ 5,448,979	\$ 5,179,369
Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	282.72%	302.33%	170.49%	270.17%	263.15%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	70.51%	83.49%	83.49%	72.50%	75.26%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 1,913,165	\$ 1,708,723	\$ 1,828,758	\$ 1,733,944	\$ 1,640,356

**Notes to Schedule:**

**Benefit Changes:**

There were no changes in benefits.

**Changes in Assumptions:**

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

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

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

There were no changes in assumptions.

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

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

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

There were no changes in assumptions.

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

There were no changes in assumptions.

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

There were no changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022

There were no changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023

The discount rate was reduced from 7.15% to 6.90%

From fiscal year June 30, 2023 to June 30, 2024

There were no changes in assumptions.

**FALLBROOK PUBLIC UTILITY DISTRICT  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY –  
DEFINED BENEFIT PENSION PLANS (CONTINUED)  
FOR THE LAST TEN FISCAL YEARS\***

Fiscal Year-End	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Measurement Date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
<b>Classic &amp; PEPR Miscellaneuous Plan</b>					
Plan's Proportion of the Net Pension Liability	0.13015%	0.12853%	0.12729%	0.12295%	0.11351%
Plan's Proportionate Share of the Net Pension Liability	\$ 12,541,929	\$ 12,746,294	\$ 11,014,856	\$ 8,439,096	\$ 6,888,388
Covered Payroll	\$ 5,216,869	\$ 5,271,090	\$ 4,743,986	\$ 4,753,842	\$ 4,683,594
Plan's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	240.41%	241.82%	232.19%	177.52%	147.07%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Plan's Total Pension Liability	75.26%	73.31%	74.06%	78.40%	83.21%
Plan's Proportionate Share of Aggregate Employer Contributions	\$ 1,410,070	\$ 1,335,205	\$ 1,234,176	\$ 1,177,856	\$ 1,014,669

**Notes to Schedule:**

**Benefit Changes:**

There were no changes in benefits.

**Changes in Assumptions:**

From fiscal year June 30, 2015 to June 30, 2016

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

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

There were no changes in assumptions.

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

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

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

There were no changes in assumptions.

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

There were no changes in assumptions.

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

There were no changes in assumptions.

From fiscal year June 30, 2021 to June 30, 2022

There were no changes in assumptions.

From fiscal year June 30, 2022 to June 30, 2023

The discount rate was reduced from 7.15% to 6.90%

From fiscal year June 30, 2023 to June 30, 2024

There were no changes in assumptions.



**FALLBROOK PUBLIC UTILITY DISTRICT  
SCHEDULE OF CONTRIBUTIONS – DEFINED BENEFIT PENSION PLANS  
FOR THE LAST TEN FISCAL YEARS\***

	2024	2023	2022	2021	2020
Contribution Deficiency (Excess)	\$ 1,985,723	\$ 1,913,165	\$ 1,708,723	\$ 1,548,933	\$ 1,407,555
Contributions in Relation to the Actuarially Determined Contributions	1,985,723	1,913,165	1,708,723	1,548,933	1,407,555
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	7,001,542	\$ 6,456,461	\$ 5,694,940	\$ 5,394,615	\$ 5,448,979
Contributions as a Percentage of Covered Payroll	28.36%	29.63%	30.00%	28.71%	25.83%

Notes to Schedule:

Valuation Date	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
Methods and Assumptions Used to Determine Contribution Rates:					
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.500%	2.300%	2.500%	2.500%	2.625%
Salary Increases	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	6.90% (3)	6.90% (3)	7.00% (3)	7.00% (3)	7.25% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

- (1) Level percentage of payroll, closed
- (2) Depending on age, service, and type of employment
- (3) Net of pension plan investment expense, including inflation
- (4) Classic: 50-67 and PEPRA: 52-67
- (5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

**FALLBROOK PUBLIC UTILITY DISTRICT  
SCHEDULE OF CONTRIBUTIONS – DEFINED BENEFIT PENSION PLANS (CONTINUED)  
FOR THE LAST TEN FISCAL YEARS\***

	2019	2018	2017	2016	2015
Contribution Deficiency (Excess)	\$ 1,224,180	\$ 1,081,154	\$ 968,372	\$ 870,680	\$ 756,872
Contributions in Relation to the Actuarially Determined Contributions	1,224,180	1,081,154	968,372	870,680	756,872
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Covered Payroll	\$ 5,179,369	\$ 5,216,869	\$ 5,271,090	\$ 4,743,986	\$ 4,753,842
Contributions as a Percentage of Covered Payroll	23.64%	20.72%	18.37%	18.35%	15.92%

*Notes to Schedule:*

Valuation Date	6/30/2016	6/30/2015	6/30/2014	6/30/2013	6/30/2012
Methods and Assumptions Used to Determine Contribution Rates:					
Actuarial Cost Method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization Method	(1)	(1)	(1)	(1)	(1)
Asset Valuation Method	Fair Value	Fair Value	Fair Value	Fair Value	Fair Value
Inflation	2.75%	2.75%	2.75%	2.75%	2.75%
Salary Increases	(2)	(2)	(2)	(2)	(2)
Investment Rate of Return	7.375% (3)	7.50% (3)	7.50% (3)	7.50% (3)	7.50% (3)
Retirement Age	(4)	(4)	(4)	(4)	(4)
Mortality	(5)	(5)	(5)	(5)	(5)

- (1) Level percentage of payroll, closed
- (2) Depending on age, service, and type of employment
- (3) Net of pension plan investment expense, including inflation
- (4) Classic: 50-67 and PEPRA: 52-67
- (5) Mortality assumptions are based on mortality rates resulting from the most recent CalPERS Experience Study adopted by the CalPERS Board.

**FALLBROOK PUBLIC UTILITY DISTRICT  
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS  
FOR THE LAST TEN FISCAL YEARS\***

Fiscal Year-End	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Measurement Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018	6/30/2017
<b>Total OPEB Liability:</b>							
Service Cost	\$ 68,683	\$ 64,523	\$ 61,298	\$ 58,287	\$ 57,291	\$ 63,116	\$ 61,278
Interest on Total OPEB Liability	81,104	75,172	74,434	67,489	62,409	39,301	38,242
Difference Between Expected and Actual Experience	(78,103)	9,047	-	95,306	-	178,893	-
Changes of Assumptions	(53)	67,709	-	8,321	-	(122,601)	-
Benefit Payments, Including Refunds of Net Change in Total OPEB Liability	(124,925)	(118,674)	(134,400)	(99,787)	(86,699)	(115,569)	(31,396)
Total OPEB Liability - Beginning of Year	1,344,597	1,246,820	1,245,488	1,115,862	1,082,861	1,039,721	971,597
Total OPEB Liability - End of Year (a)	1,291,303	1,344,597	1,246,820	1,245,488	1,115,862	1,082,861	1,039,721
<b>Plan Fiduciary Net Position:</b>							
Contributions - Employer	124,925	118,674	134,400	99,787	86,699	268,569	767,396
Net Investment Income	82,164	(162,270)	232,085	39,017	61,267	40,802	20,571
Administrative Expenses	(6,045)	(6,787)	(6,301)	(5,179)	(2,402)	(1,970)	(619)
Benefit Payments	(124,925)	(118,674)	(134,400)	(99,787)	(86,699)	(115,569)	(31,396)
Net Change in Plan Fiduciary Net Position	76,119	(169,057)	225,784	33,838	58,865	191,832	755,952
Plan Fiduciary Net Position - Beginning of Year	1,097,214	1,266,271	1,040,487	1,006,649	947,784	755,952	-
Plan Fiduciary Net Position - End of Year (b)	1,173,333	1,097,214	1,266,271	1,040,487	1,006,649	947,784	755,952
<b>Net OPEB Liability (Asset) - Ending (a)-(b)</b>	<b>\$ 117,970</b>	<b>\$ 247,383</b>	<b>\$ (19,451)</b>	<b>\$ 205,001</b>	<b>\$ 109,213</b>	<b>\$ 135,077</b>	<b>\$ 283,769</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	<b>90.86%</b>	<b>81.60%</b>	<b>101.56%</b>	<b>83.54%</b>	<b>90.21%</b>	<b>87.53%</b>	<b>72.71%</b>
<b>Covered Payroll</b>	<b>\$ 6,456,461</b>	<b>\$ 5,694,940</b>	<b>\$ 5,394,615</b>	<b>\$ 5,448,979</b>	<b>\$ 5,179,369</b>	<b>\$ 5,216,869</b>	<b>\$ 5,684,049</b>
<b>Net OPEB Liability as Percentage of Covered Payroll</b>	<b>1.83%</b>	<b>4.34%</b>	<b>-0.36%</b>	<b>3.76%</b>	<b>2.11%</b>	<b>2.59%</b>	<b>4.99%</b>

Notes to Schedule:

Benefit Changes:

There Were No Changes in Benefits.

Changes in Assumptions:

From the June 30, 2017 to the June 30, 2018 Valuation, the discount rate used increased by 2% (from 4% to 6%), the expected long-term rate of return, net of plan investment expense increased by 2% (from 4% to 6%), and healthcare trend rate assumptions decreased by 2% (from 8% to 6%).

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

**FALLBROOK PUBLIC UTILITY DISTRICT  
SCHEDULE OF CONTRIBUTIONS – OPEB  
FOR THE LAST TEN FISCAL YEARS\***

	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Actuarially Determined Contribution	\$ 82,680	\$ 99,437	\$ 75,659	\$ 73,456	\$ 66,239	\$ 72,529	\$ 74,065
Contributions in Relation to the Actuarially Determined Contributions	(125,729)	(124,924)	(118,673)	(134,400)	(99,786)	(67,197)	(202,055)
Contribution Deficiency (Excess)	<u>\$ (43,049)</u>	<u>\$ (25,487)</u>	<u>\$ (43,014)</u>	<u>\$ (60,944)</u>	<u>\$ (33,547)</u>	<u>\$ 5,332</u>	<u>\$ (127,990)</u>
Covered Payroll	\$ 7,001,542	\$ 6,456,461	\$ 5,694,940	\$ 5,394,615	\$ 5,448,979	\$ 5,179,369	\$ 5,216,869
Contributions as a Percentage of Covered Payroll	1.18%	1.54%	1.33%	1.36%	1.22%	1.40%	1.42%

Notes to Schedule:

Valuation Date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2018	6/30/2018	6/30/2017
Methods and Assumptions Used to Determine Contribution Rates:							
Actuarial Cost Method	Entry age actuarial cost method **						
Discount Rate	6%						
Projected Salary increases	3.0% Per Year						
Expected Long-Term Investment Rate of Return, Net of Plan	6.00%						
Healthcare Cost Trend Rate	6.50 percent for 2022, 6.00 percent for 2023, 5.50 percent for 2024, 5.25 percent for 2059-2029, 5.00 percent for 2030-2039, 4.75 percent for 2040-2049, 4.50 percent for 2050-2069, and 4.00 percent for 2070 and later years; Medicare ages: 4.50 percent for 2022-2029 and 4.00 percent for 2030 and later years.						
Mortality	Preretirement mortality rates for Public Agency Miscellaneous from 2021 CalPERS Experience Study.						

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

\*\* Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The actuarial present value of projected benefits and present value of future service costs are determined on an employee by employee basis and then aggregated. To the extent that different benefit formulas apply to different employees of the same class, the service cost is based on the benefit plan applicable to the most recently hired employees (including future hires if a new benefit formula has been agreed to and communicated to employees).

**FALLBROOK PUBLIC UTILITY DISTRICT  
SCHEDULE OF OPERATING INCOME AND EXPENSES**

<b>YEAR ENDED JUNE 30, 2024</b>				
	Water	Recycled Water	Wastewater	Total
<b>Operating Revenues:</b>				
Water Sales	\$ 22,556,356	\$ -	\$ -	\$ 22,556,356
Recycled Water Sales	-	1,154,745	-	\$ 1,154,745
Wastewater Sales	-	-	7,392,574	7,392,574
<b>Total Operating Revenues</b>	<b>22,556,356</b>	<b>1,154,745</b>	<b>7,392,574</b>	<b>31,103,675</b>
<b>Operating Expenses:</b>				
Cost of Water Sold	6,659,144	-	-	6,659,144
Operations and Maintenance	7,256,617	459,062	3,575,765	11,291,444
Administrative and General Expenses	5,306,601	83,191	2,911,671	8,301,463
<b>Total Operating Expenses Before Depreciation and Amortization</b>	<b>19,222,362</b>	<b>542,253</b>	<b>6,487,436</b>	<b>26,252,051</b>
Depreciation and Amortization Expense	5,992,713	137,282	2,897,054	9,027,049
<b>Total Operating Expenses</b>	<b>25,215,075</b>	<b>679,535</b>	<b>9,384,490</b>	<b>35,279,100</b>
<b>Operating Income (Loss)</b>	<b>\$ (2,658,719)</b>	<b>\$ 475,210</b>	<b>\$ (1,991,916)</b>	<b>\$ (4,175,425)</b>
<b>YEAR ENDED JUNE 30, 2023</b>				
	Water	Recycled Water	Wastewater	Total
<b>Operating Revenues:</b>				
Water Sales	\$ 23,467,210	\$ -	\$ -	\$ 23,467,210
Recycled Water Sales	-	1,102,493	-	1,102,493
Wastewater Sales	-	-	7,059,790	7,059,790
<b>Total Operating Revenues</b>	<b>23,467,210</b>	<b>1,102,493</b>	<b>7,059,790</b>	<b>31,629,493</b>
<b>Operating Expenses:</b>				
Cost of Water Sold	10,716,859	-	-	10,716,859
Operations and Maintenance	3,126,443	373,973	2,484,939	5,985,355
Administrative and General Expenses	4,642,715	72,861	2,550,129	7,265,705
<b>Total Operating Expenses Before Depreciation</b>	<b>18,486,017</b>	<b>446,834</b>	<b>5,035,068</b>	<b>23,967,919</b>
Depreciation Expense	6,023,850	68,645	2,904,667	8,997,162
<b>Total Operating Expenses</b>	<b>24,509,867</b>	<b>515,479</b>	<b>7,939,735</b>	<b>32,965,081</b>
<b>Operating Income (Loss)</b>	<b>\$ (1,042,657)</b>	<b>\$ 587,014</b>	<b>\$ (879,945)</b>	<b>\$ (1,335,588)</b>

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# STATISTICAL SECTION

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Table #1 - Net Positions

Fiscal Year	Net Investment in Capital Assets	Restricted	Unrestricted	Total Net Position
2015	\$ 67,995,640	\$ 2,231,947	\$ 4,807,404	\$ 75,034,991
2016	70,683,956	3,455,377	5,170,519	79,309,852
2017	76,004,617	3,495,635	5,668,185	85,168,437
2018	79,333,568	4,711,487	2,038,252	86,083,307
2019	81,264,522	9,477,694	6,465,333	97,207,549
2020	82,199,752	10,188,202	6,316,800	98,704,754
2021	83,368,399	10,340,855	10,112,885	103,822,139
2022	84,830,631	9,631,081	8,260,270	102,721,982
2023	84,709,855	10,707,799	12,879,884	108,297,538
2024	83,327,031	8,559,689	11,414,138	103,300,858

Source: Fallbrook Public Utility District

Table #2 - Changes in Net Position and Net Position by Component, Last Ten Fiscal Years

	Fiscal Year 2015	Fiscal Year 2016	Fiscal Year 2017
<b>Changes in Net Position:</b>			
Operating Revenues (See Table 4)	\$ 27,483,881	\$ 25,356,017	\$ 27,256,065
Operating Expenses (See Table 3)	(28,604,249)	(27,144,267)	(29,890,177)
Other Operating Revenues	-	-	-
<b>Operating Income (loss)</b>	<b>\$ (1,120,368)</b>	<b>\$ (1,788,250)</b>	<b>\$ (2,634,112)</b>
<b>Non-Operating Revenues (expenses)</b>			
Property Taxes Ad-Valorem	\$ 1,719,296	\$ 1,815,734	\$ 1,889,808
Capital Improvement Charges	2,134,025	2,224,529	2,283,558
California Solar Initiative Rebate	729,519	740,125	234,930
Investment income (Loss)	141,433	324,126	63,861
Lease Interest income	-	-	-
Water Availability Charges	200,810	200,808	200,730
MWD Local Resource Program	-	-	-
Lease Revenue	185,770	185,220	166,012
Intergovernmental Revenue - Federal Interest Subsidy	206,584	185,040	238,765
Connection Fees	208,521	131,894	238,124
SDCWA Rate Refund	-	-	-
COVID Relief Grant	-	-	-
Water Supply Grant Funds	-	-	-
Gain (Loss) on disposal of capital assets	(444,252)	(551,281)	-
Community Benefit Program Expense	-	-	-
Other Non-Operating Revenues	162,913	91,361	32,729
Other Non-Operating Expenses	(847,725)	(916,212)	(1,174,011)
<b>Total Non-Operating Revenues(expenses), net</b>	<b>\$ 4,396,894</b>	<b>\$ 4,431,344</b>	<b>\$ 4,174,506</b>
<b>Net income Before Capital Contributions</b>	<b>\$ 3,276,526</b>	<b>\$ 2,643,094</b>	<b>\$ 1,540,394</b>
Capital Contributions	153,790	75,299	59,509
Capital Grant - Proposition 50	224,596 <sup>(1)</sup>	874,040 <sup>(3)</sup>	773,163
Capital Grant - Proposition 84	-	682,428 <sup>(3)</sup>	-
Special Item	-	-	-
<b>Changes in Net Position</b>	<b>\$ 3,654,912</b>	<b>\$ 4,274,861</b>	<b>\$ 2,373,066</b>
<b>Net Position</b>			
<b>Beginning, as restated</b>	<b>\$ 79,114,880</b>	<b>\$ 75,034,991</b>	<b>\$ 79,309,852</b>
Adjustments to restate balance	(7,734,801) <sup>(2)</sup>	-	3,485,519
<b>Ending, as restated</b>	<b>\$ 75,034,991</b>	<b>\$ 79,309,852</b>	<b>\$ 85,168,437</b>

(1) Capital Grant of \$828,598 was received from State of California Wildlife Conservation Board Proposition 50 Funding.

(2) Accumulative effect of change in accounting principles.

(3) State Proposition 50 in the amount of \$874,040 and State Proposition 84 in the amount of \$682,428 was received.

Source: Fallbrook Public Utility District

Table #2 - Changes in Net Position and Net Position by Component, Last Ten Fiscal Years, Continued

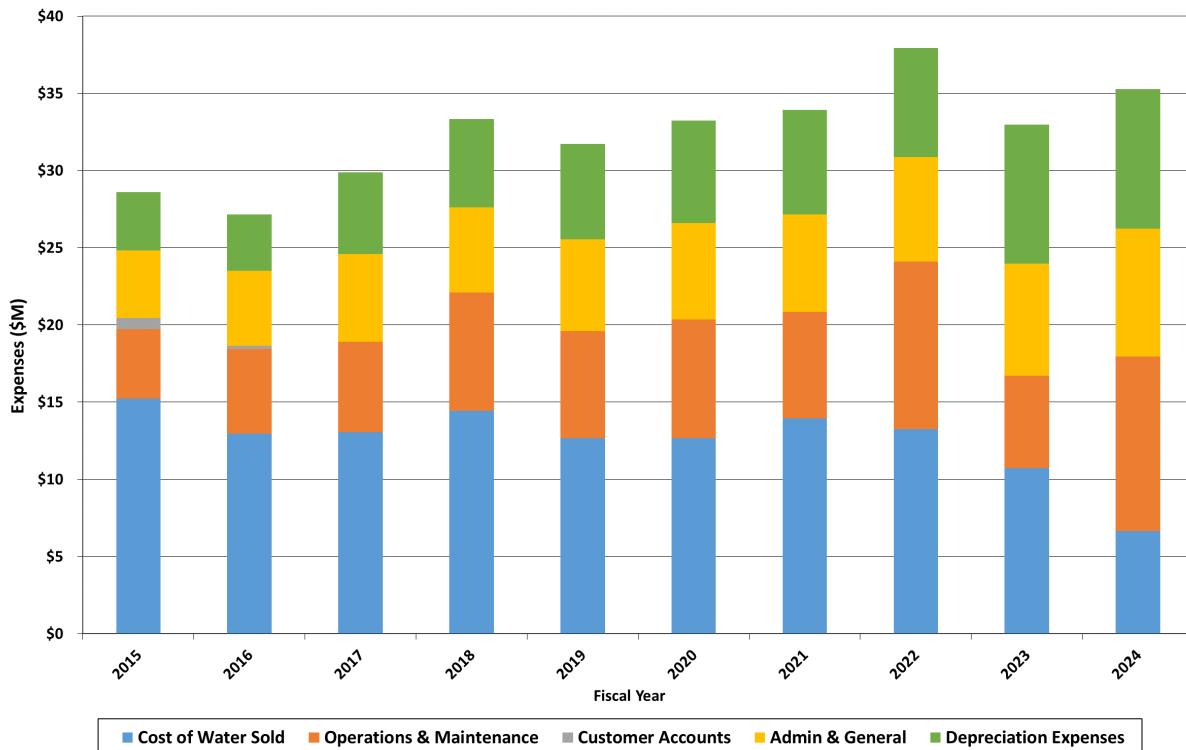
Fiscal Year 2018	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024
\$ 29,882,022 (33,319,799)	\$ 26,944,550 (31,708,417)	\$ 28,931,007 (33,234,259)	\$ 32,511,601 (33,933,185)	\$ 32,814,986 (37,929,546)	\$ 31,629,493 (32,965,081)	\$ 31,103,675 (35,279,100)
-	-	-	-	-	-	-
<b>\$ (3,437,777)</b>	<b>\$ (4,763,867)</b>	<b>\$ (4,303,252)</b>	<b>\$ (1,421,584)</b>	<b>\$ (5,114,560)</b>	<b>\$ (1,335,588)</b>	<b>\$ (4,175,425)</b>
\$ 1,984,543 2,476,452	\$ 2,106,034 2,505,876	\$ 2,205,975 2,559,135	\$ 2,340,185 2,604,061	\$ 2,397,429 2,650,202	\$ 2,617,564 2,838,696	\$ 2,734,325 3,087,841
-	-	-	-	-	-	-
18,188	915,275	920,135	1,543,078	(1,835,245)	932,974	2,006,744
-	-	-	-	15,437	16,496	27,608
229,400	204,359	204,418	208,842	202,234	200,107	199,452
-	-	-	-	197,884	517,280	945,500
178,602	199,433	249,092	251,047	284,819	331,006	303,595
145,338	134,924	123,762	112,207	99,240	86,153	72,101
411,774	180,966	107,107	149,650	193,201	186,946	141,453
-	-	-	909,413	839,398	8,441	-
-	-	-	-	184,762	-	-
-	-	-	-	213,368	452,253	-
(273,396)	9,338,297	(31,450)	38,100	36,543	170,307	327,395
-	-	-	-	-	(96)	(266,448)
-	-	-	-	-	-	-
(959,015)	(909,966)	(910,224)	(1,665,457)	(1,524,767)	(1,622,851)	(1,994,853)
<b>\$ 4,211,886</b>	<b>\$ 14,675,198</b>	<b>\$ 5,427,950</b>	<b>\$ 6,491,127</b>	<b>\$ 3,954,505</b>	<b>\$ 6,735,276</b>	<b>\$ 7,584,713</b>
<b>\$ 774,109</b>	<b>\$ 9,911,331</b>	<b>\$ 1,124,698</b>	<b>\$ 5,069,543</b>	<b>\$ (1,160,055)</b>	<b>\$ 5,399,688</b>	<b>\$ 3,409,288</b>
73,661	73,789	372,507	47,842	59,898	175,868	100,782
-	-	-	-	-	-	-
67,100	-	-	-	-	-	-
-	-	-	-	-	-	(8,506,750)
<b>\$ 914,870</b>	<b>\$ 9,985,120</b>	<b>\$ 1,497,205</b>	<b>\$ 5,117,385</b>	<b>\$ (1,100,157)</b>	<b>\$ 5,575,556</b>	<b>\$ (4,996,680)</b>
<b>\$ 85,168,437</b>	<b>\$ 86,083,307</b>	<b>\$ 97,207,549</b>	<b>\$ 98,704,754</b>	<b>\$ 103,822,139</b>	<b>\$ 102,721,982</b>	<b>\$ 108,297,538</b>
-	1,139,122	-	-	-	-	-
<b>\$ 86,083,307</b>	<b>\$ 97,207,549</b>	<b>\$ 98,704,754</b>	<b>\$ 103,822,139</b>	<b>\$ 102,721,982</b>	<b>\$ 108,297,538</b>	<b>\$ 103,300,858</b>

**Table #3 - Operating Expenses by Activity (Last Ten Fiscal Years)**

Fiscal Year	Water				Recycled			
	Cost of Water Sold	Operations & Maintenance	Customer Accounts	Admin & General <sup>(1)</sup>	Cost of Water Sold	Operations & Maintenance	Admin & General <sup>(1)</sup>	Other Expenses
2015	\$ 14,692,652	\$ 2,173,576	\$ 725,610	\$ 2,286,586	\$ 551,866	N/A	\$ 337,226	N/A
2016	12,804,470	2,788,548	203,260	2,571,803	146,128	N/A	242,623	N/A
2017	13,067,064	3,030,201	N/A	2,963,305	N/A	622,997	346,173	N/A
2018	14,453,229	3,922,528	N/A	2,868,610	N/A	693,972	330,993	N/A
2019	12,650,795	3,444,139	N/A	3,807,921	N/A	548,821	51,473	N/A
2020	12,663,006	3,984,938	N/A	3,985,541	N/A	433,945	63,499	N/A
2021	13,955,908	3,330,054	N/A	4,036,546	N/A	378,419	63,071	N/A
2022	13,245,830	6,046,295	N/A	4,322,980	N/A	558,105	67,945	N/A
2023	10,716,859	3,126,443	N/A	4,642,715	N/A	373,973	72,861	N/A
2024	6,659,144	7,256,617	N/A	5,306,601	N/A	459,062	83,191	N/A

Note: (1) - General and administration costs are allocated as follows: 64% water, 35% wastewater, and 1% recycled water.  
 Source: Fallbrook Public Utility District

**Chart #1 - Operating Expenses by Activity**



Source: Fallbrook Public Utility District

**Table #3 - Operating Expenses by Activity (Last Ten Fiscal Years), Continued**

Fiscal Year	Wastewater			Depreciation Expenses	Total Operating Expenses
	Operations & Maintenance	Admin & General <sup>(1)</sup>	Other Expenses		
2015	\$ 2,296,712	\$ 1,763,527	N/A	\$ 3,776,494	\$ 28,604,249
2016	2,709,284	2,038,033	N/A	3,640,118	27,144,267
2017	2,173,738	2,392,389	N/A	5,294,310	29,890,177
2018	3,039,790	2,316,954	N/A	5,693,723	33,319,799
2019	2,956,457	2,090,222	N/A	6,158,589	31,708,417
2020	3,286,965	2,178,369	N/A	6,637,996	33,234,259
2021	3,188,426	2,207,488	N/A	6,773,273	33,933,185
2022	4,242,550	2,378,061	N/A	7,067,780	37,929,546
2023	2,484,939	2,550,129	N/A	8,997,162	32,965,081
2024	3,575,765	2,911,671	N/A	9,027,049	35,279,100

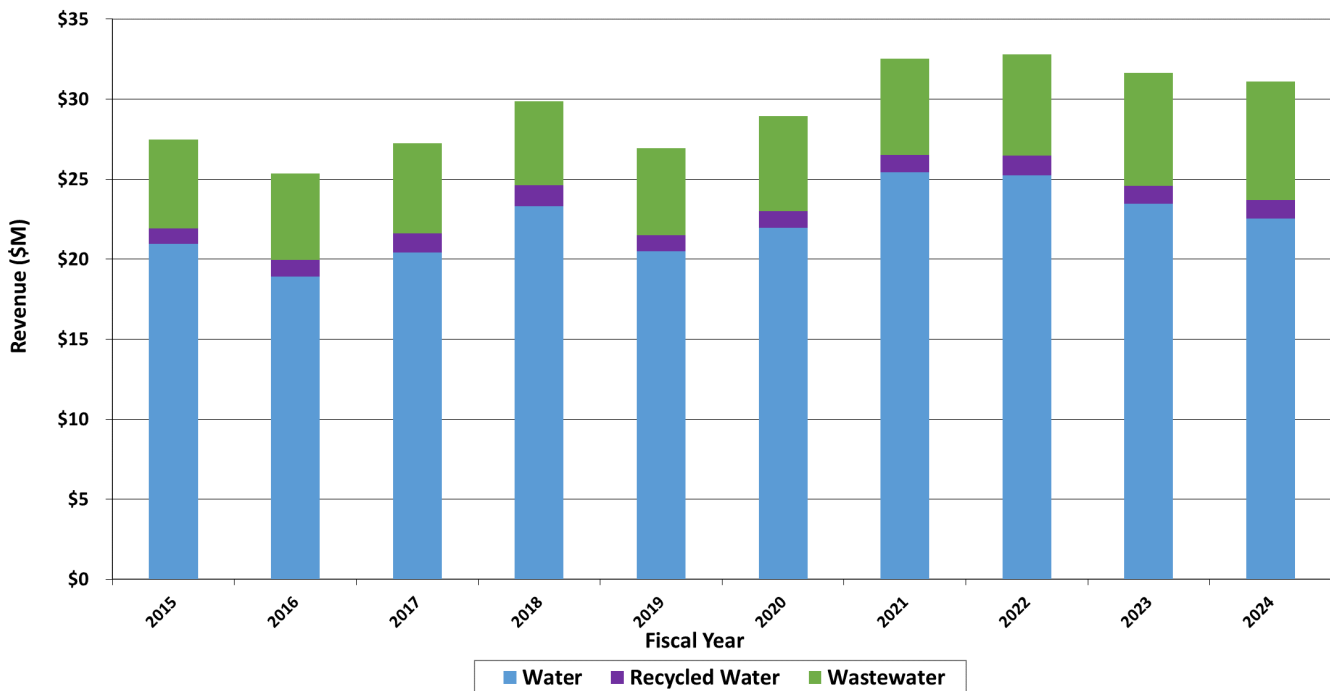


Table #4 - Operating Revenues by Source (Last Ten Fiscal Years)

Fiscal Year	Water			Recycled			Wastewater		Total Operating Revenue
	Water Sales	Service Charges	Other Charges	Water Sales	Service Charges	Other Charges	Service Charges	Other Charges	
2015	\$ 14,722,792	\$ 4,930,254	\$ 1,295,660	\$ 662,849	\$ 53,011	\$ 244,466	\$ 5,571,362	\$ 3,487	\$ 27,483,881
2016	12,328,995	5,000,621	1,583,301	824,925	59,359	156,353	5,402,353	110	25,356,017
2017	13,233,057	5,388,463	1,783,859	1,135,841	N/A	86,620	5,627,476	749	27,256,065
2018	16,194,537	5,777,173	1,340,062	1,153,170	17,956	156,060	5,258,183	(15,119)	29,882,022
2019	12,997,586	6,291,436	1,192,767	920,376	(17,974)	96,541	5,453,590	10,230	26,944,550
2020	14,040,914	6,782,468	1,116,852	949,040	51,745	58,520	5,924,878	6,590	28,931,007
2021	17,115,866	7,237,052	1,076,096	1,029,394	53,769	5,000	5,993,042	1,382	32,511,601
2022	16,464,444	7,664,909	1,116,430	1,169,287	58,063	5,000	6,323,887	12,966	32,814,986
2023	14,194,199	8,259,546	1,013,465	1,037,210	60,283	5,000	7,048,717	11,073	31,629,493
2024	13,574,167	8,378,478	603,711	1,087,836	61,909	5,000	7,350,294	42,280	31,103,675

Source: Fallbrook Public Utility District

Chart #2 - Operating Revenues by Source



Source: Fallbrook Public Utility District

**Table #5 - Water Rates (\$/Kgal\*)<sup>(1)</sup>**

Fiscal Year	Domestic			Commercial		Government	Special Ag Rate <sup>(3)</sup>	Commercial Ag Rate <sup>(3)</sup>	(AG) Agriculture Rate <sup>(3)</sup>	(AD) Ag Domestic Rate <sup>(3)</sup>	
	Tier 1	Tier 2	Tier 3 <sup>(2)</sup>	Tier 1	Tier 2					Tier 1	Tier 2
2015	\$ 4.19	\$ 4.61	\$ 5.08	\$ 4.19	\$ 4.61	\$ 4.61	\$ 3.14	\$ 4.06	N/A	N/A	N/A
2016	4.38	4.82	5.31	4.38	4.82	4.82	3.18	4.28	N/A	N/A	N/A
2017	5.21	5.74	6.32	5.21	5.74	5.74	3.65	4.97	N/A	N/A	N/A
2018	5.62	5.71	6.95	5.79	5.79	5.70	4.17	4.83	N/A	N/A	N/A
2019	5.96	6.05	7.37	6.14	6.14	6.04	4.42	5.12	N/A	N/A	N/A
2020	6.44	6.53	7.96	6.63	6.63	6.52	4.77	5.53	N/A	N/A	N/A
2021	6.83	6.92	8.44	7.03	7.03	6.91	5.06	5.86	N/A	N/A	N/A
2022	7.17	7.27	8.86	7.38	7.38	7.26	5.31	6.15	N/A	N/A	N/A
2023	7.31	8.06	N/A	7.72	7.72	7.72	5.63	6.38	N/A	N/A	N/A
2024	7.31	8.06	N/A	7.72	7.72	7.72	N/A	N/A	5.63	7.31	5.63

\*Kgal = 1,000 gal

Note: (1) - The District is required to follow the rules of Proposition 218 when raising or adjusting its rates.

Note: (2) - The District removed the Tier 3 domestic rate as of January 1, 2023.

Note: (3) - The District removed the Special Ag Rate and Commercial Ag Rate and replaced with Agriculture Rate (AG) and Ag Domestic Rate (AD) as of January 1, 2024.

Source: Fallbrook Public Utility District

**Table #6 - Non-Agricultural/Government Monthly Water Service Charge (\$/month)**

Fiscal Year	¾" Meter	1" Meter	1 ½" Meter	2" Meter	3" Meter	4" Meter	6" Meter	Standby
2015	\$ 38.10	\$ 49.57	\$ 70.74	\$ 103.52	\$ 168.88	\$ 268.52	\$ 479.89	\$ 22.70
2016	39.24	51.06	72.86	106.63	173.95	276.58	494.29	23.38
2017	41.59	54.12	77.23	113.03	184.39	293.17	523.95	24.78
2018	44.10	67.33	125.36	195.01	380.73	589.67	1,170.06	*Variable
2019	46.75	71.37	132.88	206.71	403.57	625.05	1,240.26	*Variable
2020	50.49	77.08	143.51	223.25	435.86	675.05	1,339.48	*Variable
2021	53.52	81.70	152.12	236.65	462.01	715.55	1,419.85	*Variable
2022	56.20	85.79	159.73	248.48	485.11	751.33	1,490.84	*Variable
2023	60.60	96.51	185.46	292.64	578.82	900.36	1,793.16	*Variable
2024	57.16	90.77	174.00	274.30	542.12	843.02	1,678.50	*Variable

\* Standby rates are based on meter size

For more information on the District's rate structure, visit [www.fpud.com](http://www.fpud.com)

Source: Fallbrook Public Utility District

**Table #7 - Monthly Water Service Charge (Ag/Gov) (\$/month)**

Fiscal Year	¾" Meter	1" Meter	1 ½" Meter	2" Meter	3" Meter	4" Meter	6" Meter	Standby
2015	\$ 44.89	\$ 59.28	\$ 85.69	\$ 126.62	\$ 208.35	\$ 323.73	\$ 583.40	\$ 22.70
2016	46.24	61.06	88.26	130.42	214.60	333.44	600.90	23.38
2017	49.01	64.72	93.56	138.25	227.48	353.45	636.95	24.78
2018	44.10	67.33	125.36	195.01	380.73	589.67	1,170.06	*Variable
2019	46.75	71.37	132.88	206.71	403.57	625.05	1,240.26	*Variable
2020	50.49	77.08	143.51	223.25	435.86	675.05	1,339.48	*Variable
2021	53.52	81.70	152.12	236.65	462.01	715.55	1,419.85	*Variable
2022	56.20	85.79	159.73	248.48	485.11	751.33	1,490.84	*Variable
2023	60.60	96.51	185.46	292.64	578.82	900.36	1,793.16	*Variable
2024	57.16	90.77	174.00	274.30	542.12	843.02	1,678.50	*Variable

\* Standby rates are based on meter size

For more information on the District’s rate structure, visit [www.fpud.com](http://www.fpud.com)

Source: Fallbrook Public Utility District

**Table #8 - Monthly Water Capital Improvement Charge (CIC) (\$/month)**

Fiscal Year	¾" Meter	1" Meter	1 ½" Meter	2" Meter	3" Meter	4" Meter	6" Meter	Standby
2015	\$ 8.59	\$ 11.81	\$ 17.18	\$ 26.84	\$ 45.10	\$ 70.87	\$ 128.85	\$ 5.15
2016	9.06	12.46	18.12	28.31	47.57	74.75	135.90	5.44
2017	9.45	12.99	18.90	29.53	49.61	77.96	141.75	5.67
2018	8.58	14.30	28.60	45.76	91.52	143.00	286.00	*Variable
2019	9.12	15.20	30.40	48.64	97.29	152.01	304.02	*Variable
2020	9.47	15.78	31.56	50.49	100.98	157.79	315.57	*Variable
2021	9.77	16.27	32.55	52.07	104.14	162.72	325.43	*Variable
2022	10.10	16.82	33.66	53.84	107.68	168.25	336.50	*Variable
2023	11.11	18.50	37.03	59.22	118.45	185.08	370.15	*Variable
2024	12.05	20.07	40.17	64.24	128.48	200.76	401.50	*Variable

\* Standby rates are based on meter size

For more information on the District’s rate structure, visit [www.fpud.com](http://www.fpud.com)

Source: Fallbrook Public Utility District

**Table #9 - Sewer Rates by Customer Class (2015 - 2024)**

Fiscal Year	2015	2016	2017	2018 <sup>(1)</sup>	2019 <sup>(1)</sup>	2020 <sup>(1)</sup>	2021 <sup>(1)</sup>	2022 <sup>(1)</sup>	2023 <sup>(1)(2)</sup>	2024 <sup>(1)(2)</sup>					
<b>Fixed Rates (by meter size) (\$/month)</b>	<b>Fixed Rates by EDU</b>														
3/4"	\$ 14.10	\$ 14.23	\$ 16.12	B Y EDU	B Y EDU	B Y EDU	B Y EDU	B Y EDU	Residential/ Domestic \$18.88/EDU	Residential/ Domestic \$26.68/EDU					
1"	21.23	21.55	24.01												
1 1/2"	39.06	39.86	43.75												
2"	60.46	61.84	67.42						\$9.28/ EDU	\$9.70/ EDU	\$10.14/ EDU	\$10.60/ EDU	\$11.08/ EDU	Commercial/ Government \$12.14/EDU	Commercial/ Government \$12.75/EDU
3"	110.38	113.14	122.67												
4"	181.70	186.36	201.60												
6"	359.99	369.49	398.91												
<b>Billable Flow Rates <sup>(3)</sup> (\$/Kgal)</b>															
Single Family Residence, Ag Domestic, Multi-Family	\$ 7.64	\$ 8.21	\$ 8.77	\$ 9.44	\$ 9.86	\$ 10.32	\$ 10.79	\$ 11.28	\$ 10.22	\$ 9.16					
Low-Strength Commercial, Schools, Churches	11.54	12.35	13.27	9.37	9.79	10.25	10.72	11.20	11.09	11.64					
Medium Strength Commercial	11.54	12.35	13.27	11.57	12.09	12.65	13.22	13.81	13.82	14.51					
High Strength Commercial	19.35	20.63	22.28	14.44	15.09	15.77	16.48	17.22	17.66	18.54					

Notes:

(1) - Rates switched from fiscal year to calendar year January 1, 2018.

(2) - The 2022 rate study changed the monthly fixed charge methodology effective January 1, 2023.

(3) - Billable flow rates are calculated based upon water usage adjusted for outdoor use.

Source: Fallbrook Public Utility District

**Table #10 - Monthly Sewer Capital Improvement Charge (CIC) (\$/month)**

Fiscal Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Per EDU	\$ 10.44	\$ 10.70	\$ 10.84	\$ 11.16	\$ 11.53	\$ 11.62	\$ 11.63	\$ 11.68	\$ 12.66	\$ 13.35

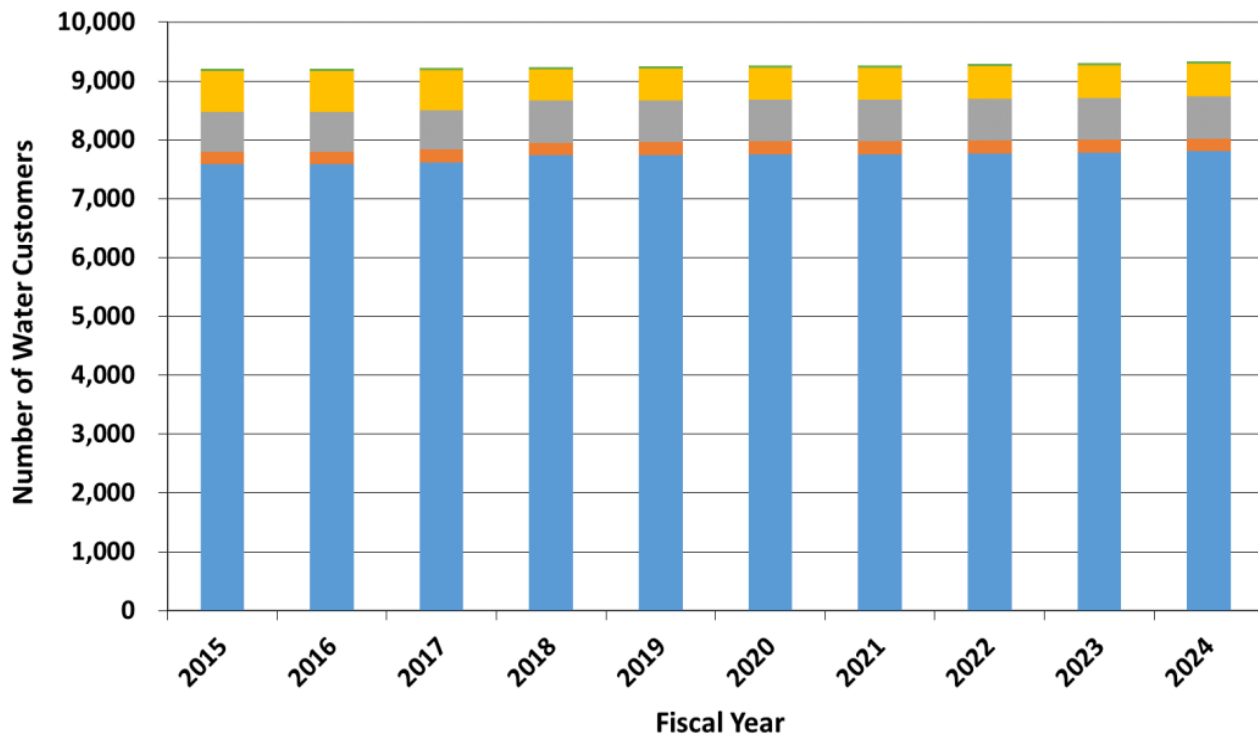
Source: Fallbrook Public Utility District

Table #11 - Number of Water Customers by Type

As of June 30	Single Family Residential	Multi-Family Residential	Commercial/ Institutional	Ag	Other	Total
2015	7,581	217	679	695	33	9,205
2016	7,582	217	671	699	37	9,206
2017	7,617	217	673	674	38	9,219
2018	7,735	218	711	529	40	9,233
2019	7,742	218	713	533	45	9,251
2020	7,755	216	712	535	41	9,259
2021	7,757	218	711	543	41	9,270
2022	7,772	218	712	546	43	9,291
2023	7,787	217	712	551	43	9,310
2024	7,804	217	710	555	44	9,330

Source: Fallbrook Public Utility District

Chart #3 - Number of Water Customers by Type



■ Single Family Residential ■ Multi-Family Residential ■ Commercial/ Institutional ■ Ag ■ Other

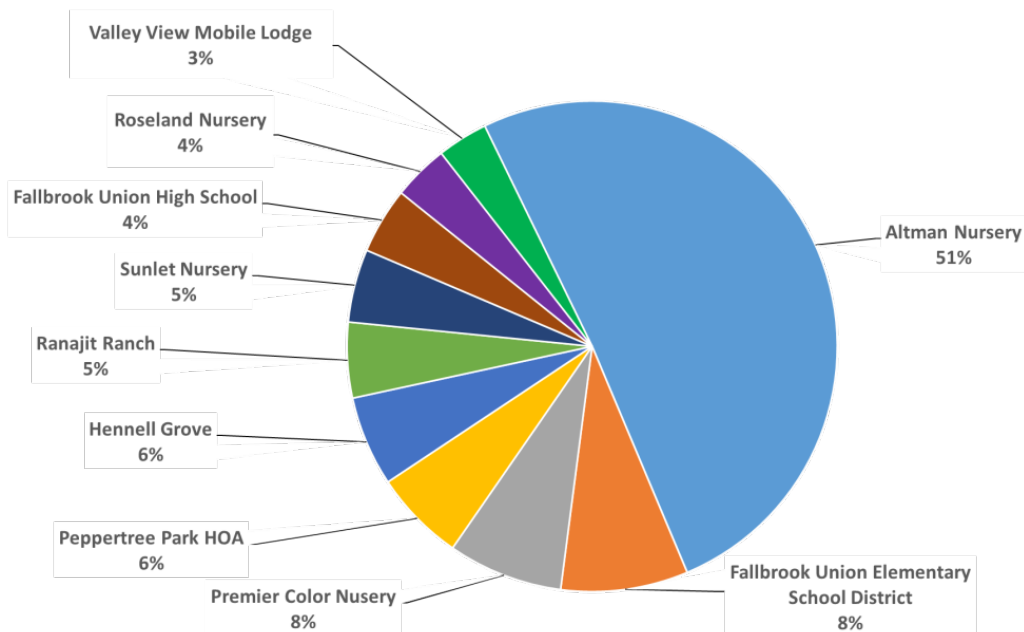
Source: Fallbrook Public Utility District

Table #12 - Top Ten Water and Recycled Water Customers

Fiscal Year 2015			Fiscal Year 2024		
Customer	Annual Usage (Kgal)	Percent of Total	Customer	Annual Usage (Kgal)	Percent of Total
Color Spot Nursery	152,422	4.71%	Altman Nursery	143,153	7.12%
ACW Ranch	93,783	2.90%	Fallbrook Union Elementary School District	23,635	1.17%
Chandler Ranch	92,884	2.87%	Premier Color Nusery	21,345	1.06%
Sparrow Hawk Ranch	55,359	1.71%	Peppertree Park HOA	16,974	0.84%
Eco Farms Ranch	53,870	1.67%	Hennell Grove	16,702	0.83%
Lilac 124 Inc	51,613	1.60%	Ranajit Ranch	13,999	0.70%
Premier Color Nursery	41,110	1.27%	Sunlet Nursery	13,563	0.67%
Hennel Grove	34,402	1.06%	Fallbrook Union High School	12,273	0.61%
Fallbrook Union Elementary School District	34,397	1.06%	Roseland Nursery	10,310	0.51%
Gilmore Ranch	33,600	1.04%	Valley View Mobile Lodge	9,406	0.47%
<b>Total Top 10 Customers</b>	<b>643,440</b>	<b>19.89%</b>	<b>Total Top 10 Customers</b>	<b>281,360</b>	<b>13.98%</b>
<b>Total All Other Water Customers</b>	<b>2,591,929</b>	<b>80.11%</b>	<b>Total All Other Water Customers</b>	<b>1,730,902</b>	<b>86.02%</b>
<b>Total Water Consumed</b>	<b>3,235,369</b>	<b>100.00%</b>	<b>Total Water Consumed</b>	<b>2,012,262</b>	<b>100.00%</b>

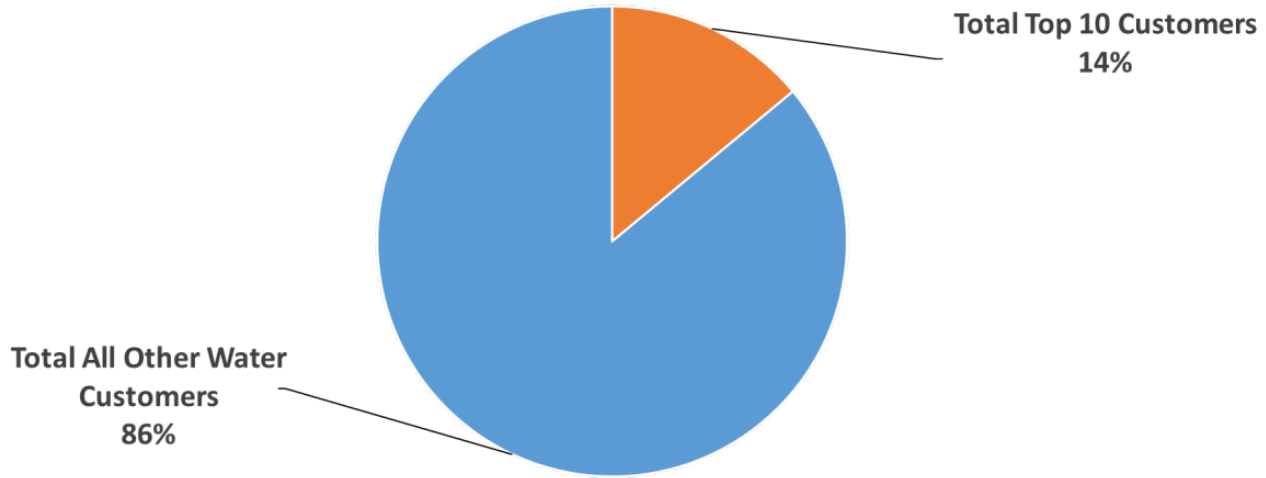
Source: Fallbrook Public Utility District

Chart #4 - Top Ten Water and Recycled Water Customers and their Relative Consumption Fiscal Year 2024



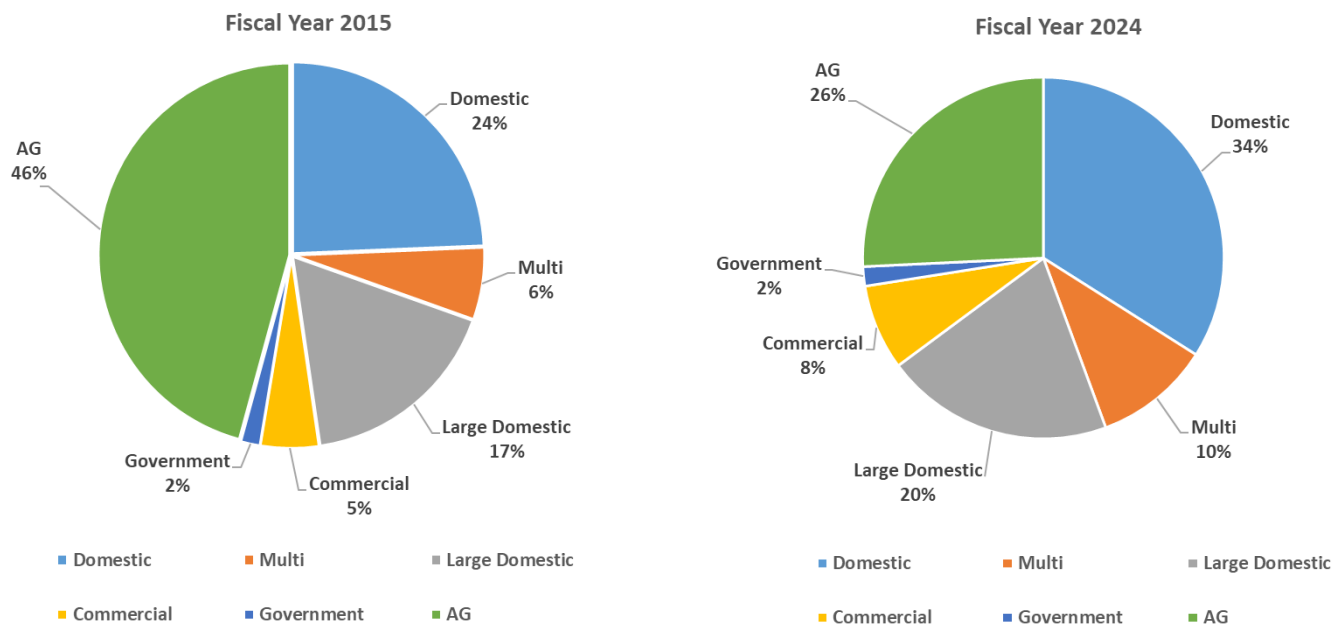
Source: Fallbrook Public Utility District

Chart #5 - Total Water and Recycled Water Consumed Fiscal Year 2024



Source: Fallbrook Public Utility District

Chart #6 - Breakdown of Water Sales by Customer Class for Fiscal Year 2015 vs Fiscal Year 2024



Source: Fallbrook Public Utility District

**Table #13 - Water System**

Fiscal Year	Miles of Water Mains	Service Connections	Annual Production (G)	Average Daily Production (gpd)
2015	268.98	9,166	3,327,254,350	9,115,765
2016	269.11	9,197	3,235,951,180	8,865,620
2017	269.11	9,211	3,114,930,490	8,534,056
2018	269.11	9,244	3,287,934,350	9,008,039
2019	269.29	9,253	2,684,556,048	7,354,948
2020	269.36	9,262	2,602,343,841	7,129,709
2021	270.44	9,275	2,905,874,048	7,961,299
2022	271.62	9,295	2,686,152,719	7,359,323
2023	271.62	9,315	2,169,744,054	5,944,504
2024	271.69	9,337	2,124,124,914	5,819,520

Source: Fallbrook Public Utility District

**Table #14 - Water System Total Production<sup>(1)</sup>**

Fiscal Year	Total Used/Prod. (AF)	HCF
2015	10,211.00	4,447,911.60
2016	9,930.80	4,325,856.48
2017	9,559.40	4,164,074.64
2018	10,090.30	4,395,334.68
2019	8,238.60	3,588,734.16
2020	7,986.30	3,478,832.28
2021	8,917.80	3,884,593.68
2022	8,243.50	3,590,868.60
2023	6,658.70	2,900,529.72
2024	6,518.70	2,839,545.72

Note: (1) - Total Production before system losses.

Source: Fallbrook Public Utility District



**Table #15 - Sewer System**

Fiscal Year	Miles of Sewer Lines	Sewer Connections	Annual Sewerage (G)	Daily Sewerage (GD)
2015	78.64	5,034	562,027,804.80	1,539,802.20
2016	78.64	5,044	499,860,321.77	1,369,480.33
2017	78.64	5,049	507,140,810.66	1,389,426.88
2018	78.64	5,049	486,337,179.41	1,332,430.63
2019	78.70	5,004	556,424,471.00	1,524,450.00
2020	79.14	5,011	551,861,979.40	1,511,950.63
2021	79.14	5,029	551,882,461.86	1,512,006.74
2022	79.14	5,032	552,099,762.35	1,512,602.09
2023	79.14	5,039	598,986,532.11	1,641,058.99
2024	79.45	5,042	631,605,411.87	1,730,425.79

Source: Fallbrook Public Utility District

**Table #16 - Sewer System Influent Flow**

Fiscal Year	Total Used/Prod. (AF)
2015	1,997.62
2016	1,639.42
2017	1,706.45
2018	1,592.26
2019	1,707.60
2020	1,693.60
2021	1,693.70
2022	1,694.30
2023	1,838.22
2024	1,938.32

Source: Fallbrook Public Utility District

**Table #17 - Recycled Water System**

Fiscal Year	Miles of Recycled Pipes	Service Connections	Used Annual Recycled Water (AF) <small>(1)</small>	Daily Usage (MGD)
2015	8.28	28	598.80	0.5
2016	10.53	29	599.83	0.5
2017	10.53	30	671.34	0.6
2018	10.53	32	740.40	0.7
2019	10.53	33	562.66	0.5
2020	10.53	30	559.89	0.5
2021	10.53	30	556.54	0.5
2022	10.53	30	586.28	0.5
2023	10.53	30	493.83	0.4
2024	10.83	30	502.91	0.4

Note: (1) - Includes water not billed at full rate  
 Source: Fallbrook Public Utility District

**Table #18 - Recycled Water System Production**

Fiscal Year	Total Prod./Disposed (AF)	Notes:
2015	1,724.80	G- Gallons
2016	1,534.02	GD - Gallons per Day
2017	1,556.36	AF - Acre Feet
2018	1,492.51	MG - Millions of Gallons
2019	1,617.50	MGD - Millions of Gallons per Day
2020	1,656.50	
2021	1,619.20	
2022	1,714.20	
2023	1,904.19	
2024	1,966.77	

Source: Fallbrook Public Utility District

FPUD treats all water to recycled standards. This tables includes both recycled water used as well as discharged to the ocean outfall.

**Table #19- Annual Recycled Water Production and WRP Influent Flow**

Fiscal Year	Annual Production	Daily Average Production	Total Used Production	Total Disposed	WRP Influent Flow (Acre-Ft)
2015	1,588.47	4.35	584.11	1,004.36	1,878.31
2016	1,489.03	4.08	694.37	794.66	1,600.40
2017	1,570.92	4.30	664.82	906.11	1,694.43
2018	1,492.51	4.09	740.39	752.12	1,592.26
2019	1,617.50	4.43	562.70	1,054.80	1,707.60
2020	1,656.50	4.54	559.90	1,096.60	1,693.60
2021	1,619.20	4.44	556.50	1,062.70	1,693.70
2022	1,714.20	4.70	586.30	1,127.90	1,694.30
2023	1,904.19	5.22	493.83	1,410.36	1,838.22
2024	1,966.77	5.39	502.91	1,463.86	1,938.32

Source: Fallbrook Public Utility District

**Table #20 - Full Time Equivalent (FTE) Employees by Function**

Fiscal Year	Water Services	Wastewater Services	Recycled Water Services	General & Administrative	Community Benefit Program	Total FTE Employees
2015	21	13	5	28.8	0	67.8
2016	20	13	5	28.8	0	66.8
2017	23	12	5	27.8	0	67.8
2018	24	15.2	2.8	25.8	0	67.8
2019	24	15.2	2.8	25.8	0	67.8
2020	25	15.2	2.8	24.8	0	67.8
2021	25	15.2	2.8	23.8	0	66.8
2022	26.4	15.8	2.8	24	0	69
2023	26.4	15.8	2.8	24	0.05	69
2024	28	15.7	2.3	23.99	0.01	70

Source: Fallbrook Public Utility District

**Table #21 -Assessed Valuation of Taxable Property**

Fiscal Year	Secured		Unsecured		Total Assessed Value
	Water	Sewer	Water	Sewer	
	Local Assessed	Local Assessed			
2015	\$ 3,234,556,718	\$ 1,928,060,834	\$ 40,480,476	\$ 35,184,912	\$ 5,238,282,940
2016	3,390,367,447	2,021,437,198	37,440,559	32,152,307	5,481,397,511
2017	3,518,846,961	2,098,501,032	36,135,611	31,163,876	5,684,647,480
2018	3,709,470,372	2,220,524,962	36,271,614	31,902,804	5,998,169,752
2019	3,895,955,738	2,337,209,037	41,211,234	35,075,356	6,309,451,365
2020	4,078,331,287	2,463,512,540	41,515,562	35,305,514	6,618,664,903
2021	4,268,726,975	2,583,369,560	42,961,480	37,819,020	6,932,877,035
2022	4,399,211,909	2,663,835,892	37,054,002	32,536,269	7,132,638,072
2023	4,739,631,751	2,878,119,724	46,156,838	41,126,926	7,705,035,239
2024	4,989,118,002	3,021,909,887	52,390,882	44,004,084	8,107,422,855

Source: County of San Diego, Office of the Auditor & Controller

**Table #22 -Property Tax**

Fiscal Year	Current Year Levy <sup>(1)</sup>			Revenues Collected <sup>(2)</sup>			Uncollected Collected			Percent Uncollected
	Water	Sewer	Total	Water	Sewer	Total	Water	Sewer	Total	
2015	\$ 933,206	\$ 847,121	\$ 1,780,327	\$ 921,440	\$ 836,401	\$ 1,757,840	\$ 11,766	\$10,721	\$22,487	1.3%
2016	982,997	890,717	1,873,715	970,998	879,769	1,850,767	11,999	10,949	22,948	1.2%
2017	1,022,747	927,792	1,950,539	1,009,595	915,788	1,925,384	13,151	12,004	25,155	1.3%
2018	1,072,468	978,636	2,051,105	1,060,447	967,619	2,028,066	12,021	11,017	23,039	1.1%
2019	1,122,771	1,028,393	2,151,164	1,108,272	1,015,057	2,123,329	14,499	13,336	27,835	1.3%
2020	1,169,224	1,079,727	2,248,951	1,154,850	1,066,408	2,221,258	14,374	13,319	27,693	1.2%
2021	1,221,575	1,131,688	2,353,264	1,205,539	1,116,772	2,322,312	16,036	14,916	30,952	1.3%
2022	1,274,829	1,179,737	2,454,566	1,245,713	1,152,659	2,398,372	29,116	27,078	56,194	2.3%
2023	1,388,768	1,293,644	2,682,412	1,359,100	1,265,875	2,624,974	29,668	27,769	57,438	2.1%
2024	1,456,831	1,350,968	2,807,799	1,429,521	1,325,488	2,755,009	27,310	25,480	52,790	1.9%

Notes:

(1) - Total levy including penalties before administrative fees.

(2) - Amount before administrative and other fees deducted.

Source: County of San Diego, Office of the Auditor & Controller

Table #23 -Key Performance Indicators (KPIs) Fiscal Year 2024

Strategic Goal	Department	Key Performance Indicator	Target	FY 2023-24 Actual	Target Met
Efficiency	Safety	Maintain a Workers Compensation Experience Modification Rate below 1%	Below 1%	0.69%	Yes
Efficiency	Inventory/ Purchasing	Maintain an inventory shrinkage rate of less than 1%	Below 1%	0%	Yes
Efficiency	Recycled	Maintain an overall compliance of >99.9% each month from all samples associated with the Title 22 and WDR Permit	>99.9%	100%	Yes
Efficiency	Recycled	Maintain energy consumption data to stay within the annual average target	Below 828,000 kWh	808,966/kWh	Yes
Efficiency	Wastewater	Reduce 10-year average wastewater spills by 10% - Keep spills under 9,075 gallons	Below 9,075 gallons	2,999 gallons 10 year average	Yes
Efficiency	Wastewater	Keep common sewer spills to 3 or less during the year	3 or less spills/year	1 spill	Yes
Efficiency	Wastewater	Clean 20,000 feet of regular sewer mains each month to total 240,000 feet per year	240,000 feet/year	265,222 feet	Yes
Efficiency	Wastewater	Maintain energy consumption to stay within the annual average target	Below 1,932,000/kWh	1,887,587/kWh	Yes
Efficiency	Wastewater	CCTV 8,000 feet of regular sewer mains each month to total 96,000 feet per year	96,000 feet/year	114,823 feet	Yes
Community	Customer Service	Maintain an average customer service call wait time of less than 3 minutes	Below 3 minutes	0:40 seconds	Yes
Community	Customer Service	Percentage of customers enrolled in Watersmart-AMI portal (as a % of total District customers)	60% by Fiscal Year 2026	39%	Yes
Fiscal Management	Finance	Debt Coverage	>1.20	2.64	Yes
Fiscal Management	Finance	Days Cash on hand	90 days or greater	94 days	Yes
Water Supply	Water	Cost/Acre Foot of SMGTP Product Water Supply	Below \$1,500/AF	\$852/AF	Yes
Water Supply	Water	Sample 30 residents that meet the criteria for Lead and Copper	30 residents	46 residents	Yes
Water Supply	Water	Receive and treat all entitled deliveries to the SMGTP	100% of deliveries treated	100%	Yes
Water Supply	Water	100% regulatory compliance for water quality sampling	100% compliance	100%	Yes
Infrastructure	Water	Cost/Valve Installed (Labor & Materials)	Below \$6,500/Valve	\$8,577/Valve	No
Infrastructure	Water	Maintain 4,000 feet of right of ways/year	4,000 feet	7,794 feet	Yes
Infrastructure	Water	Replace 100 water main valves/year	100 water main valves	101 water main valves	Yes
Infrastructure	Water	Exercise 189 valves and 46 fire hydrants per month as part of a three year valve exercise program cycle	189 valves per mo 46 fire hydrants/mo	172 valves/mo 36 hydrants/mo	No
Infrastructure	Water	Test 400 meters per year	400 meters	51	No
Infrastructure	Water	Fire flow test 5 hydrants per month	5 hydrants per mo	22 fire hydrants tested	No
Infrastructure	Wastewater	Cost/MG of Wastewater Influent Flows	Below \$3,500/MG	\$3,023/MG	Yes
Workforce	Human Resources	Employee engagement survey results; percentage of employees rating their overall morale as "high"	Above 25%	45%	Yes

Source: Fallbrook Public Utility District

**Table #24 -Pledged-Revenue Debt Service Coverage Ratio**

Fiscal Year	Total Operating Revenues	Total Operating Expenses <sup>(1)</sup>	Non-Operating Revenue <sup>(2)</sup>	Net Revenue Available for Debt Service	Debt Service	Coverage Ratio	Required Coverage Level
2015	\$27,483,881	\$25,591,207	\$ 5,482,287	\$ 7,374,961	\$ 1,319,031	5.59	1.20
2016	25,356,017	24,281,233	5,898,837	6,973,621	1,302,876	5.35	1.20
2017	27,256,065	25,384,395	5,348,517	7,220,187	2,756,731	2.62	1.20
2018	29,882,022	27,626,075	5,170,901	7,426,848	2,758,501	2.69	1.20
2019	26,944,550	25,549,828	<sup>(3)</sup> 6,246,867	6,731,623	2,760,019	2.44	1.20
2020	28,931,007	26,596,263	6,338,174	7,762,694	2,761,290	2.81	1.20
2021	32,511,601	27,159,912	8,156,584	11,842,816	3,101,093	3.82	1.20
2022	32,814,986	30,861,766	5,479,272	7,432,492	3,621,118	2.05	1.20
2023	31,629,493	23,967,919	8,358,127	16,019,701	3,822,936	4.19	1.20
2024	31,103,675	26,252,053	9,579,566	14,431,188	5,463,081	2.64	1.20

Source: Fallbrook Public Utility District

Notes:

- (1) - Excludes depreciation
- (2) - Excludes debt interest expenses
- (3) - Excludes one-term gain of \$9,338,297 on the sale of assets.

Table #25 Computation of Direct and Overlapping Debt (As of 06/30/2024)

**2023-2024 Assessed Valuation: \$5,041,508,884**

	Total Debt (6/30/24)	% Applicable (1)	District's Share of Debt (6/30/24)
<b>OVERLAPPING TAX AND ASSESSMENT DEBT:</b>			
Metropolitan Water District	\$ 18,210,000	0.130%	\$ 23,673
Palomar Community College District	627,562,522	3.115	19,548,573
Bonsall Unified School District	9,604,086	0.450	43,218
Fallbrook Union High School District	38,060,000	62.099	23,634,879
Fallbrook Union School District	8,654,330	65.799	5,694,463
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$ 48,944,806</b>
<b>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</b>			
San Diego County General Fund Obligations	\$ 374,600,000	0.717%	\$ 2,685,882
San Diego County Pension Obligation Bonds	211,225,000	0.717	1,514,483
San Diego County Superintendent of Schools Certificates of Participation	6,050,000	0.717	43,379
Palomar Community College District Certificates of Participation	1,175,000	3.115	36,601
Bonsall Unified School District Certificates of Participation	6,004,800	0.450	27,022
Fallbrook Union High School District General Fund Obligations	6,317,845	62.099	3,923,319
<b>Fallbrook Public Utility District</b>	<b>0</b>	<b>100.</b>	<b>0</b>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$ 8,230,686</b>
<b>TOTAL DIRECT DEBT</b>			<b>\$ 0</b>
<b>TOTAL OVERLAPPING DEBT</b>			<b>\$ 57,175,492</b>
<b>COMBINED TOTAL DEBT</b>			<b>\$ 57,175,492 (2)</b>

(1) The percentage of overlapping debt applicable to the public utility district is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the public utility divided by the district's total taxable assessed value.

(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and non-bonded capital lease obligations.

Ratios to 2023-24 Assessed Valuation:

Total Overlapping Tax and Assessment Debt	0.97%
<b>Total Direct Debt</b>	<b>0.00%</b>
Combined Total Debt	1.13%

Source: California Municipal Statistics Inc.

Table #26 - San Diego County Principal Employers

Fiscal Year 2014			Fiscal Year 2023		
Employer Name	Number of Employees	% of Total County Employment	Employer Name	Number of Employees	% of Total County Employment
State of California	40,100	2.69%	Naval Base San Diego <sup>(1)</sup>	43,003	2.81%
University of California, San Diego	28,341	1.90%	University of California, San Diego <sup>(2)</sup>	35,802	2.34%
County of San Diego	16,627	1.11%	County of San Diego	20,387	1.33%
Sharp Healthcare	16,477	1.10%	Sharp Healthcare <sup>(3)</sup>	19,000	1.24%
Scripps Health	13,717	0.92%	San Diego Unified School District	13,559	0.89%
Qualcomm Inc.	13,700	0.92%	Scripps Health	13,445	0.88%
City of San Diego	10,584	0.71%	City of San Diego	12,777	0.84%
UC San Diego Health System	7,726	0.52%	Qualcomm Inc.	12,500	0.82%
Kaiser Permanente	7,549	0.51%	Kaiser Permanente <sup>(1)</sup>	9,166	0.60%
General Atomics (and affiliated companies)	6,714	0.45%	San Diego State University	7,104	0.46%
<b>Total Top Ten County Employers</b>	<b>161,535</b>	<b>10.83%</b>	<b>Total Top Ten County Employers</b>	<b>186,743</b>	<b>12.22%</b>
<b>All Other County Employers</b>	<b>1,330,065</b>	<b>89.17%</b>	<b>All Other County Employers</b>	<b>1,341,496</b>	<b>87.78%</b>
<b>Total County Employment</b>	<b>1,491,600</b>	<b>100.00%</b>	<b>Total County Employment</b>	<b>1,528,239</b>	<b>100.00%</b>

Sources:

U.S. Bureau of Labor Statistics; University of California; San Diego County; San Diego Unified; Sharp Healthcare; San Diego Unified School District; Scripps Health; City of San Diego; Qualcomm; San Diego State University

Note:

(1) Data for FY 2024 not available as of publication date. Data shown is for FY 2021.

(2) Number of employees excludes non-academic student staff.

(3) Number of employees is an approximate number.



Table #27 -Outstanding Debt, Demographic Statistics and Per Capita Statistics

Fiscal Year	District's Outstanding Long-Term Liabilities <sup>(1)</sup>			Total Outstanding Debt	Demographic Statistics				Per Capita Outstanding Debt	Per Capita Debt as a Percent of Personal Income
	Debt Issued	Lease Liability	Subscription Liability		Population Estimate <sup>(1)(2)</sup>	Per Capita Personal Income <sup>(3)</sup>	Unemployment Rate <sup>(4)</sup>	Total Estimated Personal Income		
2015	\$ 32,389,288	-	-	\$ 32,389,288	32,626	\$ 53,357	5.4%	\$1,740,843,138	\$ 993	1.9%
2016	38,841,278	-	-	38,841,278	32,757	55,074	4.9%	1,804,078,863	1,186	2.2%
2017	37,101,306	-	-	37,101,306	32,889	56,969	4.3%	1,873,648,656	1,128	2.0%
2018	35,314,028	-	-	35,314,028	33,021	59,014	3.7%	1,948,701,294	1,069	1.8%
2019	33,474,377	-	-	33,474,377	33,153	62,034	3.4%	2,056,613,202	1,010	1.6%
2020	<sup>(5)</sup> 58,912,499	-	-	58,912,499	34,432	67,536	13.3%	2,325,399,552	1,711	2.5%
2021	<sup>(6)</sup> 88,278,477	-	-	88,278,477	34,570	73,350	7.3%	2,535,689,549	2,554	3.5%
2022	<sup>(7)</sup> 91,537,961	30,442	-	91,568,403	34,708	74,326	3.5%	2,579,707,322	2,638	3.5%
2023	<sup>(7)</sup> 89,336,642	10,173	37,290	89,384,105	34,847	77,299	3.9%	2,693,627,197	2,565	3.3%
2024	<sup>(7)</sup> 97,489,381	92,433	67,637	97,649,451	34,986	80,391	4.5%	2,812,577,774	2,791	3.5%

Sources:

- (1) - Fallbrook Public Utility District
- (2) - <https://datasurfer.sandag.org/>
- (3) - U.S. Department of Commerce, Bureau of Economic Analysis, and Federal Reserve Bank of St. Louis (FRED)
- (4) - U.S. Bureau of labor Statistics, June 2024 unemployment rate

Notes:

- (1) - Debt secured by District's net revenues
- (2) - Historic population estimated based upon a 0.4% growth rate and the 2020 population estimate of 34,432 calculated by FPUD GIS staff.
- (3) - Per capita personal income for the San Diego County Region.
- (4) - June 2024 unemployment rate.
- (5) - Includes \$27.3 million in construction expenses/withdrawals.
- (6) - Includes \$58.5 million in construction expenses/withdrawals.
- (7) - Includes \$63.9 million in construction expenses/withdrawals.

# CONTINUING DISCLOSURE



November XX, 2024

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Board of Directors

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Ken Endter  
*Division 2*

Jennifer DeMeo  
*Division 3*

Don McDougal  
*Division 4*

Charley Wolk  
*Division 5*

Staff

Jack Bebee  
*General Manager*

David Shank  
*Assistant General Manager/  
Chief Financial Officer*

Lauren Eckert  
*Executive Assistant/  
Board Secretary*

General Counsel

Paula de Sousa  
*Best Best & Krieger*

Subject: 2024 Annual Continuing Disclosure Report

We are pleased to present the Fallbrook Public Utility District’s (District’s) Annual Continuing Disclosure Report (Report) for Fiscal Year ending June 30, 2024. The information set forth herein has been furnished by the District and by other sources, which is believed to be accurate and reliable, but is not guaranteed as to accuracy or completeness. Statements contained in this Report that involve estimates, forecasts, or other matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of fact. Further, the information and expressions of opinion contained herein speaks only as of its date and are subject to change without notice and neither the District, nor the Trustee have any obligation to update this Report, other than as expressly provided in the Certificates. The delivery of this Report will not, under any circumstances, create any implication that there has been no change in the affairs of the District or any other parties described herein or to the information provided in any final official statement.

**Wastewater**

On January 12, 2021, the District issued \$19,880,000 in 2021 Wastewater Revenue Refunding Bonds Series A and Series B (collectively 2021 Bonds). The 2021 Bonds were issued to refund the outstanding principal of a California State Water Resources Control Board loan. The 2021 Bonds are payable from and secured by a pledge of Wastewater System Net Revenues, as defined by the Official Statement dated January 12, 2021 (2021 Official Statement).

This Report has been produced pursuant to the District’s 2021 Bonds Continuing Disclosure Certificate (Certificate) covenants, in order to provide required information to the marketplace as provided for under S.E.C. Rule 15c2-12(b)(5). This information is for the benefit of interested parties and includes the information specified in the Certificate. For further information and a more complete description of the District and the 2021 Bonds please refer to the 2021 Official Statement.

**Water**

On February 27, 2024, the District issued \$11,205,000 in 2024 Water Revenue Bonds (2024 Bonds). The 2024 Bonds were issued to finance capital improvements of the District’s water system. The 2024 Bonds are payable from and secured by a pledge of Water System Net Revenues, as defined by the Official Statement dated February 27, 2024 (2024 Official Statement).



This Report has been produced pursuant to the District's 2024 Bonds Continuing Disclosure Certificate (Certificate) covenants, in order to provide required information to the marketplace as provided for under S.E.C. Rule 15c2-12(b)(5). This information is for the benefit of interested parties and includes the information specified in the Certificate. For further information and a more complete description of the District and the 2024 Bonds please refer to the 2024 Official Statement.



Jack Bebee  
General Manager



David Shank  
Assistant General Manager/CFO

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**I. Introduction**

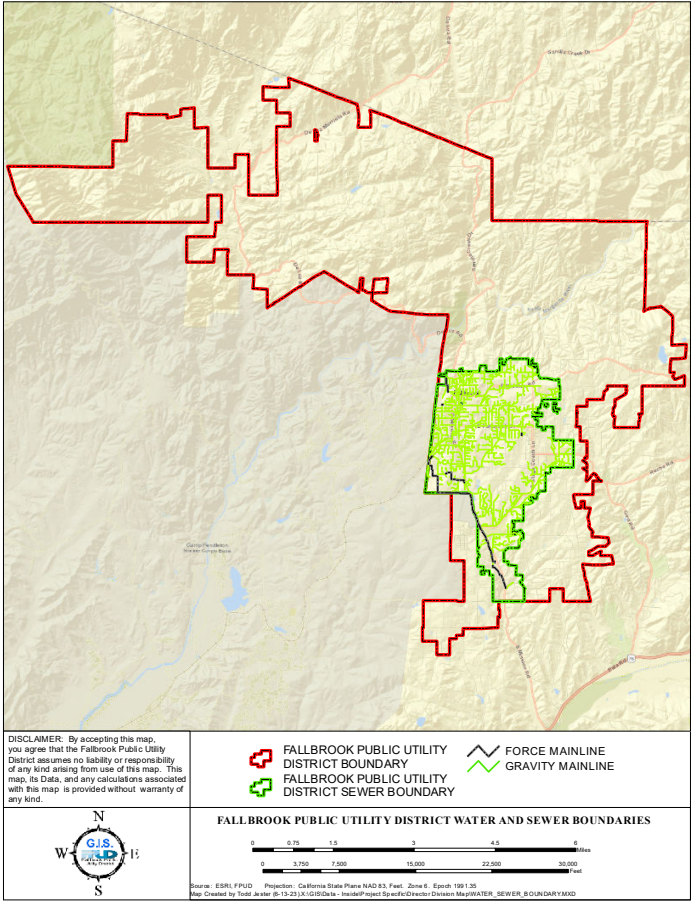
Fallbrook is an unincorporated community in San Diego County. The first permanent recorded settlement in Fallbrook was in 1869, in the east area of the District, which later became Live Oak County Park. While agriculture has always played a major role in the community, the first plantings were olives and citrus. These crops were replaced in the 1920's by avocados and it wasn't long before Fallbrook became generally recognized as the "Avocado Capital of the World."

Fallbrook Public Utility District (District) was incorporated on June 5, 1922 to serve water from local area wells along the San Luis Rey River. Soon after it was established, the District began to grow. Annexations into the District have expanded the service area from 500 acres to 28,000 acres (44 square miles).

The District's scope of operations grew in 1994 when the Fallbrook Sanitary District merged with the District. It had provided parts of Fallbrook with recycled water and wastewater service within a 4,200 acre area of downtown (as shown in the figure to the left). The District took over those services, and the same year the playing fields at Fallbrook High School started receiving reclaimed water as its source of irrigation water and so did two new large nurseries. In 2015, the District completed a major overhaul, upgrade and expansion of the Plant. The \$27 million project took three years to complete, replacing aged and aging equipment, and allowed for a substantial expansion of the District's recycled water distribution system. The overhaul involved upgrades to the existing Plant to improve reliability in operation and created much-needed storage space for recycled water.

The District provides residents, businesses and agricultural customers with full-service water, wastewater and recycled water services.

District Sewer Boundary Mains



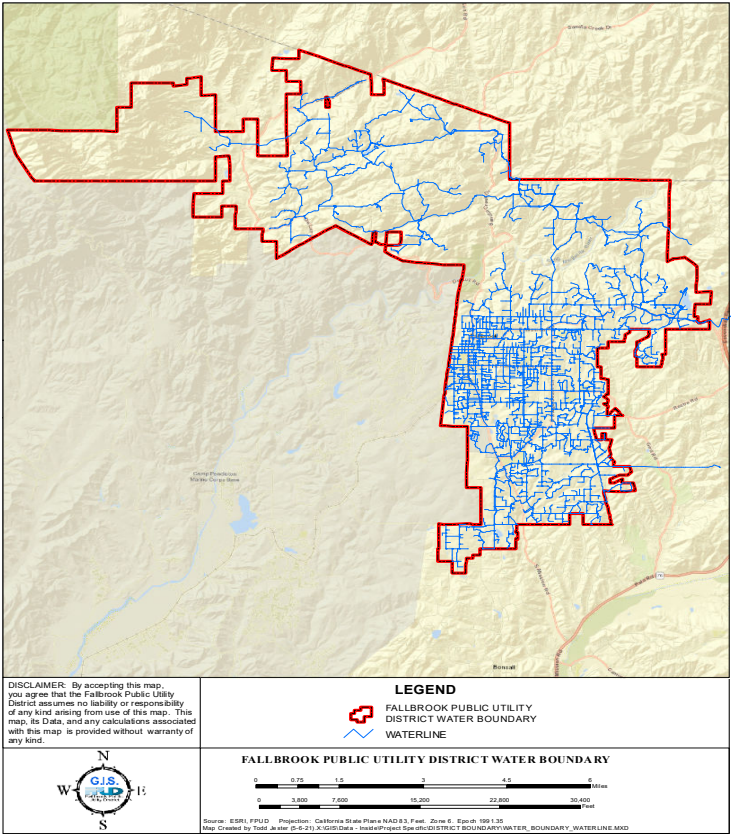
Wastewater System

The District’s wastewater system is comprised of 78 miles of buried sewer lines and force mains, a 2.7 million gallon per day water reclamation plant, a 1-megawatt solar facility and a 12-mile ocean outfall line.

Water System

The District’s water distribution system is comprised of 270 miles of pipeline, 7,000 valves, an ultraviolet disinfection water treatment plant, nine steel reservoirs, a 400-million-gallon treated water reservoir, seven pump stations and a groundwater treatment plant. District staff operate the system, and conduct all system maintenance and repairs. The District has nearly completed an Advanced Metering Infrastructure (AMI) system upgrade that will enable real-time meter reading and provide customers with real-time water use. The District has three connections to the imported water system that are connected to MWD owned pipelines.

District Service Area Pipelines



## II. Bond Information

Principal Outstanding

Bond Issues	As of June 30, 2024
2021 Wastewater Revenue Refunding Bonds Series A	\$14,845,000
2021 Wastewater Revenue Refunding Bonds Series B	1,690,000
2024 Water Revenue Bonds	11,205,000

## III. Financial Information

The audited financial statements for the District for the fiscal year ended June 30, 2024 have been filed separately on EMMA and are hereby incorporated by reference into this Report.

## IV. Operating Information

### Wastewater Tables

The following table shows the number of residential and non-residential connections for the Wastewater System for the years shown.

**Table #1 - Number and Type of Wastewater Connections**

As of June 30,	Residential	Non-Residential	Total
2018	4,641	408	5,049
2019	4,621	383	5,004
2020	4,630	381	5,011
2021	4,654	375	5,029
2022	4,659	373	5,032
2023	4,662	377	5,039
2024	4,664	378	5,042

Source: Fallbrook Public Utility District



The following table shows the ten largest customers of the Wastewater System as of June 30, 2024 based on charges billed.

**Table #2 - Ten Largest Wastewater Customers as of June 30, 2024**

No.	Customer	Type of Business	Revenues	% of Total Revenues <sup>(1)</sup>
1	VALLEY VIEW MOBILE LODGE	Residential	115,332	1.34%
2	FALLBROOK UNION ELEMENTARY SCHOOL DISTRICT	Elementary School	96,956	1.12%
3	PINEVIEW PRESERVATION LP	Residential	94,507	1.09%
4	AMBERCREEK ASSOCIATION	Residential	88,220	1.02%
5	PINECREST APARTMENTS	Residential	87,683	1.02%
6	FALLBROOK HILLS APARTMENTS	Residential	76,582	0.89%
7	COUNTRY VIEW APARTMENTS	Residential	75,536	0.87%
8	SUMMER RIDGE APARTMENTS	Residential	74,926	0.87%
9	FALLBROOK VIEW APARTMENTS	Residential	74,887	0.87%
10	CPI GV CRESTVIEW ESTATES OW LLC	Residential	74,169	0.86%
	<b>Total, Top 10 Customers</b>		<b>\$ 858,798</b>	<b>9.94%</b>

(1) Based on total Service Charges and CIC Charges for Fiscal Year 2023-24 of \$8,636,552.

Source: Fallbrook Public Utility District



The following table sets forth the historical average daily wastewater flow to the Water Reclamation Plant (WRP) for the fiscal years shown.

**Table #3 - Historical Average Daily Flow at WRP**

As of June 30,	Average Daily Sewer Flow (MGD)	Average Daily Sewer Flow (AF)
2010	1.73	5.30
2011	1.74	5.35
2012	1.67	5.13
2013	1.53	4.69
2014	1.48	4.54
2015	1.54	4.73
2016	1.37	4.20
2017	1.39	4.26
2018	1.33	4.09
2019	1.52	4.68
2020	1.51	4.63
2021	1.51	4.63
2022	1.51	4.63
2023	1.64	5.03
2024	1.73	5.31

Source: Fallbrook Public Utility District

The following table shows the current and projected sewer services charges of the District.

**Table #4 - Monthly Sewer Service Charges**

	Effective Jan. 1, 2019	Effective Jan. 1, 2020	Effective Jan. 1, 2021	Effective Jan. 1, 2022	Effective Jan. 1, 2023	Effective Jan. 1, 2024
Monthly Fixed Charge Per EDU <sup>(1)</sup>						
Wastewater Charge-Combined <sup>(2)</sup>	\$ 9.70	\$ 10.14	\$ 10.60	\$ 11.08	N/A	N/A
Residential/Domestic	N/A	N/A	N/A	N/A	\$ 18.88	\$26.68
Commercial/Government	N/A	N/A	N/A	N/A	12.14	12.75
Capital Improvement Charge (CIC) <sup>(3)</sup>	11.53	11.62	11.63	11.68	12.66	13.35
Monthly Variable Charge Per 1,000 Gallons <sup>(4)</sup>						
Single-Family, Multi-Family & Ag. Domestic	\$ 9.86	\$ 10.32	\$ 10.79	\$ 11.28	\$ 10.22	\$9.16
Gov't, Schools, Churches & Low-Strength Commercial	9.79	10.25	10.72	11.20	11.09	11.64
Medium-Strength Commercial	12.09	12.65	13.22	13.81	13.82	14.51
High-Strength Commercial	15.09	15.77	16.48	17.22	17.66	18.54

Notes:

(1) See Fallbrook Public Utility District Administrative Code Article 11 Section 11.7 for the Schedule of Equivalent Dwelling Units (EDUs) Methodology based on EDUs became effective January 1, 2018.

(2) The 2022 rate study changed the monthly fixed charge methodology effective January 1, 2023.

(3) Each January 1, the District is authorized to increase the Wastewater CIC in accordance with the Engineering News Record Construction Cost Index of February for Los Angeles of the preceding year ("ENR CCI"), not to exceed 10% annually.

(4) Residential variable charge based on 2-year adjusted average winter water usage. Commercial variable charge is based on adjusted monthly water usage.

Source: Fallbrook Public Utility District

The following table sets forth the historical assessed values for the fiscal years shown, for “Improvement District “S” which corresponds to the former geographic boundaries of the Fallbrook Sanitary District which was merged into the District and became the Wastewater System.

**Table #5 - Historical Assessed Valuations-Improvement District “S”**

Fiscal Year	Local Assessed	State Assessed	Unsecured Value	Total	% Change
2010	\$ 1,821,146,148	\$ 225,000	\$ 36,302,150	\$ 1,857,673,298	0.0%
2011	1,781,731,084	225,000	37,141,389	1,819,097,473	-2.1%
2012	1,783,734,000	225,000	33,883,225	1,817,842,225	-0.1%
2013	1,773,732,093	225,000	35,613,386	1,809,570,479	-0.5%
2014	1,811,990,591	-	34,916,821	1,846,907,412	2.1%
2015	1,928,060,834	-	35,184,912	1,963,245,746	6.3%
2016	2,021,437,198	-	32,152,307	2,053,589,505	4.6%
2017	2,098,501,032	-	31,163,876	2,129,664,908	3.7%
2018	2,220,524,962	-	31,902,804	2,252,427,766	5.8%
2019	2,337,209,037	-	35,075,356	2,372,284,393	5.3%
2020	2,463,512,540	-	35,305,514	2,498,818,054	5.3%
2021	2,583,369,560	-	37,819,020	2,621,188,580	4.9%
2022	2,663,835,892	-	32,536,269	2,696,372,161	2.9%
2023	2,878,119,724	-	41,126,926	2,919,246,650	8.3%
2024	3,021,909,887	-	44,004,084	3,065,913,971	5.0%

Source: Fallbrook Public Utility District; San Diego County Auditor-Controller

The following table sets forth the top 20 taxpayers within Improvement District “S” for Fiscal Year 2023-2024.

**Table #6 - Top Taxpayers in Improvement District “S”**

No.	Taxpayer	Primary Land Use	FY 2023-24 Assessed Valuation	% of Total
1	Contour Propco 1735 S Mission LLC	Assisted Living Facility	\$ 32,244,737	1.07%
2	Vista Fortuna LLC	Shopping Center	24,972,150	0.83%
3	Albertsons LLC	Supermarket	21,309,045	0.71%
4	Americare Health & Retirement LLC	Assisted Living Facility	18,750,782	0.62%
5	CPI/GV Crestview Estates Owner LLC	Mobile Home Park	15,010,827	0.50%
6	Axelgaard Manufacturing Co. Ltd.	Industrial	14,243,870	0.47%
7	Sheryl A. Hailey	Apartments	14,209,815	0.47%
8	Hampton Family Trust	Residential Properties	10,154,511	0.34%
9	Amber Creek Associates LLC	Apartments	9,923,720	0.33%
10	BRCC Investments LLC	Shopping Center	9,842,813	0.33%
11	Fallbrook Village Apartments LLC	Apartments	9,247,858	0.31%
12	Fallbrook Plaza LLC	Commercial	8,841,864	0.29%
13	Rec Properties LLC	Apartments	8,767,152	0.29%
14	Fallbrook Medical Arts LLC	Medical Offices	8,500,000	0.28%
15	Ark Properties LLC	Commercial	8,412,871	0.28%
16	Fallbrook Hills Apartments LLC	Apartments	8,383,834	0.28%
17	J & V Vozza No. 1 LLC	Apartments	8,044,960	0.27%
18	Felipe and Concepcion Jimenez	Apartments	8,024,406	0.27%
19	Sunset Views Apartments LLC	Apartments	7,964,800	0.26%
20	Old Vine Apartments LLC	Apartments	7,666,356	0.25%
	Total, Top 20 Customers		<b>\$ 254,516,371</b>	<b>8.42%</b>
	Total Assessed Value, All Taxpayers		<b>\$ 3,021,909,887</b>	

Source: California Municipal Statistics

The following table presents historical Wastewater Fund revenues, expenses and debt service coverage for Fiscal Years 2019-20 to 2023-24.

**Table #7 - Wastewater Revenues, Expenses and Debt Service Coverage**

Fiscal Year Ending June 30,	2020	2021	2022	2023	2024
<b>Operating Revenues:</b>					
Service Charges	\$ 5,924,878	\$ 5,993,042	\$ 6,323,887	\$ 7,048,717	\$ 7,350,294
Other Charges	6,590	1,382	12,966	11,073	42,280
<b>Sub-Total</b>	<b>\$5,931,468</b>	<b>\$5,994,424</b>	<b>\$6,336,853</b>	<b>\$7,059,790</b>	<b>\$ 7,392,574</b>
<b>Operating Expenses (Excludes Depreciation):</b>					
Operations & Maintenance	\$ 3,286,965	\$ 3,188,427	\$ 3,827,472 <sup>(1)</sup>	\$ 2,484,939	\$ 3,575,765
Administrative & General	2,178,369	2,207,487	2,378,061	2,550,129	2,911,671
<b>Sub-Total</b>	<b>\$5,465,334</b>	<b>\$5,395,914</b>	<b>\$6,205,533</b>	<b>\$5,035,068</b>	<b>\$ 6,487,436</b>
<b>Net Operating Income</b>	<b>\$ 466,134</b>	<b>\$ 598,510</b>	<b>\$ 131,320</b>	<b>\$2,042,722</b>	<b>\$ 905,138</b>
<b>Non-Operating Revenues (Expenses)</b>					
Property Taxes	\$ 1,066,408	\$ 1,069,872	\$ 1,094,591	\$ 1,199,210	\$ 1,251,657
Capital Improvement Charges	1,168,350	1,171,245	1,179,305	1,241,192	1,329,146
Investment Income <sup>(2)</sup>	131,547	71,912	82,914	137,514	224,510
Connection Fees	123,762	39,579	95,944	74,087	29,100
<b>Sub-Total</b>	<b>\$2,490,067</b>	<b>\$2,352,608</b>	<b>\$2,452,754</b>	<b>\$2,652,003</b>	<b>\$ 2,834,413</b>
<b>NET REVENUES</b>	<b>\$2,956,201</b>	<b>\$2,951,118</b>	<b>\$2,584,075</b>	<b>\$4,676,725</b>	<b>\$ 3,739,551</b>
<b>Debt Service Expense:</b>					
2010 Agreement (net of subsidy) <sup>(3)</sup>	\$ 391,696	\$ 408,435	\$ 422,072	\$ 436,062	\$ 443,201
SRF Loan	1,845,746	1,750,772	-	-	-
2021 Refunding Bonds	-	22,271	1,729,884	1,731,022	1,730,746
<b>Sub-Total</b>	<b>\$2,237,442</b>	<b>\$2,181,478</b>	<b>\$2,151,956</b>	<b>\$2,167,084</b>	<b>\$ 2,173,947</b>
<b>Debt Service Coverage (DSC)</b>	<b>1.32</b>	<b>1.35</b>	<b>1.20</b>	<b>2.16</b>	<b>1.72</b>
<b>QECP Loan Subsidy:</b>					
Gross Interest Subsidy Rate (%)	70.0%	70.0%	70.0%	70.0%	70.0%
Sequestration Rate (%)	5.9%	5.7%	5.7%	5.7%	5.7%
Net Interest Subsidy Rate (%)	65.9%	66.0%	66.0%	66.0%	66.0%

(1) GASB 68 expense has been reduced by \$415,078.45 to reflect the non-cash cost of CalPERS risk mitigation and discount rate reduction.

(2) Investment Income excludes the mark-to-market investment gain and investment earnings on the District's 115 Trust.

(3) Amount shown is net of the 70% interest rate subsidy, adjusted for a sequestration rate of 5.7%.

Source: Fallbrook Public Utility District

## Water Tables

The following table shows the number of residential and non-residential connections for the Water System for the years shown.

**Table #1 - Number and Type of Water Connections**

As of June 30,	Single-Family Residential	Multi-Family Residential	Commercial & Institutional	Agricultural	Other	Total
2014	7,582	217	680	660	32	9,171
2015	7,581	217	679	695	33	9,205
2016	7,582	217	671	699	37	9,206
2017	7,617	217	673	674	38	9,219
2018	7,735	218	711	529	40	9,233
2019	7,742	218	713	533	45	9,251
2020	7,755	216	712	535	41	9,259
2021	7,757	218	711	543	41	9,270
2022	7,772	218	712	546	43	9,291
2023	7,787	217	712	551	43	9,310
2024	7,804	217	710	555	44	9,330

Source: Fallbrook Public Utility District

The following table shows the ten largest customers of the Water System as of June 30, 2024 based on charges billed.

**Table #2 - Ten Largest Water Customers as of June 30, 2024**

No.	Customer	Type of Business	Revenues	% of Total Revenues <sup>(1)</sup>
1	ALTMAN SPECIALTY PLANTS	Residential	\$ 439,942	1.82%
2	FALLBROOK UNION ELEMENTARY SCHOOL DISTRICT	Elementary School	239,190	0.99%
3	KENNETH HENNELL	Residential	132,447	0.55%
4	VALLEY VIEW MOBILE LODGE	Residential	96,213	0.40%
5	PINECREST APARTMENTS	Residential	93,311	0.39%
6	SUNLET NURSERY	Residential	91,079	0.38%
7	SHADY GROVE HOA	Residential	90,595	0.37%
8	RANAJIT SAHU	Residential	87,759	0.36%
9	AMBERCREEK ASSOCIATION	Residential	76,936	0.32%
10	COUNTRY VIEW APARTMENTS	Residential	70,189	0.29%
	<b>Total, Top 10 Customers</b>		<b>\$1,417,660</b>	<b>5.86%</b>

(1) Based on total Service Charges and CIC Charges for Fiscal Year 2023-24 of \$24,190,646.

Source: Fallbrook Public Utility District

The following table sets forth the historical annual water production for the fiscal years shown.

**Table #3 - Historical Water Production**

As of June 30,	Annual Production (gallons)	Average Daily Production (gallons per day)	Percent Change
2014	4,361,417,880	11,949,090	
2015	3,860,910,744	10,577,838	-11.5%
2016	3,119,208,698	8,545,777	-19.2%
2017	2,995,417,903	8,206,624	-4.0%
2018	3,287,934,345	9,008,039	9.8%
2019	2,620,689,253	7,179,971	-20.3%
2020	2,602,343,841	7,129,709	-0.7%
2021	2,905,939,218	7,961,477	11.7%
2022	2,686,152,719	7,359,323	-7.6%
2023	2,169,744,054	5,944,504	-19.2%
2024	2,124,124,914	5,819,520	-2.1%

Source: Fallbrook Public Utility District



## Continuing Disclosure Report

The following table sets forth the historical volumetric monthly water charges for the fiscal years shown.

**Table #4 - Historical Volumetric Water Charges (\$/Kgal\*)<sup>(1)</sup>**

Fiscal Year	Domestic			Commercial		Government	Special Ag Rate	Commercial Ag Rate	(AG) Agriculture Rate	(AD) Ag Domestic Rate	
	Tier 1	Tier 2	Tier 3 <sup>(2)</sup>	Tier 1	Tier 2					Tier 1	Tier 2
2014	\$ 4.03	\$ 4.64	\$ 5.11	\$ 4.03	\$ 4.64	\$ 4.64	\$ 3.14	\$ 4.06	N/A	N/A	N/A
2015	4.19	4.61	5.08	4.19	4.61	4.61	3.14	4.06	N/A	N/A	N/A
2016	4.38	4.82	5.31	4.38	4.82	4.82	3.18	4.28	N/A	N/A	N/A
2017	5.21	5.74	6.32	5.21	5.74	5.74	3.65	4.97	N/A	N/A	N/A
2018	5.62	5.71	6.95	5.79	5.79	5.70	4.17	4.83	N/A	N/A	N/A
2019	5.96	6.05	7.37	6.14	6.14	6.04	4.42	5.12	N/A	N/A	N/A
2020	6.44	6.53	7.96	6.63	6.63	6.52	4.77	5.53	N/A	N/A	N/A
2021	6.83	6.92	8.44	7.03	7.03	6.91	5.06	5.86	N/A	N/A	N/A
2022	7.17	7.27	8.86	7.38	7.38	7.26	5.31	6.15	N/A	N/A	N/A
2023	7.31	8.06	N/A	7.72	7.72	7.72	5.63	6.38	N/A	N/A	N/A
2024	7.31	8.06	N/A	7.72	7.72	7.72	N/A	N/A	5.63	7.31	5.63

\*Kgal = 1,000 gal

Note: (1) - The District is required to follow the rules of Proposition 218 when raising or adjusting its rates.

Note: (2) - The District removed the Tier 3 domestic rate as of January 1, 2023.

Source: Fallbrook Public Utility District

The following table sets forth the historical fixed monthly water charges for the fiscal years shown.

**Table #5 - Historical Non-Agricultural/Government Monthly Water Service Charge (\$/month)**

Fiscal Year	¾" Meter	1" Meter	1 ½" Meter	2" Meter	3" Meter	4" Meter	6" Meter	Standby
2014	\$ 36.63	\$ 47.66	\$ 68.02	\$ 99.54	\$ 162.38	\$ 258.19	\$ 461.43	\$ 21.83
2015	38.10	49.57	70.74	103.52	168.88	268.52	479.89	22.70
2016	39.24	51.06	72.86	106.63	173.95	276.58	494.29	23.38
2017	41.59	54.12	77.23	113.03	184.39	293.17	523.95	24.78
2018	44.10	67.33	125.36	195.01	380.73	589.67	1,170.06	*Variable
2019	46.75	71.37	132.88	206.71	403.57	625.05	1,240.26	*Variable
2020	50.49	77.08	143.51	223.25	435.86	675.05	1,339.48	*Variable
2021	53.52	81.70	152.12	236.65	462.01	715.55	1,419.85	*Variable
2022	56.20	85.79	159.73	248.48	485.11	751.33	1,490.84	*Variable
2023	60.60	96.51	185.46	292.64	578.82	900.36	1,793.16	*Variable
2024	57.16	90.77	174.00	274.30	542.12	843.02	1,678.50	*Variable

\* Standby rates are based on meter size

For more information on the District's rate structure, visit [www.fpud.com](http://www.fpud.com)

Source: Fallbrook Public Utility District

The following table sets forth the historical fixed monthly water charges for the fiscal years shown.

**Table #6 - Monthly Water Service Charge (Ag/Gov) (\$/month)**

Fiscal Year	¾" Meter	1" Meter	1 ½" Meter	2" Meter	3" Meter	4" Meter	6" Meter	Standby
2014	\$ 44.89	\$ 59.28	\$ 85.69	\$ 126.62	\$ 208.35	\$ 323.73	\$ 583.40	\$ 21.83
2015	44.89	59.28	85.69	126.62	208.35	323.73	583.40	22.70
2016	46.24	61.06	88.26	130.42	214.60	333.44	600.90	23.38
2017	49.01	64.72	93.56	138.25	227.48	353.45	636.95	24.78
2018	44.10	67.33	125.36	195.01	380.73	589.67	1,170.06	*Variable
2019	46.75	71.37	132.88	206.71	403.57	625.05	1,240.26	*Variable
2020	50.49	77.08	143.51	223.25	435.86	675.05	1,339.48	*Variable
2021	53.52	81.70	152.12	236.65	462.01	715.55	1,419.85	*Variable
2022	56.20	85.79	159.73	248.48	485.11	751.33	1,490.84	*Variable
2023	60.60	96.51	185.46	292.64	578.82	900.36	1,793.16	*Variable
2024	57.16	90.77	174.00	274.30	542.12	843.02	1,678.50	*Variable

\* Standby rates are based on meter size

For more information on the District's rate structure, visit [www.fpud.com](http://www.fpud.com)

Source: Fallbrook Public Utility District

The following table sets forth the historical monthly water capital improvement charges for the fiscal years shown.

**Table #7 - Historical Monthly Water Capital Improvement Charge (CIC) (\$/month)**

Fiscal Year	¾" Meter	1" Meter	1 ½" Meter	2" Meter	3" Meter	4" Meter	6" Meter	Standby
2014	\$ 8.00	\$ 11.00	\$ 16.00	\$ 25.00	\$ 42.00	\$ 66.00	\$ 120.00	\$ 4.30
2015	8.59	11.81	17.18	26.84	45.10	70.87	128.85	5.15
2016	9.06	12.46	18.12	28.31	47.57	74.75	135.90	5.44
2017	9.45	12.99	18.90	29.53	49.61	77.96	141.75	5.67
2018	8.58	14.30	28.60	45.76	91.52	143.00	286.00	*Variable
2019	9.12	15.20	30.40	48.64	97.29	152.01	304.02	*Variable
2020	9.47	15.78	31.56	50.49	100.98	157.79	315.57	*Variable
2021	9.77	16.27	32.55	52.07	104.14	162.72	325.43	*Variable
2022	10.10	16.82	33.66	53.84	107.68	168.25	336.50	*Variable
2023	11.11	18.50	37.03	59.22	118.45	185.08	370.15	*Variable
2024	12.05	20.07	40.17	64.24	128.48	200.76	401.50	*Variable

\* Standby rates are based on meter size

For more information on the District’s rate structure, visit [www.fpud.com](http://www.fpud.com)

Source: Fallbrook Public Utility District

**Table #8 -Historical Assessed Valuation of Taxable Property**

Fiscal Year	Secured	Unsecured	Total Assessed Value
	Water	Water	
	Local Assessed		
2014	\$ 3,058,914,090	\$ 39,761,073	\$ 3,098,675,163
2015	3,234,556,718	40,480,476	3,275,037,194
2016	3,390,367,447	37,440,559	3,427,808,006
2017	3,518,846,961	36,135,611	3,554,982,572
2018	3,709,470,372	36,271,614	3,745,741,986
2019	3,895,955,738	41,211,234	3,937,166,972
2020	4,078,331,287	41,515,562	4,119,846,849
2021	4,268,726,975	42,961,480	4,311,688,455
2022	4,399,211,909	37,054,002	4,436,265,911
2023	4,739,631,751	46,156,838	4,785,788,589
2024	4,989,118,002	52,390,882	8,107,422,855

Source: County of San Diego, Office of the Auditor & Controller

The following table sets forth the top 20 taxpayers within water for Fiscal Year 2023-2024.

**Table #9 - Top Taxpayers in Water**

No.	Taxpayer	Primary Land Use	FY 2023-24 Assessed Valuation	% of Total
1	Contour Propco 1735 S Mission LLC	Assisted Living Facility	\$ 32,244,737	0.65%
2	Vista Fortuna LLC	Shopping Center	24,972,150	0.50%
3	Albertsons LLC	Supermarket	21,309,045	0.43%
4	Americare Health & Retirement LLC	Assisted Living Facility	18,750,782	0.38%
5	CPI/GV Crestview Estates Owner LLC	Mobile Home Park	15,010,827	0.30%
6	Axelgaard Manufacturing Co. Ltd.	Industrial	14,243,870	0.29%
7	Sheryl A. Hailey	Apartments	14,209,815	0.28%
8	Hampton Family Trust	Residential Properties	10,154,511	0.20%
9	Amber Creek Associates LLC	Apartments	9,923,720	0.20%
10	BRCC Investments LLC	Shopping Center	9,842,813	0.20%
11	Fallbrook Village Apartments LLC	Apartments	9,247,858	0.19%
12	Fallbrook Plaza LLC	Commercial	8,841,864	0.18%
13	Rec Properties LLC	Apartments	8,767,152	0.18%
14	Fallbrook Medical Arts LLC	Medical Offices	8,500,000	0.17%
15	Ark Properties LLC	Commercial	8,412,871	0.17%
16	Fallbrook Hills Apartments LLC	Apartments	8,383,834	0.17%
17	J & V Vozza No. 1 LLC	Apartments	8,044,960	0.16%
18	Felipe and Concepcion Jimenez	Apartments	8,024,406	0.16%
19	Sunset Views Apartments LLC	Apartments	7,964,800	0.16%
20	Old Vine Apartments LLC	Apartments	7,666,356	0.15%
	<b>Total, Top 20 Customers</b>		<b>\$ 254,516,371</b>	<b>5.10%</b>
	<b>Total Assessed Value, All Taxpayers</b>		<b>\$ 4,989,118,002</b>	

Source: California Municipal Statistics

The following table presents historical Water Fund revenues, expenses and debt service coverage for Fiscal Years 2019-20 to 2023-24.

**Table #10 - Water Revenues, Expenses and Debt Service Coverage**

Fiscal Year Ending June 30,	2020	2021	2022	2023	2024
<b>Operating Revenues:</b>					
Water Sales	\$ 14,040,914	\$ 17,115,866	\$ 16,464,444	\$ 14,194,199	\$ 13,574,167
Fixed Service Charges	6,782,468	7,237,052	7,664,909	8,259,546	8,378,478
Other Charges	1,116,852	1,076,096	1,116,430	1,013,465	603,711
<b>Sub-Total</b>	<b>\$21,940,234</b>	<b>\$ 25,429,014</b>	<b>\$ 25,245,783</b>	<b>\$ 23,467,210</b>	<b>\$22,556,356</b>
<b>Operating Expenses (Excludes Depreciation):</b>					
Cost of Water Sold	\$ 12,663,006	\$ 13,955,908	\$ 13,245,830	\$ 10,716,859	\$ 6,659,144
Operations & Maintenance	3,984,938	3,330,054	6,046,295 <sup>(2)</sup>	3,126,441	7,256,617
Administrative & General Expenses	3,985,541	4,036,546	4,322,980	4,642,717	5,306,601
<b>Sub-Total</b>	<b>\$20,633,485</b>	<b>\$ 21,322,508</b>	<b>\$ 23,615,105</b>	<b>\$ 18,486,017</b>	<b>\$19,222,362</b>
<b>Net Operating Income</b>	<b>\$ 1,306,749</b>	<b>\$ 4,106,506</b>	<b>\$ 1,630,678</b>	<b>\$ 4,981,193</b>	<b>\$ 3,333,994</b>
<b>Non-Operating Revenues (Expenses)</b>					
Property Taxes	\$ 1,146,897	\$ 1,214,791	\$ 1,245,229	\$ 1,355,239	\$ 1,416,793
Capital Improvement Charges	1,368,292	1,413,080	1,457,378	1,589,961	1,758,695
Investment Income <sup>(1)</sup>	591,761	987,540	(1,174,671)	752,646	1,287,999
Connection Fees	8,526	110,071	97,257	112,859	112,353
<b>Sub-Total</b>	<b>\$ 3,115,476</b>	<b>\$ 3,725,482</b>	<b>\$ 1,625,193</b>	<b>\$ 3,810,705</b>	<b>\$ 4,575,840</b>
<b>NET REVENUES</b>	<b>\$ 4,422,225</b>	<b>\$ 7,831,988</b>	<b>\$ 3,255,871</b>	<b>\$ 8,791,898</b>	<b>\$ 7,909,834</b>
<b>Debt Service Expense:</b>					
2010 SRF Loan	\$ 395,851	\$ 395,851	\$ 395,851	\$ 395,851	\$ 395,851
2018 SRF Loan	20	411,558	974,071	1,174,396	2,814,795
<b>Sub-Total</b>	<b>\$ 395,871</b>	<b>\$ 807,408</b>	<b>\$ 1,369,922</b>	<b>\$ 1,570,247</b>	<b>\$ 3,210,646</b>
<b>Debt Service Coverage (DSC)</b>	<b>11.2</b>	<b>9.7</b>	<b>2.4</b>	<b>5.6</b>	<b>2.5</b>

(1) Investment income in Fiscal Year ending June 30, 2022 includes a “mark-to-market” loss of \$1,325,967.

(2) Increases in operations and maintenance expenses were due to the commissioning/commencing of operations of a new water treatment plant, increase GASB 68 pension expenses and other expenses.

Source: Fallbrook Public Utility District

## V. Significant Events

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Pursuant to the provisions of the Continuing Disclosure Certificate, the District shall provide, in a timely manner and in no event in excess of ten (10) Business Days after the occurrence of such Significant Event, notice of such Significant Event with the MSRB. No significant events were observed during the reporting period. For a list of Significant Events please refer to the 2021 and 2024 Official Statements.