ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the years ended June 30, 2022 & 2021

West Valley Water District

Rialto, California

West Valley Water District

Table of Contents

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Introductory Section

MISSION STATEMENT

Our mission is to provide our customers with safe, high quality and reliable water service at a reasonable rate and in a sustainable manner.

December 22, 2022

To the Board of Directors and Customers of West Valley Water District,

Introduction

It is our pleasure to submit the Annual Comprehensive Financial Report for the West Valley Water District ("District") for the fiscal year ended June 30, 2022, prepared in accordance with generally accepted accounting principles following guidelines set forth by the Governmental Accounting Standards Board (GASB). District staff prepared this financial report and the District is ultimately responsible for both the accuracy of the data as well as the completeness and fairness of the presentation, including all disclosures in this financial report. We believe that the data presented is accurate in all material respects. This report is designed in a manner that we believe necessary to enhance your understanding of the District's financial position and activities.

The Pun Group LLP has issued an unmodified ("clean") opinion of the District's financial statements for the year ended June 30, 2022. The independent auditor's report is located at the front of the financial section of this reports.

Generally Accepted Accounting Principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of the Management's Discussion and Analysis (MD&A) section. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The District's MD&A can be found immediately after the Independent Auditor's Report.

District Structure and Leadership

West Valley Water District (District) is a California Special District established under section 30000 et seq. of the California Water Code. Formed in 1952, the District is governed by a five-member Board of Directors ("Board"), elected by Division. The General Manager administers the day-to-day operations of the District in accordance with policies and procedures established by the Board. The District employs approximately 88 full-time employees in various functions including operations, maintenance, engineering, finance, customer service, meter reading, human resources, conservation, public affairs, information technology, and administration. The Board meets on the first and third Thursdays of each month. Meetings are publicly noticed and live-streamed, citizens are encouraged to attend.

The District provides water service to approximately 23,749 connections within its thirty-two (32) square mile service area, located in southwestern San Bernardino County with a small area of northwestern Riverside County. The service area encompasses one half of the City of Rialto, portions of Bloomington, Colton, Fontana, Jurupa Valley, and some of the unincorporated areas of San Bernardino and Riverside counties.

District Services

Residential customers represent approximately 92% of the District's customer base and consume approximately 65% of total water produced for consumption. The District currently has a total of 17 groundwater wells with a maximum production capacity of approximately 43,700 Acre-Feet per year. The District also operates a surface water treatment plant with a capacity of 14.4 million gallons per day (mgd) and a biological treatment plant for perchlorate destruction with a capacity of 2.9 (mgd).

Economic Condition and Outlook

The District's Office is located in the City of Rialto in San Bernardino County. San Bernardino and Riverside counties (also known as the Inland Empire) begun to witness increased economic activity from new development as the region continues to recover from the great recession. The District's source of water production comes from various sources which include: 1) local water from several groundwater basins, 2) surface water from Lytle Creek in the San Bernardino Mountains, and 3) the California State Water Project – Silverwood Lake.

The District has also teamed up with the City of Rialto and is operating a state-approved biological treatment process "bioremediation" that employs naturally occurring micro-organisms to remove perchlorate and other contaminants in the basins drinking water supplies as well as reduce the need for waste handling and disposal in a cost-effective manner. The District considers this to be the first major step in a regional undertaking that will ultimately restore the region's groundwater resources.

Status of Drought Conditions

Calendar year 2021 marks the second consecutive dry year in the state. On October 19, 2021, Governor Gavin Newsom declared a statewide drought emergency. The executive order calls for Californians to voluntarily reduce their water use by 15% from their 2020 levels. With more than 87% of the state under severe drought it is important to continue efforts in water use efficiency. Californians are being asked to continue complying with the prohibitions on wasteful practices and to make conservation a California way of life

The District continues to support its customers by providing rebates that incentivize a change in habit and promote awareness on water conservation and efficiency. The District continues to depend heavily on groundwater supplies that are replenished by local precipitation.

Major Initiatives

The activities of the Board and staff are driven by our mission statement, "to provide our customers with safe, high quality, and reliable drinking water service at a reasonable rate and in a sustainable manner." To that end, the District's major priorities include the following:

1. Continue to deliver safe, reliable, high-quality water at an affordable price.
2. Nurture a culture that values our employees, customer service, innovation, integrity, excellence, transparency, and conservation.
3. Implement technologies that increase efficiency and enhance safety.
4. Plan and be prepared for anticipated water demand growth associated with housing growth in the District.

5. Further refine procedures to ensure the District safeguards ratepayer funds, operates efficiently, enhances transparency, and protects employees and District assets.

All programs and operations of the District are developed and performed at the highest level to ensure that quality water is delivered to all of its customers.

Internal Control Structure

District management is responsible for the establishment and maintenance of the internal control structure that ensures the assets of the District are protected from loss, theft, or misuse. The internal control structure also ensures adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles and is designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgetary Control

The Board annually adopts an operating and capital budget prior to the new fiscal year beginning July 1st of each year. The budget authorizes and provides the basis for reporting and control of financial operations and accountability for the District's enterprise operations and capital projects. The budget and reporting treatment applied to the District is consistent with the accrual basis of accounting and the financial statement basis.

Investment Policy

The Board adopted an investment policy that conforms to state law, District ordinances, and resolutions, prudent money management principles, and "prudent person" standards. The objective of the Investment Policy is safety, liquidity, and yield. District funds are invested in the State Treasurer's Local Agency Investment Fund, CalTRUST institutional savings, Federal government Treasury notes, agency obligations and other investments.

Long-term Financial Planning

The District's financial plan includes the establishment of reserve funds in accordance with the District's Reserve Policy. Reserve funds are set to ensure the continued orderly operation of the District's water system, the provision of services to customers at established levels, and the continued stability of the District's rate structure. The District has committed to the following objectives in the Reserve Policy as of June 30, 2021.

1. The District will strive to adopt a balanced budget.

2. Capital Reserves are established to provide funds for capital facility and equipment replacement.

3. Liquidity Reserves are established to safeguard the financial flexibility and stability of the District and to maintain stable customer charges and rates.

4. Restricted Reserves are maintained to comply with restrictions imposed by outside sources such as

creditors, grantors, contributors, laws, or regulations.

The District's financial plan also includes the pursuit of alternative funding sources, which help reduce reliance on rates and rate increases. The District has been very successful in pursuing project funding from the State Revolving Fund, which promote water sustainability and reliability.

Debt Administration

The District has received and maintained a credit rating of AA- from Standard and Poor's. Revenue Bonds were issued in December 2016. The bond proceeds were used to pay off 2006D-2 Installment Purchase Agreement.

Other Post-Employment Benefits Pre-Funding

In fiscal year 2014, the District began participating in a program to pre-fund the cost of its post-employment benefits plan through the California Public Employees Retirement System (CalPERS) Trust. The District annually contributes funding.

Water Rates and District Revenues

In 2013, the District changed its rate structure from uniform rates to tiered rates and established rate increases for five consecutive years through 2017. Following a financial study in 2015, the District concluded that previously approved rate increases for 2016 and 2017 were unnecessary. The District remains in sound financial condition with adequate reserves.

Water Conservation Programs

As the District responds to changing conservation regulations at the state level, Ordinance 83 represents the current approach to water conservation. Adopted on August 18, 2016 along with a move to Stage 2 watering restrictions, Ordinance 83 incorporates the District's 20% conservation standard. The standards provide additional flexibility for our customers while improving the clarity of the regulations in order to support meeting conservation goals. The District will also maintain conservation educational programs in partnership with the school districts and community groups, continue indoor and outdoor rebates and water audits, and implement grant programs encouraging turf replacement projects in disadvantaged communities.

Independent Audit and Financial Reporting

State Law and Bond covenants require the District to obtain an annual audit of its financial statements by an independent certified public accountant. The accounting firm of The Pun Group, LLP has conducted the audit of the District's financial statements. Their unmodified Independent Auditor's Report appears in the Financial Section.

Risk Management

The District is a member of the Association of California Water Agencies Joint Power Insurance Authority (Authority). The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess insurance coverage. The District's Human Resources/Risk Management Department provides staff with regular safety training each month as part of the District's safety program.

Award for Excellence in Financial Reporting

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the West Valley Water District for its annual comprehensive financial report (ACFR) for the fiscal year ended June 30, 2021. This was the Eleventh consecutive year that the District has received this prestigious award. In order to be awarded a Certificate of Achievement, the District published an easily readable and efficiently organized ACFR. This report satisfied both generally accepted accounting principles (GAAP) and applicable legal requirements. GFOA financial reporting guidelines and standards exceed the minimum disclosure requirements of state law, and provide for maximum disclosure to the public. A Certificate of Achievement is valid for a period of one year only. We believe that our current ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

More information is contained in the MD&A and in the Notes to the Basic Financial Statements found in the Financial Section of the report.

Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedicated efforts and professionalism that these staff members contribute to the District. We would also like to thank the members of the Board for their continued support in planning and implementation of the District's fiscal policies.

Respectfully submitted,

Van Jew
Acting General Manager

BOARD OF DIRECTORS

Elected Board of Directors as of June 30, 2022

Channing Hawkins

President, District 4

Term: 11/19 - 11/24

Greg Young

Vice President, District 5

Term: 11/19 - 11/24

Angela Garcia

Director, District 1

Term: 11/19 - 11/24

Dan Jenkins

Director, District 2

Term: 11/17 - 11/22

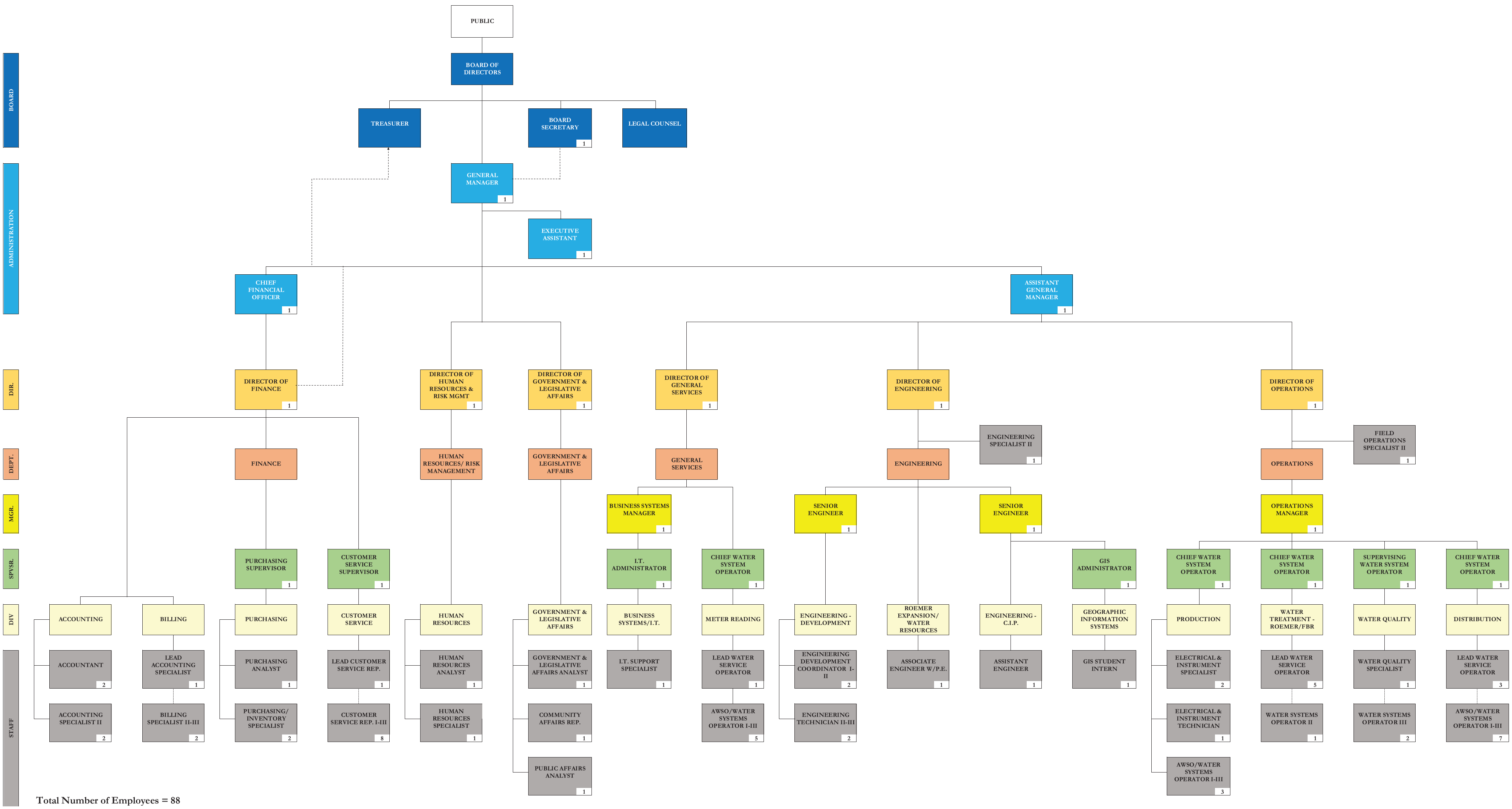
*Appointed July 27, 2022. Due to resignation of previous director.

Kelvin Moore

Director, District 3

Term: 11/19 - 11/22

WEST VALLEY WATER DISTRICT
FISCAL YEAR 2021-2022 MID-YEAR BUDGET
ORGANIZATIONAL CHART



Total Number of Employees = 88

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

West Valley Water District
California

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morrill

Executive Director/CEO

Financial Section

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THE PUN GROUP
ACCOUNTANTS & ADVISORS

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Santa Ana, California 92707

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
of the West Valley Water District
Rialto, California

Opinion

We have audited the accompanying financial statements of the West Valley Water District (the "District"), which comprise the statements of net position as of June 30, 2022 and 2021, and the related statements of revenues, expenses, and changes in net position, and cash flows for the years then ended, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2022 and 2021, and the changes in financial position, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

Implementation of New GASB Pronouncements

As discussed in Note 1 and Noted 12 to the basic financial statements, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases* during the year. As a result of the implementation, the District reported the leases and related assets, liabilities and deferred inflows of resources, and reported a restatement of its net position. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios, the Schedule of Contributions - Pensions, the Schedule of Changes in Net Other Postemployment Benefits Liability and Related Ratios, and the Schedules of Contributions – Other Postemployment, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

The Pun Group, LLP

Santa Ana, California
December 22, 2022

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The District

West Valley Water District (District) is a California Special District established under section 30000 et seq. of the California Water Code. The District is engaged in pumping, treating, and distributing water to its customers. The District serves portions of the communities of Bloomington, Colton, Fontana, Rialto, San Bernardino, and Jurupa Valley.

The management of the West Valley Water District (District) presents the District's financial statements with a narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the audited financial statements which follow this section.

Financial Highlights

- As of June 30, 2022, the District's assets and deferred outflows exceeds liabilities and deferred inflows by approximately $191.6 million broken down as $102.5 million invested in capital assets, $49.1 million in restricted funds, and unrestricted funds of $40 million. As of June 30, 2021, the District's assets and deferred outflows exceeds liabilities and deferred inflows by approximately $153 million broken down as $103.7 million invested in capital assets, $14.0 million in restricted funds, and unrestricted funds of $35.3 million. The unrestricted funds pay for obligations as determined by the Board of Directors to support the services provided to the customers of the District.
- In fiscal year 2022, the District's net position increased approximately $38.5 million, from $153.0 million to $191.5 million or 25%. Net position also increased in fiscal year 2021, approximately by $7.8 million, from $145.2 million to $153.0 million or 5%.
- In fiscal year 2022, the District's operating revenues increased by approximately 1%, or $250,998 primarily to an increase in other operating income. Operating revenues also increased in fiscal year 2021, by 11%, or $3,145,766 primarily to an increase in water consumption sales.
- In fiscal year 2022, the District's non-operating revenues decreased by 18%, or $482,768. Primarily due to a loss on investment earnings of $1.7 million. In contrast non-operating revenues decreased in fiscal year 2021, by 38% or $1,647,394.
- In fiscal year 2022, the District's operating expenses increased 2%, or $705,291, primarily due to an increase in pumping, water treatment, and source of supply. Operating expenses decreased in fiscal year 2021 by 5% or $1,632,477.
- In fiscal year 2022, the District's non-operating expenses decreased by 78% or $3,018,953. Due to a lack of impairment loss and loss on disposition of capital assets. In fiscal year 2021, non-operating expenses increased by 310% or $2,923,113.

Overview of the Financial Statements

This discussion and analysis serve as an introduction to the District's financial statements. The District's financial statements comprise two components: 1) fund financial statements and 2) notes to the financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

The *statement of net position* presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four 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* presents information showing how net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

The *statement of cash flows* presents information showing the sources and uses of cash related to operating activities, noncapital financing activities, capital and related financing activities and investing activities. In addition, the statement provides information about significant non-cash investing, capital and financing activities.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the fund financial statement.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by $190.1 million as of June 30, 2022.

The largest portion of the District's net position during June 30, 2022 (53%), reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Statement of Net Position	Fiscal Year ended June 30		
	2022	2021 (as restated)	2020
Assets:			
Current assets	$ 115,108,456	$ 74,496,559	$ 66,846,297
Noncurrent assets	1,661,062	1,711,201	328,652
Capital assets	131,187,282	133,595,875	133,386,934
Total assets	247,956,800	209,803,635	200,561,883
Deferred outflow of resources	4,671,358	5,256,110	5,419,225
Liabilities:			
Current liabiltes	$ 10,088,359	$ 9,022,530	$ 7,837,906
Noncurrent liabilities	41,317,594	45,713,602	47,640,328
Total liabilities	51,405,953	54,736,132	55,478,234
Deferred inflows of resoucres	9,646,074	7,323,556	5,321,237
Net position:			
Net investement in capital assets	102,478,576	103,770,537	102,459,965
Restricted	49,107,439	13,938,052	13,462,143
Unrestricted	39,990,116	35,291,467	29,259,529
Total net position	$ 191,576,131	$ 153,000,056	$145,181,637

As of June 30, 2022, and 2021, the District reports a positive balance in its unrestricted net position of $38,575,543 and $33,867,838, respectively. Unrestricted net position increased in fiscal year 2022 compared to fiscal years 2021 and 2020. The net increase for unrestricted net position when comparing fiscal year 2021 to fiscal year 2020 is $4,608,309.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	2022	2021 (as restated)	2020
Operating revenues	$ 32,217,598	$ 31,966,600	$ 28,820,834
Operating expenses	(32,478,878)	(31,773,587)	(33,406,064)
Operating income (loss)	(261,280)	193,013	(4,585,230)
Non-operating revenue (expenses)	1,309,949	(1,226,236)	3,344,291
Income before capital contributions	1,048,669	(1,033,223)	(1,240,939)
Capital contributions	37,527,406	8,851,642	4,917,877
Changes in net position	38,576,075	7,818,419	3,676,938
Net position:			
Beginning of year	153,000,056	145,181,637	141,504,699
End of year	$ 191,576,131	$ 153,000,056	$145,181,637

The statement of revenues, expenses, and changes of net position shows how the District's net position changed during the years. In the case of the District, the net position increased by $38,576,075 and $7,818,419 during the years ended June 30, 2022 and 2021, respectively. Property contributions and capacity charge revenues from new development received were $37,527,406 and $8,851,642 during the years ended June 30, 2022 and 2021, respectively. Property contributions and capacity charge revenues had a major increase in fiscal year 2022 compared to fiscal years 2021 and 2020.

The District's total revenues decreased by $416,580 during the fiscal year ended June 30, 2022. Primarily due to a loss in investment value and a decrease in water consumption sales of $315,083. Operating revenues had an increase in fiscal year 2022 compared to fiscal years 2021 and 2020.

Total District Revenues

	2022	2021	2020
Operating Revenues:			
Water consumption sales	$ 20,113,330	$ 20,428,413	$ 17,698,440
Water service charges	8,027,078	7,978,760	7,506,847
Other operating revenue	4,077,190	3,559,427	3,615,547
Total operating revenues	32,217,598	31,966,600	28,820,834
Nonoperating Revenues:			
Property taxes	3,179,573	2,761,167	2,376,463
Gain (loss) on disposition of capital asset	771,002	(189,254)	-
Interest and investment earnings	(1,793,624)	67,806	1,910,670
Total nonoperating revenues	2,156,951	2,639,719	4,287,133
Total revenues	$ 34,374,549	$ 34,606,319	$ 33,107,967

Total District Expenses

	2022	2021	2020
Operating Expenses:			
Source of supply	$ 1,825,531	$ 1,588,731	$ 1,676,085
Pumping	4,417,077	4,077,298	3,416,731
Water treatment	4,591,618	4,067,045	3,966,298
Transmission and distribution	2,200,940	2,204,080	3,448,753
Customer accounts	2,462,906	2,600,902	2,425,709
Public affairs	1,034,781	890,242	1,740,136
General and administrative	9,309,184	9,824,619	10,260,591
Depreciation expense	6,315,312	6,199,141	6,150,232
Amortization of water participation rights	321,529	321,529	321,529
Total operating expenses	32,478,878	31,773,587	33,406,064
Nonoperating expenses:			
Impairment loss	-	3,000,000	-
Interest expense	847,002	865,955	942,842
Total nonoperating expenses:	847,002	3,865,955	942,842
Total expenses	$ 33,325,880	$ 35,639,542	$ 34,348,906

The District's total expenses decreased $2,502,916 during the fiscal year ended June 30, 2022. Even though there was a decrease in total expenses when compare to fiscal year 2021, there was an increase of $705,291 in operating expenses. For 2022, the District incurred higher water treatment and pumping cost. The increase in water treatment cost was mostly driven by an increase in chemical supplies and sludge disposal. Pumping cost was mostly driven by electricity and chemical supplies.

Capital Asset Administration

The District's capital assets (net of accumulated depreciation) as of June 30, 2022 and 2021 were in the amounts of $131,187,282, and $133,595,875, respectively. This includes land and land rights, transmission and distribution systems, wells, tanks, reservoirs, pumps, building and structures, equipment, vehicles and construction-in-process. In 2022, various capital projects were finalized and added to capital assets. See note 3 for further information.

Capital Asset Administration

	June 30, 2022	June 30, 2021	June 30, 2020
Non-depreciable assets:			
Land and land rights	$ 2,093,491	$ 2,212,967	$ 2,212,967
Construction-in-process	3,920,371	3,578,327	7,367,251
Total non-depreciable assets	6,013,862	5,791,294	9,580,218
Depreciable assets:			
Source of supply plant	6,371,198	6,025,030	6,025,030
Pumping plant	12,297,140	11,657,457	11,657,457
Bio-remediation plant	24,907,020	24,907,020	24,907,020
Water treatment plant	37,365,593	37,365,593	35,957,186
Transmission and distribution plant	133,505,006	131,102,324	122,212,515
General plant and equipment	16,451,305	15,834,156	15,624,370
Total depeciable assets	230,897,262	226,891,580	216,383,578
Less accumulated depreciation:			
Accumulated depreciation	(112,237,838)	(105,922,524)	(99,733,916)
Total depreciable assets, net	118,659,424	120,969,056	116,649,662
Intangible assets:			
Water rights	404,949	404,949	404,949
Water participation rights	9,645,865	9,645,865	9,645,865
Less: accumulated amortization	(3,536,818)	(3,215,289)	(2,893,760)
Total intangible assets, net	6,513,996	6,835,525	7,157,054
Total capital assets, net	$ 131,187,282	$ 133,595,875	$ 133,386,934

Long-Term Debt Administration

At the end of June 30, 2022 and 2021, the District had total long-term debt of $28,874,092, and $29,997,339, respectively. In 2022, long-term debt decreased by $1,123,247, due to principal payments made on the Districts outstanding debt. Long-term debt has had a steady decreased from year to year at $28,874,092, $29,997,339, and $31,105,585 in fiscal years 2022, 2021, and 2020, respectively.

Long Term Debt Administration

	June 30, 2022	June 30, 2021	June 30, 2020
Water Revenue Refunding			
Bond, Series 2016A	$ 19,785,000	$ 20,215,000	$ 20,630,000
Add: Unamortized Premium	994,293	1,034,911	1,075,528
Total bond payable	20,779,293	21,249,911	21,705,528
Hydroelectric Plant	1,985,751	2,316,851	2,647,951
Water Participation Rights			
Contract payable	6,109,048	6,430,577	6,752,106
Total long-term debt	$ 28,874,092	$ 29,997,339	$ 31,105,585

Additional information on the District's long-term debt can be found in note 5 of this report.

Economic Factors and Next Year's Budgets and Rates

The District service area continues to be in the "severe drought" category, but this will not affect the District with meeting water demands. According to the Drought Risk Assessment (DRA), a new analysis required for the 2020 Urban Water Management Plan (UWMP), WVWD relies on groundwater basins with significant storage, available supplies do not vary on a monthly or seasonal basis. Development in the District service area was strong during fiscal year 2022 but higher interest rates might slow development in fiscal year 2023. In return this might decrease capacity charges for fiscal year 2023. The District plans to complete a cost of service study before the end of fiscal year 2023. Management is unaware of any conditions that would have a significant negative effect on our profitability or operating results in future periods.

Requests for Information

This financial report is designed to provide the District's funding sources, customers, stakeholders and other interested parties with an overview of the District's financial operations and financial condition. Should the reader have questions regarding the information included in this report or wish to request additional financial information, please contact the District's Director of Finance at 855 W. Baseline Road, Rialto, CA 92376, by mail at P.O. Box 920, Rialto, CA 92377 by phone (909) 875-1804.

Basic Financial Statements

West Valley Water District
Statements of Net Position
June 30, 2022 and 2021

ASSETS	2022	2021 (as restated)
Current assets:		
Cash and cash equivalents (Note 2)	$ 13,015,751	$ 6,309,901
Investments (Note 2)	95,213,782	61,618,400
Accrued interest receivable	95,365	16,624
Accounts receivable – water sales and services, net	4,797,756	4,585,268
Accounts receivable – redevelopment pass-through	41,082	41,082
Accounts receivable – other	151,127	126,867
Lease receivable, current (Note 3)	9,057	7,320
Property taxes receivable	37,422	14,439
Due from other governments	272,030	145,600
Materials and supplies inventory	480,072	371,465
Prepaid water	748,350	259,042
Prepaid items	246,662	1,000,550
Total current assets	115,108,456	74,496,558
Noncurrent assets:		
Lease receivable (Note 3)	1,414,573	1,423,630
Accounts receivable - redevelopment pass-through	246,489	287,571
Capital assets, net (Note 4)	131,187,282	133,595,875
Total noncurrent assets	132,848,344	135,307,076
Total assets	247,956,800	209,803,634
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources related to pensions (Note 7)	2,016,923	2,086,824
Deferred outflows of resources related to OPEB (Note 8)	2,489,049	2,997,285
Deferred amount on refunding at debt	165,386	172,001
Total deferred outflows of resources	4,671,358	5,256,110

See accompanying Notes to the Basic Financial Statements.

West Valley Water District
Statements of Net Position (Continued)
June 30, 2022 and 2021

LIABILITIES	2022	2021 (as restated)
Current liabilities:		
Accounts payable and accrued expenses	2,675,687	3,048,944
Accrued salaries and related payables	76,639	606,719
Accrued interest payable	222,543	224,822
Pass-through utility user taxes payable	195,392	158,102
Customer deposits	2,442,146	1,895,764
Construction advances and deposits	2,906,892	1,542,585
Long-term liabilities – due within one year:		
Compensated absences (Note 5)	476,431	462,965
Contract payable (Note 6)	652,629	652,629
Bonds payable (Note 6)	440,000	430,000
Total current liabilities	10,088,359	9,022,530
Noncurrent liabilities:		
Unearned revenue – developers	1,920,894	859,176
Long-term liabilities – due in more than one year:		
Compensated absences (Note 5)	389,807	378,789
Contingent liability (Note 10)	225,000	-
Contract payable (Note 6)	7,442,170	8,094,799
Bonds payable (Note 6)	20,339,293	20,819,911
Net pension liability (Note 7)	3,468,668	7,159,848
Net other post-employment benefits liability (Note 8)	7,531,762	8,401,079
Total noncurrent liabilities	41,317,594	45,713,602
Total liabilities	51,405,953	54,736,132
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources related to pensions (Note 7)	3,305,951	326,083
Deferred inflows of resources related to OPEB (Note 8)	4,983,142	5,600,457
Deferred inflows of resources related to leases (Note 3)	1,356,981	1,397,016
Total deferred inflows of resources	9,646,074	7,323,556
NET POSITION		
Net position:		
Net investment in capital assets (Note 9)	102,478,576	103,770,537
Restricted for:		
Capital projects	49,107,439	13,938,052
Unrestricted	39,990,116	35,291,467
Total net position	$ 191,576,131	$ 153,000,056

See accompanying Notes to the Basic Financial Statements.

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West Valley Water District
Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2022 and 2021

	2022	2021 (as restated)
OPERATING REVENUES:		
Water consumption sales	$ 20,113,330	$ 20,428,413
Water service charges	8,027,078	7,978,760
Other operating revenue	4,077,190	3,559,427
Total operating revenues	32,217,598	31,966,600
OPERATING EXPENSES:		
Source of supply	1,825,531	1,588,731
Pumping	4,417,077	4,077,298
Water treatment	4,591,618	4,067,045
Transmission and distribution	2,200,940	2,204,080
Customer accounts	2,462,906	2,600,902
Public affairs	1,034,781	890,242
General and administrative	9,309,184	9,824,619
Depreciation expense	6,315,312	6,199,141
Amortization of water participation rights	321,529	321,529
Total operating expenses	32,478,878	31,773,587
OPERATING (LOSS) INCOME	(261,280)	193,013
NONOPERATING REVENUES (EXPENSES):		
Property taxes	3,179,573	2,761,167
Interest and investment (loss) earnings	(1,793,624)	67,806
Gain/(loss) on disposition of capital assets	771,002	(189,254)
Impairment loss	-	(3,000,000)
Interest expense	(847,002)	(865,955)
Total nonoperating revenues (expenses)	1,309,949	(1,226,236)
Income (Loss) before capital contributions	1,048,669	(1,033,223)
CAPITAL CONTRIBUTIONS:		
Developer contributions	800,663	5,813,135
Capacity charges	36,726,743	3,038,507
Total capital contributions	37,527,406	8,851,642
CHANGES IN NET POSITION	38,576,075	7,818,419
NET POSITION:		
Beginning of year	153,000,056	145,181,637
End of year	$ 191,576,131	$ 153,000,056

See accompanying Notes to the Basic Financial Statements.

West Valley Water District
Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	2022	2021 (as restated)
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers for water sales and services	$ 29,799,732	$ 27,736,157
Cash paid to employees for salaries and benefits	(11,187,786)	(9,125,111)
Cash paid to vendors and suppliers for materials and services	(16,734,647)	(15,692,335)
Cash received from others	5,012,478	4,352,354
Net cash provided by operating activities	6,889,777	7,271,065
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Property taxes and fee collected	3,179,573	2,761,167
Net cash provided by noncapital financing activities	3,179,573	2,761,167
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(4,598,079)	(9,981,099)
Proceeds from developer contributions	800,663	5,813,135
Proceeds from capacity charges	36,726,743	3,038,507
Proceeds from sale of capital assets	1,140,833	62,234
Principal paid on long-term debt	(1,082,629)	(1,067,629)
Interest paid on long term debt	(883,284)	(923,277)
Net cash provided by (used in) capital and related financing activities	32,104,247	(3,058,129)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of investments	(33,595,382)	(4,399,138)
Interest received	(1,872,365)	112,554
Net cash (used in) investing activities	(35,467,747)	(4,286,584)
Net change in cash and cash equivalents	6,705,850	2,687,519
CASH AND CASH EQUIVALENTS:		
Beginning of year	6,309,901	3,622,382
End of year	$ 13,015,751	$ 6,309,901

See accompanying Notes to the Basic Financial Statements.

West Valley Water District
Statements of Cash Flows (Continued)
For the Years Ended June 30, 2022 and 2021

	2022	2021 (as restated)
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating (loss) income	$ (261,280)	$ 193,013
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:		
Depreciation expense	6,315,312	6,199,141
Amortization of water participation rights	321,529	321,529
(Increase) decrease in:		
Accounts receivable – water sales and services, net	(212,488)	(796,290)
Accounts receivable – other	(24,260)	(20,517)
Accounts receivable - lease	7,320	6,101
Property taxes receivable	(22,983)	(2,410)
Due from other government	(126,430)	142,152
Materials and supplies inventory	(108,607)	20,330
Prepaid water	(489,308)	501,136
Prepaid items	753,888	(445,433)
Accounts receivable - redevelopment pass-through	41,082	41,081
Deferred outflows of resources - pensions	69,901	80,471
Deferred outflows of resources - OPEB	508,236	76,029
Increase (decrease) in:		
Accounts payable and accrued expenses	(373,257)	927,751
Accrued salaries and related payables	(530,080)	176,469
Pass-through utility user taxes payable	37,290	(3,851)
Customer deposits	546,382	55,825
Unearned Revenue	1,061,718	684,709
Change in contingent liabilities	225,000	(438,970)
Changes in Net Pension Liability	(3,691,180)	738,736
Change in Net OPEB Liability	(869,317)	(1,776,055)
Construction advances and deposits	1,364,307	51,295
Compensated absences	24,484	(26,445)
Deferred inflows of resources - leases	(40,035)	(40,035)
Deferred inflows of resources - pensions	2,979,868	(208,469)
Deferred inflows of resources - OPEB	(617,315)	813,772
Total adjustments	7,151,057	7,078,052
Net cash provided by operating activities	$ 6,889,777	$ 7,271,065

See accompanying Notes to the Basic Financial Statements.

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NOTES TO THE BASIC FINANCIAL STATEMENTS

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Note 1 – Reporting Entity and Summary of Significant Accounting Policies

Organization and Operations of the Reporting Entity

Established on January 8, 1952, the West Valley Water District (the "District") is located in Southwestern San Bernardino County with a small area of Northwestern Riverside County. The District's service area is approximately 32 square miles. The District uses 376 miles of water mains to provide water to approximately 21,000 customers. The District is governed by a five-member Board of Directors who serve overlapping four-year terms.

The West End Water Development, Treatment and Public Affairs Joint Powers Authority (the "Authority") was formed on April 7, 1989, pursuant to the provisions of Article I, Chapter S, Division 7, Title 1 of the California Government Code. The Authority is deemed to be a component unit of the West Valley Water District, District of Rialto and the Municipal Water Department of the District of San Bernardino. The District's portion of the Authority has been included in these financial statements using the blended method of reporting. The Authority has had no activity in the past 10 years and reports no assets or liabilities.

The criteria used in determining the scope of the financial reporting entity is based on generally accepted accounting principles. The District is the primary governmental unit based on the foundation of a separately elected governing board that is elected by the citizens in a general popular election. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The District is financially accountable if it appoints a voting majority of the organization's governing body and: 1) It is able to impose its will on that organization, or 2) There is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

Basis of Presentation

Financial statement presentation follows the recommendations promulgated by the Governmental Accounting Standards Board ("GASB") commonly referred to as accounting principles generally accepted in the United States of America ("U.S. GAAP"). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting standards.

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, where the intent of the District is that the costs of providing water to its service area on a continuing basis be financed or recovered primarily through user charges (water sales), capital grants and similar funding.

The financial statements are reported using the *"economic resources"* measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as all eligibility requirements have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period.

Operating revenues and expenses, such as water sales and water purchases, result from exchange transactions associated with the principal activity of the District. Exchange transactions are those in which each party receives and gives up essentially equal values. Management, administration, and depreciation expenses are also considered operating expenses. Other revenues and expenses, not included in the above categories, are reported as non-operating revenues and expenses.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Measurement Focus (Continued)

The Statement of Net Position reports separate sections for Deferred Outflows of Resources, and Deferred Inflows of Resources, when applicable.

> **Deferred Outflows of Resources** represent outflows of resources (consumption of net position) that apply to future periods and that, therefore, will not be recognized as an expense until that time.
>
> **Deferred Inflows of Resources** represent inflows of resources (acquisition of net position) that apply to future periods and that, therefore, will not be recognized as revenue until that time.

Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid investments with original maturities of 90 days or less and are carried at cost, which approximates fair value.

Investments

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

Fair Value Measurements

U.S. GAAP defines fair value, establishes a framework for measuring fair value and establishes disclosures about fair value measurement. Investments, unless otherwise specified, recorded at fair value in the Statements of Net Position, are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Levels of inputs are as follows:

> Level 1 — Inputs are unadjusted, quoted prices for identical assets and liabilities in active markets at the measurement date.
>
> Level 2 — Inputs, other than quoted prices included in Level 1, that are observable for the asset or liability through corroboration with market data at the measurement date.
>
> Level 3 — Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.

Restricted Assets

Certain assets of the District are restricted in use by ordinance or debt covenant and, accordingly, are shown as restricted assets on the accompanying statement of net position. Revenue bond reserve funds and construction funds set aside from bond proceeds are restricted for future debt service payments and construction projects. The District uses restricted resources, prior to using unrestricted resources, to pay expenditures meeting the criteria imposed on the use of restricted resources by a third party.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Accounts Receivable and Allowance for Uncollectible Accounts

The District extends credit to customers in the normal course of operations. When management deems customer accounts uncollectible, the District uses the allowance method for the reservation and write-off of those accounts.

Materials and Supplies Inventory

Materials and supplies inventory consist primarily of water meters, pipe and pipe fittings for construction and repair to the District's water transmission and distribution system. Inventory is valued at cost using a weighted average method. Inventory items are charged to expense at the time that individual items are withdrawn from inventory or consumed.

Prepaid Items

Certain payments to vendors reflect costs or deposits applicable to future accounting periods and are recorded as prepaid items in the basic financial statements.

Accounts Receivable – Redevelopment Pass-Through

The District has a tax pass-through agreement with the District of Rialto; whereby, the County of San Bernardino auditor-controller is to pay a portion of the District's incremental tax receipts directly to the District for water-related improvements within the Agua Mansa redevelopment area. Over the past several years, the District has received an annual payment of the revenue that it is entitled to and it is anticipated that the District will continue to collect annual payments through fiscal year 2029.

Leases

Lessor

The District is a lessor for leases of land. The District recognizes leases receivable and deferred inflows of resources in the financial Statements.

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

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets acquired and/or constructed are capitalized at historical cost. District policy has set the capitalization threshold for reporting capital assets at $5,000. Donated capital assets are valued at acquisition value on the date donated. Upon retirement or other disposition of capital assets, the cost and related accumulated depreciation are removed from the respective balances and any gains or losses are recognized.

Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets as follows:

Source of supply plant	20 years
Pumping plant	10 - 20 years
Water treatment plant	10 years
Transmission and distribution plant	15 - 60 years
General plant	5 - 20 years

Compensated Absences

The District's personnel policies provide for accumulation of vacation and sick leave. Liabilities for vacation and sick leave are recorded when benefits are earned. Cash payment of unused vacation is available to those qualified employees when retired or terminated.

Construction Advances and Deposits

Construction advances represent deposits received in aid of construction, which are refundable if the applicable construction does not take place. Construction advances are transferred to contributed capital when the applicable construction project is completed.

Defined Benefit Pension Plans

For purposes of measuring the net pension liability, and deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net pension of the District's pension plans and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by plans (Note 7). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

The following timeframes are used for pension reporting:

CalPERS	June 30, 2022
Valuation date	June 30, 2020
Measurement date	June 30, 2021
Measurement period	July 1, 2020 to June 30, 2021

CalPERS	June 30, 2020
Valuation date	June 30, 2019
Measurement date	June 30, 2020
Measurement period	July 1, 2019 to June 30, 2020

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Defined Benefit Pension Plans (Continued)

Gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time. The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense. The amortization period differs depending on the source of the gain or loss. The difference between projected and actual earnings is amortized straight-line over 5 years. All other amounts are amortized straight-line over the average expected remaining service lives of all members that are provided with benefits (active, inactive and retires) as of the beginning of the measurement period.

Other Postemployment Benefits ("OPEB")

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District's OPEB Plan and additions to/deductions from OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan (Note 8). For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments, which are reported at amortized cost.

The following timeframes are used for pension reporting:

OPEB	**June 30, 2022**
Valuation date	June 30, 2020
Measurement date	June 30, 2021
Measurement period	July 1, 2020 to June 30, 2021

OPEB	**June 30, 2021**
Valuation date	June 30, 2020
Measurement date	June 30, 2020
Measurement period	July 1, 2019 to June 30, 2020

Net Position

The financial statements utilize a net position presentation. Net position is categorized as follows:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by any outstanding balances of debt and the deferred amount on refunding debt that are attributable to the acquisition, construction or improvement of those assets.

Restricted– This component of net position consists of restricted assets reduced by liabilities and deferred outflows and inflows of resources related to those assets.

Unrestricted – This component of net position is the amount of the assets, deferred outflows or resources, liabilities, and deferred inflows of resources that are not included in the determination of net investments in capital assets or the restricted component of net position.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Water Sales and Sewer Services

Water sales and sewer services are billed on a monthly cyclical basis and recognize the respective revenues when they are earned.

Capital Contributions

Capital contributions represent cash and capital asset additions contributed to the District by property owners, granting agencies or real estate developers desiring services that require capital expenditures or capacity commitment. Any prepayments received by the District are reported as unearned revenue until construction of the related project has commenced and the District is reasonably certain they will be completed. Upon completion, the applicable amounts are recognized as capital contributions.

Budgetary Policies

The District adopts an annual non-appropriated budget for planning, control, and evaluation purposes. Budgetary control and evaluation are affected by comparisons of actual revenues and expenses with planned revenues and expenses for the period. Encumbrance accounting is not used to account for commitments related to unperformed contracts for construction and services.

Use of Estimates

The preparation of the basic financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results most likely will differ from those estimates.

Implementation of Governmental Accounting Standards Board (GASB) Pronouncement

During the fiscal year ended June 30, 2022, the District implemented the following accounting standards:

- In June 2017, GASB issued Statement No. 87, *Leases* (GASB Statement No. 87), to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Implementation of this Statement had a material effect on the District's financial statements for the year ended June 30, 2022.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Implementation of Governmental Accounting Standards Board (GASB) Pronouncement (Continued)

- In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period.* This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. Application of this statement did not have a material effect on the District's financial statements for the fiscal year ending June 30, 2022.

- In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Application of this statement did not have a material effect on the District's financial statements for the fiscal year ending June 30, 2022.

- In March 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)—most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. Application of this statement did not have a material effect on the District's financial statements for the fiscal year ending June 30, 2022.

- In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Application of this statement did not have a material effect on the District's financial statements for the fiscal year ending June 30, 2022.

Note 1 – Reporting Entity and Summary of Significant Accounting Policies (Continued)

Upcoming Government Accounting Standards Implementations

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations.* The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Application of this statement is effective for the District's fiscal year ending June 30, 2023.

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Application of this statement is effective for the District's fiscal year ending June 30, 2023.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Application of this statement is effective for the District's fiscal year ending June 30, 2023.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Application of this statement is effective for the District's fiscal year ending June 30, 2023.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Application of this statement is effective for the District's fiscal year ending June 30, 2024.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Application of this statement is effective for the District's fiscal year ending June 30, 2025.

Note 2 – Cash and Investments

Cash and investments as of June 30, 2022 and 2021 were classified in the accompanying financial statements as follows:

	2022	2021
Cash and cash equivalents	$ 13,015,751	$ 6,309,901
Investments	95,213,782	61,618,400
Total cash and investments	$ 108,229,533	$ 67,928,301

Cash and investments as of June 30, 2022 and 2021 consist of the following:

	2022	2021
Cash on hand	$ 4,300	$ 4,300
Deposits held with financial institutions	13,011,451	6,305,601
Investments	95,213,782	61,618,400
Total cash and investments	$ 108,229,533	$ 67,928,301

Demand Deposits

The carrying amounts of cash deposits were $13,011,451 and $6,305,601 at June 30, 2022 and 2021, respectively. Bank balances at June 30, 2022 and 2021 were $13,152,402 and $6,064,541, respectively, which were fully insured and/or collateralized with securities held by the pledging financial institutions in the District's name as discussed below.

The California Government Code requires California banks and savings and loan associations to secure the District's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the District's name.

The fair value of pledged securities must equal at least 110% of the District's cash deposits. California law also allows institutions to secure the District's deposits by pledging first trust deed mortgage notes having a value of 150% of the District's total cash deposits. The District may waive collateral requirements for cash deposits, which are fully insured up to $250,000 by the Federal Deposit Insurance Corporation. The District, however, has not waived the collateralization requirements.

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

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 bond trustees 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.

Note 2 – Cash and Investments (Continued)

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

Authorized Investment Type	Maximum Maturity	Maximum Percentage Of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Government Sponsored Entity Securities [1]	3 years	None	None
Certificate of Deposit [2]	5 years	None	50%
Money Market Mutual Funds	N/A	20%	50%
Collateralized Bank Deposits [3]	5 years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
CalTrust	2 years	None	None
Municipal Securities	5 years	20%	None
Banker's Acceptances	180 days	25%	50%
Commercial Paper	270 days	25%	10%
Repurchase Agreement	90 days	10%	50%
Medium-Term Notes	5 years	30%	50%
Local Government Investment Pools (LGIP)	5 years	50%	50%
Supranational	5 years	30%	10%

[1] Purchase of callable Federal Agency Obligations are limited to a maximum 30% of portfolio.

[2] Only a maximum 30% of surplus funds can be invested in Certificates of Deposit.

[3] Only a maximum of 20% the portfolio may be invested in Time Certificate of Deposits (TCDs). The maturity of TCDs may not exceed 4 years.

Fair Vale Measurements

At June 30, 2022 and 2021, investments are reported at fair value. The following table presents the fair value measurement of investments on a recurring basis and the levels within GASB 72 fair value hierarchy in which the fair value measurements fall at June 30, 2022 and 2021:

	Measurement Input					
	2022			2021		
Investment Type	Significant Observable Inputs (Level 2)	Uncategorized	Total	Significant Observable Inputs (Level 2)	Uncategorized	Total
CalTrust	$ -	$ 16,665,830	$ 16,665,830	$ -	$ 16,780,061	$ 16,780,061
U.S. Treasury Obligations	8,594,299	-	8,594,299	9,358,479	-	9,358,479
U.S. Agency Obligations	7,278,331	-	7,278,331	7,937,651	-	7,937,651
U.S. Corporate	5,790,300	-	5,790,300	4,665,601	-	4,665,601
Supranational	1,134,091	-	1,134,091	1,773,272	-	1,773,272
Commercial Paper	99,826	-	99,826	-	-	-
Local Agency Investment Fund (LAIF)	-	55,215,465	55,215,465	-	20,361,227	20,361,227
Money Market Mutual Funds	-	435,640	435,640	-	742,109	742,109
Total	$ 22,896,847	$ 72,316,935	$ 95,213,782	$ 23,735,003	$ 37,883,397	$ 61,618,400

Note 2 – Cash and Investments (Continued)

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 by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the table on the following page that shows the distribution of the District's investments by maturity.

The District's investments as of June 30, 2022 were as follows:

	Investment Maturities (in Years)			
Investment Type	Less Than 1 Year	1 to 3 Years	3 to 5 Years	Fair Value Total
CalTrust	$ 16,665,830	$ -	$ -	$ 16,665,830
U.S. Agency Obligations	499,752	3,262,603	4,831,944	8,594,299
U.S. Treasury Obligations	424,533	4,668,240	2,185,558	7,278,331
U.S. Corporate	891,714	3,339,085	1,559,502	5,790,301
Supranational	249,833	240,831	643,426	1,134,090
Commercial paper	99,826	-	-	99,826
Local Agency Investment Fund (LAIF)	55,215,465	-	-	55,215,465
Money Market Mutual Funds	435,640	-	-	435,640
Total	$ 74,482,593	$ 11,510,759	$ 9,220,430	$ 95,213,782

The District's investments as of June 30, 2021 were as follows:

	Investment Maturities (in Years)			
Investment Type	Less Than 1 Year	1 to 3 Years	3 to 5 Years	Fair Value Total
CalTrust	$ 16,780,061	$ -	$ -	$ 16,780,061
U.S. Agency Obligations	1,263,744	4,273,011	3,821,724	9,358,479
U.S. Treasury Obligations	756,191	1,034,824	6,146,636	7,937,651
U.S. Corporate	1,257,363	2,891,904	516,334	4,665,601
Supranational	252,208	572,236	948,828	1,773,272
Local Agency Investment Fund (LAIF)	20,361,227	-	-	20,361,227
Money Market Mutual Funds	742,109	-	-	742,109
Total	$ 41,412,903	$ 8,771,975	$ 11,433,522	$ 61,618,400

Note 2 – Cash and Investments (Continued)

Custodial Credit Risk

The 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. With respect to investments, custodial credit 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).

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. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations (NRSROs). It is the District's policy to limit its investments in these investment types to the top rating issued by NRSROs, including raters Standard and Poor's, and Moody's Investors Service.

As of June 30, 2022. the District had the following table of the Standard and Poor's credit ratings:

Investment Type	Total As of June 30, 2022	Minimum Legal Rating	A or Higher	Not rated
CalTrust	$ 16,665,830	N/A	$ -	$ 16,665,830
U.S. Agency Obligations	8,594,299	N/A	8,594,299	-
U.S. Treasury Obligations	7,278,331	N/A	7,278,331	-
U.S. Corporate	5,790,301	A	5,790,301	-
Supranational	1,134,090	AA	1,134,090	-
Commercial paper	99,826	A-1	99,826	-
Local Agency Investment Fund (LAIF)	55,215,465	N/A	-	55,215,465
Money Market Mutual Funds	435,640	AAA	435,640	-
Total	$ 95,213,782		$ 23,332,487	$ 71,881,295

As of June 30, 2021. the District had the following table of the Standard and Poor's credit ratings:

Investment Type	Total As of June 30, 2021	Minimum Legal Rating	A or Higher	Not rated
CalTrust	$ 16,780,061	N/A	$ -	$ 16,780,061
U.S. Agency Obligations	9,358,479	N/A	9,358,479	-
U.S. Treasury Obligations	7,937,651	N/A	7,937,651	-
U.S. Corporate	4,665,601	A	4,665,601	-
Supranational	1,773,272	AA	1,773,272	-
Local Agency Investment Fund (LAIF)	20,361,227	N/A	-	20,361,227
Money Market Mutual Funds	742,109	AAA	742,109	-
Total	$ 61,618,400		$ 24,477,112	$ 37,141,288

Note 2 – Cash and Investments (Continued)

Concentration of Credit Risk

The District's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. There were no investments in any one non-governmental issuer that represent 5% or more of the District's total investments as of June 30, 2022 and 2021.

Local Agency Investment Funds

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.

The District's investment with LAIF at June 30, 2022 and 2021, included a portion of the pool funds investing in Structured Notes and Asset-Backed Securities:

> Structured Notes: debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options.
>
> Asset-Backed Securities: generally, mortgage-backed securities that entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (for example, Collateralized Mortgage Obligations) or credit card receivables.

The District had $55,215,465 and $20,361,227 invested in LAIF respectively, which had invested 1.88% and 1.10% of the pooled investment funds in structured notes and medium-term asset-backed securities as of June 30, 2022 and 2021, respectively. The LAIF fair value factor of 0.987125414 and 1.00008297 were used to calculate the fair value of the investments in LAIF as of June 30, 2022 and 2021, respectively.

Investment in CalTRUST

The Investment Trust of California, doing business as CalTRUST, is a California joint powers authority which provides California Public Agencies with investment management services for surplus funds to consolidate investment activities of its Participants and thereby reduces duplication, achieves economies of scale and carries out coherent and consolidated investment strategies through the issuance of shares of beneficial interest in investments purchased by CalTRUST. CalTRUST currently offers three accounts or series as a means for Public Agencies to invest their funds. The District participates in the CalTRUST Short-Term Fund Series and CalTRUST Medium-Term Fund Series.

Note 3 – Lease receivables

The portion of the District's property is leased to others. Such property includes special purpose facilities and land. Lease receivable consists of agreements with other for the right-to-use of the underlying assets at various locations owned by the District. The terms of the arrangements range from 2 to 99 years. The calculated interest rates used vary depending on the length of the lease. For the fiscal year ended June 30, 2022, the District recognized $40,035 in lease revenue and $29,362 in interest revenue.

					Classification	
Leases receivable	Beginning Balance	Additions	Deletions	Ending Balance	Due within One Year	Due in More Than One Year
FY2021-2022	$ 1,430,950	$ -	$ (7,320)	$ 1,423,630	$ 9,057	$ 1,414,573
FY2020-2021	1,437,051	-	(6,101)	1,430,950	7,320	1,423,630

Lease receivable are due in the upcoming years as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 9,057	$ 29,194	$ 38,251
2024	10,244	28,998	39,242
2025	11,481	28,777	40,258
2026	12,772	28,530	41,302
2027	14,118	28,256	42,374
2028-2032	92,844	136,143	228,987
2033-2037	135,935	124,529	260,464
2038-2042	188,407	108,028	296,435
2043-2047	251,972	85,591	337,563
2048-2052	211,048	62,182	273,230
2053-2057	252,212	37,765	289,977
2058-2061	233,540	11,676	245,216
Total	$ 1,423,630	$ 709,670	$ 2,133,300

Note 4 – Capital Assets

Changes in capital assets for the year ended June 30, 2022, were as follows:

	Balance July 1, 2021	Additions	Deletions	Transfers	Balance June 30, 2022
Non-depreciable assets:					
Land and land rights	$ 2,212,967	$ 140,258	$ (259,734)	$ -	$ 2,093,491
Construction-in-process	3,578,327	3,684,293	(110,097)	(3,232,154)	3,920,369
Total non-depreciable assets	5,791,294	3,824,551	(369,831)	(3,232,154)	6,013,860
Depreciable assets:					
Source of supply plant	6,025,030	-	-	346,168	6,371,198
Pumping plant	11,657,457	-	-	639,683	12,297,140
Bio-remediation plant	24,907,020	-	-	-	24,907,020
Water treatment plant	37,365,593	-	-	-	37,365,593
Transmission and distribution plant	131,102,324	773,528	-	1,629,154	133,505,006
General plant and equipment	15,834,156	-	-	617,149	16,451,305
Total depreciable assets	226,891,580	773,528	-	3,232,154	230,897,262
Less accumulated depreciation:					
Source of supply plant	(4,606,396)	(247,042)	-	-	(4,853,438)
Pumping plant	(8,679,724)	(435,488)	-	-	(9,115,212)
Bio-remediation plant	(6,211,343)	(830,234)	-	-	(7,041,577)
Water treatment plant	(29,830,993)	(798,560)	-	-	(30,629,553)
Transmission and distribution plant	(47,955,313)	(3,164,752)	-	-	(51,120,065)
General plant and equipment	(8,638,755)	(839,236)	-	-	(9,477,991)
Total accumulated depreciation	(105,922,524)	(6,315,312)	-	-	(112,237,836)
Total depreciable assets, net	120,969,056	(5,541,784)	-	3,232,154	118,659,426
Intangible assets:					
Water rights	404,949	-	-	-	404,949
Water participation rights	9,645,865	-	-	-	9,645,865
Less: accumulated amortization	(3,215,289)	(321,529)	-	-	(3,536,818)
Total intangible assets, net	6,835,525	(321,529)	-	-	6,513,996
Total capital assets, net	$ 133,595,875	$ (2,038,762)	$ (369,831)	$ -	$ 131,187,282

The construction-in-process balances at June 30, 2022 are as follows:

	2022
Roemer Plant Expansion	$ 2,008,972
Design Pump Station @ Lord Ranch	250,343
Pump Station 7-2 Design	244,811
I10 Cedar Ave Interchange	263,297
Various minor district projects	1,152,946
Total construction-in-process	$ 3,920,369

Note 4 – Capital Assets (Continued)

Changes in capital assets for the year ended June 30, 2021, were as follows:

	Balance July 1, 2020	Additions	Deletions	Transfers	Balance June 30, 2021
Non-depreciable assets:					
Land and land rights	$ 2,212,967	$ -	$ -	$ -	$ 2,212,967
Construction-in-process	7,367,251	4,189,878	(3,051,367)	(4,927,435)	3,578,327
Total non-depreciable assets	9,580,218	4,189,878	(3,051,367)	(4,927,435)	5,791,294
Depreciable assets:					
Source of supply plant	6,025,030	-	-	-	6,025,030
Pumping plant	11,657,457	-	-	-	11,657,457
Bio-remediation plant	24,907,020	-	-	-	24,907,020
Water treatment plant	35,957,186	-	-	1,408,407	37,365,593
Transmission and distribution plant	122,212,515	5,791,221	-	3,098,588	131,102,324
General plant and equipment	15,624,370	-	(210,654)	420,440	15,834,156
Total depreciable assets	216,383,578	5,791,221	(210,654)	4,927,435	226,891,580
Less accumulated depreciation:					
Source of supply plant	(4,359,244)	(247,152)	-	-	(4,606,396)
Pumping plant	(8,199,056)	(480,668)	-	-	(8,679,724)
Bio-remediation plant	(5,381,109)	(830,234)	-	-	(6,211,343)
Water treatment plant	(29,043,199)	(787,794)	-	-	(29,830,993)
Transmission and distribution plant	(44,959,339)	(2,995,974)	-	-	(47,955,313)
General plant and equipment	(7,791,969)	(857,319)	10,533	-	(8,638,755)
Total accumulated depreciation	(99,733,916)	(6,199,141)	10,533	-	(105,922,524)
Total depreciable assets, net	116,649,662	(407,920)	(200,121)	4,927,435	120,969,056
Intangible assets:					
Water rights	404,949	-	-	-	404,949
Water participation rights	9,645,865	-	-	-	9,645,865
Less: accumulated amortization	(2,893,760)	(321,529)	-	-	(3,215,289)
Total intangible assets, net	7,157,054	(321,529)	-	-	6,835,525
Total capital assets, net	$ 133,386,934	$ 3,460,429	$ (3,251,488)	$ -	$ 133,595,875

The construction-in-process balances at June 30, 2021 are as follows:

	2021
Roemer Plant Expansion	$ 1,283,403
Zone 2 & 3 Trans Main	1,049,981
Various minor district projects	1,244,943
Total construction-in-process	$ 3,578,327

Note 4 – Capital Assets (Continued)

Depreciation expense for the years ended June 30, 2022 and 2021 were $6,315,312 and 6,199,142, respectively. Major capital assets additions during the current year include the upgrades and extensions of the District's transmission and distribution, water treatment plant, general plant and pumping plant. A significant portion of these additions were constructed by the District and/or sub-contractors and transferred out of construction-in-process, upon competition of these various projects.

Amortization expense for the years ended June 30, 2022 and 2021 were $321,529 and $321,529, respectively.

Intangible Assets

In 2012, the District acquired water participation rights from the San Bernardino Valley Municipal Water District for $9,645,865. The District is amortizing the participation rights until January 31, 2041.

Note 5 – Compensated Absences

Changes to compensated absences for the years ended June 30, 2022 and 2021 were as follows:

Year Ended	Beginning Balance	Earned	Taken	Ending Balance	Current Portion	Non-current Portion
June 30, 2022	$ 841,754	$ 1,098,136	$ (1,073,652)	$ 866,238	$ 476,431	$ 389,807
June 30, 2021	868,199	832,745	(859,190)	841,754	462,965	378,789

Note 6 – Long-Term Debt

Changes in long-term debt for the year ended June 30, 2022 were as follows:

	Balance July 1, 2021	Additions	Deletions	Balance June 30, 2022	Amount Due Within One Year	Amount Due In More Than One Year
Publicly offering:						
Water Revenue Refunding						
Bonds, Series 2016A	$ 20,215,000	$ -	$ (430,000)	$ 19,785,000	$ 440,000	$ 19,345,000
Add: Unamortized Premium	1,034,911	-	(40,618)	994,293	-	994,293
Total bond payable	21,249,911	-	(470,618)	20,779,293	440,000	20,339,293
Direct borrowing:						
Hydroelectric Plant	2,316,851	-	(331,100)	1,985,751	331,100	1,654,651
Water Participation Rights						
Contract payable	6,430,577	-	(321,529)	6,109,048	321,529	5,787,519
Total long-term debt	$ 29,997,339	$ -	$ (1,123,247)	$ 28,874,092	$ 1,092,629	$ 27,781,463

Note 6 – Long-Term Debt (Continued)

Changes in long-term debt for the year ended June 30, 2021 were as follows:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Amount Due Within One Year	Amount Due In More Than One Year
Publicly offering:						
Water Revenue Refunding						
Bonds, Series 2016A	$ 20,630,000	$ -	$ (415,000)	$ 20,215,000	$ 430,000	$ 19,785,000
Add: Unamortized Premium	1,075,528	-	(40,617)	1,034,911	-	1,034,911
Total bond payable	21,705,528	-	(455,617)	21,249,911	430,000	20,819,911
Direct borrowing:						
Hydroelectric Plant	2,647,951	-	(331,100)	2,316,851	331,100	1,985,751
Water Participation Rights						
Contract payable	6,752,106	-	(321,529)	6,430,577	321,529	6,109,048
Total long-term debt	$ 31,105,585	$ -	$ (1,108,246)	$ 29,997,339	$ 1,082,629	$ 28,914,710

Water Revenue Refunding Bonds Series 2016A

The 2016A Bonds were issued to provide funds, together with certain other moneys: (i) to prepay all amounts payable under the Series 2006D-2 Bonds installment purchase agreement between the District and California Statewide Communities Development Authority; and (ii) pay costs of issuance of the 2016A Bonds. The 2016A Bonds were issued pursuant to an Indenture of Trust, dated December 1, 2016, by and between the District and U.S. Bank National Association. The 2016A Bonds were in the aggregate principal amount of $22,035,000. The 2016A Bonds were dated as of the date of initial issuance, and will bear interest ranging from 2.00% to 5.00% per annum, payable on April 1 and October 1, commencing April 1, 2017, and ending October 1, 2047. The Series 2016A Bonds are payable solely from the net revenues of the District's water system as defined in the Series 2016A Bond Indenture.

The District has covenanted that it shall at all times while any of the 2016A Bonds remain unpaid, to the maximum extent permitted by law, to fix, prescribe and collect rates, fees and charges and manage the operation of the District for each fiscal year so as to yield District's net revenues equal to at least 1.20 times the annual debt service. The District is in compliance with such covenant at June 30, 2022 and 2021. In event of default, the District upon demand by U.S. Bank National Association, will immediately repay the total unpaid principal of the Bonds, accrued interests.

The amount outstanding at June 30, 2022 was $19,785,000. The annual debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 440,000	$ 863,300	$ 1,303,300
2024	455,000	847,600	1,302,600
2025	475,000	829,000	1,304,000
2026	490,000	807,250	1,297,250
2027	515,000	782,125	1,297,125
2028-2032	2,990,000	3,492,450	6,482,450
2033-2037	3,800,000	2,661,000	6,461,000
2038-2042	4,785,000	1,892,675	6,677,675
2043-2047	5,835,000	1,050,300	6,885,300
Total	$ 19,785,000	$ 13,225,700	$ 33,010,700

Note 6 – Long-Term Debt (Continued)

Hydroelectric Plant

In December 20, 2016, the District entered into an agreement with San Bernardino Valley Municipal Water District ("Valley District") to finance and construct Roemer Hydroelectric Station. In the agreement, the Valley District greed to finance the cost of the project total amounted of $3,310,151 with the interest that the Valley District shall be revenue neutral in this financing arrangement. Beginning June 2018, the District shall repay the principal of the project funds, together with all interest accruing thereon, annually to the Valley District. Interest accrued monthly on the unpaid and outstanding balance of principal at the Local Agency Investment Fund interest rate, with accrued but unpaid interest also bearing interest. As of June 30, 2022, the outstanding balance of the financing was in the amount of $1,985,751.

Future debt service requirements are as follows:

Year Ending June 30,	Principal
2023	$ 331,100
2024	331,100
2025	331,100
2026	331,100
2027	331,100
Thereafter	330,251
Total	$ 1,985,751

Water Participation Rights Contract Payable

In 2012, the District acquired water participation rights from the San Bernardino Valley Municipal Water District. These rights entitle the District to purchase water from the Baseline Feeder system. The payment for the rights is calculated at 5,000-acre feet at $90 per acre foot, per year, payable in monthly installments of $26,794, until January 31, 2041. The calculated annual amount of $321,529 is a minimum usage fee which does not actually represent the purchase of any water. Purchased water is billed in addition to the minimum fee. As of June 30, 2022, the outstanding balance of the financing was $6,109,048. Future debt service requirements are as follows:

Year Ending June 30,	Principal
2023	$ 321,529
2024	321,529
2025	321,529
2026	321,529
2027-2031	1,607,645
2032-2036	1,607,645
2037-2041	1,607,642
Total	$ 6,109,048

Note 7 – Defined Benefit Pension Plans

General Information about the Pension Plan

Plans Description

The District contributes to the California Public Employees Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan. CalPERS acts as a common investment and administrative agent for participating public agencies within the State of California. Benefit provisions and all other requirements are established by state statute and the District. A full description of the pension plan regarding number of employees covered, benefit provisions, assumptions (for funding, but not accounting purposes), and membership information are listed in the June 30, 2020 and 2019 Annual Actuarial Valuation Report. This report and CalPERS' audited financial statements are publicly available reports that can be obtained at CalPERS' website under Forms and Publications.

Benefits Provided

CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. A classic CalPERS member becomes eligible for service retirement upon attainment of age 55 with at least 5 years of credited service. PEPRA miscellaneous members become eligible for service retirement upon attainment of age 62 with at least 5 years of service. The service retirement benefit is a monthly allowance equal to the product of the benefit factor, years of service, and final compensation. The final compensation is the monthly average of the member's highest 36 or 12 consecutive months' full-time equivalent monthly pay. Retirement benefits for classic miscellaneous employees are calculated as 2% of the average final 12 months compensation. Retirement benefits for PEPRA miscellaneous employees are calculated as 2% of the average final 36 months compensation.

Participant is eligible for non-industrial disability retirement if becomes disabled and has at least 5 years of credited service. There is no special age requirement. The standard non-industrial disability retirement benefit is a monthly allowance equal to 1.8% of final compensation, multiplied by service. Industrial disability benefits are not offered.

The Plan's provisions and benefits in effect as of June 30, 2021 and 2020, the measurement date, are summarized as follows:

	2021		2020	
	Classic Tier 1	PEPRA Tier 2	Classic Tier 1	PEPRA Tier 2
	Prior to January 1, 2013	On or After January 1, 2013	Prior to January 1, 2013	On or After January 1, 2013
Benefit formula	2.0% @ 55	2.0% @ 62	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service	5 years service	5 years service
Benefit payments	monthly for life	monthly for life	monthly for life	monthly for life
Retirement age	50-55 & up	52-67 & up	50-55 & up	52-67 & up
Required employee contribution rates	7.000%	6.750%	7.000%	6.750%
Required employer contribution rates	11.031%	7.732%	10.221%	6.985%

Note 7 – Defined Benefit Pension Plans (Continued)

General Information about the Pension Plan (Continued)

Employees Covered by Benefit Terms

At June 30, 2021 and 2020, the measurement date, the following employees were covered by the benefit terms for the Plan:

	2021		2020	
	Miscellaneous Plan		Miscellaneous Plan	
	Classic	PEPRA	Classic	PEPRA
Active employees	38	42	42	42
Transferred and terminated employees	40	23	73	13
Retired employees and beneficiaries	44	1	42	1
Total	122	66	157	56

Contributions

Section 20814(c) of the California Public Employees' Retirement Law ("PERL") requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The Public agency cost-sharing plans covered by the miscellaneous risk pools, the Plan's actuarially determined rate is based on the estimated amount necessary to pay the Plan's allocated share of the risk pool's costs of benefits earned by employees during the year, and any unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Net Pension Liability

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2020 and 2019 valuation were rolled forward to determine the June 30, 2021 and 2020 total pension liability, based on the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal in accordance with the requirement of GASB Statement No. 68
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table[1]	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

[1]The mortality table used in 2020 and 2019 was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to December 2017 Experience Study Report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website at www.calpers.ca.gov under Forms and Publications.

Note 7 – Defined Benefit Pension Plans (Continued)

Net Pension Liability (Continued)

Change of Assumptions

For the measurement periods June 30, 2021 and 2020, there were no changes of assumptions.

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 as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

Long-Term Expected Rate of Return (Continued)

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

Asset Class[1]	Assumed Asset Allocation	Real Return Years 1-10[2]	Real Return Years 11+[3]
Global Equity	50%	4.80%	5.98%
Global Fixed Income	28%	1.00%	2.62%
Inflation Sensitive	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%

[1] In the CalPERS' CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

[2] An expected inflation of 2.00% used for this period

[3] An expected inflation of 2.92% used for this period.

Discount Rate

The discount rate used to measure the total pension liabilities was 7.15%. 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.

Note 7 – Defined Benefit Pension Plans (Continued)

Changes in the Net Pension Liability

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liabilities of the Plan as of the measurement date at June 30, 2021 and 2020, calculated using the discount rate of 7.15%, 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 (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Plan's Net Pension Liability/(Asset)		
Measurement Date	**Discount Rate - 1% (6.15%)**	**Current Discount Rate (7.15%)**	**Discount Rate + 1% (8.15%)**
June 30, 2021	$ 8,080,778	$ 3,468,668	$ (344,098)
June 30, 2020	11,597,807	7,159,848	3,492,900

Pension Plan Fiduciary Net Position

Detail information about the plan's fiduciary net position is available in the separately issued CalPERS financial reports and can be obtained from CalPERS' website under Forms and Publications.

Proportionate Share of Net Pension Liability and Pension Expense

The following table shows the plan's proportionate share of the risk pool collective net pension liability over the measurement period:

Miscellaneous Plan			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability/(Asset) (c) - (a) - (b)
Balance at June 30, 2020 (Valuation Date)	$ 33,349,163	$ 26,189,315	$ 7,159,848
Balance at June 30, 2021 (Measurement Date)	34,932,050	31,463,382	3,468,668
Net Changes during 2020-2021	1,582,887	5,274,067	(3,691,180)
Balance at June 30, 2019 (Valuation Date)	$ 31,091,065	$ 24,669,954	$ 6,421,111
Balance at June 30, 2020 (Measurement Date)	33,349,163	26,189,315	7,159,848
Net Changes during 2019-2020	2,258,098	1,519,361	738,737

Note 7 – Defined Benefit Pension Plans (Continued)

Changes in the Net Pension Liability (continued)

Proportionate Share of Net Pension Liability and Pension Expense (Continued)

The following is the approach established by the plan actuary to allocate the net pension liability and pension expense to the individual employers within the risk pool for the measurement periods ended June 30, 2021 and 2020.

(1) In determining a cost-sharing plan's proportionate share, total amounts of liabilities and assets are first calculated for the risk pool as a whole on the valuation date (June 30, 2020 and 2019). The risk pool's fiduciary net position ("FNP") subtracted from its total pension liability ("TPL") determines the net pension liability ("NPL") at the valuation date.

(2) Using standard actuarial roll forward methods, the risk pool TPL is then computed at the measurement date (June 30, 2021 and 2020). Risk pool FNP at the measurement date is then subtracted from this number to compute the NPL for the risk pool at the measurement date. For purposes of FNP in this step and any later reference thereto, the risk pool's FNP at the measurement date denotes the aggregate risk pool's FNP at June 30, 2021 and 2020 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2020-2021 and 2019-2020).

(3) The individual plan's TPL, FNP and NPL are also calculated at the valuation date. TPL is allocated based on the rate plan's share of the actuarial accrued liability. FNP is allocated based on the rate plan's share of market value assets.

(4) Two ratios are created by dividing the plan's individual TPL and FNP as of the valuation date from (3) by the amounts in step (1), the risk pool's total TPL and FNP, respectively.

(5) The plan's TPL as of the Measurement Date is equal to the risk pool TPL generated in (2) multiplied by the TPL ratio generated in (4). The plan's FNP as of the Measurement Date is equal to the FNP generated in (2) multiplied by the FNP ratio generated in (4) plus any additional side fund (or unfunded liability) contributions made by the employer on behalf of the plan during the measurement period.

(6) The plan's NPL at the Measurement Date is the difference between the TPL and FNP calculated in (5).

Deferred outflows of resources, deferred inflows of resources, and pension expense are allocated based on the District's share of contributions made during the measurement period.

The District's proportionate share of the net pension liability was as follows:

2022		2021	
Measurement Date		Measurement Date	
June 30, 2020	0.0658%	June 30, 2019	0.0627%
June 30, 2021	0.0641%	June 30, 2020	0.0658%
Change - Increase (Decrease)	-0.0017%	Change - Increase (Decrease)	0.0031%

Note 7 – Defined Benefit Pension Plans (Continued)

Pension Expense and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

For the years ended June 30, 2022 and 2021, the District recognized pension expense in the amounts of $542,678 and $1,648,416 respectively. At June 30, 2022 and 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2022		2021	
	Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
Pension contribution after measurement date	$ 1,184,089	$ -	$ 1,037,677	$ -
Changes of assumptions	-	-	-	(51,067)
Difference between expected and actual experience	388,974	-	368,968	-
Projected earnings on pension plan investments under/(in excess of) actual earnings	-	(3,027,964)	212,695	-
Adjustment due to differences in proportions	443,860	-	467,484	-
Employer's actual contributions in excess of/(under) employer's proportionate share of contribution	-	(277,987)	-	(275,016)
Total	$ 2,016,923	$ (3,305,951)	$ 2,086,824	$ (326,083)

Deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date in the amount of $1,184,089 and $1,037,677 will be recognized as a reduction of the collective net pension liability in the years ended June 30, 2022 and 2021, respectively.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources 2022	Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources 2021
2023	$ (459,426)	2022	$ 181,137
2024	(527,158)	2023	252,329
2025	(649,760)	2024	187,583
2026	(836,773)	2025	102,015
Total	$ (2,473,117)	Total	$ 723,064

Note 8 – Other Postemployment Benefits ("OPEB")

At June 30, 2022 and 2021, total OPEB liability and related deferred outflows of resources and deferred inflows of resources are as follow:

	June 30, 2022	June 30, 2021
Deferred outflows of resources:		
OPEB contribution after measurement date	$ 1,112,330	$ 1,310,480
Difference between expected and actual experience	1,376,719	1,602,410
Projected earnings on pension plan investments under/(in excess of) actual earnings	-	84,395
Total deferred outflows of resources	$ 2,489,049	$ 2,997,285
Total other postemployment benefit liability	$ 7,531,762	$ 8,401,079
Deferred inflows of resources:		
Change of assumptions	4,386,406	5,348,522
Differences between projected and actual return investments	369,994	-
Difference between expected and actual experience	226,742	251,935
Total deferred inflows of resources	$ 4,983,142	$ 5,600,457
OPEB Expense	$ 133,934	$ 424,226

General Information about the OPEB Plan

Plan Description

The District pays a portion of the cost of health insurance for retirees (including prescription drug benefits) under any group plan offered by the CalPERS Health Program, subject to certain restrictions as determined by the District. The District offers post-employment medical benefits to retired employees who satisfy the eligibility rules. Spouses and surviving spouses are also eligible to receive benefits. Retirees may enroll in any medical plan available through the District's CalPERS Health Program, a cost-sharing multiple-employer medical coverage plan. The contribution requirements of eligible retired employees and the District are established and may be amended by the Board of Directors.

Eligibility

As of the June 30,2021 and 2020, the measurement date, the following current and former employees were covered by the benefit terms under the OPEB Plan:

	2021	2020
Active employees	72	72
Inactive employees or beneficiaries currently receiving benefits	30	30
Total	102	102

Contributions

The OPEB Plan and its contribution requirements are established by Ordinance and may be amended by Board action to update the original Ordinance. The annual contribution is based on the actuarially determined contribution. For the fiscal year ended June 30, 2022, the District's cash contributions were $1,056,746 in payments to the California Employers' Retiree Benefit Trust (CERBT) Fund and the estimated implied subsidy was $55,584 resulting in total payments of $1,112,330. For the fiscal year ended June 30, 2021, the District's cash contributions were $1,220,162 in payments to the California Employers' Retiree Benefit Trust (CERBT) Fund and the estimated implied subsidy was $90,318 resulting in total payments of $1,310,480.

Note 8 – Other Postemployment Benefits ("OPEB") (Continued)

Net OPEB Obligation

The District's net OPEB liabilities were measured as of June 30, 2021 and 2020 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of June 30, 2020.

Actuarial Assumptions

Total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Valuation Date	June 30, 2020
Actuarial Assumptions:	
Actuarial cost method	Entry Age, Level Percent of Pay
Valuation of fiduciary net position	Fair value of assets.
Discount Rate	6.75%
Investment rate of return	6.75%, net of OPEB plan investment expense
Recognition of deferred inflows and outflows of resources	Closed period equal to the average of the expected remaining service lives of all employees provided with OPEB
General Inflation	2.75%
Salary Increases	3%
Pre-retirement Mortality:	Preretirement Mortality Rates from CalPERS Experience Study (1997-201
Postretirement Mortality:	Post-retirement Mortality Rates for Healthy Recipients from CalPERS Experience Study (1997-2015).
Healthcare Participation for Future Retirees	5.80 percent for 2021 decreasing to 5.40 percent for 2023, 5.20 percent for 2024-2069, and 4.00 percent for 2070 and later years; Medicare ages: 4.00 percent for all years.

The long-term expected rate of return on OPEB plan investments was determined using a building- block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected Real Rate of Return
Global Equity	59.00%	5.50%
Fixed Income	25.00%	1.50%
TIPS	5.00%	1.20%
Commodities	3.00%	0.60%
REITS	8.00%	3.70%
Total	**100.00%**	

Note 8 – Other Postemployment Benefits ("OPEB") (Continued)

Net OPEB Obligation (Continued)

Discount Rate

The discount rate used to measure the total OPEB liability was 6.75 percent, based on CERBT Strategy 1 investment policy. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Change in Net OPEB Liability

	2022		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2021 (June 30, 2020 Measurement Date)	$ 10,794,154	$ 2,393,075	$ 8,401,079
Changes recognized for the measurement period:			
Service cost	423,998	-	423,998
Interest on the total OPEB liability	741,661	-	741,661
Contributions - employer	-	1,310,480	(1,310,480)
Net investment income	-	725,522	(725,522)
Benefits payments	(468,812)	(468,812)	-
Administrative expense	-	(1,026)	1,026
Net Changes during July 1, 2021 to June 30, 2022	696,847	1,566,164	(869,317)
Balance at June 30, 2022 (June 30, 2021 Measurement Date)	$ 11,491,001	$ 3,959,239	$ 7,531,762

	2021		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2020 (June 30, 2019 Measurement Date)	$ 11,679,058	$ 1,501,924	$ 10,177,134
Changes recognized for the measurement period:			
Service cost	496,240	-	496,240
Interest on the total OPEB liability	808,919	-	808,919
Actual vs. expected experience	(277,128)	-	(277,128)
Changes of assumption	(1,523,953)	-	(1,523,953)
Contributions - employer	-	1,244,934	(1,244,934)
Net investment income	-	36,063	(36,063)
Benefits payments	(388,982)	(388,982)	-
Administrative expense	-	(864)	864
Net Changes during July 1, 2020 to June 30, 2021	(884,904)	891,151	(1,776,055)
Balance at June 30, 2021 (June 30, 2020 Measurement Date)	$ 10,794,154	$ 2,393,075	$ 8,401,079

Note 8 – Other Postemployment Benefits ("OPEB") (Continued)

Change in Net OPEB Liability (Continued)

<u>*Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*</u>

The following presents the net OPEB liability of the District if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021 and 2020:

	Plan's Net OPEB Liability (Asset)		
Measurement Date	Discount Rate - 1% (5.75%)	Current Discount Rate (6.75%)	Discount Rate + 1% (7.75%)
June 30, 2021	$ 9,159,117	$ 7,531,762	$ 6,187,228
June 30, 2020	9,927,587	8,401,079	7,140,361

<u>*Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates*</u>

The following presents the net OPEB liability of the District if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2021 and 2020:

	Plan's Net OPEB Liability (Asset)		
Measurement Date	1% Decrease	Current Healthcare Cost Trenf Rate	1% Increase
June 30, 2021	$ 5,878,904	$ 7,531,762	$ 9,624,321
June 30, 2020	6,947,875	8,401,079	10,231,951

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

For the fiscal years ended June 30, 2022 and 2021, the District recognized OPEB expense of $133,934 and $424,226, respectively. As of fiscal years, ended June 30, 2022 and 2021, the District reported deferred outflows of resources related to OPEB from the following sources:

	2022		**2021**	
	Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
Changes of assumptions	$ -	$ (4,386,406)	$ -	$ (5,348,522)
Net difference between projected and actual earnings on plan investments	-	(369,994)	84,395	-
Difference between expected and actual experience	1,376,719	(226,742)	1,602,410	(251,935)
Employer contributions made subsequent to the measurement date	1,112,330	-	1,310,480	-
Total	$ 2,489,049	$ (4,983,142)	$ 2,997,285	$ (5,600,457)

Deferred outflows of resources related to OPEB resulting from District's contributions subsequent to the measurement date in the amounts of $1,112,330 and $1,310,480 will be recognized as a reduction of the net OPEB liability in the years ended June 30, 2022 and 2021, respectively.

Note 8 – Other Postemployment Benefits ("OPEB") (Continued)

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

Amount reported as deferred outflows of resources related to OPEB will be recognized as future OPEB expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources 2022
2023	$ (846,672)
2024	(852,169)
2025	(848,118)
2026	(705,655)
2027	57,631
Thereafter	(411,440)
Total	$ (3,606,423)

Year Ended June 30	Deferred Outflows/(Inflows) of Resources 2021
2022	$ (738,785)
2023	(738,785)
2024	(744,278)
2025	(740,229)
2026	(597,766)
Thereafter	(353,809)
Total	$ (3,913,652)

Note 9 – Net Investment in Capital Assets

Net investment in capital assets as of June 30, 2022 and 2021 were as follows:

Description	2022	2021
Capital assets, net	$ 125,078,235	$ 127,165,298
Water participation rights	6,109,047	6,430,577
Deferred amount on debt refunding	165,386	172,001
Capital related debt:		
Bonds payable - current	(440,000)	(430,000)
Bonds payable - noncurrent	(19,345,000)	(19,785,000)
Bond premium	(994,293)	(1,034,911)
Contracts payable - current	(652,629)	(652,629)
Contracts payable - noncurrent	(7,442,170)	(8,094,799)
Net investment in capital assets	$ 102,478,576	$ 103,770,537

Note 10 – Commitments and Contingencies

Construction Contracts

The District has a variety of agreements with private parties relating to the installation, improvement or modification of water facilities and distribution systems within its service area. The financing of such construction contracts is being provided primarily from the District's replacement reserves and advances for construction.

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 has estimated an aggregate contingent liability related to various claims and litigations in the amount of $225,000 and $0 as of June 30, 2022 and 2021, respectively. The contingent liability is periodically adjusted as additional information becomes available affecting management's estimate. Actual claims and settlements paid will likely differ from this amount.

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 disasters. The District is a member of the Association of California Water Agencies/Joint Powers Insurance Authority (ACWA/JPIA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California water agencies. The purpose of the ACWA/JPIA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage. As of June 30, 2020, the District participated in the liability and property programs of the ACWA/JPIA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of $5,000,000, combined single limit at $5,000,000 per occurrence. The JPIA purchases additional excess coverage layers: $60 million per occurrence for general, auto and public officials' liability, which increases the limits on the insurance coverage noted above.

In addition to the above, the District also has the following insurance coverage:

- Public employee dishonesty coverage up to $100,000 per loss includes public employee dishonesty, forgery or alteration and theft, disappearance and destruction coverages.
- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of $500 million per occurrence, subject to a $2,500 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to $100 million per occurrence, subject to various deductibles depending on the type of equipment.
- Workers' compensation insurance up to California statutory limits for all work-related injuries/illnesses covered by California law. Coverage is through the Special Districts Risk Management Authority.

Settled claims have not exceeded any of the coverage amounts in any of the last three fiscal years and there were no reductions in the District's insurance coverage during the last three years. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no IBNR claims payable as of June 30, 2022, 2021 and 2020, other than an estimated contingent liability for various litigation, as described in Note 10.

Note 12 – Prior Period Adjustments

As a result of implementation of GASB Statement No. 87, *Leases*, net position as of July 1, 2021 was restated as follows:

	Originally Reported	Adjustments	As Restated
Leases receivable, current	$ -	$ 7,320	$ 7,320
Leases receivable, noncurrent	-	1,423,630	1,423,630
Lease-related deferred inflows of resources	-	(1,397,016)	(1,397,016)
Total adjustments		33,934	
Net position	$ 152,966,122	$ 33,934	$ 153,000,056

	Originally Reported	Adjustments	As Restated
Other operating revenue	$ 3,554,983	$ (4,444)	$ 3,559,427
Interest and investment earnings	38,316	(29,490)	67,806
Total adjustments		(33,934)	
Net position	$ 152,966,122	$ (33,934)	$ 153,000,056

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REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)

West Valley Water District
Required Supplementary Information (Unaudited)
Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios
As of June 30, 2022

Last Ten Fiscal Years[1]

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Rate Plan

Measurement period ended	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
District's Proportion of the Net Pension Liability	0.1827%	0.1697%	0.1604%	0.1516%	0.1485%
District's Proportionate Share of the Net Pension Liability/(Asset)	$ 3,468,668	$ 7,159,848	$ 6,421,111	$ 5,714,823	$ 5,854,618
District's Covered Payroll	$ 6,406,574	$ 6,806,415	$ 5,589,317	$ 5,732,509	$ 4,604,837
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	54.14%	105.19%	114.88%	99.69%	127.14%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	90.07%	78.53%	79.35%	80.51%	78.53%

[1] Historical information is presented for measurement periods after GASB 75 is implementation. Additional years' information will be displayed as it becomes available.

West Valley Water District
Required Supplementary Information (Unaudited)
Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios (Continued)
As of June 30, 2022

Last Ten Fiscal Years[1]

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Rate Plan

Measurement period ended	June 30, 2016	June 30, 2015	June 30, 2014
District's Proportion of the Net Pension Liability	0.1447%	0.1608%	0.1773%
District's Proportionate Share of the Net Pension Liability/(Asset)	$ 5,025,330	$ 4,411,991	$ 4,381,344
District's Covered Payroll	$ 4,320,078	$ 3,985,522	$ 3,776,382
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	116.32%	110.70%	116.02%
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	78.61%	78.40%	79.82%

[1] Historical information is presented for measurement periods after GASB 75 is implementation. Additional years' information will be displayed as it becomes available.

West Valley Water District
Required Supplementary Information (Unaudited)
Schedule of Contributions
For the Year Ended June 30, 2022

Last Ten Fiscal Years[1]

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Rate Plan

Fiscal year	2021-22	2020-21	2019-20	2018-19	2017-18
Actuarially determined contribution[2]	$ 1,184,089	$ 1,037,677	$ 984,477	$ 812,147	$ 715,005
Contribution in relation to the determined contribution[2]	(1,184,089)	(1,037,677)	(984,477)	(812,147)	(715,005)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 6,166,912	$ 6,406,574	$ 6,806,415	$ 5,589,317	$ 5,732,509
Contribution as a percentage of covered payroll	19.20%	16.20%	14.46%	14.53%	12.47%

[1] Historical information is presented for measurement periods after GASB 75 is implementation. Additional years' information will be displayed as it becomes available.

[2] Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as "side funds" are not considered separately financed specific liabilities.

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2017 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Changes of Assumptions: In 2021, 2020 and 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

West Valley Water District
Required Supplementary Information (Unaudited)
Schedule of Contributions (Continued)
For the Year Ended June 30, 2022

Last Ten Fiscal Years[1]

California Public Employees' Retirement System ("CalPERS") - Miscellaneous Rate Plan

Fiscal year	2016-17	2015-16	2014-15	2013-14
Actuarially determined contribution	$ 628,828	$ 658,011	$ 608,372	$ 563,394
Contribution in relation to the actuarially determined contribution	(628,828)	(1,272,291)	(608,372)	(563,394)
Contribution deficiency (excess)	$ -	$ (614,280)	$ -	$ -
Covered payroll	$ 4,604,837	$ 4,320,078	$ 3,985,522	$ 3,776,382
Contribution as a percentage of covered payroll	13.66%	29.45%	15.26%	14.92%

1 Historical information is presented for measurement periods after GASB 75 is implementation. Additional years' information will be displayed as it becomes available.

[2] Employers are assumed to make contributions equal to the actuarially determined contributions. However, some employers may choose to make additional contributions towards their side fund or their unfunded liability. Employer contributions for such plans exceed the actuarially determined contributions. CalPERS has determined that employer obligations referred to as “side funds” are not considered separately financed specific liabilities.

Notes to Schedule:

Change in Benefit Terms: The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2017 as they have minimal cost impact. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a Golden Handshakes).

Changes of Assumptions: In 2021, 2020 and 2019, there were no changes. In 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no changes in the discount rate. In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5 percent (net of administrative expense) to 7.65 percent (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5 percent discount rate.

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West Valley Water District
Required Supplementary Information (Unaudited)
Schedule of Changes in Net OPEB Liability and Related Ratios
For the Year Ended June 30, 2022

Last Ten Fiscal Years [1]

Other Postemployment Benefits ("OPEB") Plan

Measurement period	2020-21	2019-20	2018-19	2017-18	2016-17
Total OPEB liability					
Service cost	$ 423,998	$ 496,240	$ 335,647	$ 236,285	$ 683,520
Interest	741,661	808,919	739,614	552,581	428,490
Changes of benefit terms	-	-	175,249	-	-
Actual vs. expected experience	-	(277,128)	-	2,279,483	-
Changes of assumptions	-	(1,523,953)	-	(43,695)	(7,209,389)
Benefit payments	(468,812)	(388,982)	(386,106)	(320,225)	(287,245)
Net change in total OPEB liability	696,847	(884,904)	864,404	2,704,429	(6,384,624)
Total OPEB liability - beginning	10,794,154	11,679,058	10,814,654	8,110,225	14,494,849
Total OPEB liability - ending (a)	$ 11,491,001	$ 10,794,154	$ 11,679,058	$ 10,814,654	$ 8,110,225
OPEB fiduciary net position					
Contributions -					
Contributions - employer	1,310,480	1,244,934	953,106	1,150,225	-
Net investment income	725,522	36,063	93,161	12,291	-
Benefit payments	(468,812)	(388,982)	(386,106)	(320,225)	-
Administrative expense	(1,026)	(864)	(232)	(296)	-
Net change in plan fiduciary net position	1,566,164	891,151	659,929	841,995	-
Plan fiduciary net position, beginning	2,393,075	1,501,924	841,995	-	-
Plan fiduciary net position, ending (b)	3,959,239	2,393,075	1,501,924	841,995	-
Plan net OPEB liability - ending (a) - (b)	$ 7,531,762	$ 8,401,079	$ 10,177,134	$ 9,972,659	$ 8,110,225
Plan's fiduciary net position as a percentage of the total OPEB liability	34.46%	22.17%	12.86%	7.79%	0.00%
Covered payroll	$ 7,526,256	$ 8,808,682	$ 7,177,705	$ 6,831,331	$ 6,080,776
Plan net OPEB liability as a percentage of covered payroll	100.07%	95.37%	141.79%	145.98%	133.37%

[1] Historical information is presented for measurement periods after GASB 75 is implementation. Additional years' information will be displayed as it becomes available.

Notes to Schedule:

Changes in assumptions: None

West Valley Water District
Required Supplementary Information (Unaudited)
Schedule of Contributions
For the Year Ended June 30, 2022

Last Ten Fiscal Years [1]

Other Postemployment Benefits ("OPEB") Plan

Fiscal year	2021-22[1]	2020-21[1]	2019-20[1]	2018-19[1]	2017-18[1]
Actuarially determined contribution	$ 1,200,042	$ 1,302,426	$ 1,267,587	$ 859,000	$ 869,006
Contribution in relation to the actuarially determined contribution	(1,112,330)	(1,310,480)	(1,244,934)	(953,106)	(1,150,225)
Contribution deficiency (excess)	$ 87,712	$ (8,054)	$ 22,653	$ (94,106)	$ (281,219)
Covered payroll	8,423,119	7,526,256	8,808,682	7,263,849	6,831,331
Contribution as a percentage of covered payroll	13.21%	17.41%	14.13%	13.12%	16.84%

[1] Historical information is presented for measurement periods after GASB 75 is implementation. Additional years' information will be displayed as it becomes available.

Notes to Schedule:

Valuation date	June 30, 2020
Methods and assumptions used to determine contribution rates:	
Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Salaries increases	3.00%
Discount rate	6.75%
General inflation	2.75%
Medical trend	5.80 percent for 2021 decreasing to 5.40 percent for 2023, 5.20 percent for 2024-2069, and 4.00 percent for 2070 and later years; Medicare ages: 4.00 percent for all years.
Pre-retirement Mortality:	Preretirement Mortality Rates from CalPERS Experience Study (1997-2015).
Postretirement Mortality:	Post-retirement Mortality Rates for Healthy Recipients from CalPERS Experience Study (1997-2015).

Statistical Section

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West Valley Water District

Statistical Section Contents

This section of the comprehensive annual financial report presents detailed information as a context for understanding what the information in the accompanying financial statements, notes disclosures, and required supplementary information says about the District's overall financial health.

West Valley Water District
Changes in Net Position by Component
Last Ten Fiscal Years

Schedule 1

	Fiscal Year				
			As Restated	As Restated	
	2013	2014	2015	2016	2017
Changes in net position:					
Operating revenues (see Schedule 2)	$ 19,264,708	$ 22,907,911	$ 25,012,159	$ 23,230,364	$ 26,677,886
Operating expenses (see Schedule 3)	(15,781,608)	(16,995,392)	(17,034,621)	(16,736,478)	(20,446,067)
Depreciation and amortization	(6,734,329)	(7,554,520)	(7,589,826)	(7,667,691)	(7,889,469)
Operating income(loss)	(3,251,229)	(1,642,001)	387,712	(1,173,805)	(1,657,650)
Non-operating revenues(expenses):					
Property taxes	1,760,434	1,459,571	1,658,936	1,758,220	1,821,922
Interest and investment earnings	48,171	64,380	65,371	127,090	227,465
Rental income - cellular antennas	35,663	26,746	32,207	29,966	37,241
Impairment loss	-	-	-	-	-
Gain/(loss) on sale/disposition of capital assets	-	45,650	24,644	24,400	60,980
Grants and Reimbursements	2,000,000	-		43,241	2,518,254
Board approved rate rebate	-	-	-	(2,547,492)	-
Interest expense - long term debt	(1,246,914)	(1,196,877)	(1,148,837)	(1,055,660)	(940,835)
Bond issuance costs	-	-	-	-	(268,915)
Amortization of deferred charges	(601,613)	(19,740)	(19,740)		
Other non-operating revenue/(expense), net	55,737	34,575	202,348	24,524	(931,062)
Total non-operating revenues(expenses), net	2,051,478	414,305	814,929	(1,595,711)	2,525,050
Net income (loss) before capital contributions	(1,199,751)	(1,227,696)	1,202,641	(2,769,516)	867,400
Capital contributions	4,760,891	4,283,248	4,940,175	4,383,464	3,506,937
Changes in net position	$ 3,561,140	$ 3,055,552	$ 6,142,816	$ 1,613,948	$ 4,374,337
Prior period adjustment				1,421,880	
Net position by component:					
Net investment in capital assets	$ 87,705,995	$ 86,581,350	$ 87,693,459	$ 87,041,544	87,731,340
Restricted for capital projects	5,061,866	3,190,652	5,360,944	1,366,458	929,737
Restricted for debt service	2,196,172	2,194,435	5,873,252	1,020,896	-
Unrestricted	8,964,937	15,018,085	9,219,049	21,753,634	26,895,792
Total net assets	$ 103,928,970	$ 106,984,522	$ 108,146,704	$ 111,182,532	$ 115,556,869

Source: West Valley Water District Accounting Department

West Valley Water District
Changes in Net Position by Component (Continued)
Last Ten Fiscal Years

Schedule 1

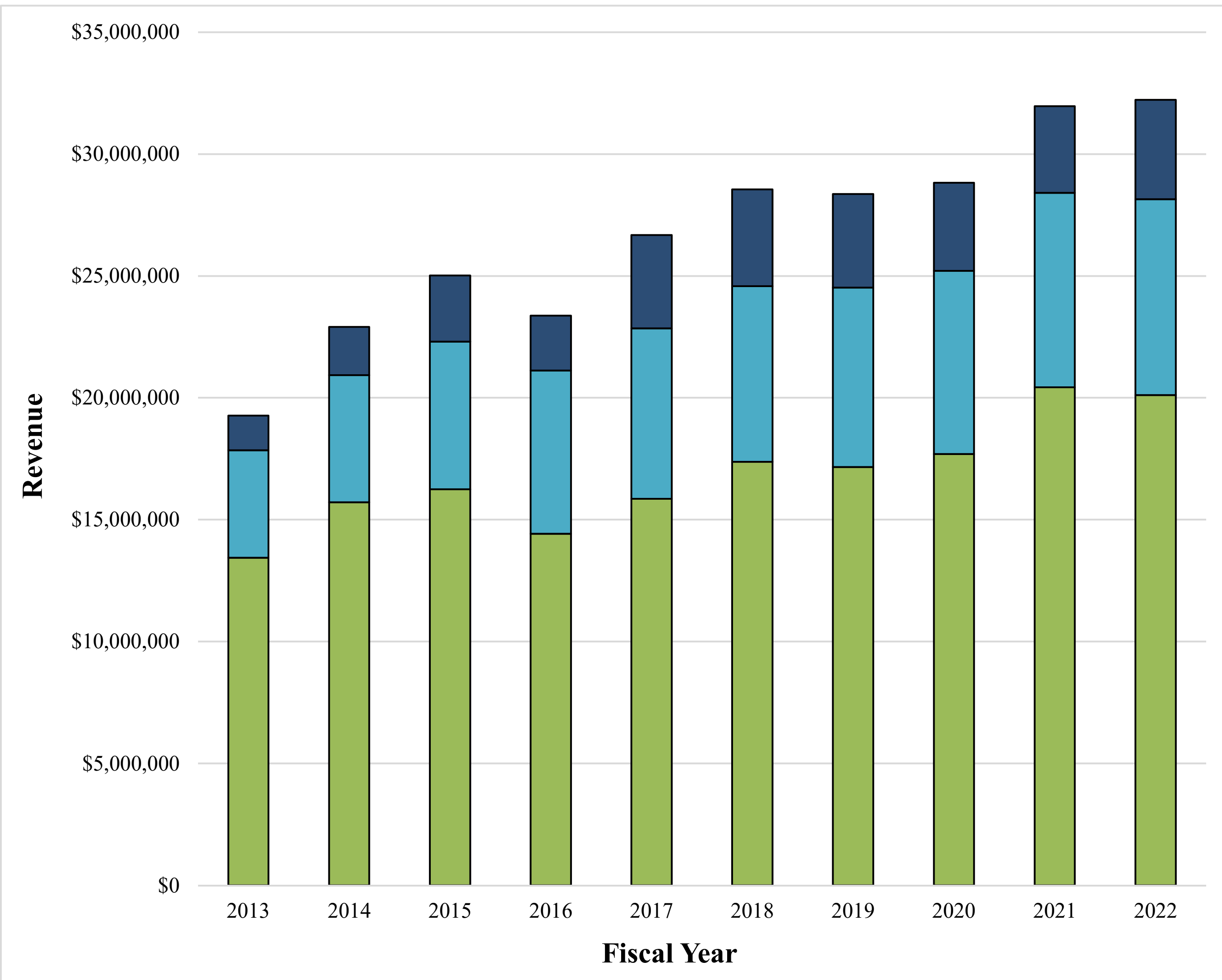
	Fiscal Year				
	2018	**2019**	**2020**	**2021**	**2022**
Changes in net position:					
Operating revenues (see Schedule 2)	$ 28,543,972	$ 28,356,765	$ 28,820,834	$ 31,962,156	$ 32,217,598
Operating expenses (see Schedule 3)	(21,706,285)	(23,287,875)	(26,934,303)	(25,252,917)	(25,842,037)
Depreciation and amortization	(6,268,421)	(6,344,364)	(6,471,761)	(6,520,670)	(6,636,841)
Operating income(loss)	569,266	(1,275,474)	(4,585,230)	188,569	(261,280)
Non-operating revenues(expenses):					
Property taxes	2,023,173	2,305,151	2,376,463	2,761,167	3,179,573
Interest and investment earnings	367,911	1,795,521	1,910,670	38,316	(1,793,624)
Rental income - cellular antennas	32,941	33,860	-	-	-
Impairment loss	-	-	-	(3,000,000)	-
Gain/(loss) on sale/disposition of capital assets	15,400	-	-	(189,254)	771,002
Grants and Reimbursements	554,897	703,949	100,330	-	-
Board approved rate rebate	(2,263,619)	-	-	-	-
Interest expense - long term debt	(879,953)	(897,275)	(942,842)	(865,955)	(847,002)
Bond issuance costs		-	-	-	-
Amortization of deferred charges		-	-	-	-
Other non-operating revenue/(expense), net	73,498	3,015,464	-	-	-
Total non-operating revenues(expenses), net	(75,752)	6,956,670	3,444,621	(1,255,726)	1,309,949
Net income (loss) before capital contributions	493,514	5,681,196	(1,240,939)	(1,067,157)	1,048,669
Capital contributions	16,643,552	10,120,527	4,917,877	8,851,642	37,527,406
Changes in net position	$ 17,137,066	$ 15,801,723	$ 3,676,938	$ 7,784,485	$ 38,576,075
Prior period adjustment					
Net position by component:					
Net investment in capital assets	95,204,664	100,736,605	102,459,965	103,770,537	102,478,576
Restricted for capital projects	7,875,322	10,699,965	13,462,143	13,938,052	49,107,439
Restricted for debt service	-	-	-	-	-
Unrestricted	22,622,990	30,068,129	29,259,529	33,867,838	38,575,543
Total net assets	$ 125,702,976	$ 141,504,699	$ 145,181,637	$ 151,576,427	$ 190,161,558

Source: West Valley Water District Accounting Department

West Valley Water District
Operating Revenue By Source
Last Ten Fiscal Years

Schedule 2

Fiscal Year	Water Consumption Sales	Water Service Charges	Other Operating Income	Total Operating Revenue
2013	13,442,407	4,398,803	1,423,498	19,264,708
2014	15,715,734	5,214,461	1,977,716	22,907,911
2015	16,246,445	6,061,174	2,704,540	25,012,159
2016	14,420,079	6,702,841	2,240,801	23,363,721
2017	15,854,879	6,989,061	3,833,946	26,677,886
2018	17,370,508	7,201,939	3,971,525	28,543,972
2019	17,163,673	7,350,127	3,842,965	28,356,765
2020	17,698,440	7,506,847	3,615,547	28,820,834
2021	20,428,413	7,978,760	3,554,983	31,962,156
2022	20,113,330	8,027,078	4,077,190	32,217,598

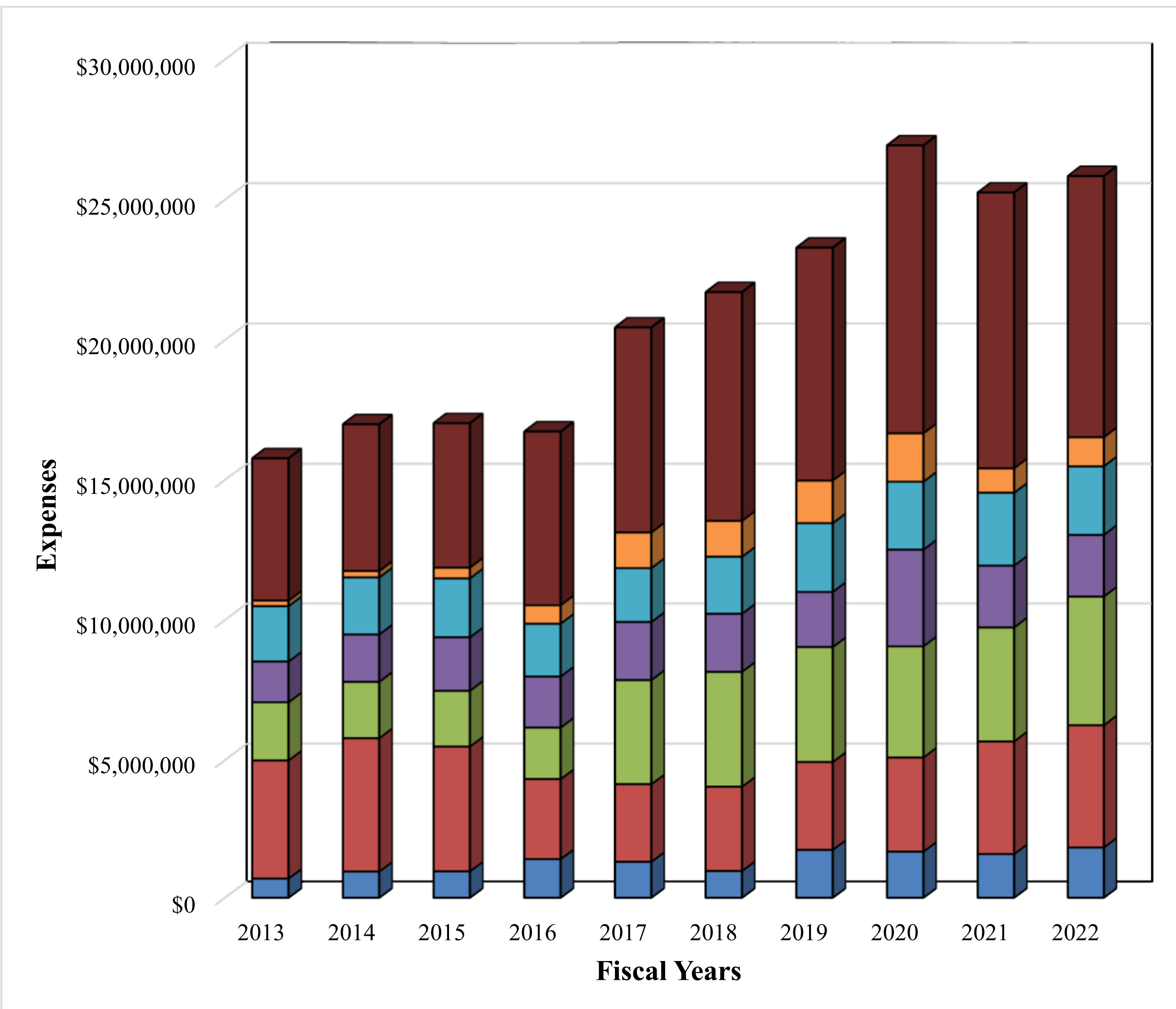


Source: West Valley Water District Accounting Department

West Valley Water District
Operating Expenses by Activity
Last Ten Fiscal Years

Schedule 3

Fiscal Year	Source of Supply	Pumping	Water Treatment	Transmission and Distribution	Customer Accounts	Public Affairs	General and Administrative	Total Operating Expenses
2013	698,507	4,288,300	2,076,620	1,451,836	1,977,941	199,973	5,088,431	15,781,608
2014	951,189	4,831,597	2,011,328	1,687,965	2,035,498	229,295	5,248,520	16,995,392
2015	960,369	4,524,032	1,988,806	1,907,194	2,104,526	383,739	5,165,955	17,034,621
2016	1,404,819	2,910,119	1,842,223	1,825,012	1,885,567	656,120	6,212,618	16,736,478
2017	1,307,160	2,823,389	3,723,148	2,071,867	1,923,943	1,273,562	7,322,998	20,446,067
2018	972,624	3,066,501	4,110,055	2,074,410	2,031,657	1,280,123	8,170,915	21,706,285
2019	1,740,717	3,189,444	4,101,693	1,966,357	2,456,429	1,520,168	8,313,067	23,287,875
2020	1,676,085	3,416,731	3,966,298	3,448,753	2,425,709	1,740,136	10,260,591	26,934,303
2021	1,588,731	4,077,298	4,067,045	2,204,080	2,600,902	890,242	9,824,619	25,252,917
2022	1,825,531	4,417,077	4,591,618	2,200,940	2,462,906	1,034,781	9,309,184	25,842,037

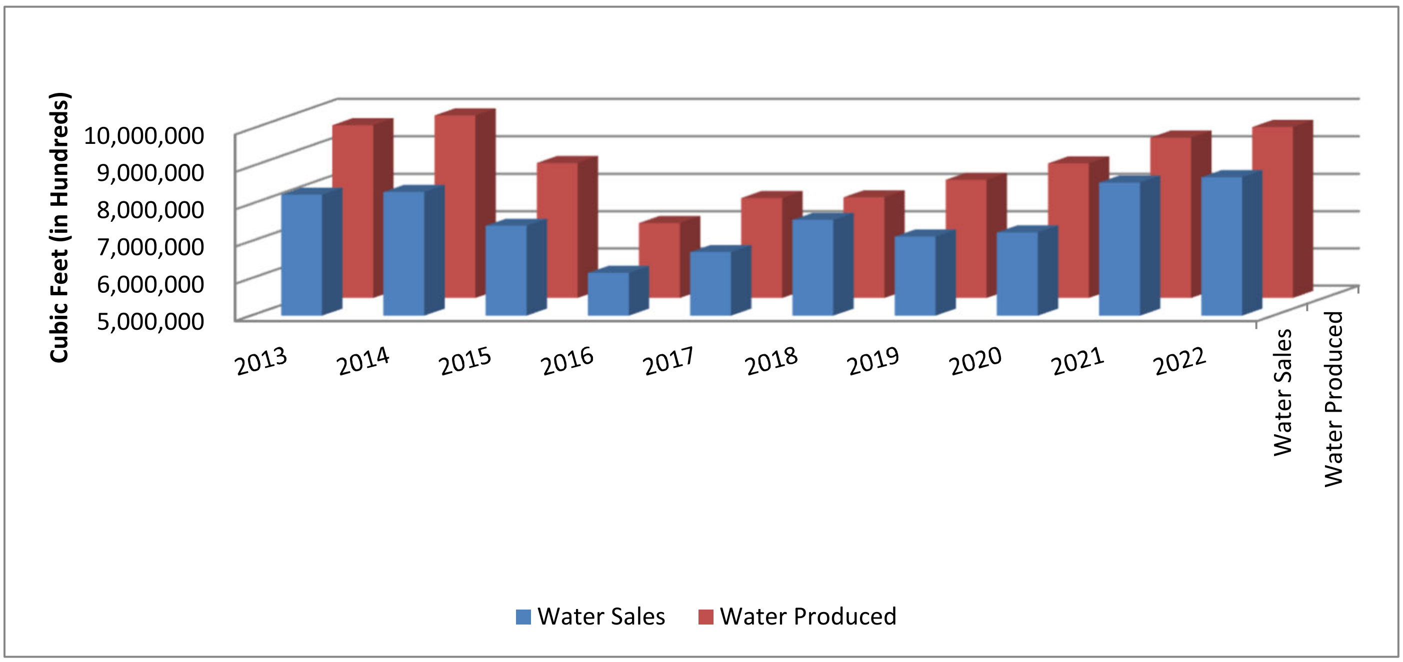


Source: West Valley Water District Accounting Department

West Valley Water District
Revenue Base
Last Ten Fiscal Years

Schedule 4

Fiscal Year	Water Sales (HCF)	Water Produced (HCF)
2013	8,250,812	9,629,632
2014	8,323,184	9,891,169
2015	7,419,170	8,621,349
2016	6,151,431	7,016,601
2017	6,710,551	7,685,902
2018	7,576,183	7,705,595
2019	7,127,708	8,173,416
2020	7,238,771	8,610,871
2021	8,574,446	9,298,026
2022	8,719,191	9,581,118



Note: See Schedule 2 "Operating Revenue by Source" for information regarding water revenues.

Note: West Valley Water District Accounting Department

West Valley Water District
Revenue Rates
Last Ten Fiscal Years

Water Consumption per Hundred Cubic Feet (HCF) — **Schedule 5**

Service Type	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fire	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tier 1	80.00	92.50	106.50	106.50	106.50	106.50	106.50	106.50	106.50	106.50
Tier 2	87.50	100.00	115.00	115.00	115.00	115.00	115.00	115.00	115.00	115.00
Tier 3	95.00	110.00	126.50	126.50	126.50	126.50	126.50	126.50	126.50	126.50
Golf Course	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract
Hydrant	2.76	2.76	2.76	2.76	2.76	2.76	2.76	2.76	2.76	2.76
Irrigation:										
Demand	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract
Gravity Flow	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract
Pressure	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract
Water	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tier 1	1.60	1.85	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13
Tier 2	1.75	2.00	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Tier 3	1.90	2.20	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53

Connection Fees Per Month

Meter Size	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fire										
5/8" & 3/4"	10.54	10.54	10.54	10.54	10.54	10.54	10.54	10.54	10.54	10.54
1"	10.54	10.54	10.54	10.54	10.54	10.54	10.54	10.54	10.54	10.54
1 1/2"	15.81	15.81	15.81	15.81	15.81	15.81	15.81	15.81	15.81	15.81
2"	21.08	21.08	21.08	21.08	21.08	21.08	21.08	21.08	21.08	21.08
3"	31.62	31.62	31.62	31.62	31.62	31.62	31.62	31.62	31.62	31.62
4"	42.16	42.16	42.16	42.16	42.16	42.16	42.16	42.16	42.16	42.16
6"	63.24	63.24	63.24	63.24	63.24	63.24	63.24	63.24	63.24	63.24
8"	84.32	84.32	84.32	84.32	84.32	84.32	84.32	84.32	84.32	84.32
Golf Course										
All Sizes	57.68	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract
Hydrant										
All Sizes	63.63	73.17	73.17	73.17	73.17	73.17	73.17	73.17	73.17	73.17
Irrigation										
All Sizes:										
Demand	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract
Gravity Flow	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract
Pressure	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract
Water										
5/8" & 3/4"	16.79	19.31	22.21	22.21	22.21	22.21	22.21	22.21	22.21	22.21
1"	25.01	28.76	33.07	33.07	33.07	33.07	33.07	33.07	33.07	33.07
1 1/2"	36.88	42.41	48.77	48.77	48.77	48.77	48.77	48.77	48.77	48.77
2"	50.80	58.42	67.18	67.18	67.18	67.18	67.18	67.18	67.18	67.18
3"	73.74	84.80	97.52	97.52	97.52	97.52	97.52	97.52	97.52	97.52
4"	97.21	111.79	128.56	128.56	128.56	128.56	128.56	128.56	128.56	128.56
6"	147.46	169.58	195.02	195.02	195.02	195.02	195.02	195.02	195.02	195.02
8"	197.71	227.37	261.48	261.48	261.48	261.48	261.48	261.48	261.48	261.48

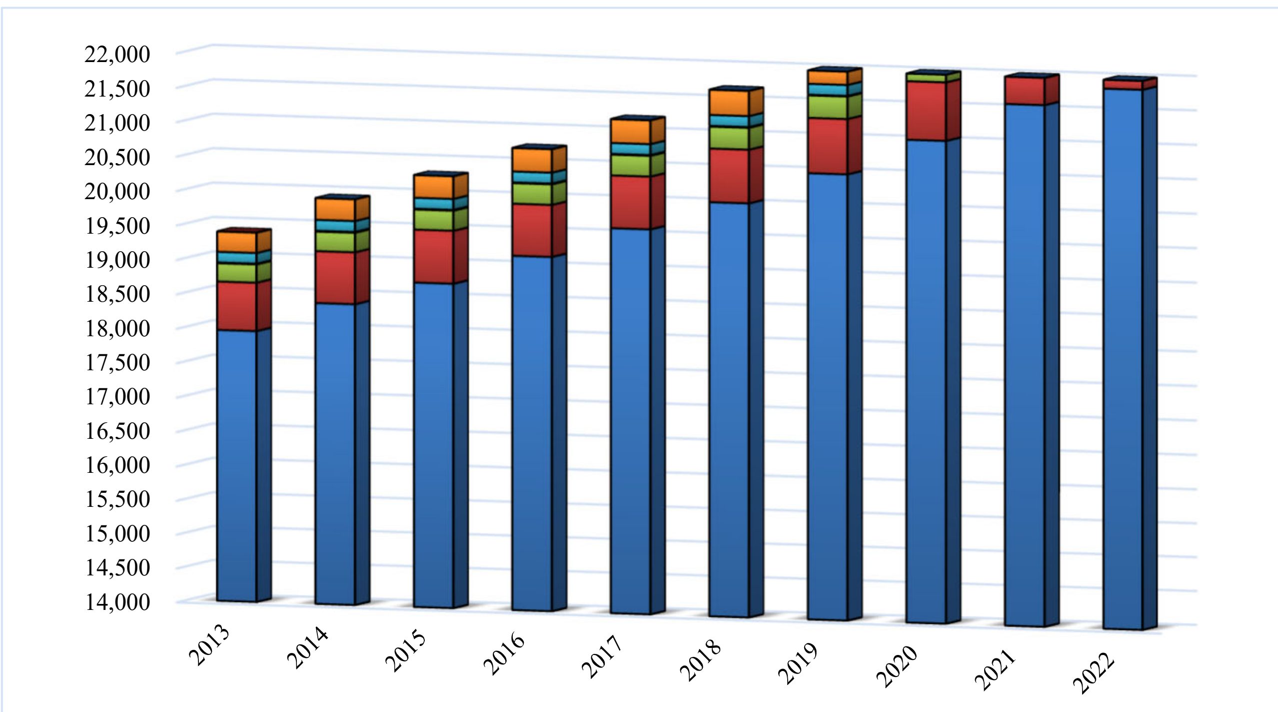
Note 1: Out of District rates for Water Service are one and a half times the In District rates.
Note 2: The rates for Golf Course and Irrigation Services are

Source: West Valley Water District Board of Directors approved rate ordinances and resolutions.

West Valley Water District
Customers by Type
Last Ten Fiscal Years

Schedule 6

	Customer Type								
Fiscal Year	Residential	Commercial	Fire Service	Irrigation	Multi-Family	Parkway	Golf Course	Wholesale Water	Total
2013	17,961	703	266	10	155	296	0	0	19,391
2014	18,397	754	284	11	159	316	0	0	19,921
2015	18,740	769	292	11	159	330	0	0	20,301
2016	19,174	756	299	10	159	341	0	1	20,740
2017	19,620	766	302	10	159	346	0	1	21,204
2018	20,043	779	318	10	159	366	0	1	21,676
2019	20,509	803	327	8	159	386	0	1	22,193
2020	21,040	849	364	9	168	420	0	1	22,851
2021	21,604	827	365	9	183	428	0	1	23,417
2022	21,872	847	377	9	185	458	0	1	23,749



Note A: As a result of the 2012 rate study, certain accounts were reclassified to other types.

Note B: The schedule submitted for FY 2020 included a typo. The Multi-Family count was reflected as 468 instead of 168. The Total count was reflected as 23,151 instead of 22,851.

Note C: As a result of the service connection review, certain accounts were reclassified to other types. Most notably several Commercial accounts were reclassified to Residential.

Source: West Valley Water District Accounting Department

West Valley Water District
Principal Customers
Current Fiscal Year and Nine Years Ago

Schedule 7

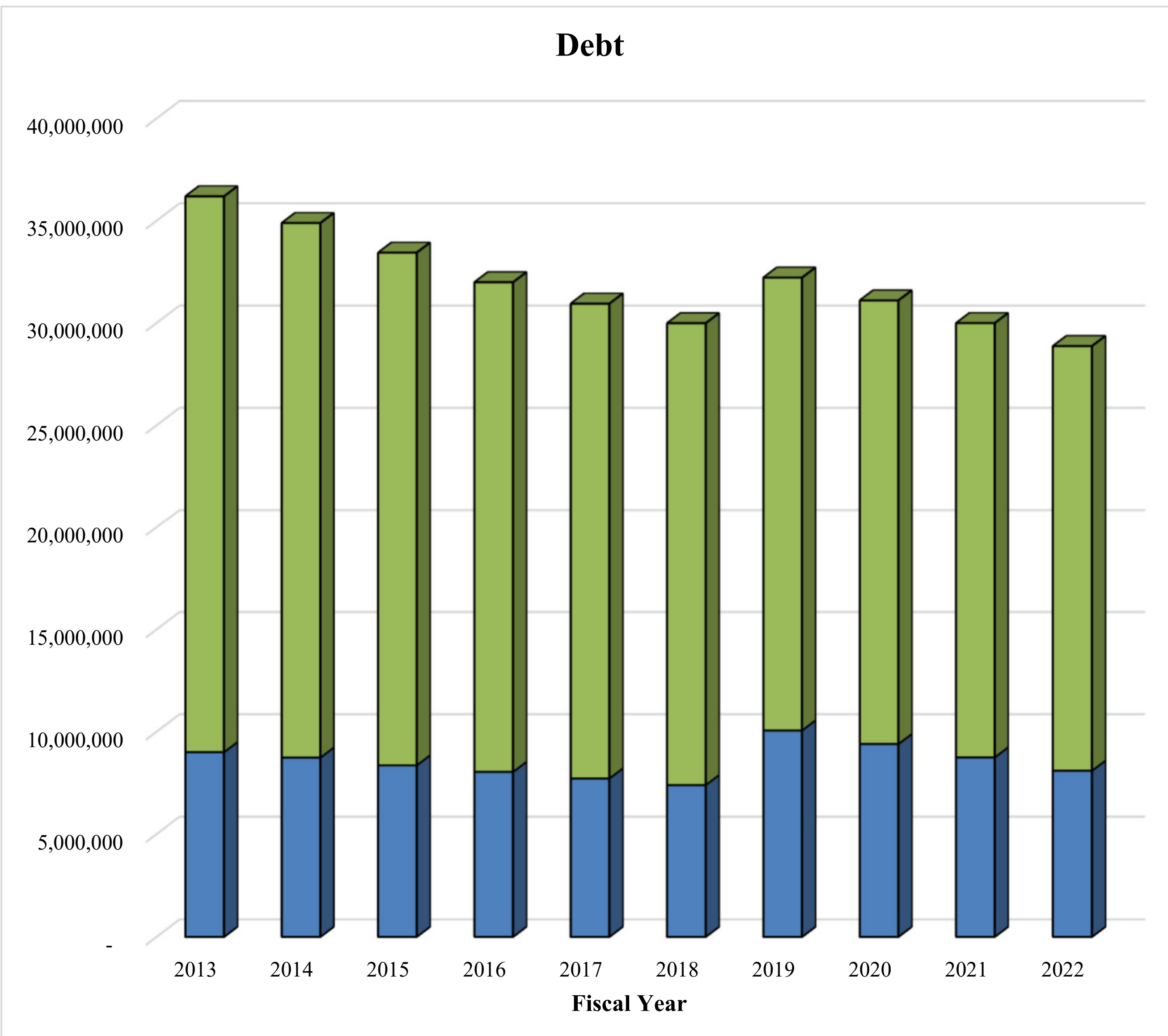
	2022		2013	
Customer	**Water Consumed**	**Percentage of Total**	**Water Consumed**	**Percentage of Total**
Rialto Unified School District	254,569	2.92%	321,169	3.89%
City of Rialto	196,191	2.25%	202,315	2.45%
City of Fontana	162,719	1.87%	109,543	1.33%
Colton Joint Unified School District	143,935	1.65%	158,274	1.92%
Larry Jacinto Construction Inc	111,142	1.27%	-	0.00%
Target	108,469	1.24%	121,502	1.47%
North Fontana Investment LLC	102,696	1.18%	-	0.00%
Aramark Uniform Services	90,387	1.04%	49,100	0.60%
Rosena Ranch Community Association	89,504	1.03%	5,518	0.07%
Robertson's Ready Mix	81,492	0.93%	159,628	1.93%
Total	1,341,104	15.38%	1,127,049	13.66%
Total Water Consumed (HCF)	8,719,191	100.00%	8,250,812	100.00%

Source: West Valley Water District Accounting Department

West Valley Water District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Schedule 8

Fiscal Year	Contracts Payable	Bonds Payable	Notes Payable	Total Debt	Total Per Capita	Total As a Share of Personal Income
2013	9,002,807	27,190,000	-	36,192,807	358.71	1.12%
2014	8,734,867	26,155,000	-	34,889,867	345.39	1.05%
2015	8,359,750	25,080,000	-	33,439,750	318.15	0.97%
2016	8,038,221	23,955,000	-	31,993,221	302.32	0.85%
2017	7,716,692	23,232,381	-	30,949,073	291.60	0.79%
2018	7,395,163	22,596,763	-	29,991,926	279.59	0.72%
2019	10,065,744	22,156,146	-	32,221,889	308.19	0.76%
2020	9,400,057	21,705,528	-	31,105,585	302.55	0.73%
2021	8,747,428	21,249,911	-	29,997,339	291.77	0.70%
2022	8,094,799	20,779,293	-	28,874,092	277.76	0.56%



Source: West Valley Water District Accounting Department

West Valley Water District
Pledged-Revenue Coverage
Last Ten Fiscal Years

Schedule 9

Fiscal Year	Net Revenues	Operating Expenses[1]	Net Available Revenues	Debt Service Principal[2]	Debt Service Interest[3]	Debt Service Total	Coverage Ratio
2013	21,164,713	(17,630,135)	3,534,578	1,356,529	1,297,214	2,653,743	1.33
2014	24,538,833	(18,212,009)	6,326,824	1,450,117	1,113,028	2,563,145	2.47
2015	26,995,665	(17,054,361)	9,941,304	1,396,529	1,119,435	2,515,964	3.95
2016	25,237,805	(19,283,970)	5,953,835	1,446,529	1,054,169	2,500,698	2.38
2017	31,359,870	(21,662,166)	9,697,704	1,486,529	769,657	2,256,186	4.30
2018	31,558,717	(23,969,904)	7,588,813	916,529	917,400	1,833,929	4.14
2019	36,210,708	(23,287,875)	12,922,833	1,052,629	940,215	1,992,844	6.48
2020	33,107,967	(26,934,303)	6,173,664	1,062,629	947,424	2,010,053	3.07
2021	34,761,639	(25,252,917)	9,508,722	1,067,629	933,278	2,000,907	4.75
2022	36,168,173	(25,842,037)	10,326,136	1,082,629	883,561	1,966,190	5.25

Notes:

(1) Operating expenses, less depreciation and amortization expense

(2) Bond was refinanced in fiscal year 2017. New debt for Hydroelectric plant in FY2019.

(3) Reflects interest paid and not accrued in fiscal year

Source: West Valley Water District Accounting Department

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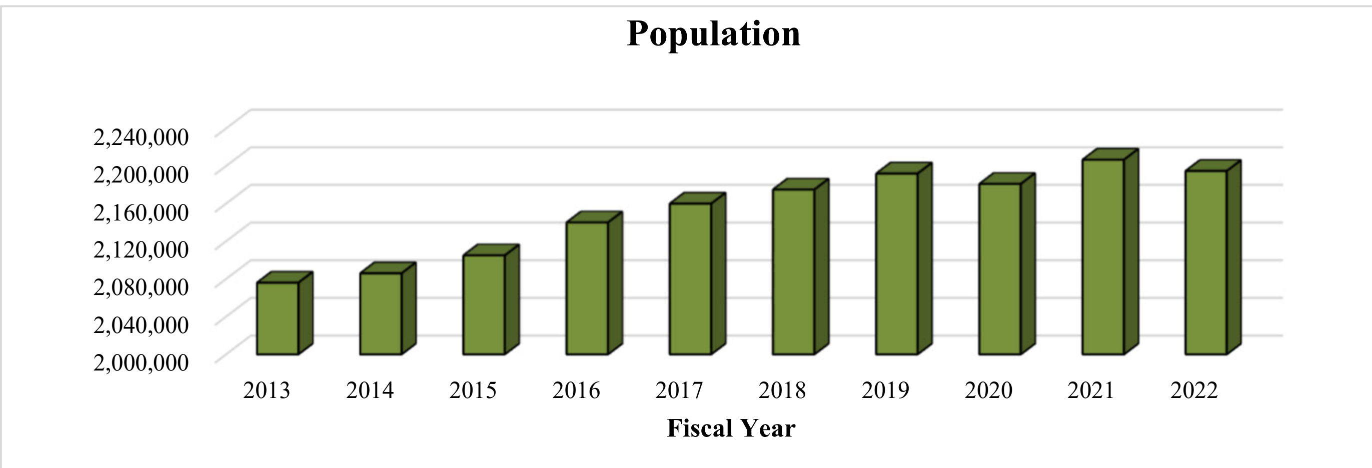
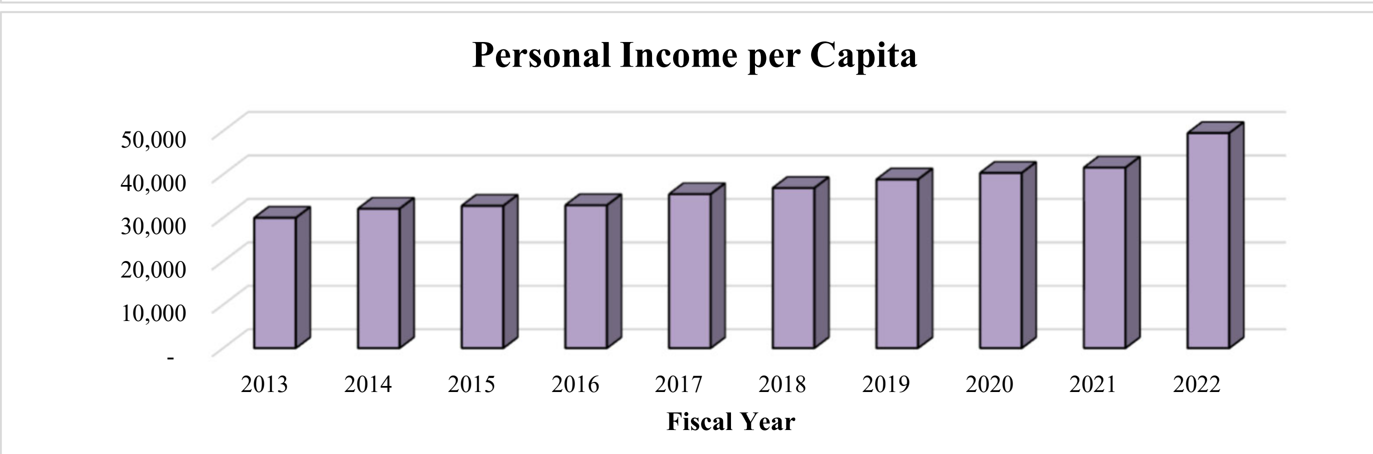
West Valley Water District
Demographics and Economic Statistics
Last Ten Calendar Years

Schedule 10

			County of San Bernardino[2]			
Year	Unemployment Rate	City of Rialto Population[1]	Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
2013	12.4%	102,022	10.3%	2,076,000	62,259,000	29,990
2014	10.4%	102,615	8.4%	2,086,000	66,902,000	32,070
2015	8.4%	103,790	6.9%	2,105,000	68,939,000	32,750
2016	7.5%	105,107	6.7%	2,140,000	70,385,000	32,890
2017	6.4%	105,825	5.9%	2,160,000	76,529,000	35,431
2018	5.0%	106,135	4.4%	2,175,000	80,127,000	36,840
2019	4.2%	107,271	4.5%	2,192,000	85,093,000	38,816
2020	14.9%	104,553	10.3%	2,181,000	87,937,000	40,320
2021	9.4%	102,813	8.1%	2,206,750	91,658,300	41,535
2022	4.2%	103,954	3.9%	2,194,710	108,623,799	49,493





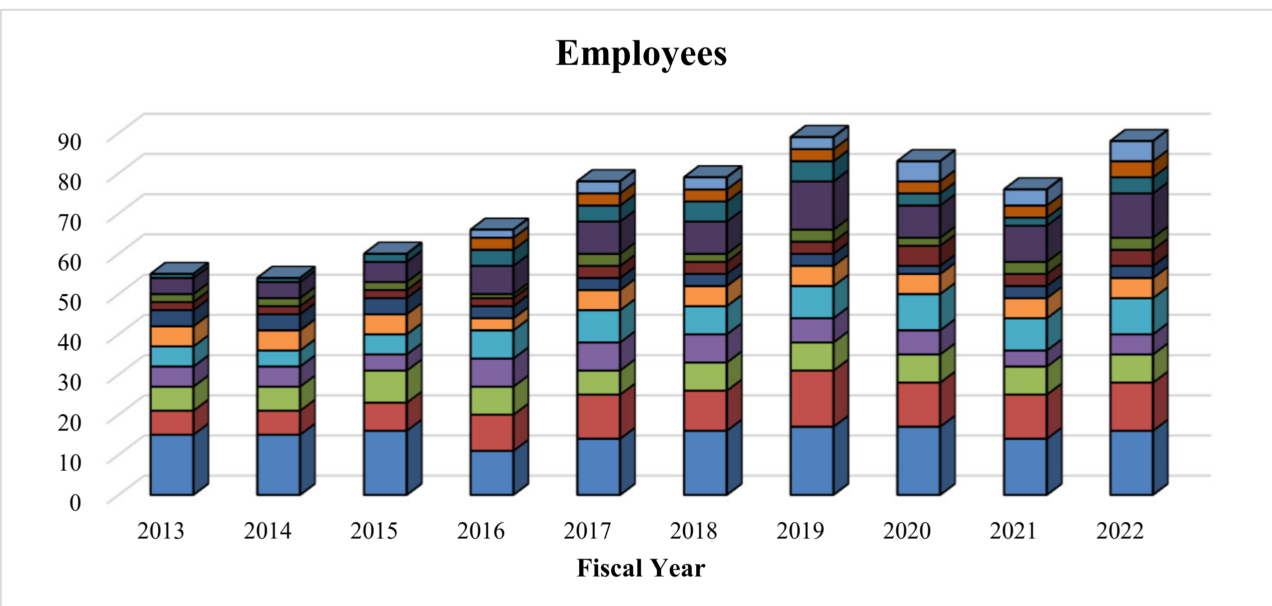
Sources:
www.labormarketinfo.edd.ca.gov
http://www.bea.gov/regional/bearfacts
www.census.gov/
(1) Separate data is not available for the District, therefore the District has used the data for the City of Rialto. A substantial portion of the District lies within the city, and therefore, is a reasonable basis for determining the demographic and economic statistics of the District.
(2) Only County data is updated annually. Therefore, the District has chose to use its data since the

West Valley Water District
Operating and Capacity Indicators
Last Ten Fiscal Years

Schedule 11

Full-time Equivalent District Employees by Department

Fiscal Year	Water Treatment /Production	Maintenance	Meters	Administration	Customer Service	Accounting	Billing	IT	Human Resources	Engineering	Public Affairs	Water Quality	Purchasing	Total
2013	15	6	6	5	5	5	4	2	2	4	1	0	0	55
2014	15	6	6	5	4	5	4	2	2	4	1	0	0	54
2015	16	7	8	4	5	5	4	2	2	5	2	0	0	60
2016	11	9	7	7	7	3	3	2	1	7	4	3	2	66
2017	14	11	6	7	8	5	3	3	3	8	4	3	3	78
2018	16	10	7	7	7	5	3	3	2	8	5	3	3	79
2019	17	14	7	6	8	5	3	3	3	12	5	3	3	89
2020	17	11	7	6	9	5	2	5	2	8	3	3	5	83
2021	14	11	7	4	8	5	3	3	3	9	2	3	4	76
2022	16	12	7	5	9	5	3	4	3	11	4	4	5	88



Source: West Valley Water District Human Resources Department

West Valley Water District
Operating and Capacity Indicators (Continued)
Last Ten Fiscal Years

Schedule 12

Other Operating and Capacity Indicators

Fiscal Year	District Area (Square Miles)	Miles of Pipeline	Storage Tanks	Storage Capacity (MG)	Groundwater Wells	Well Capacity (MGD)	Fire Hydrants
2013	31	368	26	73.6	17	35.0	2,040
2014	31	370	26	73.6	17	35.0	2,040
2015	31	370	26	73.6	17	35.0	2,040
2016	32	370	26	73.6	17	35.0	2,944
2017	32	375	26	73.6	17	35.0	3,085
2018	32	376	26	73.6	17	35.0	3,104
2019	32	382	26	73.6	17	35.0	3,204
2020	32	395	26	73.6	17	37.0	3,497
2021	32	401	26	73.6	17	35.0	3,560
2022	32	402	26	73.6	17	35.0	3,560

MG - Millions of Gallons
MGD - Millions of Gallons per Day

Sources: West Valley Water District Operations/GIS

Note: The Fire Hydrant total is inclusive of Hydrants and Jones heads.

West Valley Water District
Principal Employers
Current Fiscal Year

Schedule 13

	City of Rialto - 2022 (1)		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**
Rialto Unified School District	2500 to 2999	1	5.81 - 6.97 %
Chuze Fitness	500 to 999	2	1.16 - 2.32 %
City of Rialto	250 to 499	3	.58 - 1.16 %
Walmart Supercenter	250 to 499	4	.58 - 1.16 %
Amazon Fulfillment Ctr	250 to 499	5	.58 - 1.16 %
Stater Bros Markets	250 to 499	6	.58 - 1.16 %
Vista Cove Care Ctr At Rialto	100 to 249	7	.58 - 1.16 %
Columbia Steel Inc	100 to 249	8	.23 - .58 %
Forest River Inc	100 to 249	9	.23 - .58 %
Mesa Counseling Svc	100 to 249	10	.23 - .58 %

	City of Fontana - 2022 (2)		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**
Kaiser Hospital & Med. Group	6,180	1	6.05%
Fontana Unified School District	4,803	2	4.70%
Amazon.com Services LLC	3,718	3	3.64%
Target Stores T553	1,807	4	1.77%

	City of Colton - 2022 (3)		
Employer	**Employees**	**Rank**	**Percentage of Total Employment**
Arrowhead Regional Medical Center	3,510	1	14.21%
Colton Joint Unified School District	2,320	2	9.39%
Walmart Distribution Center	800	3	3.24%
Lineage Logistics	550	4	2.23%

Note: Above sites have not been updated for the fiscal year 2019. The most recent data is displayed.

(1) City of Rialto, 2020-2021 ACFR, pg. 219

(2) City of Fontana, 2020-2021 ACFR, pg. 157

(3) City of Colton, 2020-2021 ACFR, pg. 169

OUR MISSION IS TO PROVIDE OUR CUSTOMERS WITH SAFE, HIGH QUALITY AND RELIABLE WATER SERVICE AT A REASONABLE RATE AND IN A SUSTAINABLE MANNER

West Valley Water District

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