



# ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the years ended June 30, 2023 & 2022



# West Valley Water District

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# Introductory Section



# West Valley Water District



## 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 18, 2023

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, 2023, 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, 2023. 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 24,600 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.

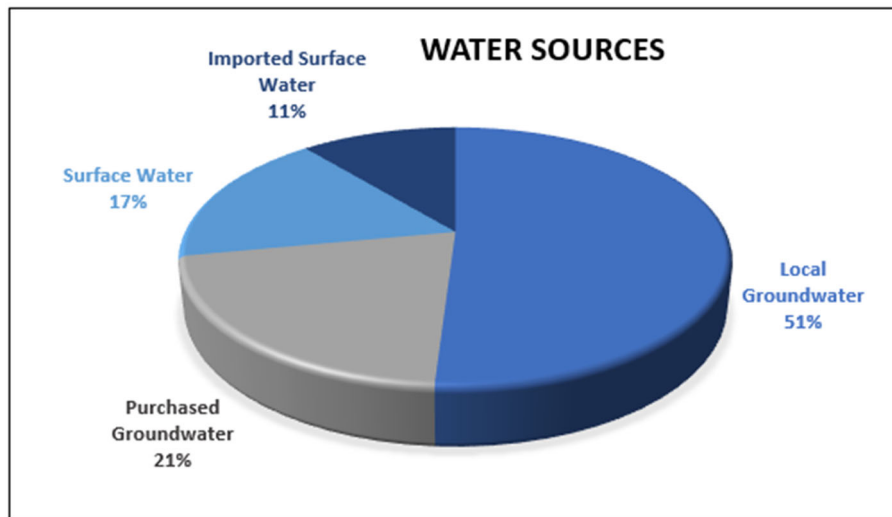
## District Services

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).

## Water Supply and Reliability

The District’s water supply for the year ended June 30, 2023 includes groundwater (51%), purchased groundwater (21%), surface water (17%), and imported surface water (11%). Groundwater is pumped from the Bunker Hill Basin, Lytle Creek Basin, North Riverside Basin, and Rialto-Colton Basin. Also, 21% of groundwater is purchased from San Bernardino Valley Municipal Water District (Valley District) through the Baseline Feeder Project and from local wells in the Bunker Hill Basin.

Local surface water comes from Lytle Creek in the San Bernardino Mountains. This water is treated through the District’s Oliver P. Roemer Water Filtration Facility. Imported surface water is purchased from the State Water Project through Valley District. This water is also treated through Oliver P. Roemer Water Filtration Facility.



## Economic Condition and Outlook

The District’s Office is located in the City of Rialto in San Bernardino County. The District serves communities in San Bernardino and Riverside counties (also known as the Inland Empire). About 44% of the District’s water connections are in the city of Rialto. Since 2014, the District’s water connections has grown by more than 23% and currently, comprised of mostly residential and commercial customers.

In 2023, personal income per capita in the County of San Bernardino was \$49,270 and had an unemployment rate of 5%. The City of Rialto had a personal income per capita of \$25,608 and an unemployment rate of 5.5%.



## *Conservation Efforts & Wet Years*

During fiscal year 2023, the region saw above average rainfall which led to a District-wide decrease in water consumption when compared to fiscal year 2022. The chance of a wetter winter and spring in 2023-2024 has increased in California, due to the expected development of an El Nino, according to Weather Underground. Another wet year in fiscal year 2024, means water consumption levels will stay the same as in fiscal year 2023 or have the risk of decreasing. This is an area of concern especially when the District continues to promote its conservation initiatives. Water consumption is a major revenue stream for the District and understanding changes in consumption patterns is key for the financial sustainability of the District.

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 1<sup>st</sup> 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, 2023.

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 and adopt habits for life long conservation habits.

The District is also focused on public outreach, media relations, and educational efforts to communicate about water conservation with its cities, school districts and community groups. The District provides several tools to assist customers with water use efficiency, including:

- Digital assets such as videos, web content, e-blasts, monthly newsletters, and social media campaigns;
- Written materials such as bill inserts, quarterly newsletters, and direct mail pieces;
- Water Use Efficient Workshops for customers to adapt water efficient practices;
- Rebates or assistance related to water-efficient devices through locally funded programs, that include: washing machines, high-efficiency toilets, "smart" irrigation controllers, turf rebate programs and "conservation starts with you" kits.

## **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, 2022. This was the twelfth 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,

A handwritten signature in blue ink, appearing to read "John Miel", is written over a horizontal line. The signature is stylized and includes a large loop at the beginning.

John Miel  
General Manager

# BOARD OF DIRECTORS

Elected Board of Directors as of June 30, 2023

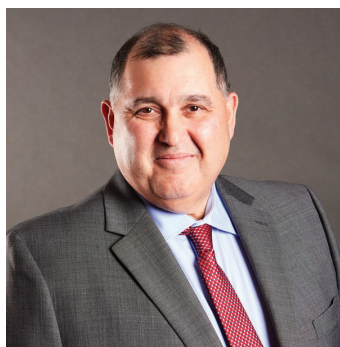


## Greg Young

President, District 5

Term: 11/19 - 11/24

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## Dan Jenkins

Director, District 2

Term: 11/22 - 11/26

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## Angela Garcia

Director, District 1

Term: 11/19 - 11/24

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## Kelvin Moore

Director, District 3

Term: 11/22 - 11/26

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## Channing Hawkins

President, District 4

Term: 11/19 - 11/24





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, 2022

*Christopher P. Morill*

Executive Director/CEO





# Financial Section



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## INDEPENDENT AUDITORS' REPORT



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

### Report on the Audit of the Financial Statements

#### *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, 2023 and 2022, 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, 2023 and 2022, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Emphasis of Matter**

##### *Implementation of New GASB Pronouncements*

As discussed in Note 1 and Note 13 to the basic financial statements, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 96, *Subscription-Based Information Technology Arrangements* during the year. As a result of the implementation, the District reported the subscription assets and liabilities, 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, 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 Benefits, 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 auditors' report thereon. Our opinion 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 January 9, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*The PwC Group, LLP*

Santa Ana, California  
January 9, 2024

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**West Valley Water District**  
**Management's Discussion and Analysis (Unaudited)**  
**For the Year Ended June 30, 2023**

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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, 2023. 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, 2023, the District's assets and deferred outflows exceeds liabilities and deferred inflows by approximately \$212 million broken down as \$108.5 million invested in capital assets, \$47.7 million in restricted funds, and unrestricted funds of \$55.8 million. 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. 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 2023, the District's net position increased approximately \$20.4 million, from \$191.6 million to \$212 million or 11%. Net position also increased in fiscal year 2022, approximately by \$38.6 million, from \$153 million to \$191.6 million or 25%.
- In fiscal year 2023, the District's operating revenues increased by approximately 29%, or \$9,173,902 primarily to an increase in other operating income. Operating revenues also increased in fiscal year 2022, by 1%, or \$250,998 primarily to an increase in other operating income.
- In fiscal year 2023, the District's non-operating revenues increased by 424%, or \$5,551,025. Primarily due to an increase in interest and investment earnings of \$3.3 million. Non-operating revenues also increased in fiscal year 2022, by 207% or \$2,535,214.
- In fiscal year 2023, the District's operating expenses increased 6%, or \$1,891,352, primarily due to an increase in pumping, transmission and distribution, customer accounts, and general and administrative. Operating expenses increased in fiscal year 2022 by 2% or \$700,629.
- In fiscal year 2023, the District's non-operating expenses increased 3% or \$25,917. Due to an increase in interest rates. In fiscal year 2022, non-operating expenses decreased by 79% or \$3,207,236.

**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.

**West Valley Water District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2023**

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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 \$212 million as of June 30, 2023.



**West Valley Water District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2023**

The largest portion of the District's net position during June 30, 2023 (51%), 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

	2023	2022	2021
<b>Assets:</b>			
Current assets	\$ 128,154,026	\$ 115,108,456	\$ 74,496,559
Noncurrent assets	1,609,736	1,661,062	1,711,201
Capital assets	136,622,774	131,240,161	133,595,875
<b>Total assets</b>	<u>266,386,536</u>	<u>248,009,679</u>	<u>209,803,635</u>
<b>Deferred outflow of resources</b>	<u>7,972,075</u>	<u>4,671,358</u>	<u>5,256,110</u>
<b>Liabilities:</b>			
Current liabilities	\$ 11,289,933	\$ 10,113,122	\$ 9,022,530
Noncurrent liabilities	42,901,177	41,342,019	45,713,602
<b>Total liabilities</b>	<u>54,191,110</u>	<u>51,455,141</u>	<u>54,736,132</u>
<b>Deferred inflows of resources</b>	<u>8,218,731</u>	<u>9,646,074</u>	<u>7,323,556</u>
<b>Net position:</b>			
Net investment in capital assets	108,469,538	102,483,167	103,770,537
Restricted	47,719,572	49,107,439	13,938,052
Unrestricted	55,759,660	39,989,216	35,291,467
<b>Total net position</b>	<u>\$ 211,948,770</u>	<u>\$ 191,579,822</u>	<u>\$ 153,000,056</u>

As of June 30, 2023, and 2022, the District reports a positive balance in its unrestricted net position of \$55,759,660 and \$39,989,216, respectively. Unrestricted net position increased in fiscal year 2023 compared to fiscal years 2022 and 2021. The net increase for unrestricted net position when comparing fiscal year 2022 to fiscal year 2021 is \$4,697,749.

**West Valley Water District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2023**

**Condensed Statement of Revenues, Expenses and Changes in Net Position**

	2023	2022	2021
Operating revenues	\$ 41,391,500	\$ 32,217,598	\$ 31,966,600
Operating expenses	(34,365,568)	(32,474,216)	(31,773,587)
<b>Operating income (loss)</b>	<b>7,025,932</b>	<b>(256,618)</b>	<b>193,013</b>
Non-operating revenue (expenses)	6,860,003	1,308,978	(1,226,236)
<b>Income before capital contributions</b>	<b>13,885,935</b>	<b>1,052,360</b>	<b>(1,033,223)</b>
Capital contributions	6,483,013	37,527,406	8,851,642
<b>Changes in net position</b>	<b>20,368,948</b>	<b>38,579,766</b>	<b>7,818,419</b>
<b>Net position:</b>			
Beginning of year	191,579,822	153,000,056	145,181,637
End of year	<u>\$ 211,948,770</u>	<u>\$ 191,579,822</u>	<u>\$ 153,000,056</u>

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 \$20,368,948 and \$38,579,766 during the years ended June 30, 2023 and 2022, respectively. Property contributions and capacity charge revenues from new development received were \$6,483,013 and \$37,527,406 during the years ended June 30, 2023 and 2022, respectively. Property contributions and capacity charge revenues decreased in fiscal year 2023 compared to fiscal years 2022 and 2021.

**Total District Revenues**

	2023	2022	2021
<b>Operating Revenues:</b>			
Water consumption sales	\$ 17,318,706	\$ 20,113,330	\$ 20,428,413
Water service charges	8,350,808	8,027,078	7,978,760
Other operating revenue	15,721,986	4,077,190	3,559,427
<b>Total operating revenues:</b>	<b>41,391,500</b>	<b>32,217,598</b>	<b>31,966,600</b>
<b>Nonoperating Revenues:</b>			
Property taxes	3,738,692	3,179,573	2,761,167
Gain on disposition of capital assets	735,495	771,002	-
Interest and investment earnings	3,259,706	(1,793,624)	67,806
<b>Total nonoperating revenues:</b>	<b>7,733,893</b>	<b>2,156,951</b>	<b>2,828,973</b>
<b>Total revenues</b>	<u>\$ 49,125,393</u>	<u>\$ 34,374,549</u>	<u>\$ 34,795,573</u>

**West Valley Water District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2023**

The District's total revenues increased by \$14,750,844 during the fiscal year ended June 30, 2023. Primarily due to an increase in other operating revenue, driven by settlement income. Operating revenues had an increase in fiscal year 2023 compared to fiscal years 2022 and 2021.

	<b>Total District Expenses</b>		
	2023	2022	2021
<b>Operating Expenses:</b>			
Source of supply	\$ 1,996,352	\$ 1,825,531	\$ 1,588,731
Pumping	4,673,757	4,417,077	4,077,298
Water treatment	4,679,730	4,591,618	4,067,045
Transmission and distribution	2,677,543	2,200,940	2,204,080
Customer accounts	2,664,323	2,462,906	2,600,902
Public affairs	940,041	1,034,781	890,242
General and administrative	9,971,366	9,284,184	9,824,619
Depreciation expense	6,392,240	6,315,312	6,199,141
Amortization of water participation rights	370,216	341,867	321,529
<b>Total operating expenses</b>	<b>34,365,568</b>	<b>32,474,216</b>	<b>31,773,587</b>
<b>Nonoperating expenses:</b>			
Loss on disposition of capital assets	-	-	189,254
Impairment loss	-	-	3,000,000
Interest expense	873,890	847,973	865,955
<b>Total nonoperating expenses:</b>	<b>873,890</b>	<b>847,973</b>	<b>4,055,209</b>
<b>Total expenses</b>	<b>\$ 35,239,458</b>	<b>\$ 33,322,189</b>	<b>\$ 35,828,796</b>

The District's total expenses increased \$1,917,269 during the fiscal year ended June 30, 2023. There was an increase of \$1,891,352 in operating expenses when comparing to fiscal year ended Jun 30. 2022. The increase was due to increases in costs associated with pumping, transmission and distribution, general and administrative, and customer accounts.

**West Valley Water District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2023**

**Capital Asset Administration**

The District's capital assets (net of accumulated depreciation and amortization) as of June 30, 2023 and 2022 were in the amounts of \$136,622,776, and \$131,240,162, 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 2023, various capital projects were finalized and added to capital assets. See note 5 for further information. Construction-in-process had a major increase due to the construction of the Roemer Expansion project.

**Capital Asset Administration**

	June 30, 2023	June 30, 2022	June 30, 2021
<b>Non-depreciable assets:</b>			
Land and land rights	\$ 2,093,491	\$ 2,093,491	\$ 2,212,967
Construction-in-process	12,170,912	3,920,371	3,578,327
Total non-depreciable assets	<u>14,264,403</u>	<u>6,013,862</u>	<u>5,791,294</u>
<b>Depreciable assets:</b>			
Source of supply plant	6,371,198	6,371,198	6,025,030
Pumping plant	12,315,213	12,297,140	11,657,457
Bio-remediation plant	24,907,020	24,907,020	24,907,020
Water treatment plant	38,622,074	37,365,593	37,365,593
Transmission and distribution plant	135,286,095	133,505,006	131,102,324
General plant and equipment	17,072,627	16,451,305	15,834,156
Total depreciable assets	<u>234,574,227</u>	<u>230,897,262</u>	<u>226,891,580</u>
<b>Less accumulated depreciation:</b>			
Accumulated depreciation	(118,630,078)	(112,237,838)	(105,922,524)
Total depreciable assets, net	<u>115,944,149</u>	<u>118,659,424</u>	<u>120,969,056</u>
<b>Intangible assets:</b>			
Water rights	404,949	404,949	404,949
Water participation rights	9,645,865	9,645,865	9,645,865
Subscription assets	290,781	73,217	-
Less: accumulated amortization	(3,927,371)	(3,557,155)	(3,215,289)
Total intangible assets, net	<u>6,414,224</u>	<u>6,566,876</u>	<u>6,835,525</u>
<b>Total capital assets, net</b>	<u>\$ 136,622,776</u>	<u>\$ 131,240,162</u>	<u>\$ 133,595,875</u>

**West Valley Water District**  
**Management's Discussion and Analysis (Unaudited) (Continued)**  
**For the Year Ended June 30, 2023**

**Long-Term Debt Administration**

At the end of June 30, 2023 and 2022, the District had total long-term debt of \$27,954,879, and \$28,922,380, respectively. In 2023, long-term debt decreased by \$967,501, mostly due to principal payments made on the Districts outstanding debt. Long-term debt has had a steady decreased from year to year at \$27,954,879, \$28,922,380, and \$29,997,339 in fiscal years 2023, 2022, and 2021, respectively.

**Long Term Debt Administration**

	June 30, 2023	June 30, 2022	June 30, 2021
Water Revenue Refunding			
Bond, Series 2016A	\$ 19,345,000	\$ 19,785,000	\$ 20,215,000
Add: Unamortized Premium	953,676	994,293	1,034,911
Total bond payable	20,298,676	20,779,293	21,249,911
Hydroelectric Plant	1,654,651	1,985,751	2,316,851
Water Participation Rights			
Contract payable	5,787,519	6,109,048	6,430,577
Subscription liabilities	214,033	48,288	-
<b>Total long-term debt</b>	<b>\$ 27,954,879</b>	<b>\$ 28,922,380</b>	<b>\$ 29,997,339</b>

Additional information on the District's long-term debt can be found in note 7 of this report.

**Economic Factors and Next Year's Budgets and Rates**

The District saw a decrease in water consumption sales during fiscal year 2023, being the result of a wet year. The chance of a wetter winter and spring in 2023-2024 has increased in California, due to the expected development of an El Nino, according to Weather Underground. This means that in fiscal year 2024 the District will have similar levels of water consumption sales as in fiscal year 2023 or lower. Development in the District service area has decreased in fiscal year 2023 due to interest rate levels. If the Federal Reserve keeps similar interest rates levels this can result in similar or lower capacity charges being collected by the District. The District plans to update its Strategic Plan before the end of fiscal year 2024. 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 Chief Financial Officer at 855 W. Baseline Road, Rialto, CA 92376, by mail at P.O. Box 920, Rialto, CA 92377 by phone (909) 875-1804.

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# Basic Financial Statements



**West Valley Water District**  
**Statements of Net Position**  
**June 30, 2023 and 2022**

ASSETS	2023	2022 as restated
<b>Current assets:</b>		
Cash and cash equivalents (Note 2)	\$ 979,675	\$ 13,015,751
Investments (Note 2)	120,533,188	95,213,782
Accrued interest receivable	102,654	95,365
Accounts receivable – water sales and services, net	3,834,271	4,797,756
Accounts receivable – redevelopment pass-through (Note 3)	41,082	41,082
Accounts receivable – other	930,118	151,127
Lease receivable, current (Note 4)	10,244	9,057
Property taxes receivable	33,201	37,422
Due from other governments	331,961	272,030
Materials and supplies inventory	494,971	480,072
Prepaid items	862,661	995,012
<b>Total current assets</b>	<b>128,154,026</b>	<b>115,108,456</b>
<b>Noncurrent assets:</b>		
Lease receivable (Note 4)	1,404,328	1,414,573
Accounts receivable - redevelopment pass-through	205,408	246,489
Capital assets, net (Note 5)	136,622,774	131,240,161
<b>Total noncurrent assets</b>	<b>138,232,510</b>	<b>132,901,223</b>
<b>Total assets</b>	<b>266,386,536</b>	<b>248,009,679</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred outflows of resources related to pensions (Note 8)	4,567,494	2,016,923
Deferred outflows of resources related to OPEB (Note 9)	3,245,810	2,489,049
Deferred amount on refunding at debt	158,771	165,386
<b>Total deferred outflows of resources</b>	<b>7,972,075</b>	<b>4,671,358</b>



**West Valley Water District**  
**Statements of Net Position (Continued)**  
**June 30, 2023 and 2022**

<b>LIABILITIES</b>	<b>2023</b>	<b>2022 as restated</b>
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	3,766,818	2,675,687
Accrued salaries and related payables	272,808	76,639
Accrued interest payable	245,650	223,443
Pass-through utility user taxes payable	294,417	195,392
Customer deposits	2,247,535	2,442,146
Construction advances and deposits	2,840,146	2,906,892
Long-term liabilities – due within one year:		
Compensated absences (Note 6)	459,962	476,431
Contract payable (Note 7)	652,629	652,629
Bonds payable	455,000	440,000
Subscription payable	54,968	23,863
<b>Total current liabilities</b>	<b>11,289,933</b>	<b>10,113,122</b>
<b>Noncurrent liabilities:</b>		
Unearned revenue – developers	948,539	1,920,894
Long-term liabilities – due in more than one year:		
Compensated absences (Note 6)	376,333	389,807
Contingent liability (Note 11)	225,000	225,000
Contract payable (Note 7)	6,789,541	7,442,170
Bonds payable (Note 7)	19,843,676	20,339,293
Subscription payable (Note 7)	159,065	24,425
Net pension liability (Note 8)	8,826,012	3,468,668
Net other post-employment benefits liability (Note 9)	5,733,011	7,531,762
<b>Total noncurrent liabilities</b>	<b>42,901,177</b>	<b>41,342,019</b>
<b>Total liabilities</b>	<b>54,191,110</b>	<b>51,455,141</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows of resources related to pensions (Note 8)	504,627	3,305,951
Deferred inflows of resources related to OPEB (Note 9)	6,397,158	4,983,142
Deferred inflows of resources related to leases (Note 4)	1,316,946	1,356,981
<b>Total deferred inflows of resources</b>	<b>8,218,731</b>	<b>9,646,074</b>
<b>NET POSITION</b>		
<b>Net position:</b>		
Net investment in capital assets (Note 10)	108,469,538	102,483,167
Restricted for:		
Capital projects	47,719,572	49,107,439
Unrestricted	55,759,660	39,989,216
<b>Total net position</b>	<b>\$ 211,948,770</b>	<b>\$ 191,579,822</b>

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**West Valley Water District**  
**Statements of Revenues, Expenses and Changes in Net Position**  
**For the Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u> as restated
<b>OPERATING REVENUES:</b>		
Water consumption sales	\$ 17,318,706	\$ 20,113,330
Water service charges	8,350,808	8,027,078
Other operating revenue	15,721,986	4,077,190
<b>Total operating revenues</b>	<u>41,391,500</u>	<u>32,217,598</u>
<b>OPERATING EXPENSES:</b>		
Source of supply	1,996,352	1,825,531
Pumping	4,673,757	4,417,077
Water treatment	4,679,730	4,591,618
Transmission and distribution	2,677,543	2,200,940
Customer accounts	2,664,323	2,462,906
Public affairs	940,041	1,034,781
General and administrative	9,971,366	9,284,184
Depreciation expense	6,392,240	6,315,312
Amortization expense	370,216	341,867
<b>Total operating expenses</b>	<u>34,365,568</u>	<u>32,474,216</u>
<b>OPERATING (LOSS) INCOME</b>	<u>7,025,932</u>	<u>(256,618)</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>		
Property taxes	3,738,692	3,179,573
Interest and investment (loss) earnings	3,259,706	(1,793,624)
Gain/(loss) on disposition of capital assets	735,495	771,002
Interest expense	(873,890)	(847,973)
<b>Total nonoperating revenues (expenses)</b>	<u>6,860,003</u>	<u>1,308,978</u>
<b>Income before capital contributions</b>	13,885,935	1,052,360
<b>CAPITAL CONTRIBUTIONS:</b>		
Developer contributions	1,511,574	800,663
Capacity charges	4,971,439	36,726,743
<b>Total capital contributions</b>	<u>6,483,013</u>	<u>37,527,406</u>
<b>CHANGES IN NET POSITION</b>	20,368,948	38,579,766
<b>NET POSITION:</b>		
Beginning of year, as restated (Note 13)	191,579,822	153,000,056
End of year	<u>\$ 211,948,770</u>	<u>\$ 191,579,822</u>

**West Valley Water District**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash receipts from customers for water sales and services	\$ 25,606,976	\$ 29,799,733
Cash paid to employees for salaries and benefits	(10,228,687)	(11,162,787)
Cash paid to vendors and suppliers for materials and services	(17,036,638)	(16,734,647)
Cash received from others	14,689,700	5,012,478
<b>Net cash provided by operating activities</b>	<b>13,031,351</b>	<b>6,914,777</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Property taxes and fee collected	3,738,692	3,179,573
<b>Net cash provided by noncapital financing activities</b>	<b>3,738,692</b>	<b>3,179,573</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets	(12,222,329)	(4,671,296)
Proceeds from developer contributions	1,511,574	800,663
Proceeds from capacity charges	4,971,439	36,726,743
Proceeds from sale of capital assets	812,755	1,140,833
Proceeds from issuance of long-term debt	189,608	48,288
Principal paid on long-term debt	(1,116,492)	(1,082,629)
Interest paid on long term debt	(885,685)	(883,355)
<b>Net cash (used in) provided by capital and related financing activities</b>	<b>(6,739,130)</b>	<b>32,079,247</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(25,319,406)	(33,595,382)
Interest received	3,252,417	(1,872,365)
<b>Net cash (used in) investing activities</b>	<b>(22,066,989)</b>	<b>(35,467,747)</b>
<b>Net change in cash and cash equivalents</b>	<b>(12,036,076)</b>	<b>6,705,850</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	13,015,751	6,309,901
End of year	<b>\$ 979,675</b>	<b>\$ 13,015,751</b>

**West Valley Water District**  
**Statements of Cash Flows (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>		
Operating income (loss)	\$ 7,025,932	\$ (256,618)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation expense	6,392,240	6,315,312
Amortization of water participation rights and subscription assets	370,216	341,867
(Increase) decrease in:		
Accounts receivable – water sales and services, net	963,485	(212,488)
Accounts receivable – other	(778,991)	(24,260)
Accounts receivable - lease	9,058	7,320
Property taxes receivable	4,221	(22,983)
Due from other government	(59,931)	(126,430)
Materials and supplies inventory	(14,899)	(108,607)
Prepaid water	325,998	(489,308)
Prepaid items	(193,647)	753,888
Accounts receivable - redevelopment pass-through	41,081	41,082
Deferred outflows of resources - pensions	(2,550,571)	69,901
Deferred outflows of resources - OPEB	(756,761)	508,236
Increase (decrease) in:		
Accounts payable and accrued expenses	1,091,131	(373,257)
Accrued salaries and related payables	196,169	(530,080)
Pass-through utility user taxes payable	99,025	37,290
Customer deposits	(194,611)	546,382
Unearned revenue	(972,355)	1,061,718
Change in contingent liabilities	-	225,000
Changes in Net Pension Liability	5,357,344	(3,691,180)
Change in Net OPEB Liability	(1,798,751)	(869,317)
Construction advances and deposits	(66,746)	1,364,307
Compensated absences	(29,943)	24,484
Deferred inflows of resources - leases	(40,035)	(40,035)
Deferred inflows of resources - pensions	(2,801,324)	2,979,868
Deferred inflows of resources - OPEB	1,414,016	(617,315)
Total adjustments	<u>6,005,419</u>	<u>7,171,395</u>
<b>Net cash provided by operating activities</b>	<u>\$ 13,031,351</u>	<u>\$ 6,914,777</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**West Valley Water District**  
**Notes to the Basic Financial Statements**  
**For the Years Ended June 30, 2023 and 2022**

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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 (the “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 District, District of Rialto (the “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 accounting principles generally accepted in the United States of America (“U.S. GAAP”). 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 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.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**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 assets) 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 assets) 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.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**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. As of June 30, 2023 and 2022, the balance of allowance for uncollectible accounts are \$123,788 and 191,270, respectively.

*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.

*Leases*

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.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**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
Bio-remediation plant	20 years

***Subscription-Based Information Technology Arrangements (“SBITA”s)***

The District has a policy to recognize a subscription liability and a right-to-use subscription asset (subscription asset) in the financial statements. The District recognizes subscription liabilities with an initial, individual value of \$50,000 or more with a subscription term greater than one year. Variable payments based on future performance of the District’s usage of the underlying IT asset, or number of user seats are not included in the measurement of the subscription liability, rather, those variable payments are recognized as outflows of resources (expenses) in the period the obligation for those payments is incurred.

At the commencement of a SBITA, the District initially measures the subscription liability at the net present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made.

Subscription assets are recorded at the amount of the initial measurement of the subscription liabilities, plus any payments made to the SBITA vendor before the commencement of the subscription term, and capitalizable initial implementation cost, less any incentives received from the SBITA vendor at or before the commencement of the subscription term.

Costs associated with a SBITA, other than the subscription payments, are accounted for as follows:

- **Preliminary Project Stage:** Outlays are expensed as incurred.
- **Initial Implementation Stage:** Outlays are capitalized as an addition to the subscription asset.
- **Operation and Additional Implementation Stage:** Outlays are expensed as incurred unless they meet specific capitalization criteria.

Upon adoption, the District elected to exclude the capitalizable outlays associated with the initial implementation stage and the operation and additional implementation stage that were incurred prior to the implementation of this Statement in the measurement of subscription assets as of July 1, 2021.

Subscription assets are reported in capital assets and subscription liabilities are reported with long-term liabilities on the statement of net position.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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

***Subscription-Based Information Technology Arrangements (“SBITA”s)(Continued)***

Subscription assets are amortized using the straight-line method over the shorter of the subscription term or the useful life of the underlying IT asset, unless the subscription contains a purchase option that the District has determined is reasonably certain of being exercised. In this case, the subscription asset is amortized over the useful life of the underlying IT asset.

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

- The District used the U.S. Treasury rates at the time of GASB Statement No. 96 implementation for its existing SBITAs. The District will use the current rate at the time of a new SBITA agreement is executed. If available, the District uses the interest rate charged by the SBITA vendor as the discount rate.
- The subscription term includes the noncancellable period of the SBITA. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its subscription liability and will remeasure it accordingly if certain changes occur that are expected to significantly affect the liability.

***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. 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:

<u>CalPERS</u>	<u>June 30, 2023</u>
Valuation date	June 30, 2021
Measurement date	June 30, 2022
Measurement period	July 1, 2021 to June 30, 2022
<u>CalPERS</u>	<u>June 30, 2022</u>
Valuation date	June 30, 2020
Measurement date	June 30, 2021
Measurement period	July 1, 2020 to June 30, 2021

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**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 retirees) 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. 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:

<u>OPEB</u>	<u>June 30, 2023</u>
Valuation date	June 30, 2022
Measurement date	June 30, 2022
Measurement period	July 1, 2021 to June 30, 2022
<u>OPEB</u>	<u>June 30, 2022</u>
Valuation date	June 30, 2020
Measurement date	June 30, 2021
Measurement period	July 1, 2020 to June 30, 2021

***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/amortization, 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.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**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) Pronouncements***

During the fiscal year ended June 30, 2023, the District implemented the following accounting standards:

- May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations* (GASB Statement No. 91), 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 extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. Application of this statement did not have an effect on the District's financial reporting for the fiscal year ending June 30, 2023.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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

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

- 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 did not have an effect on the District's financial reporting for the 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. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. Application of this statement had a moderate effect on the District's financial reporting for the 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 did not have an effect on the District's financial reporting for the fiscal year ending June 30, 2023.

***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 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.



**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 2 – Cash and Investments**

Cash and investments as of June 30, 2023 and 2022 were classified in the accompanying financial statements as follows:

	2023	2022
Cash and cash equivalents	\$ 979,675	\$ 13,015,751
Investments	120,533,188	95,213,782
Total cash and investments	\$ 121,512,863	\$ 108,229,533

Cash and investments as of June 30, 2023 and 2022 consist of the following:

	2023	2022
Cash on hand	\$ 4,300	\$ 4,300
Deposits held with financial institutions	975,375	13,011,451
Investments	120,533,188	95,213,782
Total cash and investments	\$ 121,512,863	\$ 108,229,533

***Demand Deposits***

The carrying amounts of cash deposits were \$975,375 and \$13,011,451 at June 30, 2023 and 2022, respectively. Bank balances at June 30, 2023 and 2022 were \$1,085,703 and \$13,152,402, 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.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

**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 <sup>1</sup>	3 years	None	None
Certificate of Deposit <sup>2</sup>	5 years	None	50%
Money Market Mutual Funds	N/A	20%	50%
Collateralized Bank Deposits <sup>3</sup>	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%

<sup>1</sup> Purchase of callable Federal Agency Obligations are limited to a maximum 30% of portfolio.

<sup>2</sup> Only a maximum 30% of surplus funds can be invested in Certificates of Deposit.

<sup>3</sup> 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 Value Measurements***

At June 30, 2023 and 2022, 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, 2023 and 2022:

Investment Type	Measurement Input					
	2023			2022		
	Significant Observable Inputs (Level 2)	Uncategorized	Total	Significant Observable Inputs (Level 2)	Uncategorized	Total
CalTrust	\$ -	\$ 17,214,296	\$ 17,214,296	\$ -	\$ 16,665,830	\$ 16,665,830
U.S. Treasury Obligations	72,855,754	-	72,855,754	8,594,299	-	8,594,299
U.S. Agency Obligations	9,131,015	-	9,131,015	7,278,331	-	7,278,331
U.S. Corporate	8,901,655	-	8,901,655	5,790,300	-	5,790,300
Supranational	870,388	-	870,388	1,134,091	-	1,134,091
Commercial Paper	-	-	-	99,826	-	99,826
Local Agency Investment Fund (LAIF)	-	11,520,024	11,520,024	-	55,215,465	55,215,465
Money Market Mutual Funds	-	40,056	40,056	-	435,640	435,640
Total	<u>\$ 91,758,812</u>	<u>\$ 28,774,376</u>	<u>\$ 120,533,188</u>	<u>\$ 22,896,847</u>	<u>\$ 72,316,935</u>	<u>\$ 95,213,782</u>

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 the Treasury Pool).

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

**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 maturity of investments as of June 30, 2023 were as follows:

Investment Type	Investment Maturities (in Years)			Fair Value Total
	Less Than 1 Year	1 to 3 Years	3 to 5 Years	
CalTrust	\$ 17,214,296	\$ -	\$ -	\$ 17,214,296
U.S. Agency Obligations	488,467	5,666,037	5,914,814	12,069,318
U.S. Treasury Obligations	63,686,294	5,732,872	498,285	69,917,451
U.S. Corporate	2,092,717	2,069,886	4,739,052	8,901,655
Supranational	-	870,388	-	870,388
Local Agency Investment Fund (LAIF)	11,520,024	-	-	11,520,024
Money Market Mutual Funds	40,056	-	-	40,056
Total	\$ 95,041,854	\$ 14,339,183	\$ 11,152,151	\$ 120,533,188

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

Investment Type	Investment Maturities (in Years)			Fair Value Total
	Less Than 1 Year	1 to 3 Years	3 to 5 Years	
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

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

**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.

***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, 2023, the District had the following table of the Standard and Poor's credit ratings:

Investment Type	Total As of June 30, 2023	Minimum Legal Rating	A or Higher	Not rated
CalTrust	\$ 17,214,296	N/A	\$ -	\$ 17,214,296
U.S. Agency Obligations	12,069,318	N/A	12,069,318	-
U.S. Treasury Obligations	69,917,451	N/A	69,917,451	-
U.S. Corporate	8,901,655	A	8,901,655	-
Supranational	870,388	AA	870,388	-
Local Agency Investment Fund (LAIF)	11,520,024	N/A	-	11,520,024
Money Market Mutual Funds	40,056	AAA	40,056	-
Total	<u>\$ 120,533,188</u>		<u>\$ 91,798,868</u>	<u>\$ 28,734,320</u>

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

Investment Type	As of June 30, 2022	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	<u>\$ 95,213,782</u>		<u>\$ 23,332,487</u>	<u>\$ 71,881,295</u>

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**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, 2023 and 2022.

***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, 2023 and 2022, 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 \$11,520,024 and \$55,215,465 invested in LAIF respectively, which had invested 2.78% and 1.88% of the pooled investment funds in structured notes and medium-term asset-backed securities as of June 30, 2023 and 2022, respectively. The LAIF fair value factor of 0.984828499 and 0.987125414 were used to calculate the fair value of the investments in LAIF as of June 30, 2023 and 2022, 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. The District had \$17,214,296 and \$16,665,830 invested in CalTRUST at June 30, 2023 and 2022, respectively.

**Note 3 – Accounts Receivable – Redevelopment Pass-Through**

The District has a tax pass-through agreement with the District of Rialto; whereby, the San Bernardino County 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. As of June 30, 2023 and 2022, the outstanding balance was \$41,082.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

**Note 4 – 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 years ended June 30, 2023 and 2022, the District recognized \$40,035, in lease revenue and \$29,194 and \$29,362 in interest revenue, respectively.

<b>Leases receivable</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>	<b>Classification</b>	
					<b>Due within One Year</b>	<b>Due in More Than One Year</b>
FY2022-2023	\$ 1,423,630	\$ -	\$ (9,058)	\$ 1,414,572	\$ 10,244	\$ 1,404,328
FY2021-2022	1,430,950	-	(7,320)	1,423,630	9,057	1,414,573

Lease receivable are due in the upcoming years as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
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	15,521	27,954	43,475
2029-2033	100,785	134,167	234,952
2034-2038	145,628	121,651	267,279
2039-2043	200,173	104,052	304,225
2044-2048	258,516	81,845	340,361
2049-2053	201,265	56,376	257,641
2054-2058	266,246	32,430	298,676
2059-2061	177,823	7,440	185,263
<b>Total</b>	<b>\$ 1,414,572</b>	<b>\$ 680,476</b>	<b>\$ 2,095,048</b>

As of June 30, 2023, the amounts reported as deferred inflows of resources related to leases will be recognized as lease revenue as follows:

<b>Year Ending June 30,</b>	<b>Total</b>
2024	\$ 40,035
2025	40,035
2026	40,035
2027	40,035
2028	40,035
2029-2033	200,175
2034-2038	200,175
2039-2043	200,175
2044-2048	198,934
2049-2053	125,745
2054-2058	125,745
2059-2061	65,822
<b>Total</b>	<b>\$ 1,316,946</b>

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

**Note 5 – Capital Assets**

Changes in capital assets for the year ended June 30, 2023, were as follows:

	Balance June 30, 2022 (as restated)	Additions	Deletions	Transfers	Balance June 30, 2023
<b>Non-depreciable assets:</b>					
Land and land rights	\$ 2,093,491	\$ -	\$ -	\$ -	\$ 2,093,491
Construction-in-process	3,920,369	10,622,922	(77,260)	(2,295,121)	12,170,910
Total non-depreciable assets	<u>6,013,860</u>	<u>10,622,922</u>	<u>(77,260)</u>	<u>(2,295,121)</u>	<u>14,264,401</u>
<b>Depreciable assets:</b>					
Source of supply plant	6,371,198	-	-	-	6,371,198
Pumping plant	12,297,140	-	-	18,074	12,315,214
Bio-remediation plant	24,907,020	-	-	-	24,907,020
Water treatment plant	37,365,593	-	-	1,256,481	38,622,074
Transmission and distribution plant	133,505,006	1,371,111	-	409,976	135,286,093
General plant and equipment	16,451,305	10,731	-	610,590	17,072,626
Total depreciable assets	<u>230,897,262</u>	<u>1,381,842</u>	<u>-</u>	<u>2,295,121</u>	<u>234,574,225</u>
<b>Less accumulated depreciation:</b>					
Source of supply plant	(4,853,438)	(226,492)	-	-	(5,079,930)
Pumping plant	(9,115,212)	(439,331)	-	-	(9,554,543)
Bio-remediation plant	(7,041,577)	(830,234)	-	-	(7,871,811)
Water treatment plant	(30,629,553)	(840,322)	-	-	(31,469,875)
Transmission and distribution plant	(51,120,065)	(3,202,396)	-	-	(54,322,461)
General plant and equipment	(9,477,991)	(853,465)	-	-	(10,331,456)
Total accumulated depreciation	<u>(112,237,836)</u>	<u>(6,392,240)</u>	<u>-</u>	<u>-</u>	<u>(118,630,076)</u>
Total depreciable assets, net	<u>118,659,426</u>	<u>(5,010,398)</u>	<u>-</u>	<u>2,295,121</u>	<u>115,944,149</u>
<b>Intangible assets:</b>					
Water rights	404,949	-	-	-	404,949
Water participation rights	9,645,865	-	-	-	9,645,865
Less: accumulated amortization	(3,536,818)	(321,529)	-	-	(3,858,347)
Total intangible assets, net	<u>6,513,996</u>	<u>(321,529)</u>	<u>-</u>	<u>-</u>	<u>6,192,467</u>
Subscription assets, being amortized	73,217	217,565	-	-	290,782
Less accumulated amortization	(20,338)	(48,687)	-	-	(69,025)
Total subscription assets, net	<u>52,879</u>	<u>168,878</u>	<u>-</u>	<u>-</u>	<u>221,757</u>
<b>Total capital assets, net</b>	<u>\$ 131,240,161</u>	<u>\$ 5,459,873</u>	<u>\$ (77,260)</u>	<u>\$ -</u>	<u>\$ 136,622,774</u>

The construction-in-process balances at June 30, 2023 are as follows:

	<b>2023</b>
Roemer Plant Expansion	\$ 8,401,198
Zone 2 & 3 Trans Main	1,441,106
Various other district projects	2,328,607
<b>Total construction-in-process</b>	<u>\$ 12,170,910</u>

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

**Note 5 – Capital Assets (Continued)**

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 (as restated)
<b>Non-depreciable assets:</b>					
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	<u>5,791,294</u>	<u>3,824,551</u>	<u>(369,831)</u>	<u>(3,232,154)</u>	<u>6,013,860</u>
<b>Depreciable assets:</b>					
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	<u>226,891,580</u>	<u>773,528</u>	<u>-</u>	<u>3,232,154</u>	<u>230,897,262</u>
<b>Less accumulated depreciation:</b>					
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	<u>(105,922,524)</u>	<u>(6,315,312)</u>	<u>-</u>	<u>-</u>	<u>(112,237,836)</u>
Total depreciable assets, net	<u>120,969,056</u>	<u>(5,541,784)</u>	<u>-</u>	<u>3,232,154</u>	<u>118,659,426</u>
<b>Intangible assets:</b>					
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	<u>6,835,525</u>	<u>(321,529)</u>	<u>-</u>	<u>-</u>	<u>6,513,996</u>
Subscription assets, being amortized	-	73,217	-	-	73,217
Less accumulated amortization	-	(20,338)	-	-	(20,338)
Total subscription assets, net	<u>-</u>	<u>52,879</u>	<u>-</u>	<u>-</u>	<u>52,879</u>
<b>Total capital assets, net</b>	<u>\$ 133,595,875</u>	<u>\$ (2,038,762)</u>	<u>\$ (369,831)</u>	<u>\$ -</u>	<u>\$ 131,240,161</u>

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

	<u>2022</u>
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
<b>Total construction-in-process</b>	<u>\$ 3,920,369</u>



**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

**Note 5 – Capital Assets (Continued)**

Depreciation expense for the years ended June 30, 2023 and 2022 were \$6,392,240 and \$6,315,312, 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 completion of these various projects.

Amortization expense for the years ended June 30, 2023 and 2022 were \$370,216 and 341,867.

**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 6 – Compensated Absences**

Changes to compensated absences for the years ended June 30, 2023 and 2022 were as follows:

Year Ended	Beginning Balance	Earned	Taken	Ending Balance	Current Portion	Non-current Portion
June 30, 2023	\$ 866,238	\$ 1,149,126	\$ (1,179,069)	\$ 836,295	\$ 459,962	\$ 376,333
June 30, 2022	841,754	1,098,136	(1,073,652)	866,238	476,431	389,807

**Note 7 – Long-Term Debt**

Changes in long-term debt for the year ended June 30, 2023 were as follows:

	Balance July 1, 2022 as restated	Additions	Deletions	Balance June 30, 2023	Amount Due Within One Year	Amount Due In More Than One Year
<b>Publicly offering:</b>						
Water Revenue Refunding						
Bonds, Series 2016A	\$ 19,785,000	\$ -	\$ (440,000)	\$ 19,345,000	\$ 455,000	\$ 18,890,000
Add: Unamortized Premium	994,293	-	(40,617)	953,676	-	953,676
Total bond payable	20,779,293	-	(480,617)	20,298,676	455,000	19,843,676
<b>Direct borrowing:</b>						
Hydroelectric Plant	1,985,751	-	(331,100)	1,654,651	331,100	1,323,551
Water Participation Rights						
Contract payable	6,109,048	-	(321,529)	5,787,519	321,529	5,465,990
Subscription liabilities	48,288	189,608	(23,863)	214,033	54,968	159,065
<b>Total long-term debt</b>	<b>\$ 28,922,380</b>	<b>\$ 189,608</b>	<b>\$ (1,157,109)</b>	<b>\$ 27,954,879</b>	<b>\$ 1,162,597</b>	<b>\$ 26,792,282</b>

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

**Note 7 – Long-Term Debt (Continued)**

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 as restated	Amount Due Within One Year	Amount Due In More Than One Year
<b>Publicly offering:</b>						
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
<b>Direct borrowing:</b>						
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
Subscription liabilities	-	73,217	(24,929)	48,288	23,863	24,425
<b>Total long-term debt</b>	<b>\$ 29,997,339</b>	<b>\$ 73,217</b>	<b>\$ (1,148,176)</b>	<b>\$ 28,922,380</b>	<b>\$ 1,116,492</b>	<b>\$ 27,805,888</b>

***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, 2023 and 2022. 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, 2023 was \$19,345,000. The annual debt service requirements on these bonds are as follows:

Year Ending June 30,	Principal	Interest	Total
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	540,000	755,750	1,295,750
2029-2033	3,140,000	3,343,000	6,483,000
2034-2038	3,985,000	2,466,375	6,451,375
2039-2043	3,910,000	1,714,400	5,624,400
2044-2047	5,835,000	816,900	6,651,900
Total	<b>\$ 19,345,000</b>	<b>\$ 12,362,400</b>	<b>\$ 31,707,400</b>

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 7 – 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 agreed 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, 2023, the outstanding balance of the financing was in the amount of \$1,654,651.

Future debt service requirements are as follows:

Year Ending June 30,	Principal
2024	\$ 331,100
2025	331,100
2026	331,100
2027	331,100
2028	330,251
Total	<u>\$ 1,654,651</u>

***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, 2023, the outstanding balance of the financing was \$5,787,519. Future debt service requirements are as follows:

Year Ending June 30,	Principal
2024	\$ 321,529
2025	321,529
2026	321,529
2027	321,529
2028	321,529
2029-2033	1,607,645
2034-2038	1,607,645
2039-2041	964,584
Total	<u>\$ 5,787,519</u>

***Subscription-Based Information Technology Arrangement (SBITA) Liability***

The District has entered into a subscription-based IT arrangement and has recorded a liability to offset the right-to-use assets. These are calculated using the District’s incremental borrowing rate is 0.33%. As of June 30, 2023, the remaining balance was \$214,033.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

**Note 7 – Long-Term Debt (Continued)**

***Subscription-Based Information Technology Arrangement (SBITA) Liability (Continued)***

Future debt service requirements are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 54,968	\$ 5,100	\$ 60,068
2025	42,675	3,744	46,419
2026	52,855	2,740	55,595
2027	63,535	1,496	65,031
Total	<u>\$ 214,033</u>	<u>\$ 13,080</u>	<u>\$ 227,113</u>

**Note 8 – 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, 2021 and 2020 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 service retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment.

The Plan's provisions and benefits in effect as of June 30, 2022 and 2021, the measurement date, are summarized as follows:

	2022		2021	
	Classic Tier 1 Prior to January 1, 2013	PEPRA Tier 2 On or After January 1, 2013	Classic Tier 1 Prior to January 1, 2013	PEPRA Tier 2 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	10.880%	7.590%	11.031%	7.732%

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

**Note 8 – Defined Benefit Pension Plans (Continued)**

***General Information about the Pension Plan (Continued)***

*Employees Covered by Benefit Terms*

At June 30, 2022 and 2021, the measurement date, the following employees were covered by the benefit terms for the Plan:

	2022		2021	
	Miscellaneous Plan		Miscellaneous Plan	
	Classic	PEPRA	Classic	PEPRA
Active employees	36	36	38	42
Transferred and terminated employees	38	40	40	23
Retired employees and beneficiaries	48	1	44	1
Total	122	77	122	66

*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, 2021 valuation was rolled forward to determine the June 30, 2022 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	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table <sup>1</sup>	Derived using CalPERS' Membership Data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.30% thereafter

<sup>1</sup>The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 8 – Defined Benefit Pension Plans (Continued)**

*Net Pension Liability (Continued)*

Change of Assumptions

For the measurement period June 30, 2022, the discount rate decreased from 7.15% to 6.90%.

Long-Term Expected Rate of Return

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

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

Asset Class <sup>1</sup>	Assumed Asset Allocation	Real Return Years 1-10 <sup>2</sup>	Real Return Years 11+ <sup>3</sup>
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%

<sup>1</sup>In the CalPERS' ACFR, 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.

<sup>2</sup>An expected inflation of 2.00% used for this period

<sup>3</sup>An expected inflation of 2.92% used for this period.

Discount Rate

The discount rate used to measure the total pension liability as of the measurement date of June 30, 2022 and 2021 were 6.90% and 7.15%, respectively. 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.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

**Note 8 – 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, 2022 and 2021, calculated using the discount rate of 6.90% and 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 (5.90% and 6.15%) or 1 percentage-point higher (7.90% and 8.15%) than the current rate:

Measurement Date	Plan's Net Pension Liability/(Asset)		
	Discount Rate - 1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate + 1% (7.90%)
June 30, 2022	\$ 14,059,401	\$ 8,826,012	\$ 4,520,231

Measurement Date	Plan's Net Pension Liability/(Asset)		
	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)

*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, 2021 (Valuation Date)	\$ 34,932,050	\$ 31,463,382	\$ 3,468,668
Balance at June 30, 2022 (Measurement Date)	38,391,029	29,565,017	8,826,012
Net Changes during 2021-2022	3,458,979	(1,898,365)	5,357,344
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)

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

**Note 8 – 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, 2022 and 2021.

- (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, 2021 and 2020). 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, 2022 and 2021). 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, 2022 and 2021 less the sum of all additional side fund (or unfunded liability) contributions made by all employers during the measurement period (2021-2022 and 2020-2021).
- (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:

<b>2022</b>		<b>2021</b>	
Measurement Date		Measurement Date	
June 30, 2021	0.1827%	June 30, 2020	0.1697%
June 30, 2022	0.1886%	June 30, 2021	0.1827%
Change - Increase (Decrease)	0.0059%	Change - Increase (Decrease)	0.0129%



**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

**Note 8 – Defined Benefit Pension Plans (Continued)**

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

For the years ended June 30, 2023 and 2022, the District recognized pension expense in the amounts of \$1,298,078 and \$542,678 respectively. At June 30, 2023 and 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2023		2022	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contribution after measurement date	\$ 1,292,629	\$ -	\$ 1,184,089	\$ -
Changes of assumptions	904,409	-	-	-
Difference between expected and actual experience	177,244	(118,710)	388,974	-
Projected earnings on pension plan investments under/(in excess of) actual earnings	1,616,691	-	-	(3,027,964)
Adjustment due to differences in proportions	576,521	-	443,860	-
Employer's actual contributions in excess of/(under) employer's proportionate share of contribution	-	(385,917)	-	(277,987)
Total	<u>\$ 4,567,494</u>	<u>\$ (504,627)</u>	<u>\$ 2,016,923</u>	<u>\$ (3,305,951)</u>

Deferred outflows of resources related to pensions resulting from District's contributions subsequent to the measurement date in the amount of \$1,292,629 and \$1,184,089 will be recognized as a reduction of the collective net pension liability in the years ended June 30, 2024 and 2023, 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	Year Ending June 30,	Deferred Outflows/ (Inflows) of Resources
	2023		2022
2024	\$ 774,665	2023	\$ (459,426)
2025	649,438	2024	(527,158)
2026	357,312	2025	(649,760)
2027	988,823	2026	(836,773)
Total	<u>\$ 2,770,238</u>	Total	<u>\$ (2,473,117)</u>

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

**Note 9 – Other Postemployment Benefits (“OPEB”)**

At June 30, 2023 and 2022, total OPEB liability and related deferred outflows of resources and deferred inflows of resources are as follow:

	<b>June 30, 2023</b>	<b>June 30, 2022</b>
<b>Deferred outflows of resources:</b>		
OPEB contribution after measurement date	\$ 1,083,481	\$ 1,112,330
Changes of assumptions	544,440	-
Difference between expected and actual experience	1,151,028	1,376,719
Projected earnings on pension plan investments under/(in excess of) actual earnings	466,861	-
<b>Total deferred outflows of resources</b>	<b>\$ 3,245,810</b>	<b>\$ 2,489,049</b>
<b>Total other postemployment benefit liability</b>	<b>\$ 5,733,011</b>	<b>\$ 7,531,762</b>
<b>Deferred inflows of resources:</b>		
Change of assumptions	3,424,290	4,386,406
Differences between projected and actual return investments	-	369,994
Difference between expected and actual experience	2,972,868	226,742
<b>Total deferred inflows of resources</b>	<b>\$ 6,397,158</b>	<b>\$ 4,983,142</b>
<b>OPEB Expense</b>	<b>\$ 58,015</b>	<b>\$ 133,934</b>

***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, 2022 and 2021, the measurement date, the following current and former employees were covered by the benefit terms under the OPEB Plan:

	<b>2022</b>	<b>2021</b>
Active employees	72	72
Inactive employees or beneficiaries currently receiving benefits	28	30
<b>Total</b>	<b>100</b>	<b>102</b>

*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, 2023, the District’s cash contributions were \$1,031,864 in payments to the California Employers' Retiree Benefit Trust (CERBT) Fund and the estimated implied subsidy was \$51,617 resulting in total payments of \$1,083,481. 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.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

**Note 9 – Other Postemployment Benefits (“OPEB”) (Continued)**

***Net OPEB Obligation***

The District’s net OPEB liabilities were measured as of June 30, 2022 and 2021 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by an actuarial valuation as of June 30, 2022.

**Actuarial Assumptions**

Total OPEB liability in the June 30, 2022 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, 2022
Actuarial Assumptions:	
Actuarial cost method	Entry Age, Level Percent of Pay
Valuation of fiduciary net position	Fair value of assets.
Discount Rate	6.25%
Investment rate of return	6.25%, 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	2.50%
Salary Increases	3%
Pre-retirement Mortality:	Preretirement Mortality Rates for Public Agency Miscellaneous from 2021 CalPERS Experience Study.
Postretirement Mortality:	Postretirement Mortality Rates for Public Agency Miscellaneous from 2021 CalPERS Experience Study.
Healthcare Participation for Future Retirees	6.50 percent for 2022, 6.00 percent for 2023, 5.50 percent for 2024, 5.25 percent for 2025-2029, 5.00 percent for 2030-2039, 4.75 percent for 2040-2049, 4.50 percent for 2050-2069 and 4.00 percent for 2070 and later years; Medicare ages: 4.50 percent for 2022-2029 and 4.00 percent for 2030 and later 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	Rate of Return
Global Equity	59.00%	4.80%
Fixed Income	25.00%	1.80%
TIPS	5.00%	1.60%
Commodities	3.00%	1.90%
Real Estate	8.00%	3.70%
<b>Total</b>	<b>100.00%</b>	

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

**Note 9 – Other Postemployment Benefits (“OPEB”) (Continued)**

*Net OPEB Obligation (Continued)*

Discount Rate

The discount rate used to measure the total OPEB liability was 6.25 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*

	2023		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2022 (June 30, 2021 Measurement Date)	\$ 11,491,001	\$ 3,959,239	\$ 7,531,762
Changes recognized for the measurement period:			
Service cost	358,679	-	358,679
Interest on the total OPEB liability	786,374	-	786,374
Actual vs. expected return on assets	-	(939,751)	939,751
Actual vs. expected experience	(3,075,860)	-	(3,075,860)
Changes of assumption	604,269	-	604,269
Contributions - employer	-	1,112,330	(1,112,330)
Net investment income	-	300,757	(300,757)
Benefits payments	(406,017)	(406,017)	-
Administrative expense	-	(1,123)	1,123
Net Changes during July 1, 2022 to June 30, 2023	(1,732,555)	66,196	(1,798,751)
Balance at June 30, 2023 (June 30, 2022 Measurement Date)	\$ 9,758,446	\$ 4,025,435	\$ 5,733,011
	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

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

**Note 9 – Other Postemployment Benefits (“OPEB”) (Continued)**

***Change in Net OPEB Liability (Continued)***

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

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, 2022 and 2021:

Measurement Date	Plan's Net OPEB Liability (Asset)		
	Discount Rate - 1% (5.25%)	Current Discount Rate (6.25%)	Discount Rate + 1% (7.25%)
June 30, 2022	\$ 7,157,368	\$ 5,733,011	\$ 4,566,857

Measurement Date	Plan's Net OPEB Liability (Asset)		
	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

*Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rates*

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, 2022 and 2021:

Measurement Date	Plan's Net OPEB Liability (Asset)		
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
June 30, 2022	\$ 4,355,903	\$ 5,733,011	\$ 7,473,959
June 30, 2021	5,878,904	7,531,762	9,624,321

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

For the fiscal years ended June 30, 2023 and 2022, the District recognized OPEB expense of \$58,015 and \$133,934, respectively. As of fiscal years, ended June 30, 2023 and 2022, the District reported deferred outflows of resources related to OPEB from the following sources:

	2023		2022	
	Deferred outflows of Resources	Deferred inflows of Resources	Deferred outflows of Resources	Deferred inflows of Resources
Changes of assumptions	\$ 544,440	\$ (3,424,290)	\$ -	\$ (4,386,406)
Net difference between projected and actual earnings on plan investments	466,861	-	-	(369,994)
Difference between expected and actual experience	1,151,028	(2,972,868)	1,376,719	(226,742)
Employer contributions made subsequent to the measurement date	1,083,481	-	1,112,330	-
Total	\$ 3,245,810	\$ (6,397,158)	\$ 2,489,049	\$ (4,983,142)

Deferred outflows of resources related to OPEB resulting from District’s contributions subsequent to the measurement date in the amounts of \$1,083,481 and \$1,112,330 will be recognized as a reduction of the net OPEB liability in the years ended June 30, 2024 and 2023, respectively.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

**Note 9 – 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 2023	Year Ended June 30	Deferred Outflows/(Inflows) of Resources 2022
2024	\$ (908,931)	2023	\$ (846,672)
2025	(904,880)	2024	(852,169)
2026	(762,417)	2025	(848,118)
2027	870	2026	(705,655)
2028	(187,081)	2027	57,631
Thereafter	(1,472,390)	Thereafter	(411,440)
Total	<u>\$ (4,234,829)</u>	Total	<u>\$ (3,606,423)</u>

**Note 10 – Net Investment in Capital Assets**

Net investment in capital assets as of June 30, 2023 and 2022 were as follows:

Description	2023	2022 as restated
Capital assets, net	136,622,774	131,240,161
Deferred amount on debt refunding	158,771	165,386
Capital related debt:		
Retention payable	(357,128)	-
Bonds payable - current	(455,000)	(440,000)
Bonds payable - noncurrent	(18,890,000)	(19,345,000)
Bond premium	(953,676)	(994,293)
Contracts payable - current	(652,629)	(652,629)
Contracts payable - noncurrent	(6,789,541)	(7,442,170)
Subscription liabilities -current	(54,968)	(23,863)
Subscription liabilities -noncurrent	(159,065)	(24,425)
Net investment in capital assets	<u>\$ 108,469,538</u>	<u>\$ 102,483,167</u>

**Note 11 – 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.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 11 – Commitments and Contingencies (Continued)**

***Litigation***

The District is currently a party to various claims and legal proceedings. Although the outcome of these lawsuits is not presently determinable, it is management's opinion that the ultimate liabilities, if any, resulting from such claims and proceedings will not materially affect the financial position of the District. However, 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 as of June 30, 2023 and 2022. The contingent liability is periodically adjusted as additional information becomes available affecting management's estimate. Actual claims and settlements paid may differ from this amount.

**Note 12 – 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, 2023 and 2022, 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, 2023, 2022 and 2021, other than an estimated contingent liability for various litigation, as described in Note 10.

**West Valley Water District**  
**Notes to the Basic Financial Statements (Continued)**  
**For the Years Ended June 30, 2023 and 2022**

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**Note 13 – Prior Period Adjustments**

As a result of implementation of GASB Statement No. 96, *Subscription-Based Information Technology Agreements (SBITAs)*, net position at July 1, 2022 of the Financial Statements has been restated as follows:

	Originally Reported	Adjustments	As Restated
Capital assets, net	\$ 131,187,282	\$ 52,879	\$ 131,240,161
Accrued interest payable	(222,543)	(900)	(223,443)
Subscription payable, current	-	(23,863)	(23,863)
Subscription payable, noncurrent	-	(24,425)	(24,425)
Total adjustments		3,691	
Net position	<u>\$ 191,576,131</u>	<u>\$ 3,691</u>	<u>\$ 191,579,822</u>

	Originally Reported	Adjustments	As Restated
General and administrative	\$ 9,309,184	\$ (25,000)	\$ 9,284,184
Amortization expense	321,529	20,338	341,867
Interest and investment earnings	847,002	971	847,973
Total adjustments		(3,691)	
Net position	<u>\$ 191,576,131</u>	<u>\$ (3,691)</u>	<u>\$ 191,579,822</u>



**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, 2023**

**Last Ten Fiscal Years<sup>1</sup>**

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

Measurement period ended	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
District's Proportion of the Net Pension Liability	0.1886%	0.1827%	0.1697%	0.1604%	0.1516%
District's Proportionate Share of the Net Pension Liability/(Asset)	<u>\$ 8,826,012</u>	<u>\$ 3,468,668</u>	<u>\$ 7,159,848</u>	<u>\$ 6,421,111</u>	<u>\$ 5,714,823</u>
District's Covered Payroll	<u>\$ 7,040,783</u>	<u>\$ 6,406,574</u>	<u>\$ 6,806,415</u>	<u>\$ 5,589,317</u>	<u>\$ 5,732,509</u>
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	<u>125.36%</u>	<u>54.14%</u>	<u>105.19%</u>	<u>114.88%</u>	<u>99.69%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>77.01%</u>	<u>90.07%</u>	<u>78.53%</u>	<u>79.35%</u>	<u>80.51%</u>

<sup>1</sup> 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, 2023**

**Last Ten Fiscal Years<sup>1</sup>**

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

Measurement period ended	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's Proportion of the Net Pension Liability	0.1485%	0.1447%	0.1608%	0.1773%
District's Proportionate Share of the Net Pension Liability/(Asset)	<u>\$ 5,854,618</u>	<u>\$ 5,025,330</u>	<u>\$ 4,411,991</u>	<u>\$ 4,381,344</u>
District's Covered Payroll	<u>\$ 4,604,837</u>	<u>\$ 4,320,078</u>	<u>\$ 3,985,522</u>	<u>\$ 3,776,382</u>
District's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	<u>127.14%</u>	<u>116.32%</u>	<u>110.70%</u>	<u>116.02%</u>
Plan's Proportionate Share of the Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>78.53%</u>	<u>78.61%</u>	<u>78.40%</u>	<u>79.82%</u>

<sup>1</sup> 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, 2023**

**Last Ten Fiscal Years**

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

Fiscal year	2022-23	2021-22	2020-21	2019-20	2018-19
Actuarially determined contribution <sup>1</sup>	\$ 1,292,629	\$ 1,184,089	\$ 1,037,677	\$ 984,477	\$ 812,147
Contribution in relation to the determined contribution <sup>1</sup>	<u>(1,292,629)</u>	<u>(1,184,089)</u>	<u>(1,037,677)</u>	<u>(984,477)</u>	<u>(812,147)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 7,052,640</u>	<u>\$ 6,166,912</u>	<u>\$ 6,406,574</u>	<u>\$ 6,806,415</u>	<u>\$ 5,589,317</u>
Contribution as a percentage of covered payroll	<u>18.33%</u>	<u>19.20%</u>	<u>16.20%</u>	<u>14.46%</u>	<u>14.53%</u>

<sup>1</sup> 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 2022, the discount rate changing from 7.15% to 6.90%. 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, 2023**

**Last Ten Fiscal Years**

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

Fiscal year	2017-18	2016-17	2015-16	2014-15	2013-14
Actuarially determined contribution <sup>1</sup>	\$ 715,005	\$ 628,828	\$ 658,011	\$ 608,372	\$ 563,394
Contribution in relation to the determined contribution <sup>1</sup>	<u>(715,005)</u>	<u>(628,828)</u>	<u>(1,272,291)</u>	<u>(608,372)</u>	<u>(563,394)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (614,280)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 5,732,509</u>	<u>\$ 4,604,837</u>	<u>\$ 4,320,078</u>	<u>\$ 3,985,522</u>	<u>\$ 3,776,382</u>
Contribution as a percentage of covered payroll	<u>12.47%</u>	<u>13.66%</u>	<u>29.45%</u>	<u>15.26%</u>	<u>14.92%</u>

<sup>1</sup> 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 2022, the discount rate changing from 7.15% to 6.90%. 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, 2023**

Last Ten Fiscal Years <sup>1</sup>

**Other Postemployment Benefits ("OPEB") Plan**

Measurement period	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17
<b>Total OPEB liability</b>						
Service cost	\$ 358,679	\$ 423,998	\$ 496,240	\$ 335,647	\$ 236,285	\$ 683,520
Interest	786,374	741,661	808,919	739,614	552,581	428,490
Changes of benefit terms	-	-	-	175,249	-	-
Actual vs. expected experience	(3,075,860)	-	(277,128)	-	2,279,483	-
Changes of assumptions	604,269	-	(1,523,953)	-	(43,695)	(7,209,389)
Benefit payments	(406,017)	(468,812)	(388,982)	(386,106)	(320,225)	(287,245)
<b>Net change in total OPEB liability</b>	<b>(1,732,555)</b>	<b>696,847</b>	<b>(884,904)</b>	<b>864,404</b>	<b>2,704,429</b>	<b>(6,384,624)</b>
<b>Total OPEB liability - beginning</b>	<b>11,491,001</b>	<b>10,794,154</b>	<b>11,679,058</b>	<b>10,814,654</b>	<b>8,110,225</b>	<b>14,494,849</b>
<b>Total OPEB liability - ending (a)</b>	<b>\$ 9,758,446</b>	<b>\$ 11,491,001</b>	<b>\$ 10,794,154</b>	<b>\$ 11,679,058</b>	<b>\$ 10,814,654</b>	<b>\$ 8,110,225</b>
<b>OPEB fiduciary net position</b>						
<b>Contributions -</b>						
Contributions - employer	1,112,330	1,310,480	1,244,934	953,106	1,150,225	-
Net investment income	300,757	725,522	36,063	93,161	12,291	-
Benefit payments	(406,017)	(468,812)	(388,982)	(386,106)	(320,225)	-
Actual vs. expected return on investments	(939,751)	-	-	-	-	-
Administrative expense	(1,123)	(1,026)	(864)	(232)	(296)	-
<b>Net change in plan fiduciary net position</b>	<b>66,196</b>	<b>1,566,164</b>	<b>891,151</b>	<b>659,929</b>	<b>841,995</b>	<b>-</b>
<b>Plan fiduciary net position, beginning</b>	<b>3,959,239</b>	<b>2,393,075</b>	<b>1,501,924</b>	<b>841,995</b>	<b>-</b>	<b>-</b>
<b>Plan fiduciary net position, ending (b)</b>	<b>4,025,435</b>	<b>3,959,239</b>	<b>2,393,075</b>	<b>1,501,924</b>	<b>841,995</b>	<b>-</b>
<b>Plan net OPEB liability - ending (a) - (b)</b>	<b>\$ 5,733,011</b>	<b>\$ 7,531,762</b>	<b>\$ 8,401,079</b>	<b>\$ 10,177,134</b>	<b>\$ 9,972,659</b>	<b>\$ 8,110,225</b>
<b>Plan's fiduciary net position as a percentage of the total OPEB liability</b>	<b>41.25%</b>	<b>34.46%</b>	<b>22.17%</b>	<b>12.86%</b>	<b>7.79%</b>	<b>0.00%</b>
<b>Covered payroll</b>	<b>\$ 8,423,119</b>	<b>\$ 7,526,256</b>	<b>\$ 8,808,682</b>	<b>\$ 7,177,705</b>	<b>\$ 6,831,331</b>	<b>\$ 6,080,776</b>
Plan net OPEB liability as a percentage of covered payroll	68.06%	100.07%	95.37%	141.79%	145.98%	133.37%

<sup>1</sup> 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, 2023**

Last Ten Fiscal Years <sup>1</sup>

**Other Postemployment Benefits ("OPEB") Plan**

Fiscal year	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18
Actuarially determined contribution	\$ 1,236,044	\$ 1,200,042	\$ 1,302,426	\$ 1,267,587	\$ 859,000	\$ 869,006
Contribution in relation to the actuarially determined contribution	(1,083,481)	(1,112,330)	(1,310,480)	(1,244,934)	(953,106)	(1,150,225)
Contribution deficiency (excess)	<u>\$ 152,563</u>	<u>\$ 87,712</u>	<u>\$ (8,054)</u>	<u>\$ 22,653</u>	<u>\$ (94,106)</u>	<u>\$ (281,219)</u>
Covered payroll	8,203,816	8,423,119	7,526,256	8,808,682	7,263,849	6,831,331
Contribution as a percentage of covered payroll	13.21%	13.21%	17.41%	14.13%	13.12%	16.84%

**Notes to Schedule:**

Valuation date June 30, 2022

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 6.50 percent for 2022, 6.00 percent for 2023, 5.50 percent for 2024, 5.25 percent for 2025-2029, 5.00 percent for 2030-2039, 4.75 percent for 2040-2049, 4.50 percent for 2050-2069 and 4.00 percent for 2070 and later years; Medicare ages: 4.50 percent for 2022-2029 and 4.00 percent for 2030 and later years.

Pre-retirement Mortality: Preretirement Mortality Rates for Public Agency Miscellaneous from 2021 CalPERS Experience Study.

Postretirement Mortality: Postretirement Mortality Rates for Public Agency Miscellaneous from 2021 CalPERS Experience Study



# Statistical Section



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# West Valley Water District

## Statistical Section Contents

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This section of the annual comprehensive 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.

<b><u>Contents</u></b>	<b><u>Pages</u></b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the District's financial performance and well-being have changed over time.	66 - 69
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the factors affecting the District's ability to generate revenues.	70 – 71
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	72 - 75
<b>Demographic and Economic Information</b>	
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the District provides and the activities it performs.	77
<b>Operating Information</b>	
These schedules contain information about the District's operations and resources to help the reader understand how the District's financial information relates to the services the government provides and the activities it performs	78 - 80

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

Schedule 1

	Fiscal Year				
	2014	2015	As Restated 2016	As Restated 2017	2018
Changes in net position:					
Operating revenues (see Schedule 2)	\$ 22,907,911	\$ 25,012,159	\$ 23,230,364	\$ 26,677,886	\$ 28,543,972
Operating expenses (see Schedule 3)	(16,995,392)	(17,034,621)	(16,736,478)	(20,446,067)	(21,706,285)
Depreciation and amortization	(7,554,520)	(7,589,826)	(7,667,691)	(7,889,469)	(6,268,421)
<b>Operating income(loss)</b>	<b>(1,642,001)</b>	<b>387,712</b>	<b>(1,173,805)</b>	<b>(1,657,650)</b>	<b>569,266</b>
Non-operating revenues(expenses):					
Property taxes	1,459,571	1,658,936	1,758,220	1,821,922	2,023,173
Interest and investment earnings	64,380	65,371	127,090	227,465	367,911
Rental income - cellular antennas	26,746	32,207	29,966	37,241	32,941
Impairment loss	-	-	-	-	-
Gain/(loss) on sale/disposition of capital assets	45,650	24,644	24,400	60,980	15,400
Grants and Reimbursements	-	-	43,241	2,518,254	554,897
Board approved rate rebate	-	-	(2,547,492)	-	(2,263,619)
Interest expense - long term debt	(1,196,877)	(1,148,837)	(1,055,660)	(940,835)	(879,953)
Bond issuance costs	-	-	-	(268,915)	-
Amortization of deferred charges	(19,740)	(19,740)	-	-	-
Other non-operating revenue/(expense), net	34,575	202,348	24,524	(931,062)	73,498
Total non-operating revenues(expenses), net	414,305	814,929	(1,595,711)	2,525,050	(75,752)
<b>Net income (loss) before capital contributions</b>	<b>(1,227,696)</b>	<b>1,202,641</b>	<b>(2,769,516)</b>	<b>867,400</b>	<b>493,514</b>
Capital contributions	4,283,248	4,940,175	4,383,464	3,506,937	16,643,552
<b>Changes in net position</b>	<b>\$ 3,055,552</b>	<b>\$ 6,142,816</b>	<b>\$ 1,613,948</b>	<b>\$ 4,374,337</b>	<b>\$ 17,137,066</b>
Prior period adjustment			1,421,880		
Net position by component:					
Net investment in capital assets	86,581,350	87,693,459	87,041,544	87,731,340	95,204,664
Restricted for capital projects	3,190,652	5,360,944	1,366,458	929,737	7,875,322
Restricted for debt service	2,194,435	5,873,252	1,020,896	-	-
Unrestricted	15,018,085	9,219,049	21,753,634	26,895,792	22,622,990
<b>Total net assets</b>	<b>\$ 106,984,522</b>	<b>\$ 108,146,704</b>	<b>\$ 111,182,532</b>	<b>\$ 115,556,869</b>	<b>\$ 125,702,976</b>

Source: West Valley Water District Accounting Department

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

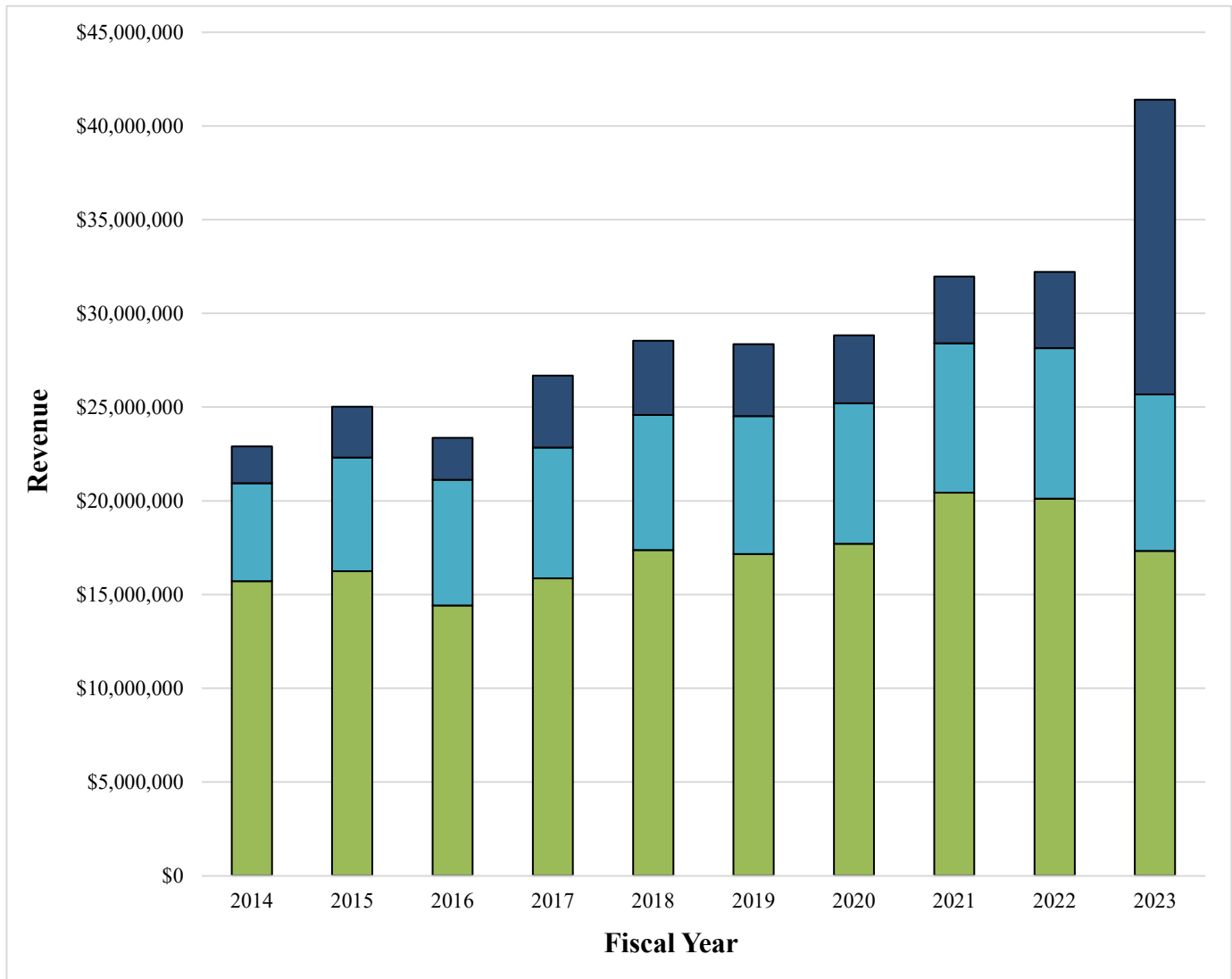
	Schedule 1				
	Fiscal Year				
	2019	2020	2021	2022	2023
Changes in net position:					
Operating revenues (see Schedule 2)	\$ 28,356,765	\$ 28,820,834	\$ 31,966,600	\$ 32,217,598	\$ 41,391,500
Operating expenses (see Schedule 3)	(23,287,875)	(26,934,303)	(25,252,917)	(25,817,037)	(27,603,112)
Depreciation and amortization	(6,344,364)	(6,471,761)	(6,520,670)	(6,657,179)	(6,762,456)
<b>Operating income(loss)</b>	<b>(1,275,474)</b>	<b>(4,585,230)</b>	<b>193,013</b>	<b>(256,618)</b>	<b>7,025,932</b>
Non-operating revenues(expenses):					
Property taxes	2,305,151	2,376,463	2,761,167	3,179,573	3,738,692
Interest and investment earnings	1,795,521	1,910,670	67,806	(1,793,624)	3,259,706
Rental income - cellular antennas	33,860	-	-	-	-
Impairment loss	-	-	(3,000,000)	-	-
Gain/(loss) on sale/disposition of capital assets	-	-	(189,254)	771,002	735,495
Grants and Reimbursements	703,949	100,330	-	-	-
Board approved rate rebate	-	-	-	-	-
Interest expense - long term debt	(897,275)	(942,842)	(865,955)	(847,973)	(873,890)
Bond issuance costs	-	-	-	-	-
Amortization of deferred charges	-	-	-	-	-
Other non-operating revenue/(expense), net	3,015,464	-	-	-	-
Total non-operating revenues(expenses), net	6,956,670	3,444,621	(1,226,236)	1,308,978	6,860,003
<b>Net income (loss) before capital contributions</b>	<b>5,681,196</b>	<b>(1,240,939)</b>	<b>(1,033,223)</b>	<b>1,052,360</b>	<b>13,885,935</b>
Capital contributions	10,120,527	4,917,877	8,851,642	37,527,406	6,483,013
<b>Changes in net position</b>	<b>\$ 15,801,723</b>	<b>\$ 3,676,938</b>	<b>\$ 7,818,419</b>	<b>\$ 38,579,766</b>	<b>\$ 20,368,948</b>
Prior period adjustment					
Net position by component:					
Net investment in capital assets	100,736,605	102,459,965	103,770,537	102,483,167	108,469,538
Restricted for capital projects	10,699,965	13,462,143	13,938,052	49,107,439	47,719,572
Restricted for debt service	-	-	-	-	-
Unrestricted	30,068,129	29,259,529	35,291,467	39,989,216	55,759,660
<b>Total net assets</b>	<b>\$ 141,504,699</b>	<b>\$ 145,181,637</b>	<b>\$ 153,000,056</b>	<b>\$ 191,579,822</b>	<b>\$ 211,948,770</b>

Source: West Valley Water District Accounting Department

## West Valley Water District Operating Revenues By Source Last Ten Fiscal Years

Schedule 2

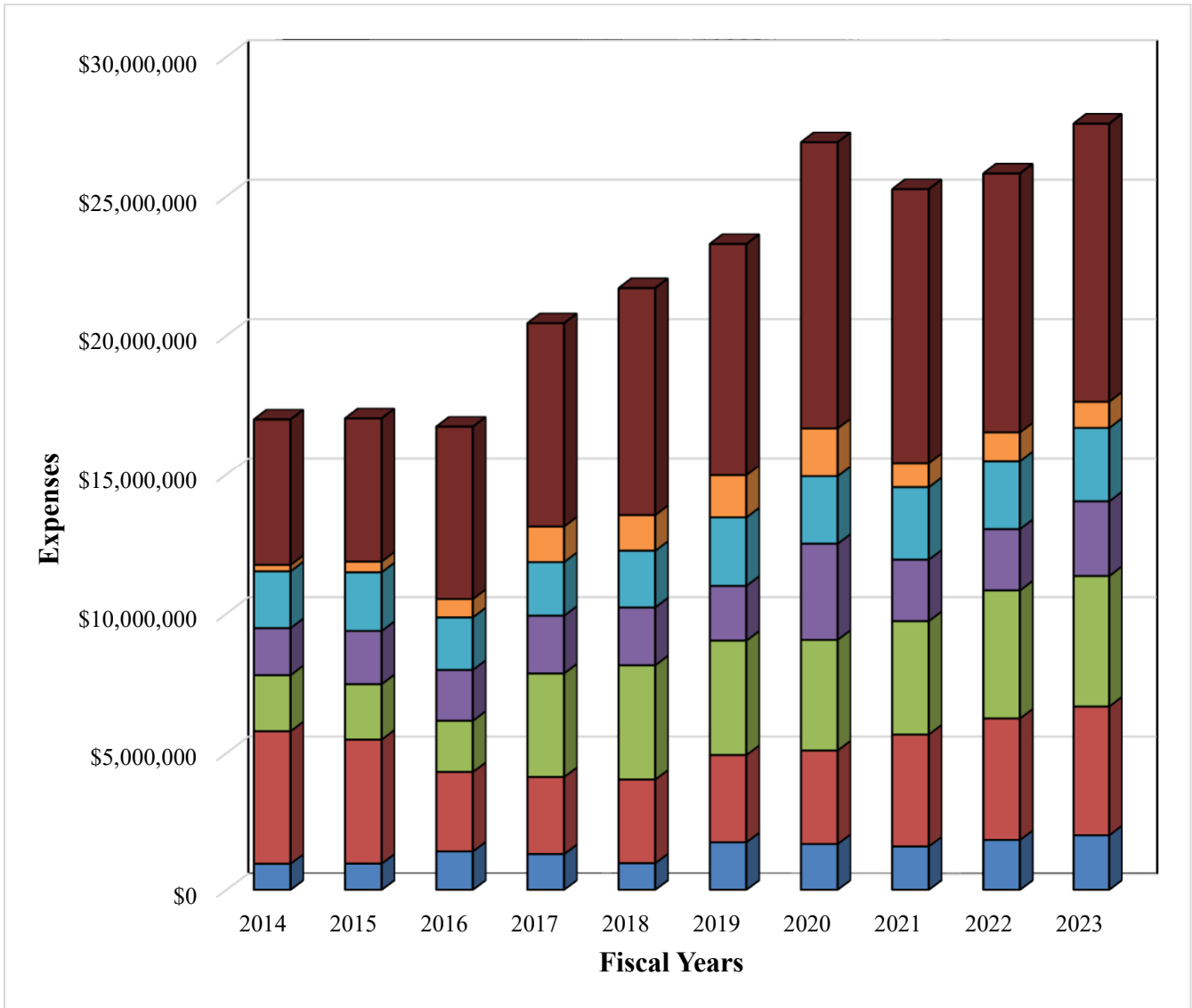
Fiscal Year	Water Consumption Sales	Water Service Charges	Other Operating Income	Total Operating Revenue
2014	15,715,734	5,214,461	1,977,716	22,907,911
2015	16,246,445	6,061,174	2,704,540	25,012,159
2016	14,420,079	6,702,841	2,240,801	23,363,721
2017	15,854,879	6,989,061	3,833,946	26,677,886
2018	17,370,508	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	3,559,427	31,966,600
2022	20,113,330	8,027,078	4,077,190	32,217,598
2023	17,318,706	8,350,808	15,721,986	41,391,500



Source: West Valley Water District Accounting Department

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

Fiscal Year	Schedule 3							Total Operating Expenses
	Source of Supply	Pumping	Water Treatment	Transmission and Distribution	Customer Accounts	Public Affairs	General and Administrative	
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	9,284,184	25,817,037
2023	1,996,352	4,673,757	4,679,730	2,677,543	2,664,323	940,041	9,971,366	27,603,112

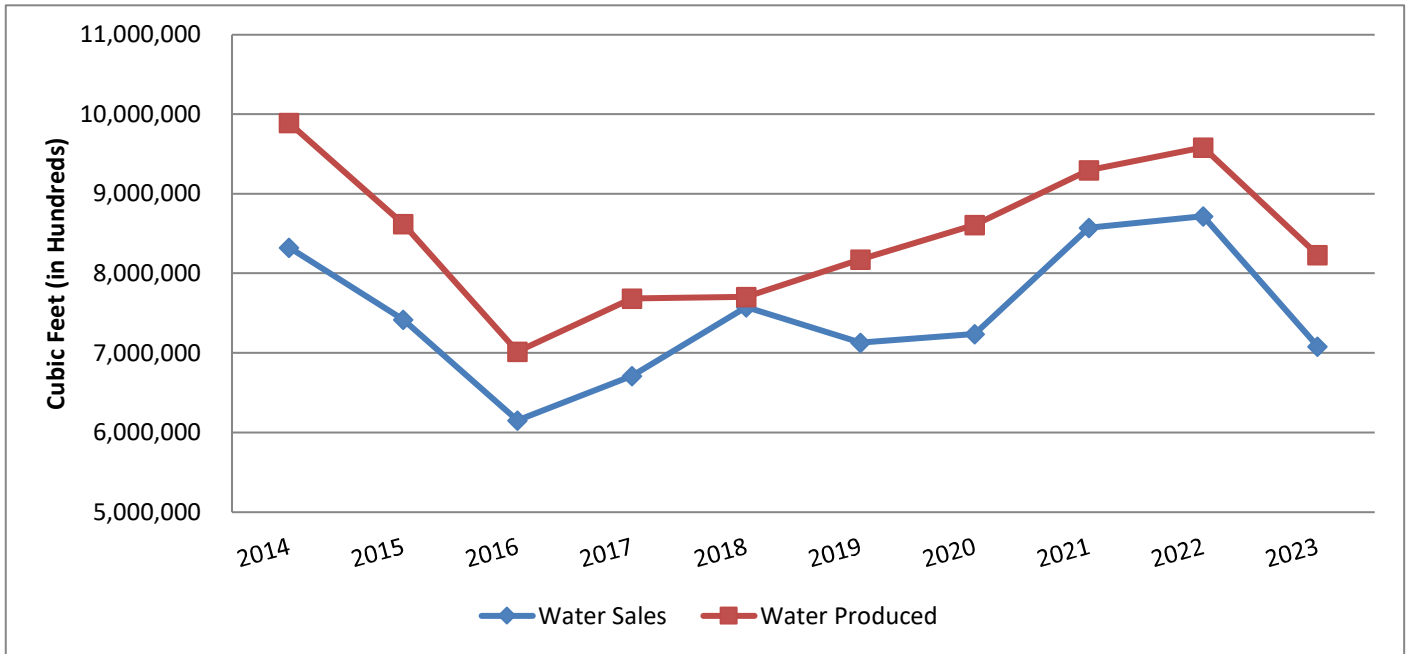


Source: West Valley Water District Accounting Department

**West Valley Water District  
Revenue Base  
Last Ten Fiscal Years**

Schedule 4

Fiscal Year	Water Sales (HCF)	Water Produced (HCF)
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
2023	7,079,858	8,232,404



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	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Fire	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Tier 1	92.50	106.50	106.50	106.50	106.50	106.50	106.50	106.50	106.50	106.50
Tier 2	100.00	115.00	115.00	115.00	115.00	115.00	115.00	115.00	115.00	115.00
Tier 3	110.00	126.50	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	1.85	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13	2.13
Tier 2	2.00	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30	2.30
Tier 3	2.20	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53	2.53

**Connection Fees Per Month**

Meter Size	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Fire</b>										
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
<b>Golf Course</b>										
All Sizes	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract	By contract
<b>Hydrant</b>										
All Sizes	73.17	73.17	73.17	73.17	73.17	73.17	73.17	73.17	73.17	73.17
<b>Irrigation</b>										
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
<b>Water</b>										
5/8" & 3/4"	19.31	22.21	22.21	22.21	22.21	22.21	22.21	22.21	22.21	22.21
1"	28.76	33.07	33.07	33.07	33.07	33.07	33.07	33.07	33.07	33.07
1 1/2"	42.41	48.77	48.77	48.77	48.77	48.77	48.77	48.77	48.77	48.77
2"	58.42	67.18	67.18	67.18	67.18	67.18	67.18	67.18	67.18	67.18
3"	84.80	97.52	97.52	97.52	97.52	97.52	97.52	97.52	97.52	97.52
4"	111.79	128.56	128.56	128.56	128.56	128.56	128.56	128.56	128.56	128.56
6"	169.58	195.02	195.02	195.02	195.02	195.02	195.02	195.02	195.02	195.02
8"	227.37	261.48	261.48	261.48	261.48	261.48	261.48	261.48	261.48	261.48

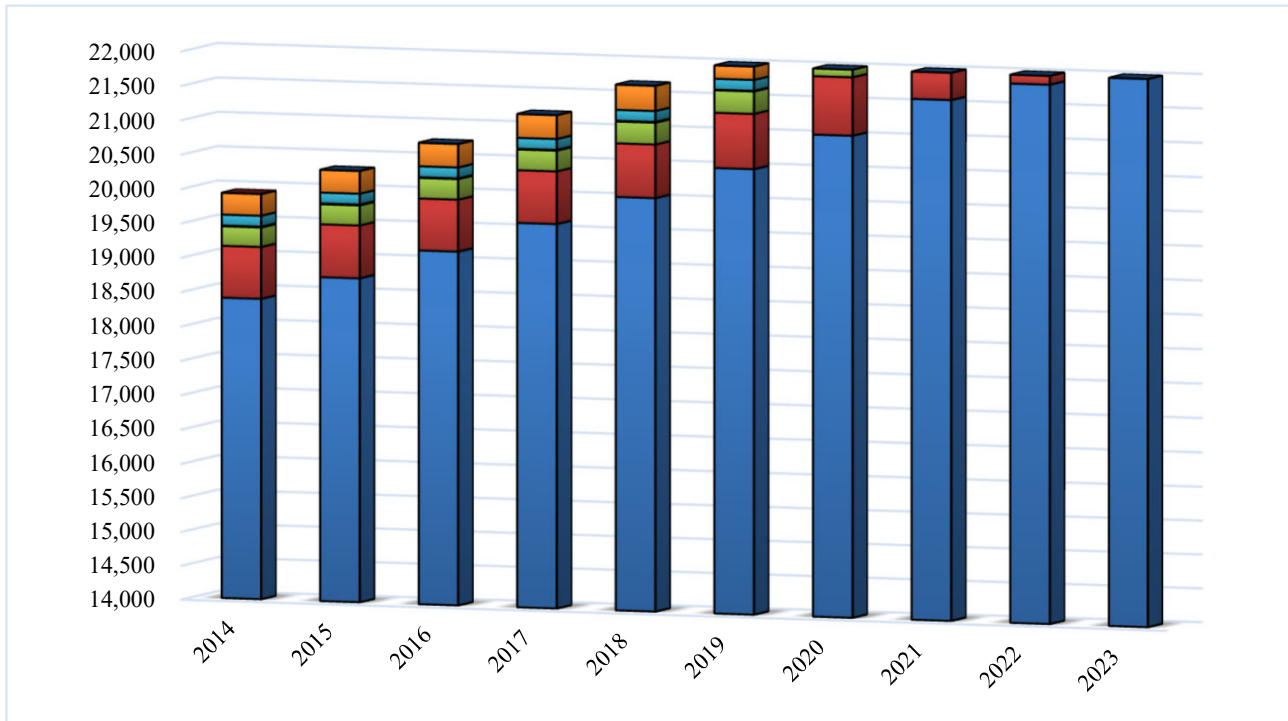
Note 1: Out of District rates for Water Service are one and a half times the In District rates.

Note 2: The rates for Golf Course and Irrigation Services are

## West Valley Water District Customers by Type Last Ten Fiscal Years

Schedule 6

Fiscal Year	Customer Type								Total
	Residential	Commercial	Fire Service	Irrigation	Multi-Family	Parkway	Golf Course	Wholesale Water	
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
2023	22,289	875	402	0	184	500	0	1	24,251



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.

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

Schedule 7

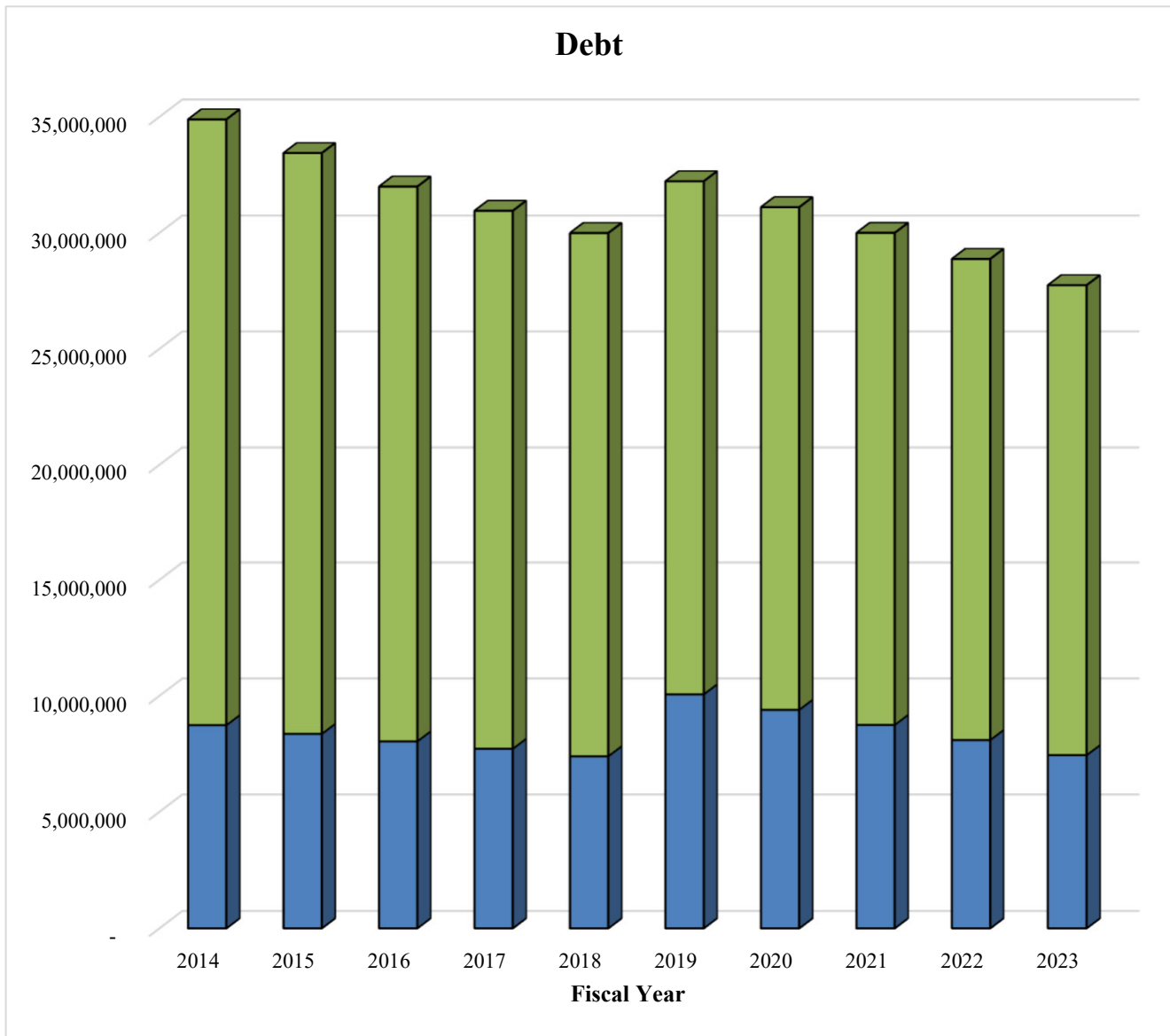
<b>Customer</b>	<b>2023</b>		<b>2014</b>	
	<b>Water</b>	<b>Percentage</b>	<b>Water</b>	<b>Percentage</b>
	<b>Consumed</b>	<b>of Total</b>	<b>Consumed</b>	<b>of Total</b>
Rialto Unified School District	207,376	2.93%	295,030	3.54%
City of Rialto	146,759	2.07%	243,920	2.93%
City of Fontana	125,390	1.77%	122,253	1.47%
Colton Joint Unified School District	123,507	1.74%	151,244	1.82%
Robertson's Ready Mix	91,937	1.30%	137,700	1.65%
Aramark Uniform Services	86,011	1.21%	57,502	0.69%
Lennar Homes	83,661	1.18%	4,403	0.05%
Cal Trans	67,975	0.96%	5,015	0.06%
Rosena Ranch Community Association	65,708	0.93%	11,671	0.14%
Target	64,974	0.92%	123,996	1.49%
<b>Total</b>	<b>1,063,298</b>	<b>15.02%</b>	<b>1,152,734</b>	<b>13.85%</b>
<b>Total Water Consumed (HCF)</b>	<b>7,079,858</b>	<b>100.00%</b>	<b>8,323,184</b>	<b>100.00%</b>

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	Per Capita	As a Share of Personal Income
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%
2023	7,442,170	20,298,676	-	27,740,846	267.91	0.54%



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 <sup>(1)</sup>	Net Available Revenues	Debt Service			Coverage Ratio
				Principal <sup>(2)</sup>	Interest <sup>(3)</sup>	Total	
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	34,795,573	(25,252,917)	9,542,656	1,067,629	933,278	2,000,907	4.77
2022	35,994,549	(25,817,037)	10,177,512	1,082,629	883,561	1,966,190	5.18
2023	49,125,393	(27,603,112)	21,522,281	1,092,629	884,882	1,977,511	10.88

**Notes:**

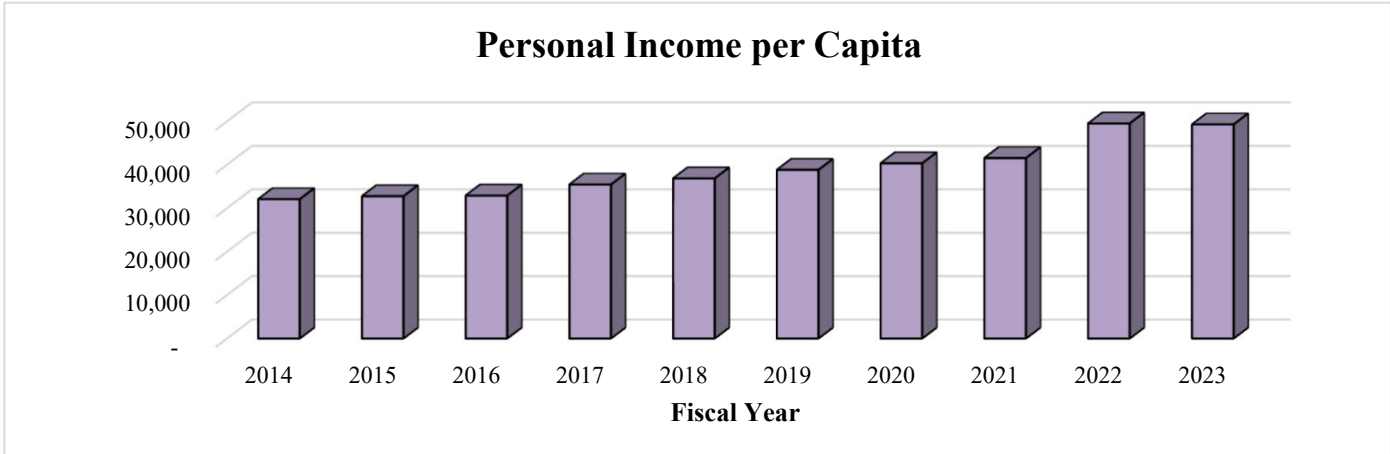
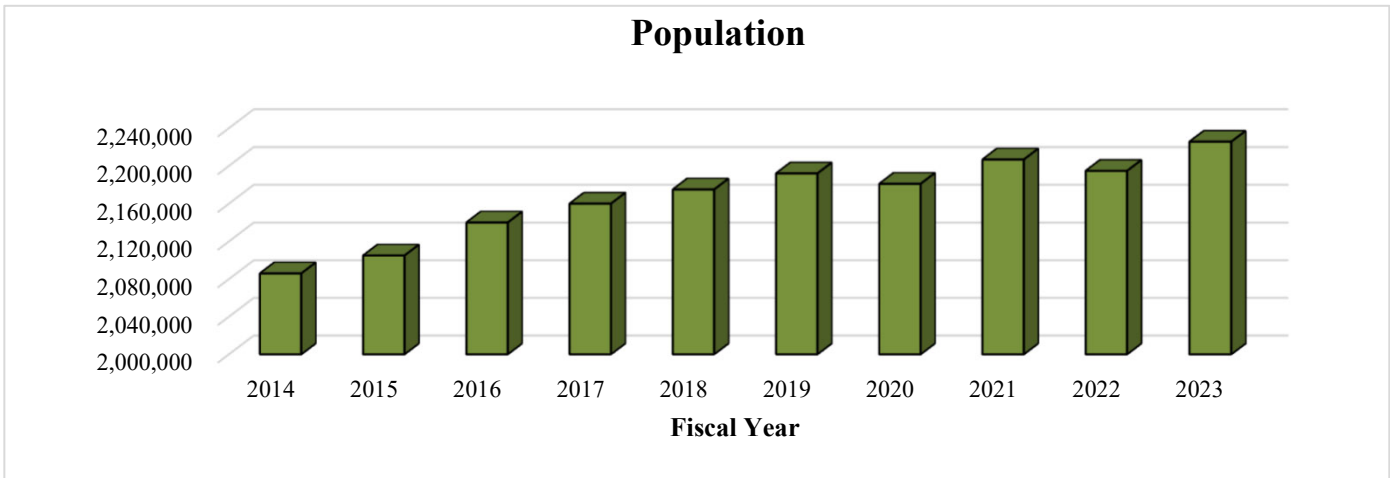
- (1) Operating expenses, less depreciation and amortization expense
- (2) Bond was refinanced in fiscal year 2017. New debt for Hydroelectric plant in FY2019.
- (3) Reflects interest paid and not accrued in fiscal year

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

Schedule 10

Year	Unemployment Rate	City of Rialto Population <sup>(1)</sup>	County of San Bernardino <sup>(2)</sup>			
			Unemployment Rate	Population	Personal Income (thousands of dollars)	Personal Income per Capita
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
2023	5.5%	103,545	5.0%	2,225,586	108,081,645	49,270



**Sources:**

- [www.labormarketinfo.edd.ca.gov](http://www.labormarketinfo.edd.ca.gov)
- <http://www.bea.gov/regional/bearfacts>
- [www.census.gov/](http://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.

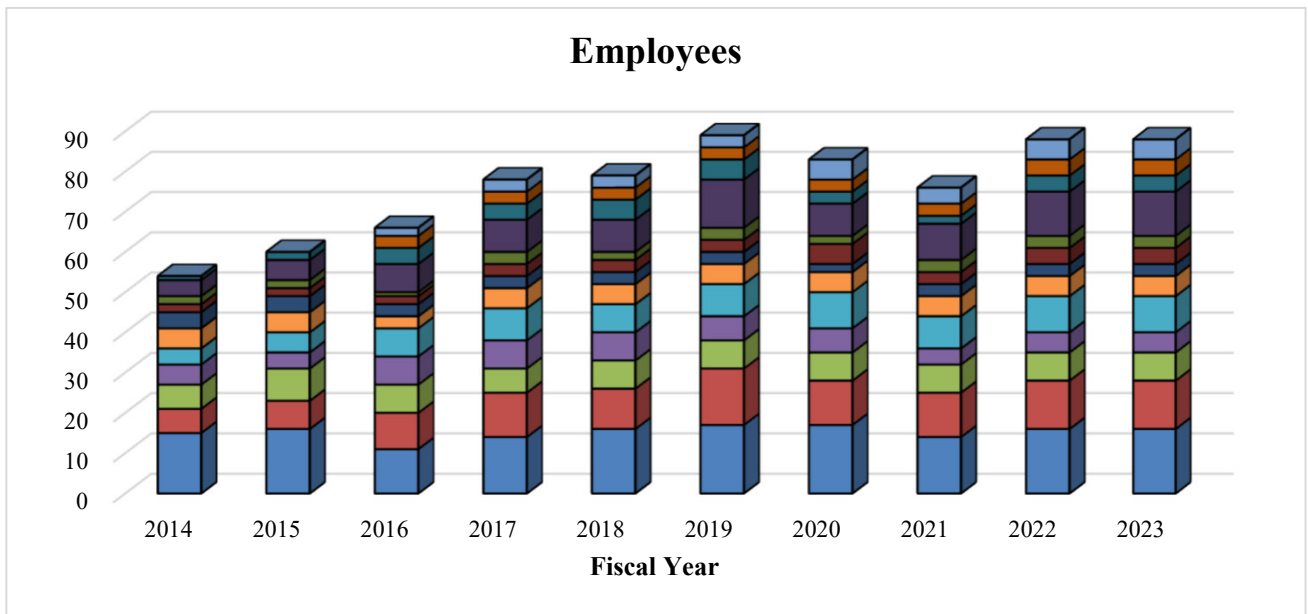
(2) Only County data is updated annually. Therefore, the District has chose to use its data since the District believes that the County data is representative of the conditions and experience of the District.

# 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
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
2023	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**

<b>Fiscal Year</b>	<b>District Area (Square Miles)</b>	<b>Miles of Pipeline</b>	<b>Storage Tanks</b>	<b>Storage Capacity (MG)</b>	<b>Groundwater Wells</b>	<b>Well Capacity (MGD)</b>	<b>Fire Hydrants</b>
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
2023	32	408	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 - 2023 <sup>(1)</sup>**

<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total</b>
			<b>Employment</b>
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	.23 - .58%
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 - 2023 <sup>(2)</sup>**

<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total</b>
			<b>Employment</b>
Kaiser Hospital & Med. Group	7,642	1	7.48%
Fontana Unified School District	6,665	2	6.53%
Amazon.com Services LLC	3,145	3	3.08%
Target Stores T553	1,788	4	1.75%

**City of Colton - 2023 <sup>(3)</sup>**

<b>Employer</b>	<b>Employees</b>	<b>Rank</b>	<b>Percentage of Total</b>
			<b>Employment</b>
Arrowhead Regional Medical Center	3,745	1	14.74%
Colton Joint Unified School District	2,322	2	9.14%
Walmart Distribution Center	1,100	3	4.33%
Lineage Logistics	555	4	2.19%

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

*(1) City of Rialto, 2021-2022 ACFR, pg. 229*

*(2) City of Fontana, 2021-2022 ACFR, pg. 153*

*(3) City of Colton, 2021-2022 ACFR, pg. 170*



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

**Independent Auditors' Report**

Board of Directors  
West Valley Water District  
Rialto, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of West Valley Water District (the "District"), which comprise the statement of net position as of June 30, 2023, and the related statement of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 9, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

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

### **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

*The PwC Group, LLP*

Santa Ana, California  
January 9, 2024