

**COMMUNITY FACILITIES DISTRICT NO. 88-1
OF WESTERN MUNICIPAL WATER DISTRICT**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2024 AND 2023



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OF WESTERN MUNICIPAL WATER DISTRICT
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YEARS ENDED JUNE 30, 2024 AND 2023**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Community Facilities District No. 88-1
of Western Municipal Water District
Riverside, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the Community Facilities District No. 88-1 of Western Municipal Water District (the District), as of and for the years ended June 30, 2024 and 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Board of Directors
Community Facilities District No. 88-1
of Western Municipal Water District

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Irvine, California
March 24, 2025

BASIC FINANCIAL STATEMENTS

**COMMUNITY FACILITIES DISTRICT NO. 88-1
OF WESTERN MUNICIPAL WATER DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
ASSETS		
Current Assets:		
Cash and Cash Equivalents	\$ 164,192	\$ 154,250
Accrued Interest Receivable	434	388
Special Assessments Receivable	3,240	2,109
Total Current Assets	<u>167,866</u>	<u>156,747</u>
Noncurrent Assets:		
Special Assessments Receivable	463,539	542,845
Total Noncurrent Assets	<u>463,539</u>	<u>542,845</u>
Total Assets	<u>631,405</u>	<u>699,592</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Amount on Debt Refunding	84,362	110,247
Total Deferred Outflows of Resources	<u>84,362</u>	<u>110,247</u>
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,339	953
Accrued Interest Payable	3,439	3,894
Current Portion of Bonds Payable	95,824	94,005
Total Current Liabilities	<u>100,602</u>	<u>98,852</u>
Noncurrent Liabilities:		
Bonds Payable	615,165	710,987
Total Noncurrent Liabilities	<u>615,165</u>	<u>710,987</u>
Total Liabilities	<u>715,767</u>	<u>809,839</u>
NET POSITION		
Unrestricted	<u>-</u>	<u>-</u>
Total Net Position	<u>\$ -</u>	<u>\$ -</u>

See accompanying Notes to Basic Financial Statements.

**COMMUNITY FACILITIES DISTRICT NO. 88-1
OF WESTERN MUNICIPAL WATER DISTRICT
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
OPERATING REVENUES		
Special Assessments	\$ 57,037	\$ 64,186
Total Operating Revenues	<u>57,037</u>	<u>64,186</u>
OPERATING EXPENSES		
Interest	40,097	45,034
Administrative Fees	<u>21,260</u>	<u>21,631</u>
Total Operating Expenses	<u>61,357</u>	<u>66,665</u>
OPERATING LOSS	(4,320)	(2,479)
NONOPERATING REVENUES		
Investment Earnings	<u>4,320</u>	<u>2,479</u>
CHANGE IN NET POSITION	-	-
Net Position - Beginning of Year	<u>-</u>	<u>-</u>
NET POSITION - END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See accompanying Notes to Basic Financial Statements.

**COMMUNITY FACILITIES DISTRICT NO. 88-1
OF WESTERN MUNICIPAL WATER DISTRICT
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments for Administrative Fees	\$ (20,874)	\$ (20,678)
Net Cash Used by Operating Activities	<u>(20,874)</u>	<u>(20,678)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from Special Assessments	135,212	131,867
Redemption of Bonds Principal	(94,003)	(88,924)
Interest Payments on Bonds Payable	<u>(14,667)</u>	<u>(16,437)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>26,542</u>	<u>26,506</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Earnings Received	<u>4,274</u>	<u>2,146</u>
Net Cash Provided by Investing Activities	<u>4,274</u>	<u>2,146</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	9,942	7,974
Cash and Cash Equivalents - Beginning of Year	<u>154,250</u>	<u>146,276</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 164,192</u></u>	<u><u>\$ 154,250</u></u>

See accompanying Notes to Basic Financial Statements.

**COMMUNITY FACILITIES DISTRICT NO. 88-1
OF WESTERN MUNICIPAL WATER DISTRICT
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2024 AND 2023**

	<u>2024</u>	<u>2023</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	\$ (4,320)	\$ (2,479)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Special Assessments	(57,037)	(64,186)
Interest Expense	40,097	45,034
Changes in Assets and Liabilities:		
Increase (Decrease) in Accounts Payable	386	953
Total Adjustments	<u>(16,554)</u>	<u>(18,199)</u>
Net Cash Used by Operating Activities	<u>\$ (20,874)</u>	<u>\$ (20,678)</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES		
Amortization of Deferred Amounts	<u>\$ 25,885</u>	<u>\$ 29,027</u>

See accompanying Notes to Basic Financial Statements.

**COMMUNITY FACILITIES DISTRICT NO. 88-1
OF WESTERN MUNICIPAL WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Operations of the Reporting Entity

The Community Facilities District No. 88-1 of Western Municipal Water District (District) was established by the former Murrieta County Water District to finance, relative to water and sewer facilities, the acquisition, construction, expansion, rehabilitation, leasing or purchasing of facilities and any other governmental facilities which the Murrieta County Water District as authorized by law to contribute revenue to, to construct, and to own and operate which are necessary to meet increased demands placed on the Murrieta County Water District as a result of development and rehabilitation occurring within the District.

The financing was accomplished through the authorization of special tax bonds issued pursuant to the Mello-Roos Community Facilities Act of 1982 adopted by the Board of Directors of the former Murrieta County Water District acting as the legislative body of the District. The bonds are only payable from certain proceeds of an annual special assessment to be levied and collected from properties located within the District. At June 30, 2024 and 2023, the District consisted of 3,151 and 3,077 parcels, respectively. In the event that the special assessments are not paid when due, the only sources of funds to repay the bonds are amounts held in the bond reserve fund, or proceeds, if any, from foreclosure sales of land within the District following a delinquency in the special assessment payment. Neither the full faith and credit nor the taxing power of Western Municipal Water District, the county of Riverside, the state of California, or any other political subdivision thereof is pledged to the payments of the bonds.

On November 23, 2005, the Murrieta County Water District merged with Western Municipal Water District. This merger resulted in no change in the operations of the Community Facilities District No. 88-1.

B. Basis of Accounting and Measurement Focus

The District reports its activities as an enterprise fund, which is used to account for operations that are financed and operated in a manner similar to a private business enterprise. Revenues and expenses are recognized on the full accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred, regardless of when the related cash flows take place.

**COMMUNITY FACILITIES DISTRICT NO. 88-1
OF WESTERN MUNICIPAL WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

**C. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of
Resources and Net Position**

1. Cash and Cash Equivalents

The District considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

2. Use of Restricted Resources

When an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

3. Investments and Investment Policy

Investments are generally stated at fair value based on the last reported sales price published on the national exchange. Changes in fair value that occur during a fiscal year are recognized as unrealized gains or losses and reported for that fiscal year. Investment earnings are comprised of interest income, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

4. Deferred Inflows and Outflows of Resources

Deferred amounts resulting from the refundings of debt are reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter.

**COMMUNITY FACILITIES DISTRICT NO. 88-1
OF WESTERN MUNICIPAL WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

**NOTE 1 REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

D. Operating and Nonoperating

The District distinguishes operating revenues and expense from nonoperating items. Operating revenues, such as special assessments, result from assessments on the properties responsible for repaying the debt. Nonoperating revenues, such as investment earnings, result from nonexchange transactions in which the District receives value without directly giving value in exchange. Operating expenses for the District include interest and administrative fees. All expenses not meeting this definition are reported as nonoperating expenses.

E. Use of Estimates

The preparation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflow of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported changes in net position during the reporting period. Actual results could differ from those estimates.

NOTE 2 CASH AND INVESTMENTS

Cash and investments as of June 30, 2024 and 2023 consist of the following:

	2024	2023
Deposits Held with Financial Institutions	\$ 2,978	\$ 2,730
Money Market Funds	161,214	151,520
Total Cash and Investments	<u>\$ 164,192</u>	<u>\$ 154,250</u>

Authorized Investments

The table below identifies the investment types that are authorized by the District in accordance with 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 debt proceeds held by a 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.

**COMMUNITY FACILITIES DISTRICT NO. 88-1
OF WESTERN MUNICIPAL WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Authorized Investments (Continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Municipal Securities	5 Years	30%	5%
California State and Local Agency Obligations Notes or Bonds of any of the Other 49 States			
U.S. Treasury Obligations	10 Years	None	No Limit
U.S. Government Agency Securities Obligations	10 Years	None	25%
Banker's Acceptances	180 Days	40%	5%
Prime Commercial Paper	270 Days	25%	5%
Federally Insured Time Deposits (Nonnegotiable CDs)	5 Years	(20% (Combined with Collateralized Time Deposits) (20% (Combined with Federally Insured Time Deposits)	FDIC Limit
Collateralized Time Deposit (Nonnegotiable CDs)	5 Years	30% (Combined with CDs)	No Limit
Certified Deposit Placement Services (CDARS)	5 Years	30% (Combined with CDARS)	No Limit
Negotiable Certificates of Deposit (NCDs)	5 Years	None	5%
Repurchase Agreements	90 Days	30%	5%
Corporate Medium-Term Notes	5 Years	30%	10%
Supranational	5 Years	\$75 Million	No Limit
California State Local Agency Investment Fund	N/A	20% (Combined with Money Market Mutual Funds)	10%
Mutual Funds	N/A	20% (Combined with Mutual Funds)	No Limit
Money Market Mutual Funds	N/A	20%	5%
Mortgage Pass-Through Securities	5 Years	20%	5%
Asset-Backed Securities	5 Years	20%	5%
Collateralized Mortgage Obligations	5 Years	20%	5%
Local Government Pooled Investment Funds	N/A	None	No Limit
CalTrust Pooled Investment Funds	N/A	None	No Limit

**COMMUNITY FACILITIES DISTRICT NO. 88-1
OF WESTERN MUNICIPAL WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Authorized Investments (Continued)

Investments of debt proceeds held by a 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. The table below identifies the investment types that are authorized for investments held by a bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	No Limit
U.S. Agency Securities	None	None	No Limit
Local Agency Bonds	None	None	No Limit
Banker's Acceptances	270 Days	None	No Limit
Commercial Paper	180 Days	None	No Limit
Money Market Funds	N/A	None	No Limit
Guaranteed Investment Contracts	None	None	No Limit
Certificates of Deposit	None	None	No Limit
Local Agency Investment Fund (LAIF)	N/A	\$75 Million	No Limit

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the District's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. With respect to investments, custodial risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the use of mutual funds or government investment pools (such as LAIF). In addition, none of the District's counterparties hold the investments, for which separate safekeeping arrangements exist.

**COMMUNITY FACILITIES DISTRICT NO. 88-1
OF WESTERN MUNICIPAL WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)

At June 30, 2024 and 2023, the District had deposits with bank balances of \$2,978 and \$3,022, respectively. The Federal Deposit Insurance Corporation insures all accounts at each bank up to \$250,000.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. The longer the maturity an investment has the greater its fair value has sensitivity to changes in market interest rates. The District's investment policy follows the California Government Code as it relates to limits on investment maturities as a means of managing exposure to fair value losses arising from increasing interest rates.

Maturity of investments at June 30, 2024 is as follows:

Investment Type	Total	Investment Maturities (in Years)		
		1 or Less	1 - 5	Over 5
Held by Bond Trustee:				
Money Market Funds	<u>\$ 161,214</u>	<u>\$ 161,214</u>	<u>\$ -</u>	<u>\$ -</u>

Maturity of investments at June 30, 2023 is as follows:

Investment Type	Total	Investment Maturities (in Years)		
		1 or Less	1 - 5	Over 5
Held by Bond Trustee:				
Money Market Funds	<u>\$ 151,520</u>	<u>\$ 151,520</u>	<u>\$ -</u>	<u>\$ -</u>

Credit Risk

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.

Credit rating of investments at June 30, 2024 is as follows:

Investment Type	Total	Minimum Legal Rating	Not Rated	Ratings as of Year-End
				Aaa-mf/ AAAm
Held by Bond Trustee:				
Money Market Funds	<u>\$ 161,214</u>	Aa2/Aam	<u>\$ -</u>	<u>\$ 161,214</u>

**COMMUNITY FACILITIES DISTRICT NO. 88-1
OF WESTERN MUNICIPAL WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Credit Risk (Continued)

Credit rating of investments at June 30, 2023 is as follows:

Investment Type	Total	Minimum Legal Rating	Not Rated	Ratings as of Year-End Aaa-mf/ AAAm
Held by Bond Trustee:				
Money Market Funds	<u>\$ 151,520</u>	Aa2/Aam	<u>\$ -</u>	<u>\$ 151,520</u>

Concentration of Credit Risk

The investment policy of the District contains various limitations on the amount that can be invested in any one issuer as stipulated by the California Government Code. At June 30, 2024 and June 30, 2023, there were no investments in any one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represent 5% or more of the total District investments.

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 valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are quoted prices of similar assets in active markets, and Level 3 inputs are significant unobservable inputs.

The District's investments in money market funds in the amount of \$161,214 and \$151,520 at June 30, 2024 and 2023, respectively, are not subject to the fair value hierarchy.

NOTE 3 LONG-TERM DEBT

Long-term debt as of June 30, 2024 was as follows:

	Balance July 1, 2023	Additions	Deletions/ Amortization	Balance June 30, 2024
Other Debt:				
Series 2021 Refunding Bonds	<u>\$ 804,992</u>	<u>\$ -</u>	<u>\$ (94,003)</u>	<u>\$ 710,989</u>
Total Long-Term Debt	<u>804,992</u>	<u>\$ -</u>	<u>\$ (94,003)</u>	<u>710,989</u>
Less: Current Portion	<u>(94,005)</u>			<u>(95,824)</u>
Long-Term Portion	<u>\$ 710,987</u>			<u>\$ 615,165</u>

**COMMUNITY FACILITIES DISTRICT NO. 88-1
OF WESTERN MUNICIPAL WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 3 LONG-TERM DEBT (CONTINUED)

Long-term debt as of June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Deletions/ Amortization	Balance June 30, 2023
Other Debt:				
Series 2021 Refunding Bonds	\$ 893,916	\$ -	\$ (88,924)	\$ 804,992
Total Long-Term Debt	893,916	<u>\$ -</u>	<u>\$ (88,924)</u>	804,992
Less: Current Portion	(88,922)			(94,005)
Long-Term Portion	<u>\$ 804,994</u>			<u>\$ 710,987</u>

CFD 88-1 Series 2021 Refunding Bonds

In July 2021, the Community Facilities District No. 88-1 issued Series 2021 Special Tax Refunding Bonds in the amount of \$893,916 to refund the Series 2011 Special Tax Bonds. Interest is payable semi-annually on April 1 and October 1 each year at stated rate of 1.935%, while principal payments are payable on October 1 each year through 2030.

For the refunding of the Series 2011 Special Tax Bonds, the District obtained an economic gain (the difference between the present values of the old and new debt service payments) of \$114,132. The refunding also resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$167,805 refunding loss. This difference is reported on the accompanying financial statements as a deferred outflow of resources, which will be amortized through 2030. The balance of the deferred outflow is \$84,362 and \$110,247 at June 30, 2024 and June 30, 2023, respectively

Annual debt service requirements on the Series 2021 Special Tax Refunding Bonds are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 95,824	12,831	\$ 108,655
2026	97,679	10,958	108,637
2027	99,569	9,050	108,619
2028	101,495	7,105	108,600
2029	103,459	5,122	108,581
2030	105,461	3,101	108,562
2031	107,502	1,040	108,542
Total	<u>710,989</u>	<u>\$ 49,207</u>	<u>\$ 760,196</u>
Less: Current Portion	(95,824)		
Total Noncurrent	<u>\$ 615,165</u>		

**COMMUNITY FACILITIES DISTRICT NO. 88-1
OF WESTERN MUNICIPAL WATER DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023**

NOTE 4 COMMITMENTS AND CONTINGENCIES

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

