



# Popular Annual Financial Report

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FOR FISCAL YEAR ENDED JUNE 30, 2024

Rialto, California



# Mission

The West Valley Water District provides our community with high-quality and reliable water service in a cost-effective and sustainable manner.



Elected Board of Directors as of June 30, 2024

## Board of Directors



**Greg Young**  
President, Division 5  
Term: 2020 - 2024



**Dan Jenkins**  
Vice President, Division 2  
Term: 2022 - 2026



**Angela Garcia**  
Director, Division 1  
Term: 2020 - 2024



**Kelvin Moore**  
Director, Division 3  
Term: 2022 - 2026

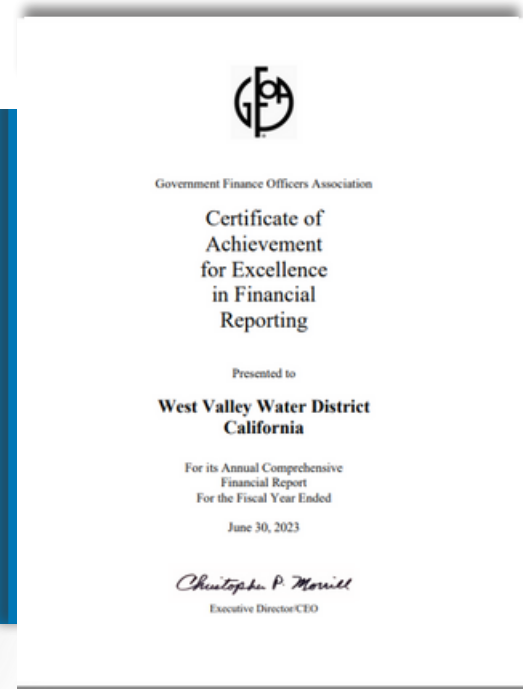


**Estevan Bennett**  
Director, Division 4  
Term: 2024 - 2024



## Popular Annual Financial Reporting Award

We are proud to announce that West Valley Water District has once again obtained the Government Finance Officers Association (GFOA) award for outstanding achievement in Popular Annual Financial Reporting for the fiscal year ended June 30, 2023.



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# Letter from the

# General Manager



Dear Reader,

On behalf of the Board of Directors and staff of West Valley Water District it is my pleasure to present to you our Popular Annual Financial Report (PAFR) for fiscal year ending June 30, 2024.

The PAFR is published to provide readers with easy-to-understand information on the Water District's organization, as well as its finances, water services, and other pertinent information.

The Government Finance Officers Association (GFOA) encourages and assists state and local governments to utilize information from their annual comprehensive financial report and compile a high quality Popular Annual Financial Report (PAFR). This PAFR represents West Valley Water District's ongoing commitment to transparency in its operations and governance. The information within this report draws directly from the Water District's audited financial statements and provides an overview of the Water District's financial activities and position.

The PAFR is based on the 2024 Annual Comprehensive Financial Report which is prepared in conformity with generally accepted accounting principles which was audited by The Pun Group, LLP. The Water District received an unmodified audit opinion that the financial statements present fairly, in all material respects, the financial position of the Water District.

I hope the Popular Annual Financial Report assists you in understanding the District's financial picture and future commitments. Both the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2024, and Budget Fiscal Year 2024 - 2025, can be found online at [www.wvwd.org/about/transparency](http://www.wvwd.org/about/transparency).

Should you have any questions or comments, please feel free to contact the District's Finance Department.

Respectfully Submitted,

**John Thiel**  
General Manager





**32.3**  
Square  
Miles



**101,530** People  
Served

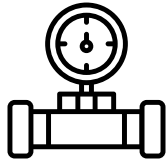
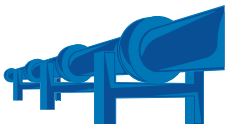


**88** Team  
Members



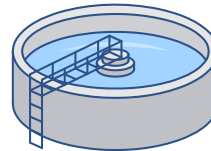
**5** Inland Empire  
Communities Served

**416** Miles of  
Pipeline



**25,485**  
Service  
Connections

**7** Treatment  
Sites



**3,800**  
Fire Hydrants

## WHO WE ARE

### Our Values

#### Innovation

WVWD fosters innovation, creativity, and ingenuity as we constantly seek to strengthen our services, programs, and practices.

#### Regional Partner

WVWD is a proactive leader and partner in regional collaboration projects and programs that improve our community and the water supply.

#### Preferred Workplace

WVWD offers an empowering work environment that promotes diversity, equity, and inclusion where employees can succeed.

#### Public Trust & Integrity

WVWD fosters a culture of openness, transparency, and accountability to our community and stakeholders.

#### Sustainability

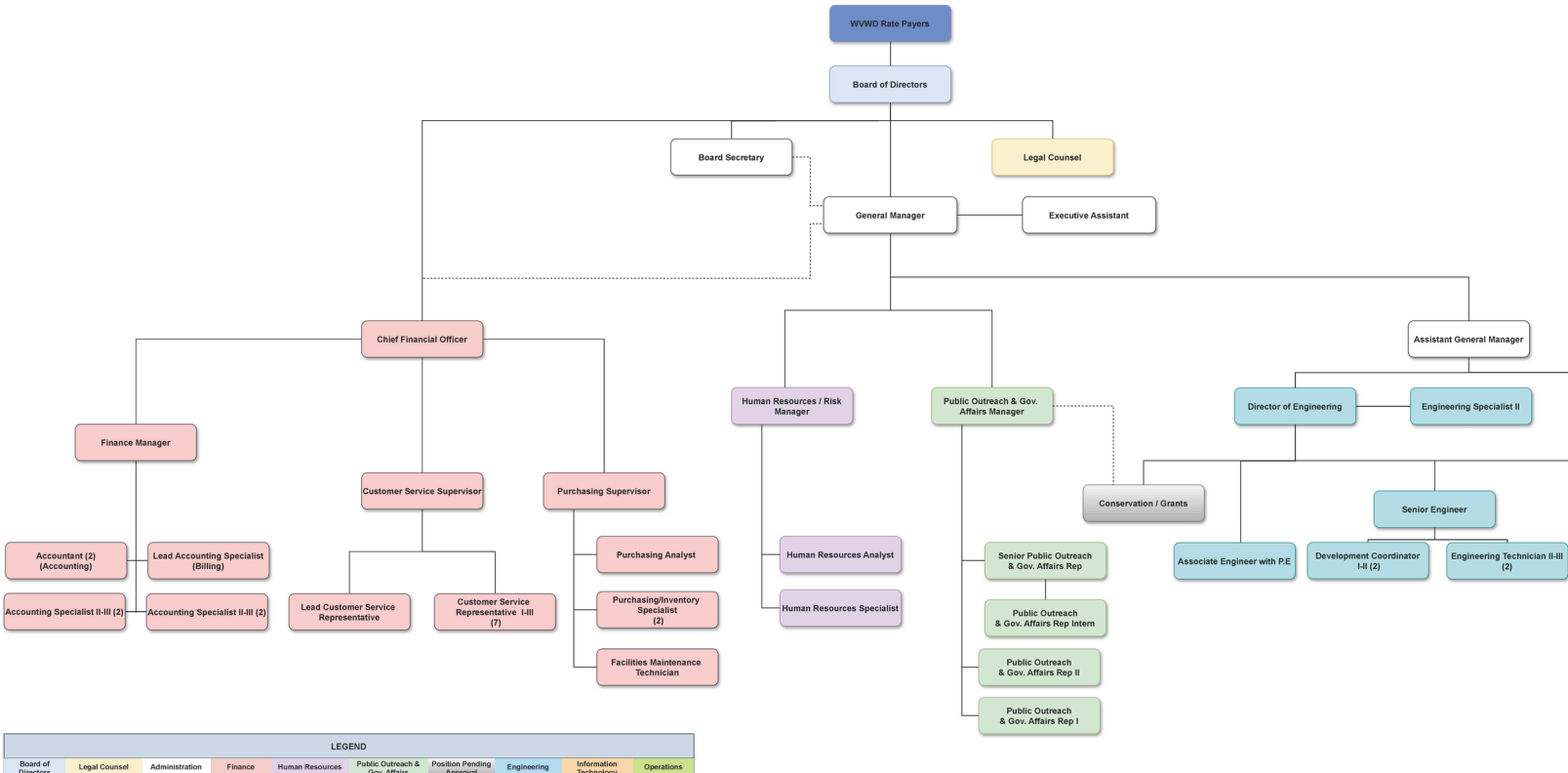
WVWD is committed to innovative solutions that support the long-term success of our organization.



#### Serving the communities of:

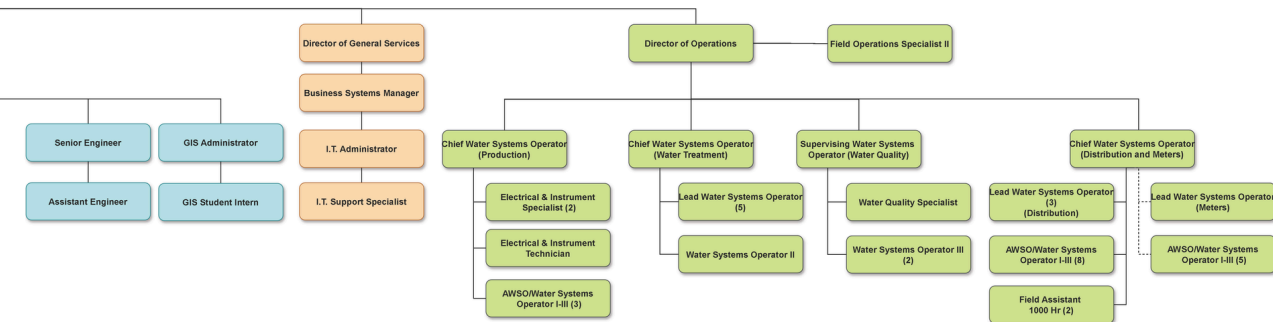
Bloomington, Colton, Fontana,  
Jurupa Valley, Rialto and  
Unincorporated  
San Bernardino County

# ORGANIZATIONAL Structure



LEGEND									
Board of Directors	Legal Counsel	Administration	Finance	Human Resources	Public Outreach & Gov. Affairs	Position Pending Approval	Engineering	Information Technology	Operations

# ORGANIZATIONAL Structure



# WVWD IN THE *Community*

Our Commitment to our communities goes beyond providing water. As responsible water stewards, West Valley Water District recognizes the importance that readily available resources and education play in customers' ability to reduce water use. With that in mind, below are some highlights from the District's engagement with the community it serves.



## EARTH DAY 2024

Our annual Earth Day event provides an opportunity for our District to showcase who we are and what we do. It allows community members to join us onsite for a day of learning and fun. The event features informational booths, water treatment tours, workshops, interactive demonstrations and more.

## INLAND SOLAR CHALLENGE

As Chair of the event, West Valley Water District staff coordinated this year-long event that brings together high school students in the Inland Empire to compete and learn about water, engineering, and team work. A key initiative that the District took on was leading the charge to change the name and mission of the organization in order to better emphasize the importance of the event. The event is now called SoCal STEAM Challenge.



## MASCOT REVEAL

In April 2024, West Valley Water District unveiled its two newest employees, Halle H2O and Creek the Conservationist. The new District mascots have worked to increase engagement and awareness about water-saving habits and the importance of water resources in a memorable and fun way. In addition, they are ambassadors of our District initiatives and help increase brand identity.





## WORKSHOPS

West Valley Water District offers both family-friendly and educational workshops throughout the year. These workshops offer our customers an opportunity to learn from professionals about water conservation, landscape techniques, and other water-saving habits.

## EDUCATION PROGRAMS

West Valley Water District provides annual programs to encourage our future water leaders to begin practicing life-long water-savings habits. WVWD's annual poster contest and its scholarship program aim to increase interest and raise awareness in water conservation. These programs engage students who live or go to school within our service area.



## COMMUNITY OUTREACH



Recognizing the importance of community engagement, WVWD participates in local community events as part of its outreach initiatives. These events serve as a platform to interact directly with the community it serves, by providing essential resources such as water-saving devices, educational materials, and information. WVWD aims to raise awareness about the importance of responsible water usage during these events. In addition, WVWD provides community sponsorships, underscoring our commitment to being more than just a water supplier, but a true partner within our communities.

# CAPITAL IMPROVEMENT *Projects*

As part of the annual budget process, the Engineering and Operation Managers compile and submit a list of capital improvement projects for consideration. The projects are prioritized on the needs of the District and based off of the Asset Management Plan and staff's knowledge.

## **The two projects below are the highlights of Fiscal Year 2024:**

### **Bloomington Alley Way Main Replacement Phase 3, 4, and 5 & Zone 2 24" Transmission Main**

**ACTUAL COST: \$2,700,000**

This project will replace roughly 7,000 linear feet of 8, 12 and 24 inch water mains in the Bloomington area near 7th street, 9th street, Maple Avenue, Cedar Avenue, and Linden Avenue. The current mains servicing this area are nearing the end of their useful lives and are located in difficult-to-access alleyways.



### **I-10 Cedar Avenue Interchange Improvement Project**

**ACTUAL COST: \$2,700,000**

This project is replacing and relocating water pipelines and infrastructure near the I-10 Freeway intersection with Cedar Avenue. The current overpass of Cedar Avenue is being expanded, which requires the relocation of the existing 8 and 12 inch pipelines crossing the freeway. The Project is also replacing aging piping on Valley Boulevard and across the adjacent railroad crossing.



# FY 2023-2024: Completed Projects

CIP Project Description	Project Number	Project Cost
Zone 2 & 3 Transmission Main - 12", 16" and 20" in Santa Ana Avenue	W17035	\$1,570,556
Zone #4 30" Transmission Line @ El Rancho Verde	W20024	\$2,169,392
Fencing for Battery Pack Sites	W23019	\$66,435
Administration Copier	W24028	\$18,264
1 New Truck for Cross-connection staff - Super Cab with an Extended Bed, Loading Ramp	W22021	\$55,700
Cisco ASA and Voice Router Upgrade	W23011	\$17,402
1 New 5-Yard Dump Truck	W23014	\$138,436
Four New Pneumatic Pumps	W24011	\$13,672
Caterpillar Cold Planer Attachment	W24012	\$18,788
Caterpillar Hydraulic Jack Hammer for Backhoe	W24013	\$12,233
Well 6	W24026	\$263,800
Well 6 Enclosure	W24027	\$23,438
Vmware Host #2	W24014	\$24,184.27
Vmware Host #3	W24015	\$24,184.26

# FINANCIAL Performance

Based on Annual Comprehensive Financial Report

## SOURCES OF REVENUE

The District uses revenue to fund daily operations, repay loans, bonds and interest. Remaining revenue is invested back into capital improvement projects to help maintain and improve the longevity and stability of the District's water system.

**West Valley Water District receives 72 percent of its revenue from user rates and fees.** Rates and fees are reviewed and adjusted as necessary to cover the costs of providing services to ratepayers.

### Water Consumption



Volumetric revenue based on consumption of potable water.

### Water Service Charges



Basic service charge based on number of connected meters.

### Other Operating Revenue



Construction meters, customer service charges/fees, backflow charges, engineering/developer fees, and meter fees.

### Non-operating Revenue



Includes investment income and property taxes.

### OPERATING REVENUE

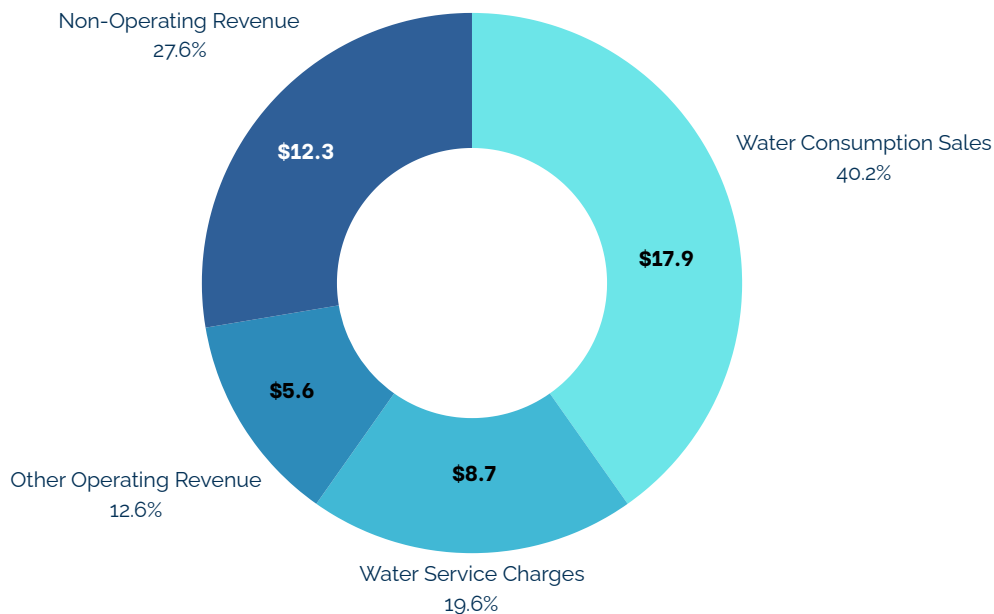
\$32,212,508

### NON-OPERATING REVENUE

\$12,339,516

### TOTAL REVENUE

\$44,552,024



# Three Year Comparative Revenues

## District Revenue

	FY2022	FY2023	FY2024	FY23 to FY24 % Change
<b>Operating Revenues:</b>				
Water Consumption Sales	\$ 20,113,330	\$ 17,318,706	\$ 17,853,480	3%
Water Service Charges	8,027,078	8,350,808	8,746,460	5%
Other Operating Revenue	4,077,190	15,721,986	5,612,568	-64%
<b>Total Operating Revenues</b>	<b>32,217,598</b>	<b>41,391,500</b>	<b>32,212,508</b>	<b>-22%</b>
<b>Non-operating Revenues:</b>				
Property Taxes	\$ 3,179,573	\$ 3,738,692	\$ 4,263,009	14%
Gain on Disposition of Capital Assets	771,002	735,495	2,029,568	176%
Interest and Investment Earnings	(1,793,624)	3,259,706	6,046,939	86%
<b>Total Non-operating Revenues</b>	<b>2,156,951</b>	<b>7,733,893</b>	<b>12,339,516</b>	<b>60%</b>
<b>Total Revenues</b>	<b>\$ 34,374,549</b>	<b>\$ 49,125,393</b>	<b>\$ 44,552,024</b>	<b>9%</b>



## Major Changes in Revenue

### OPERATING REVENUES

In fiscal year 2024, the District's operating revenues decreased by approximately 22%, or \$9,178,992 primarily due to a decrease in other operating income. In the prior year, the District received a one-time settlement of \$10 million.

### NON-OPERATING REVENUES

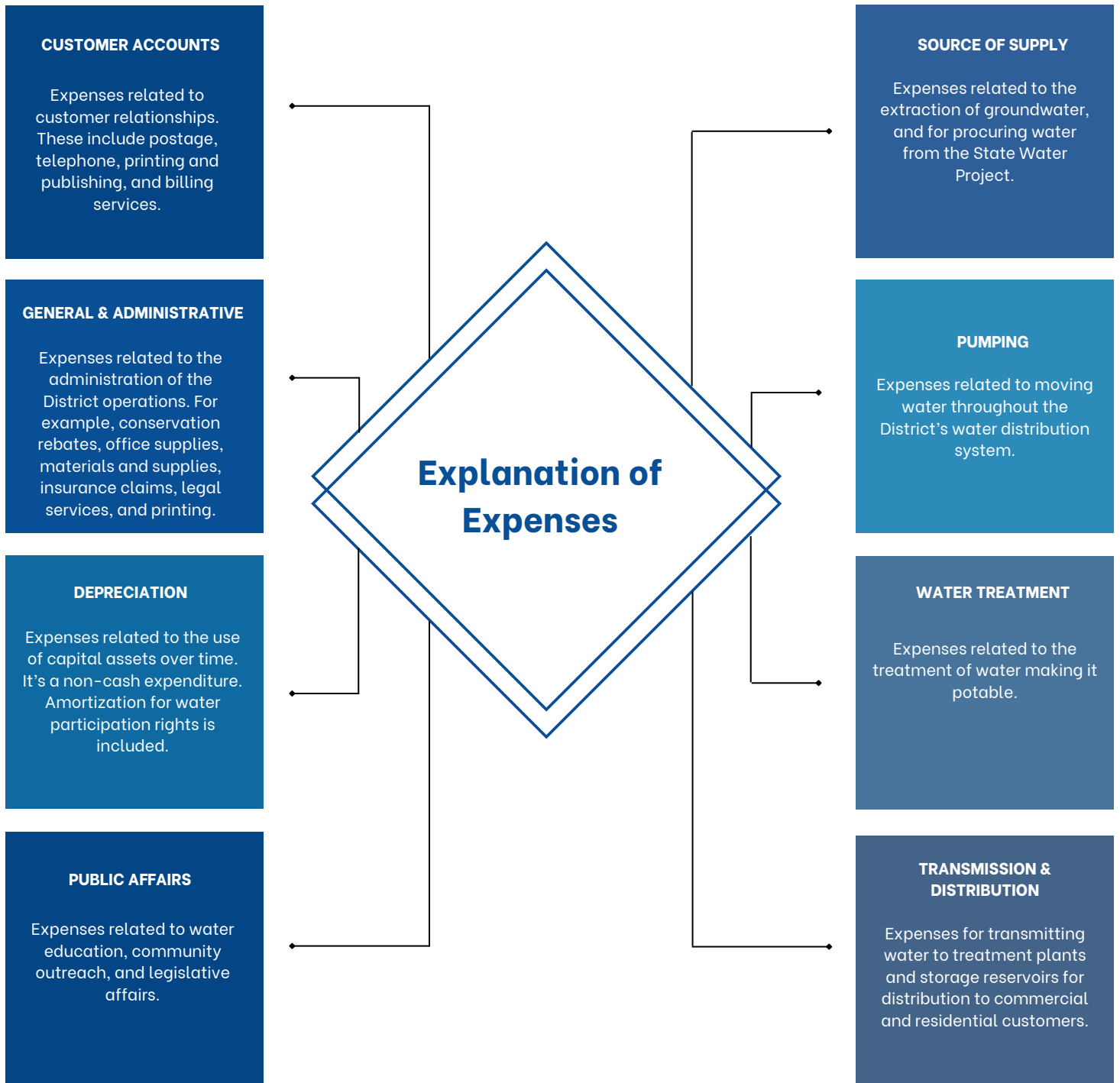
In fiscal year 2024, the District's non-operating revenues increased by 67%, or \$4,588,518. Primarily due to interest and investment earnings of \$6 million from the District's reserves.



# OPERATING Expenses

Operating expenses are necessary to provide reliable water to protect public health and the environment with financial integrity and superior customer service. Despite the severity of the recent drought, the District has put forth significant effort to overcome the challenges of maintaining fiscal transparency and operational sustainability.

The expense types and allocation for every dollar the District spends on operations and maintenance are:



## District Expenses

FY23 to  
FY24 %  
Change

	FY2022	FY2023	FY2024	
<b>Operating Expenses:</b>				
Source of Supply	\$ 1,825,531	\$ 1,996,352	\$ 1,650,615	-17%
Pumping	4,417,077	4,673,757	5,337,069	14%
Water Treatment	4,591,618	4,679,730	5,082,226	9%
Transmission and Distribution	2,200,940	2,677,543	3,046,177	14%
Customer Accounts	2,463,906	2,664,323	2,857,673	7%
Public Affairs	1,034,781	940,041	857,875	-9%
General and Administrative	9,284,184	9,971,366	10,818,229	8%
Depreciation Expense	6,315,312	6,392,240	6,991,531	9%
Amortization of Water Participation Rights	341,867	370,216	434,230	17%
<b>Total Operating Expenses</b>	<b>32,475,216</b>	<b>34,365,568</b>	<b>37,075,625</b>	<b>8%</b>

## Major Changes in Expenditures

In fiscal year 2024, the District's operating expenses increased 8%, or \$2,710,057, primarily due to an increase in general and administrative, pumping, and water treatment. Operating expenses increased in fiscal year 2023 by 6% or \$1,891,352.

The cent amount identifies how every dollar spent is allocated to cover expenses.



# LONG TERM *Debt*


The District adopted a Debt Management Policy to clearly state that long-term debt can only be used for capital improvement projects that cannot be funded from current revenues.

A public agency has a bond rating used by investors to determine risk (similar to personal credit scores). The District maintains an AA- rating from Standard & Poor's for the refunding revenue bonds. The rating was issued on December 14, 2016, and is considered high quality. This rating assesses a bond issuer's financial strength to repay their debt on time.

Benefits of a good credit rating are easier access to borrow money and lower interest expense. Current bond covenants require that the debt coverage ratio be no less than 1.2 or 120% of annual debt service. The debt coverage ratio for FY 2023-24 is higher at 4.72. This reflects a solid financial position.

Long-term debt increased from \$27.9 million to \$45 million during FY 2023-24 due to the District obtaining a State Revolving Fund Loan for the Roemer Treatment Plant Expansion Project.

<b>Debt Service Coverage</b>	<b>FY2024</b>	<b>FY2023</b>	<b>% Change</b>
Net Revenues (less interest & Investment earning)	\$ 38,505,085	\$ 45,865,687	-16.05%
Total Operating Expenses (less depreciation & amortization)	29,649,864	27,603,112	7.41%
<b>Net Earnings</b>	<b>\$ 8,855,221</b>	<b>\$ 18,262,575</b>	<b>-51.51%</b>
Bond Debt Service	1,875,709	1,977,511	-5.15%
<b>Debt Coverage Ratio</b>	<b>4.72</b>	<b>9.24</b>	<b>-48.88%</b>



## Long Term Debt

**Beginning: \$27,954,879      Ending: \$45,007,120**

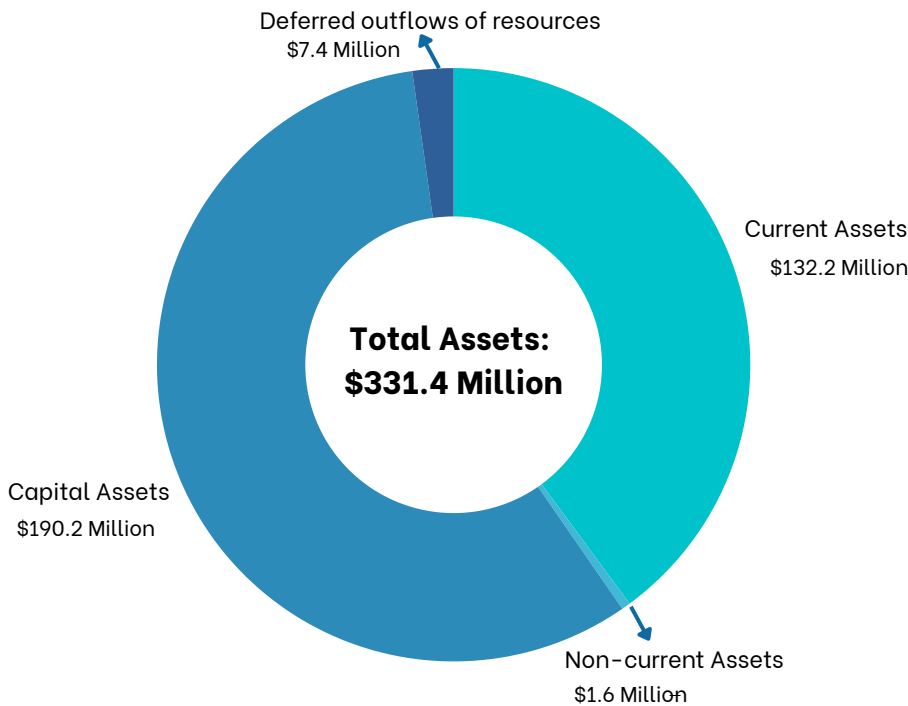
<u>Bond Series 2016A</u>	<u>Hydroelectric Plant</u>	<u>Water Participation Rights Contract</u>	<u>State Revolving Fund Loan</u>	<u>Subscriptions Payable</u>
This bond was issued to provide funds: (i) to prepay all amounts payable under the Series 2006D-2 Bonds; and (ii) pay costs of issuance of the 2016A Bonds.	Agreement with San Bernardino Valley Municipal Water District to finance and construct Roemer Hydroelectric Station.	The District acquired water participation rights from San Bernardino Valley Water District. These rights entitle the District to purchase water from the Baseline Feeder system.	The District obtained a Drinking Water State Revolving Fund Loan to fund the Roemer Treatment Plant Expansion Project.	Subscription liabilities due to any subscription payments to a SBITA vendor.
<b>BALANCE: \$19.8 Million</b>	<b>BALANCE: \$1.3 Million</b>	<b>BALANCE: \$5.2 Million</b>	<b>BALANCE: \$18.5 Million</b>	<b>BALANCE: \$0.2 Million</b>



# NET Position

As an infrastructure-based organization, the District is heavily invested in capital investments to maintain and improve its water systems. Net position offers perspective of the District's assets, liabilities, and equity. The information presented below applies to fiscal year ended June 30, 2024.

## Assets and Deferred Outflow



### Current Assets

Cash and cash equivalents, customer utility receivables, inventory, prepaid expenses, and other liquid assets that can be readily converted to cash.



### Capital Assets

Includes land, buildings, equipment, vehicles, inventory, treatment plants, pipeline and water distribution systems.



### Deferred Outflow of Resources

Represents outflow of resources that apply to future periods, therefore, will not be recognized as an expense until that time.



### Other Assets

Special assessments receivable from certain property owners for system improvements that benefit only their properties.

## Liabilities and Equity



### Current Liabilities

Present obligations and payments due including payments to vendors, payroll, and employee benefits.



### Non-Current Liabilities

Long-term financial obligations include payments for loans, bonds, and employee retirement benefits.



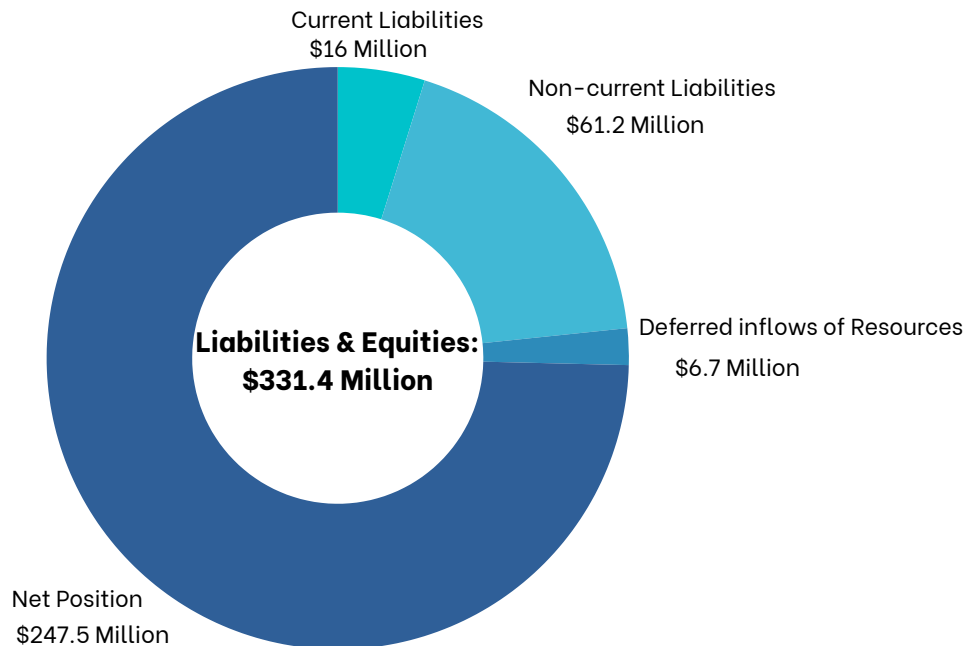
### Deferred Inflow of Resources

Receipt of net assets attributed to future reporting periods, such as deferred revenue and advance collections.



### Equity (Net Position)

Represents the District's fiscal position after assets, liabilities, deferred outflow, and deferred inflow have been balanced.



## Three Year Comparative Net Statement

Net position may gradually serve over time as a useful indicator of an agency's financial position. Net position of the District was \$247,479,822 and \$211,948,770 for the years ended June 30, 2024 and June 30, 2023, respectively. This means that **the District's overall financial position is better off by \$35,531,052 over the prior year.** In the case of the District, net position has been increasing when comparing Fiscal Year 2022 to 2023. When comparing Fiscal Year 2022 to 2024, the change is an increase of \$55,900,000.

## Condensed Statement of Net Position

	FY2022	FY2023	FY2024
<b>Assets</b>			
Current	\$ 115,108,456	\$ 128,154,026	\$ 132,212,082
Non-current	1,661,062	1,609,736	1,557,173
Capital Assets	131,240,161	136,622,774	190,223,326
<b>Total Assets</b>	<b>248,009,679</b>	<b>266,386,536</b>	<b>323,992,581</b>
<b>Deferred outflows of resources</b>	<b>4,671,358</b>	<b>7,972,075</b>	<b>7,425,051</b>
<b>Liabilities</b>			
Current liabilities	10,113,122	11,289,933	16,002,923
Non-current liabilities	41,342,019	42,901,177	61,265,367
<b>Total Liabilities</b>	<b>51,455,141</b>	<b>54,191,110</b>	<b>77,268,290</b>
<b>Deferred inflows of resources</b>	<b>9,646,074</b>	<b>8,218,731</b>	<b>6,669,521</b>
<b>Net Position</b>			
Net investment in capital assets	102,483,167	108,469,538	162,004,619
Restricted	49,107,439	47,719,572	29,188,714
Unrestricted	39,989,216	55,759,660	56,286,489
<b>Total Net Position</b>	<b>\$ 191,579,822</b>	<b>\$ 211,948,770</b>	<b>\$ 247,479,822</b>



# Contact us



909-875-1804



[www.wvwd.org](http://www.wvwd.org)



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