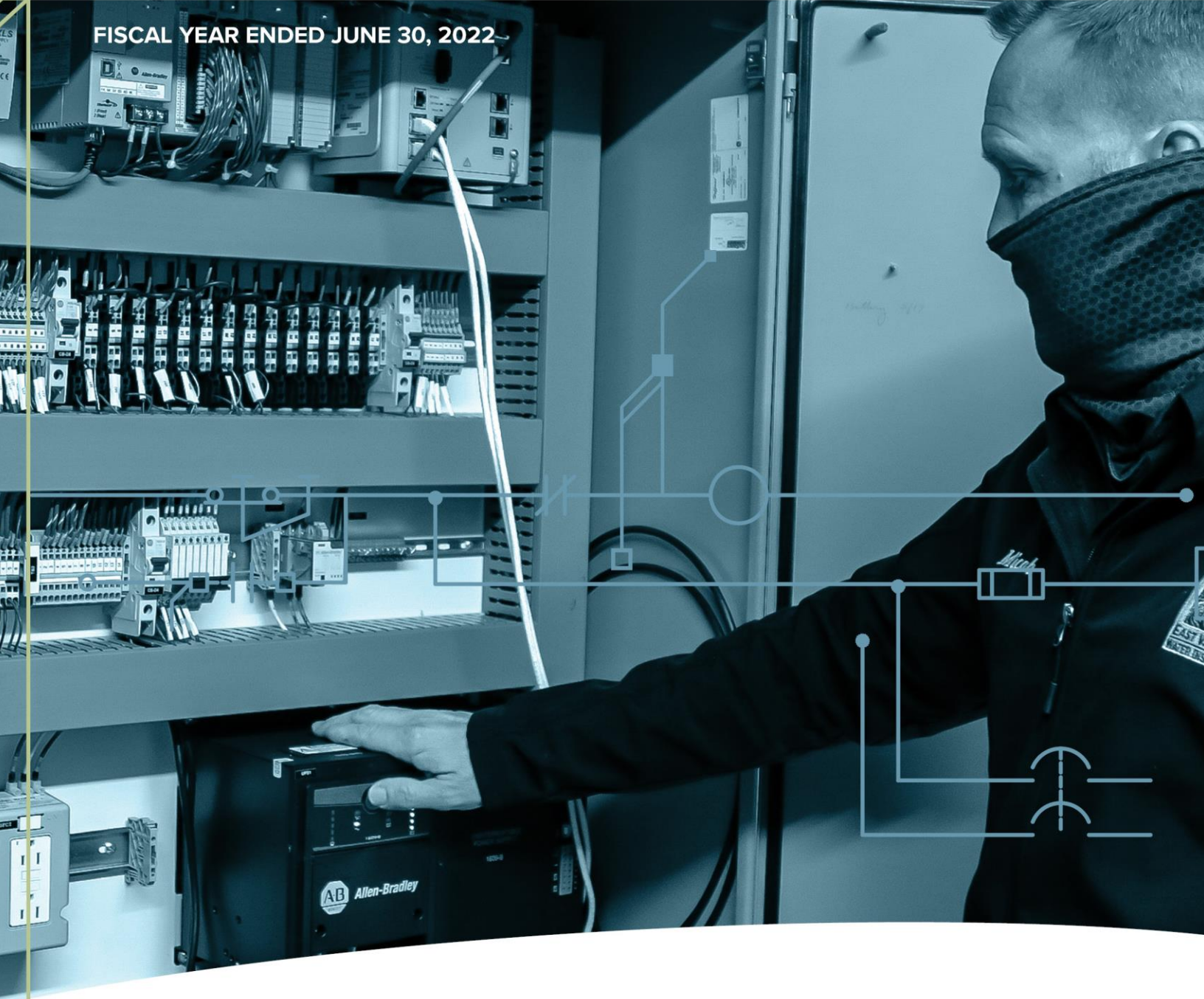


# ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2022



*Highland, California*

**EAST VALLEY**  
**WATER DISTRICT**



THIS PAGE LEFT BLANK

*Intentionally*

# **Annual Comprehensive Financial Report**

**Fiscal Year Ended**

**June 30, 2022**

**East Valley Water District**



Prepared by: Finance Department

3111 Greenspot Road  
Highland, CA 92346

---



Annual Comprehensive Financial Report  
Fiscal Year Ended June 30, 2022

**Table of Contents**

	<u><b>Page No.</b></u>
<b><u>Introductory Section</u></b>	
Letter of Transmittal.....	5
Organizational Structure .....	9
Principal Officials.....	10
GFOA Certificate .....	11
<b><u>Financial Section</u></b>	
Independent Auditors' Report .....	13-15
Management's Discussion and Analysis .....	16-27
<b>Basic Financial Statements</b>	
Statement of Net Position .....	29-30
Statement of Revenues, Expenses, and Changes in Net Position.....	31-32
Statement of Cash Flows.....	33-34
Notes to the Basic Financial Statements .....	35-65
<b>Required Supplementary Information</b>	
Schedule of District's Proportionate Share of the Net Pension Liability.....	67
Schedule of District's Contributions .....	68
Schedule of Changes in the Net OPEB Liability .....	69
Schedule of OPEB Healthcare Contributions .....	70
Notes to the Required Supplementary Information .....	71
<b>Supplementary Information</b>	
History and Organization.....	74
Combining Schedule of Net Position .....	75-76
Combining Schedule of Revenues, Expenses, and Changes in Net Position .....	77-79
Combining Schedule of Cash Flows .....	81-82



Annual Comprehensive Financial Report  
Fiscal Year Ended June 30, 2022

**Table of Contents**

	<u>Page No.</u>
<b><u>Statistical Information Section</u></b>	
<b>Financial Trends</b>	
Changes in Net Position by Component – Last Ten Fiscal Years .....	87-88
Operating Revenue by Source – Last Ten Fiscal Years .....	89
Water Operating Expenses – Last Ten Fiscal Years .....	90
Wastewater Operating Expenses – Last Ten Fiscal Years .....	91
<b>Revenue Capacity</b>	
Water Sales and Production – Last Ten Fiscal Years .....	92
Revenue Rates for Water – Last Ten Fiscal Years .....	93-94
Revenue Rates for Wastewater – Last Ten Fiscal Years.....	95-96
Active Services by Type – Last Ten Fiscal Years .....	97
Principal Customers – Current Fiscal Year and Nine Years Ago.....	98
<b>Debt Capacity</b>	
Ratio of Outstanding Debt – Last Ten Fiscal Years.....	99
Debt Service Coverage – Last Ten Fiscal Years.....	100
<b>Demographic Information</b>	
Demographic and Economic Statistics – Last Ten Calendar / Fiscal Years .....	101
<b>Operating Information</b>	
Full-Time Equivalent Employees by Department – Last Ten Fiscal Years.....	102
Operating and Capacity Indicators for Water and Wastewater – Last Ten Fiscal Years.....	103
<b><u>Other Information</u></b>	
Capacity Charge Funds .....	105-107







# INTRODUCTORY SECTION





Phillip R. Goodrich  
*Chairman of the Board*

James Morales, Jr.  
*Vice Chairman*

Chris Carrillo  
*Governing Board Member*

Ronald L. Coats  
*Governing Board Member*

David E. Smith  
*Governing Board Member*

Michael Moore, P.E.  
*General Manager/CEO*

3111 Greenspot Road  
Highland, CA 92346

(909) 889-9501  
[www.eastvalley.org](http://www.eastvalley.org)

December 14, 2022

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

We are pleased to submit the Annual Comprehensive Financial Report (Annual Report) for East Valley Water District for the year ended June 30, 2022. This report was prepared by District staff in accordance with standards established by the Governmental Accounting Standards Board (GASB).

The District's management is responsible for the presented data, and the completeness and fairness of the presentation, including the note disclosures. We believe that the report presented is accurate in all material respects, and that the financial statements and other information are presented in a manner that enables readers to gain a full understanding of the District's financial activities for the year. Readers should also refer to the Management's Discussion and Analysis in the Financial Section of the Annual Report for a detailed discussion regarding the District's financial condition and results of operations.

The Annual Report follows the guidelines recommended by the Government Finance Officers Association (GFOA) of the United States and Canada. In December 2022, the District will, again, submit the Annual Report to this organization for review and possible recognition for achievement in reporting excellence.

### **Background**

East Valley Water District (the District) was formed on January 18, 1954, and since then, has provided retail water service to customers in an expanding service area which now covers 30.1 square miles. The District directly serves treated water to approximately 104,000 people in the City of Highland, the eastern portion of the City of San Bernardino, the San Manuel Band of Mission Indians, and portions of the County of San Bernardino. In 1964, the District began providing wastewater collection services to the same service area.

As of June 30, 2022, the District had 21,834 water connections and 19,766 wastewater connections.

### **Water Supply and Reliability**

The District's water supply for the year ended June 30, 2022 includes groundwater (79.7 percent), surface water (4.1 percent), and imported water (16.2 percent). Groundwater is pumped from the Bunker Hill Basin, and surface water from the Santa Ana River is diverted based on rights acquired from the North Fork Water Company.





Phillip R. Goodrich  
*Chairman of the Board*

James Morales, Jr.  
*Vice Chairman*

Chris Carrillo  
*Governing Board Member*

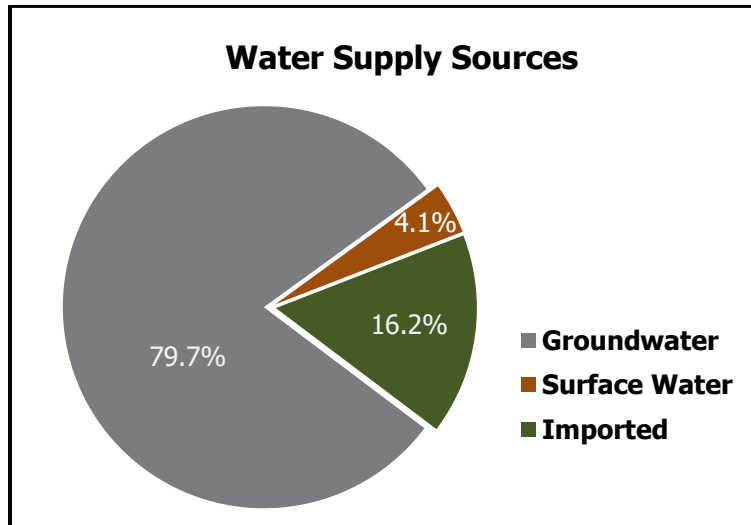
Ronald L. Coats  
*Governing Board Member*

David E. Smith  
*Governing Board Member*

Michael Moore, P.E.  
*General Manager/CEO*

3111 Greenspot Road  
Highland, CA 92346

(909) 889-9501  
[www.eastvalley.org](http://www.eastvalley.org)



### Local Economy

East Valley Water District is located within San Bernardino County in a metropolitan area referred to as the “Inland Empire”. Since 2013, the District’s population has grown by more than 11 percent and currently, comprised of mostly residential and commercial customers, with no major industrial users. Large consumers remain consistent year to year with the San Bernardino City Unified School District, Patton State Hospital, San Manuel Mission Indians, City of Highland, and East Highlands Ranch forming the list of top five users.

In 2022, the average household income within the District’s service area was \$56,514, approximately 22% lower than the County of San Bernardino. Customers who reside in the City of Highland account for approximately 65% of the District’s customer base. These customers had an average household income of \$68,105, approximately 21% higher than the overall District average.

### Financial Management

The District manages its resources conservatively to deliver safe and reliable services to its customers at a fair and cost-effective price. It focuses on establishing fair rates, cost containment, long-term planning, maintaining and upgrading infrastructure, and pursuing alternative source of funding. This approach has allowed the District to undertake substantial capital improvement projects during tough economic times, while passing a series of modest rate increases. The keys to the District’s successful financial management are the District’s Capital Improvement and Financial Plan (CIFP), comprehensive reviews of water and wastewater rates, and the annual budget process. The CIFP provides a comprehensive view of infrastructure investments necessary over a seven-year period to ensure that water resources are adequate, water quality is maintained, and the water and wastewater service needs of current and future customers are met. The CIFP is reviewed annually by the District’s Board of Directors



Phillip R. Goodrich  
*Chairman of the Board*

James Morales, Jr.  
*Vice Chairman*

Chris Carrillo  
*Governing Board Member*

Ronald L. Coats  
*Governing Board Member*

David E. Smith  
*Governing Board Member*

Michael Moore, P.E.  
*General Manager/CEO*

3111 Greenspot Road  
Highland, CA 92346

(909) 889-9501  
[www.eastvalley.org](http://www.eastvalley.org)

(Board) during the budget process, at which time the highest priority projects are adopted and receive authorization for expenditure along with the District's operating budget.

The District's financial planning also includes the establishment and funding of reserves, and the pursuit of alternative funding sources, both of which help reduce reliance on rates and rate increases. In recent years the District has been very successful in pursuing project funding from the State Revolving Fund and Federal Emergency Management Agency (FEMA), and have applied for water and energy efficiency project funding from the Bureau of Reclamation and Edison.

### **Internal Control**

District management is responsible for establishing a system of internal accounting controls designed to provide reasonable assurances that assets of the District are safeguarded against losses from unauthorized use or disposition, and theft. The District's internal controls also ensure the proper recording of financial transactions, and the preparation of financial statements in accordance with Generally Accepted Accounting Principles (GAAP). The District's internal control structure 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 District's Board of Directors annually adopt a balanced operating and capital budget prior to the new fiscal year. The budget authorizes expenditures and provides a basis for accountability over the District's enterprise operations and capital projects. Each quarter, management provides the Board with a quarterly budget review to allow Board assessment of staff's progress in meeting goals and objectives, and budget adjustments, if necessary, are requested at the mid-year budget review in February.

### **Debt Administration**

The District utilizes proceeds from long-term debt, along with reserves and contributions from the operating budget, to finance major construction projects. Current debt consists of Revenue Bonds and loans from US Bancorp, the State Revolving Fund, and the San Bernardino Valley Municipal Water District.

The District received a credit rating of AA- from Standard and Poor's and Fitch when the Revenue Bonds were issued in September 2020. This rating was affirmed by Fitch as the result of a review conducted in July 2022.

### **Investment Policy**

The Board of Directors annually adopts an investment policy that conforms to California State Law, District ordinances and resolutions, and the prudent person standard. The objectives of the policy are safety, liquidity, and



Phillip R. Goodrich  
Chairman of the Board

James Morales, Jr.  
Vice Chairman

Chris Carrillo  
Governing Board Member

Ronald L. Coats  
Governing Board Member

David E. Smith  
Governing Board Member

Michael Moore, P.E.  
General Manager/CEO

31111 Greenspot Road  
Highland, CA 92346

(909) 889-9501  
[www.eastvalley.org](http://www.eastvalley.org)

yield. District funds are normally invested in the State Treasurer's Local Agency Investment Fund (LAIF), and Federal government Treasury notes or agency obligations.

### **Audit and Financial Reporting**

State law requires the District to obtain an annual audit of its financial statements by an independent Certified Public Accountant. This year, the District's Financial statements were audited by Rogers, Anderson, Malody & Scott, LLP from San Bernardino, California. Their audit opinion is included in the Basic Financial Statements section of this report.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* to the District for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This was the tenth year that the District has achieved this prestigious award. To be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### **Acknowledgements**

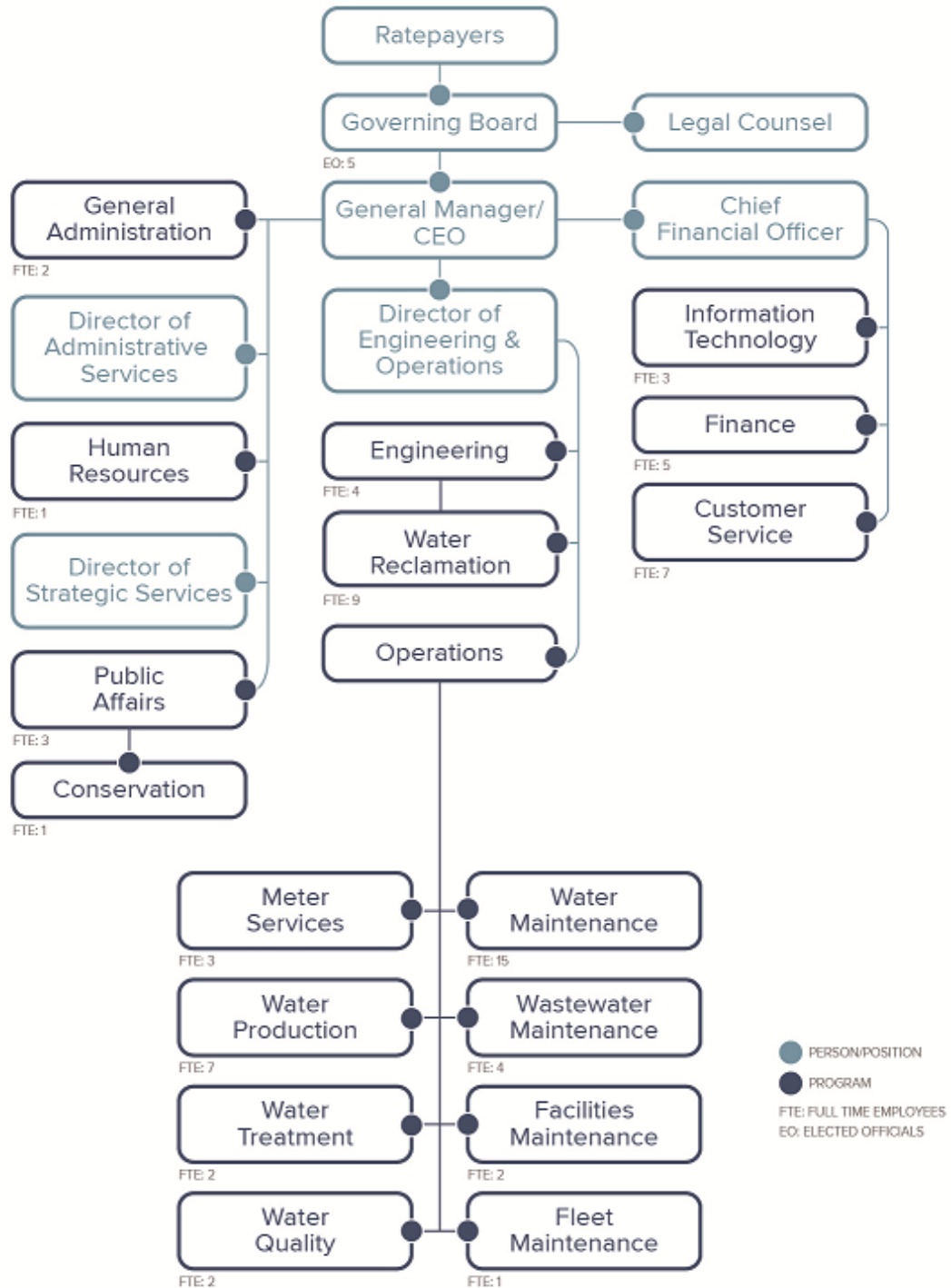
Preparation of this report was accomplished by the combined efforts of District staff. We appreciate the dedication and professionalism that our staff bring to the District. We would also like to thank the members of the Board of Directors for their continued support in the planning and implementation of the financial affairs of the District.

Respectfully submitted,

Michael Moore  
General Manager/CEO

Brian W. Tompkins  
Chief Financial Officer

**EAST VALLEY WATER DISTRICT  
Organizational Structure  
Year Ended June 30, 2022**



**EAST VALLEY WATER DISTRICT  
Principal Officials  
Year Ended June 30, 2022**

**Vision**

*Enhance and preserve the quality of life for our community through innovative leadership and world class public service.*

**Core Values**

**Leadership:** Motivating a group of people to act towards achieving a common goal or destination.

**Partnership:** Developing relationships between a wide range of groups and individuals through collaboration and shared responsibility.

**Stewardship:** Embracing the responsibility of enhancing and protecting resources considered worth caring for and preserving.

**East Valley Water District  
Governing Board Members as of June 30, 2022**

<u>Name</u>	<u>Title</u>	<u>Elected / Appointed</u>	<u>Current Term</u>
Phillip R. Goodrich	Chairman of the Board	Elected	2018 - 2022
James Morales, Jr.	Vice-Chairman of the Board	Elected	2018 - 2022
David E. Smith	Governing Board Member	Elected	2020 - 2024
Ronald L. Coats	Governing Board Member	Elected	2018 - 2022
Chris Carrillo	Governing Board Member	Elected	2020 - 2024

**Contact Information**

East Valley Water District  
Michael Moore, General Manager/CEO  
31111 Greenspot Road  
Highland, CA 92346

(909) 889-9501  
[www.eastvalley.org](http://www.eastvalley.org)

**EAST VALLEY WATER DISTRICT  
GFOA Certificate  
Year Ended June 30, 2021**



Government Finance Officers Association

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

Presented to

**East Valley Water District  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2021

*Christopher P. Morrill*

Executive Director/CEO





# FINANCIAL SECTION



**EAST VALLEY WATER DISTRICT**  
**Independent Auditor's Report**  
**Year Ended June 30, 2022**



ROGERS, ANDERSON, MALODY & SCOTT, LLP  
CERTIFIED PUBLIC ACCOUNTANTS, SINCE 1948

*Independent Auditor's Report*

735 E. Carnegie Dr. Suite 100  
San Bernardino, CA 92408  
909 889 0871 T  
909 889 5361 F  
ramscoa.net

Board of Directors  
East Valley Water District  
Highland, California

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements of East Valley Water District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

***Basis for Opinion***

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

***Other Matter***

The financial statements for the District for the year ended June 30, 2021, were audited by another auditor, who expressed an unmodified opinion on those statements on November 10, 2021.

***Responsibilities of Management for the Financial Statements***

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

**PARTNERS**

Terry P. Shea, CPA  
Scott W. Manno, CPA, CGMA  
Leena Shanbhag, CPA, MST, CGMA  
Bradferd A. Welebir, CPA, MBA, CGMA  
Jenny W. Liu, CPA, MST  
Brenda L. Odle, CPA, MST (Partner Emeritus)

**MANAGERS / STAFF**

Gardenya Duran, CPA, CGMA  
Brianna Schultz, CPA, CGMA  
Seong-Hyea Lee, CPA, MBA  
Evelyn Morentin-Barcena, CPA  
Veronica Hernandez, CPA  
Laura Arvizu, CPA  
Xinlu Zoe Zhang, CPA, MSA  
John Maldonado, CPA, MSA  
Julia Rodriguez Fuentes, CPA, MSA  
Demi Hite, CPA  
Jeffrey McKennan, CPA

**MEMBERS**

American Institute of  
Certified Public Accountants

*PCPS The AICPA Alliance  
for CPA Firms*

*Governmental Audit  
Quality Center*

*Employee Benefit Plan  
Audit Quality Center*

California Society of  
Certified Public Accountants



Proud Member of  
**AlliottGlobalAlliance™**

STABILITY. ACCURACY. TRUST.

**EAST VALLEY WATER DISTRICT**  
**Independent Auditor's Report**  
**Year Ended June 30, 2022**

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.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, 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.



**EAST VALLEY WATER DISTRICT  
Independent Auditor's Report  
Year Ended June 30, 2022**

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other information***

Management is responsible for the other information included in the annual report. The other information comprises the letter of transmittal and the statistical section but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does 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 financial statements, our responsibility is to read the other information and consider whether material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

*Rogers, Anderson, Malochy & Scott, LLP.*

San Bernardino, California  
December 14, 2022

**EAST VALLEY WATER DISTRICT**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2022**

**The District**

East 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, as well as maintaining a collection system for residential and commercial wastewater that is delivered for treatment at a plant owned by the City of San Bernardino Water Department.

The District serves the City of Highland and portions of the City and County of San Bernardino in California.

**The Basic Financial Statements**

East Valley Water District is a special-purpose government agency, engaged in activities that are supported exclusively by user charges. As such, the District's financial statements are presented in the format prescribed for proprietary funds by the GASB.

The following financial statements for the year ended June 30, 2022 (2021 for comparative purposes only) consist of three interrelated statements designed to provide the reader with relevant, understandable data about the District's financial condition and operating results. They are the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows.

The Statement of Net Position presents financial information on the District's assets, liabilities, and deferred inflow and outflows of resources, with the difference reported as net position as of the last day of the District's fiscal year. Over time, increases or decreases in net position can serve as a useful indicator of whether the financial position of the East Valley Water District is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position presents information showing how the District's 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 the related cash flows.

The Statement of Cash Flows (direct method) conveys to financial statement users how the District managed cash resources during the year. This statement converts the change in net position presented on the Statement of Revenues, Expenses, and Changes in Net Position into actual cash provided by or used for operations. The Statement of Cash Flows also details how the District obtains cash through financing and investing activities, and conversely, how cash is spent for these purposes.

**Summary Financial Information and Analysis**

**Financial Condition**

During the year ended June 30, 2022, the District's total assets and deferred outflows increased by \$16.9 million, to \$360.6 million, and included a decrease in Current assets, offset by a significant increase in Capital assets.

Current assets decreased \$2.3 million (6%) to \$36.4 million. While the decrease is a net between increases and decreases of the various current asset line items, the most significant decrease was in the amount Due From Other Governments, which dropped from \$18.6 million to \$10.3 million. This category recognizes outstanding

**EAST VALLEY WATER DISTRICT**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2022**

reimbursement claims from the state revolving fund for reimbursable construction activity, or reimbursements receivable from partner agencies in the construction of regional recycled water facilities and as the project nears completion contractor invoices and corresponding reimbursement requests are for significantly smaller amounts.

Utility Accounts Receivable continued to grow, from \$6.0 to \$7.0 million, despite the fact that the California Governor's moratorium on disconnection of utility services for non-payment ended on December 31, 2021. The District delayed implementing service disconnections while it applied for California Arrearage Payment Program (CAPP) funds from the state to apply to customer account balances incurred during a qualifying period during the pandemic. Inventory balances also increased 84% to \$944 thousand as the District stocked up on frequently used fittings in order to mitigate the effect of supply chain shortages.

Restricted Asset balances increased from \$10.0 to \$11.0 million. The increase is the result of significant development activity and the related collection of restricted development impact fees. Restricted assets do not include large retentions held on the contract construction of the Sterling Natural Resource Center as payment of the retentions will be made with loan proceeds borrowed from the state revolving fund (converted to Long Term debt) rather than paid out of current financial resources.

	<u>2022</u>	<u>2021</u>
Current Assets	36.4	38.7
Restricted Assets	11.0	10.0
Other Assets	0.3	0.3
Capital Assets - Net	<u>309.2</u>	<u>290.1</u>
Total Assets	<u>356.9</u>	<u>339.1</u>
Total Deferred Outflow of Resources	<u>3.7</u>	<u>4.6</u>
Current Liabilities	21.0	20.0
Non-Current Liabilities	<u>186.9</u>	<u>182.0</u>
Total Liabilities	<u>207.9</u>	<u>202.0</u>
Total Deferred Inflows of Resources	<u>7.6</u>	<u>1.6</u>
Net Position		
Net Investment in Capital Assets	117.1	114.8
Restricted	9.1	6.4
Unrestricted	<u>18.9</u>	<u>18.9</u>
<b>Total Net Position</b>	<b><u>\$ 145.1</u></b>	<b><u>\$ 140.1</u></b>

Capital Assets increased by \$19.1 million during the 2021-22 fiscal year. For purposes of the table above, Capital Assets includes construction in progress (CIP), utility plant in service, and the related accumulated depreciation. Changes in capital assets included additions of \$27.3 million, net of asset retirements of \$2.3 million and an annual depreciation charge of \$6.5 million. Capital additions during the year were primarily construction in progress on the SNRC. A more detailed description of capital spending is in the Capital Assets section of this analysis.

Total Deferred Outflow of Resources consists of pension contributions made after the most recent pension plan actuarial valuation, as well as differences between projected and actual earnings on pension plan investments and changes in assumptions. Contributions and investment earnings during the year ended June 2021 had the effect of reducing deferred outflows for 2021-22 by \$1.2 million. This amount was reduced by an increase in deferred outflows related to Other Post-Employment Benefits (OPEB) of \$0.3 million.



**EAST VALLEY WATER DISTRICT**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2022**

While current assets decreased by \$2.3 million, current liabilities increased by \$1.0 million, the result of the growing retentions payable balance related to construction of the SNRC, which is nearing completion. The net impact of these changes caused the District's current ratio to fall slightly from 1.9:1 to 1.7:1. However, by removing the retentions payable of \$10 million from the above calculation, the current ratio improves to 3.3:1. Justification for removing retentions payable from the calculation is that when the contractor is paid the retention, the District will request a draw against its SRF loan for the retentions, rather than drawing on District financial resources, in effect converting retentions to long-term debt.

Non-Current Liabilities increased by \$5.0 million, the net effect of:

- \$13.1 million in draws on the State Revolving Fund loan for the SNRC; plus
- \$(2.3) million in principal payments and premium amortization;
- \$(0.1) million decrease in LT Debt amounts classified as current liabilities, and
- \$(0.1) million decrease in compensated absences and employee post-retirement benefit obligations calculated in accordance with GASB statements number 68 (pensions) and 75 (retiree medical).
- \$(5.6) million decrease in post-retirement pension and other benefit obligations due to extraordinary plan asset investment gains during the year ended June 2021, the date of the valuation on which current obligations are calculated.

Pensions and OPEB (Other Post-Employment Benefits) are further discussed in Notes 8 and 11 of the accompanying financial statements. Long-term debt and Compensated absences are further explained in financial statement Notes 5 and 6, respectively.

The District's total Net Position was \$145.1 million at the end of fiscal year 2022, a \$5.0 million increase compared to the end of the previous fiscal year. Of the \$145.1 million Net Position balance, \$117.1 million is categorized as Net Investment in Capital Assets, \$9.1 million is Restricted for Capital Expansion Projects, and \$18.9 million is Unrestricted. The calculation of Net Investment in Capital Assets is included in Note 7 of the accompanying financial statements.

Looking at longer term results, the District's total Net Position has increased \$25.8 million and \$30.6 million over five and ten year periods, respectively.

**Results of Operations and Changes in Net Position**

**Water Operations**

Water sales for fiscal year 2021-22 decreased 4.0% to \$18.5 million, the result of a decrease in water demand by customers from 18,429 acre-feet in 2020-21, to 17,998 acre-feet. Total water produced by the District during the year was 18,789 acre feet, with the difference between water produced and water sold of 791 acre feet (4.2%) being the result of District flushing programs, water use at District facilities, and system leaks.

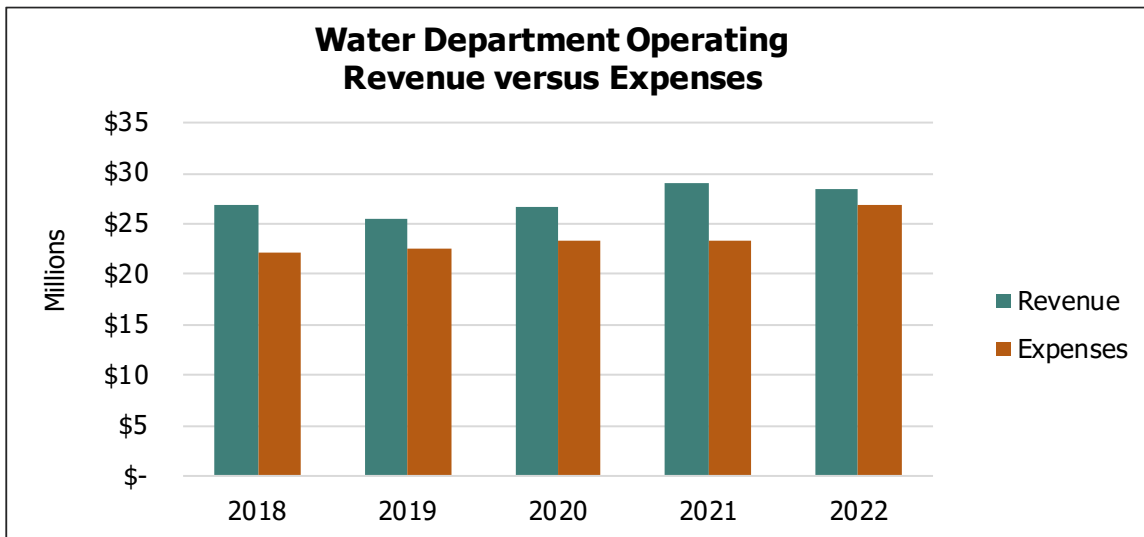
While actual water sales declined compared to the previous year, current year actual sales of \$18.5 million did exceed projections of \$17.3 million for fiscal year 2021-22. Projections are based on historical usage, and follow a predictable pattern starting with high usage in the summer, decreasing usage as the weather cools until the winter months, when usage is at its lowest, and then increased usage toward the end of the District's fiscal year in June. The District usually receives most of its rain between the months of December and February and has an annual average of 17 inches. However, below average rainfall, like 10.4 inches in 2021-22, usually leads to higher than

**EAST VALLEY WATER DISTRICT  
Management’s Discussion and Analysis  
Year Ended June 30, 2022**

expected water demand. Low levels of rainfall has again become a statewide problem as California is entering its fourth year of drought. In October 2021 a statewide drought emergency was declared for California.

East Valley Water District has been working to mitigate the effects of drought since before the previous drought emergency ended in April 2017. As referenced throughout this discussion, the District is building a water reclamation plant known as the Sterling Natural Resource Center (SNRC) which will allow the District to recharge more than six million gallons of recycled water per day into the local groundwater basin. In addition, when the state experienced heavy rainfall in the winters of 2017 and 2018, the District participated in regional efforts to buy as much State Water Project water as possible for recharge into the basin. While these measures will not stave off local water shortages indefinitely, smart water conservation, including a statewide target of a 15% water use reduction in the next year, puts the District in a better position than most for going years into the current drought without facing water shortages.

Water System, or Meter Charge revenue remained relatively consistent with prior year revenue at \$9.2 million for fiscal year 2021-22. Although a 1% rate increase became effective in February of 2022, associated increases were offset by a reduction in charges for construction meters due to slowing construction, and a reduction in the accrual for unbilled revenue at year end. Accrued revenue at June 2021 were approximately \$125 thousand higher than the accrued revenue recognized at June 2022.



Water Department operating expenses increased 15.5% to \$26.9 million for fiscal year 2021-22. The primary factors contributing to this significant increase were a market median wage adjustment for positions found by an independent study to be significantly under market median, energy costs, and inflationary pressure on the price of goods and services overall.

The rising cost of energy has had an impact on operations for the past two year. Over the past few years the District had implemented multiple energy efficiency and alternative energy production measures, and these helped mitigate the effects of rising power costs. However, by fiscal year 2019-20, Edison rate increases were beginning to offset the District’s energy measures, and in 2020-21 increases in power costs could not be avoided.

**EAST VALLEY WATER DISTRICT**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2022**

In addition to rate increases, Edison redefined daily 'peak' hours. Peak hours and the high rates associated with them, were shifted away from the period 1:00 p.m. to 5:00 p.m., hours during which demands on the electrical grid have fallen because many customers are generating their own solar energy during those hours, to 4:00 p.m. to 9:00 p.m. when customers returning home from work/school are using electrical appliances but cannot generate solar energy. The District was able to adjust to the shift in peak hours during weekdays, but another revision that added peak hour pricing to weekend days disrupted District operational strategies that avoided peak hour rates by filling all reservoirs during the weekend.

The effects of power cost increases and other costs fluctuations on the various cost centers and programs are outlined below:

- Pumping: power costs related to boosting water to higher pressure zones increased \$127 thousand (25%) to \$646 thousand due to continued changes in Edison rates and rate structures explained above.
- Treatment: these costs increased \$37 thousand (4%) overall which consisted of a significant increase in power and chemicals costs, partially offset by a decrease in materials costs. Materials costs were dropped because a costly, periodic change out of filtration media at the District's Plant 28 Granular Activated Carbon treatment module in the prior year. Power cost increases are explained above, and chemical costs were affected by price increases and availability challenges.
- Transmission and Distribution- distribution system maintenance costs increased \$310 thousand (9.5%) due almost entirely to the increased cost of materials. The cost of brass and other metal fittings rose between 150% to 200% due to supply chain issues and related inflation.

**Wastewater Operations**

Wastewater operating revenues consist of System Charges and Treatment Charges, and Other Operating Revenue.

System Charge rates are set by the District to cover the cost of maintaining the District's wastewater collection system and to cover a portion of administrative and general expenses. A rate adjustment implemented in January 2022 was responsible for a 2.6% increase in System charge revenue in 2021-22.

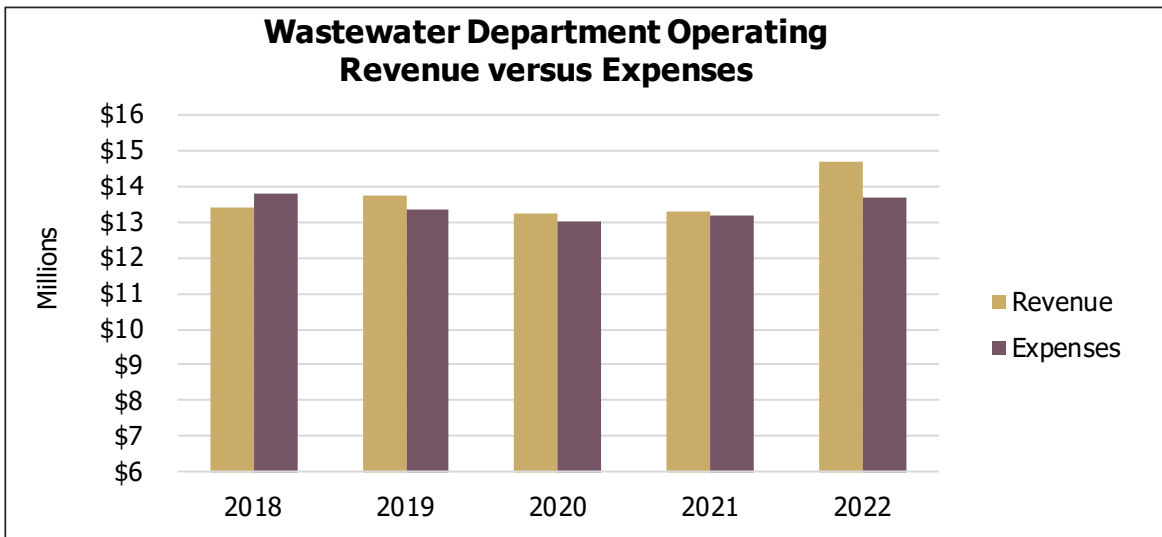
Treatment Charge rates have historically been established by the City of San Bernardino Water Department (City), which treats wastewater flows generated by District customers. The District uses the City rates to bill its customers and then remit payment to the City at the end of each month. This relationship, and use of City rates, was scheduled to terminate once the District has the capability to treat wastewater upon completion of the Sterling Natural Resource Center (SNRC). Completion of the SNRC was projected to be May of 2022.

In anticipation of the SNRC start-up, the District adopted its own treatment rates in 2021. The SNRC was not completed in May, however, due to COVID and supply chain issues, and the revised completion date is July 2023. Although the District will continue to pay the City for treatment services for an additional year, the District went forward with implementation of its own rates in May 2022, and is using the increment between the two rates to cover some of the SNRC startup costs already being incurred, such as hiring operators to begin training on SNRC plant operations. The implementation of District rates in May resulted in a 9.3% increase in treatment charge revenue during 2021-22.

**EAST VALLEY WATER DISTRICT  
Management’s Discussion and Analysis  
Year Ended June 30, 2022**

Other Operating Revenue includes inspections, plan checking, and other development related fees, and also periodic reimbursements from other public agencies or utilities for shared costs or participation in conservation programs. In fiscal year 2021-22, Other Operating Revenue included significant service connection fees related to new development (other than impact fees).

Wastewater department collection line maintenance costs decreased by 19% compared to the prior year. This change is the result of a drop in Contract Services as the District had to deploy contractors for fewer sewer main repair incidents than in 2020-21.



**Shared Customer Account & Administrative Costs**

Costs related to Customer Accounts (Water & Wastewater Operations) increased \$96 thousand, or 5.9%. This increase is the net effect of increased labor and contract services costs which were partially offset by a reduction in postage costs due to disconnection notices not being generated and delivered (prohibited during COVID). Labor costs increased as the District created a Supervisor position and hired additional part-time staff to bolster the department in preparations for completion of the SNRC, at which time the department will be split between a new customer service counter there, and the existing counter at the District Headquarters. Contract Services increased due to escalating charges for maintenance and hosting of the District’s automated meter data portal and customer relationship/financial software.

Administrative and general costs for the District increased by 29.9% to \$13.9 million. The increase is the effect of several factors that became due in the current year in preparation for commencement of operations at the SNRC, and/or because items had been deferred during the height of the COVID19 pandemic. Some of the most significant were:

1. Conservation rebates increased 181% to \$225 thousand as workshops and other customer outreach resumed.
2. Insurance costs continued to climb, 87.1% in 2021-22. The insurance industry in California continues to feel the effects of costly wildfires in 2019, including the District’s risk pool which buys excess insurance on the open market.

**EAST VALLEY WATER DISTRICT**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2022**

3. Labor and Benefits rose 19.5% to \$8.4 million. This increase included the cost of some wastewater treatment operators being hired to begin training at the SNRC prior to commencement of operations, and was also the result 'market median' wage adjustments and of COLA increases that were negotiated in September 2020.
4. Contract services increased 33.6% to \$2.1 million. The most significant items were a \$170 thousand contribution to regional habitat conservation efforts, a one-time cost of \$190 thousand to extend fiberoptic communication services to the District headquarters and 2 critical plants, and \$153 thousand toward the fully burdened cost of a law enforcement officer to help ensure increased presence and priority response at critical District plants.

**Non-Operating Activities**

The District's non-operating revenue of \$939 thousand includes net investment losses of \$137 thousand, a gain on disposal of vacant land of \$1.042 million, and miscellaneous income of \$34 thousand. Reported investment losses are a net between realized earnings during the year of \$146 thousand, offset by \$283 thousand in unrealized losses recorded at year end due to the negative variance between cost and market value of securities at year end caused by rising interest rates. The Gain on Disposal was realized when land that has been held for resale for 15 years was sold to a local development company.

Non-operating expense consist of \$1.295 million in interest on District long-term obligations.

**East Valley Water District Changes in Net Position**  
**(in millions)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Water Sales	\$ 18.5	\$ 19.3	\$ 16.9
System Charges	14.0	13.9	13.7
Treatment Charges	9.8	8.5	8.5
Other Operating Rev	0.8	0.5	0.7
Supply & Pumping	(4.3)	(4.2)	(3.7)
Distribution / Collection	(4.2)	(4.0)	(4.2)
Treatment	(10.1)	(9.5)	(9.4)
Customer Accounts	(1.7)	(1.6)	(1.7)
General & Administrative	(13.9)	(10.7)	(10.6)
Depreciation	(6.4)	(6.5)	(6.6)
Non-Operating Revenues	1.3	0.2	0.7
Interest Expense	(1.6)	(2.6)	(1.6)
Income Before Contributions & Special Item	<u>2.2</u>	<u>3.3</u>	<u>2.7</u>
Developer Contributions	2.7	0.6	3.2
Grant Funds Contributed	0.1	0.3	6.7
Change in Net Position	<u>5.0</u>	<u>4.2</u>	<u>12.6</u>
Beginning Net Position, as Previously Reported	140.1	135.9	123.3
<b>Ending Net Position</b>	<b><u>\$ 145.1</u></b>	<b><u>\$ 140.1</u></b>	<b><u>\$135.9</u></b>

**EAST VALLEY WATER DISTRICT**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2022**

Investment earnings decreased slightly compared to the prior year, despite the fact that quarterly apportionment rates paid by the Local Agency Fund rose from 0.33% to 0.75% during fiscal year 2021-22. Payment of large construction invoices on the SNRC followed by a 60 – 75 day waiting period for reimbursement under a State Water Resources Control Board (SWRCB) funding agreement depressed the amount of investible reserves.

Earnings were, however, offset by an unrealized investment loss recorded at year end as the rising interest rates hampered the value of US Treasury and agency bonds in the District's investment portfolio.

**Capital Contributions**

Contributions received during fiscal year 2021-22 included \$2.7 million in developer capacity fees and \$104 thousand in operating cost reimbursement grants related to COVID19. A majority of the capacity fees received were related to a 205-unit apartment complex under construction, with the remainder coming from two moderate developments of single-family homes. \$91 thousand of the grant funds received were FEMA funds for pandemic related expenses and safety protocols put in place during 2021. The remaining \$13 thousand is administrative cost reimbursements for the District's participation in the California Arrearage Payment Program (CAPP) in which the state paid delinquent customer accounts for bills incurred during the pandemic. The District received and applied \$575 thousand directly to customer accounts with the CAPP.

**Components of Net Position**

The District is required to present its net position in three categories: Net Investment in Capital Assets, Restricted, and Unrestricted.

**Net Investment in Capital Assets**

The components comprising Net Investment in Capital Assets are presented in Note 7 of the accompanying financial statements. The balance at June 30, 2022 is \$117.1 million, an increase of \$2.3 million compared to June 30, 2021. The increase is the net result of the acquisition or construction of capital assets for \$25.1 million, offset by a \$10.7 million increase in outstanding debt, \$6.8 million increase in year-end project payables, and depreciation of \$5.9 million.

**Restricted**

Restricted Net Position consists of unexpended development impact fees which may only be appropriated for a project included in the District's Capital Improvement Program. During fiscal year 2021-22 the District received \$2.7 million in capacity fees while no restricted funds were used to fund current projects. A summary of the collection and use of these funds is presented as Other Information in this document.



**EAST VALLEY WATER DISTRICT**  
**Management’s Discussion and Analysis**  
**Year Ended June 30, 2022**

**Unrestricted**

Unrestricted Net Position is the balance after amounts to be classified as Net Investment in Capital Assets or Restricted have been determined. Unrestricted Net Position increased \$33 thousand to \$18.9 million in fiscal year 2021-22.

**Capital Assets**

The District spent approximately \$25.1 million for expansion or replacement of property, plant, and equipment during the 2021-22 fiscal year. These amounts are reflected in Utility Plant, or as additions to Construction in Progress, in the accompanying financial statements.

Placed in Service

During the 2021-22 fiscal year, District staff, consultants, and contractors completed work on the following:

- Purchased land for a future reservoir site;
- Replaced fourth complete train of filtration membranes in Plant 134;
- Completed security fencing and retaining walls at District Plant 39;
- Completed a lined retention basin for storage of off-spec water should the new SNRC water reclamation plant need to be taken offline;
- Upgraded network servers, access control software and badge readers at critical plants; and
- Replaced and upsized 2,000 linear feet of sewer main.

**Utility Plant in Service – June 30th**  
**(in millions)**

<u>Department</u>	<u>2022</u>	<u>2021</u>
Water		
Source of Supply	\$ 19.5	\$ 19.3
Pumping	15.2	14.9
Transmission & Distribution	100.9	101.9
Treatment	29.2	28.9
Wastewater		
Collection Lines	27.8	27.6
General		
Plant	31.2	30.4
<b>Total</b>	<b>\$ 223.8</b>	<b>\$ 223.0</b>

**Construction in Progress (CIP)**

Construction in progress increased \$25.2 million to \$184.0 million (see note 4) between June 30, 2021 and June 30, 2022. With approximately 32 projects in progress, additions to CIP totaled \$27.1 million, while \$1.9 million was capitalized and transferred to Utility Plant in Service, or expenses.

**EAST VALLEY WATER DISTRICT**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2022**

Of the \$184.0 million balance in Construction in Progress at June 30, 2022, 92% is related to a single project, the Sterling Natural Resource Center.

The SNRC is a water reclamation plant capable of converting six million gallons per day (mgd) of wastewater into recycled water that will be recharged into the regional groundwater basin. Future phases will increase capacity of the plant to 10 mgd.

Other significant work in progress includes upgrades to treatment processes at the District surface water treatment Plant (134) and continued replacement of treatment membranes at the same plant.

**Future Capital Improvements - Water**

The District's ability to meet water quality requirements, promote water conservation, and increase efficiencies in conducting District business are the driving forces by which District management develops long term capital plans. To meet these objectives, the District's 5-year Capital Improvement Plan includes the following projects:

- Rehabilitation of District water storage tanks;
- Replacement of aging water distribution pipelines that require frequent repair and are suspected of causing system water losses;
- Seismic retrofits for multiple water tanks / reservoirs to help ensure structural integrity of the tank during a major earthquake; and
- Partner with project developers to upsize their plans to build a new storage tanks to serve their project.

The District has been awarded 10% match funding under the state's Prepare California Match Program for a \$6.8 million project to complete seismic retrofits on several water storage tanks. A District application for FEMA 2022 Building Resilient Infrastructure and Communities (BRIC) grant funds to cover 90% of the project is under review and should be finalized early in 2023.

The District has also been awarded Phase 1 FEMA funding of over \$1.1 million for design of a significant water main replacement project. Once design is complete, the District will work to finalize Phase 2 funding to cover up to \$40 million in replacement of pipelines which qualify for hazard mitigation assistance. The District is also exploring the feasibility of building a new surface water treatment plant in the District's east end, closest to the source of surface water and to the largest areas of undeveloped land in the District's service area.

**Future Capital Improvements - Wastewater**

The District maintains a list of recommended wastewater main replacements / rehabilitations based on assessments of pipeline condition noted during video logging of the collections system. Pipelines assessed at the highest risk of structural failure are prioritized on the District's 5-year Capital Improvement Plan (CIP).

The District also completed an update to its Wastewater Collection System Master Plan in fiscal year 2018-19 which identified three wastewater pipelines that are susceptible to surcharging during heavy rains. Undersized pipelines can impede new development and will be included in discussions with developers as necessary. These pipelines are included in the District's capacity fee structure.

**EAST VALLEY WATER DISTRICT  
Management's Discussion and Analysis  
Year Ended June 30, 2022**

**Long Term Debt / Credit**

The District's long-term debt at June 30, 2022 consists of Revenue Bonds, loans from the California Department of Water Resources (DWR) State Revolving Fund, a capital lease purchase with US Bank, and a loan from the San Bernardino Valley Municipal Water District (SBVMWD).

Outstanding balances as of June 30, 2022 were as follows:

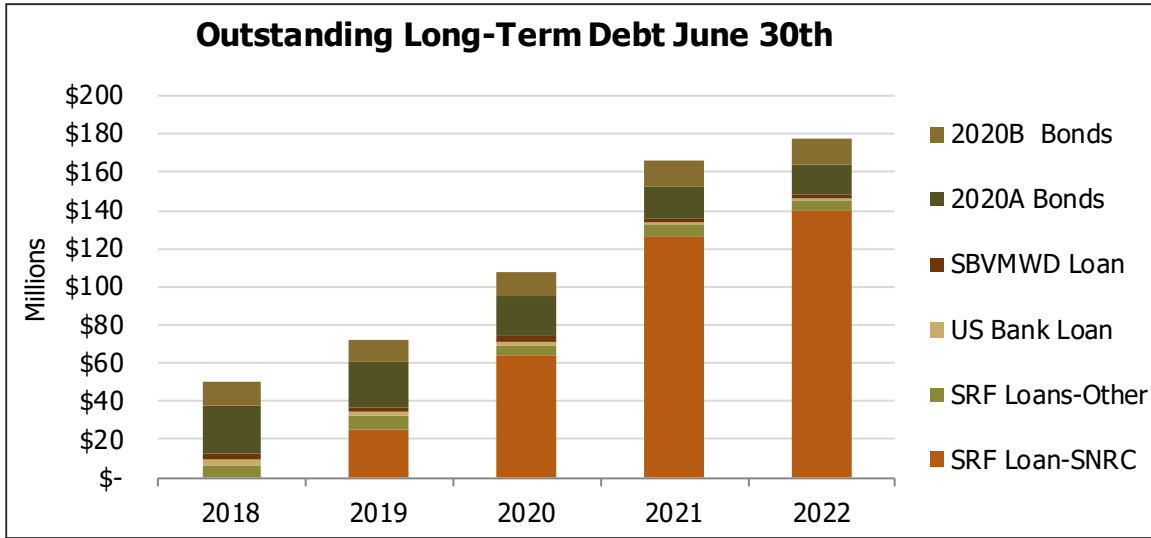
2020A Refunding Bonds	\$	15,990,000
2020B Refunding Bonds		13,340,000
SBVMWD Loan		1,704,019
AVAD Construction		5,368,172
EFAD Construction		57,478
Plant 134 Construction		273,339
SNRC Construction		139,669,059
U.S. Bank Lease Purchase		878,870
<b>Total</b>		<b><u>\$ 177,280,937</u></b>

The funding agreement with the State Water Resources Control Board for the SNRC construction consists of a \$150.3 million loan at 1.8% and a \$6.7 million grant, and was finalized on November 21, 2019. In May of 2022 the District requested an increase in the loan to \$168.3 million for three purposes, 1) finance a large emergency storage basin for off-spec water in the event of an SNRC emergency shutdown, 2) upgrade boosters to move recycled water farther to a revised location for recharge, and 3) to fund a gap between the amount of contracts signed to build digesters at the SNRC, and the existing loan funding for those digesters.

Debt service of approximately \$7.5 million and plant operating expenses will be paid with \$8.7 million currently paid to the City of San Bernardino Water Department for wastewater treatment, Additional revenue streams will include Local Resource Investment Program payments received from the San Bernardino Valley Municipal Water Department for the recharge of recycled water produced by the SNRC, tipping fees from waste haulers who dispose of liquid waste at the District digesters, and energy cost avoidance through use of power produced by the digesters. The loan balance as of June 30, 2022 is \$139.7 million; loan payments will begin one year after the Notice of Completion is filed for the SNRC.

All scheduled debt payments for fiscal year 2021-22 were paid timely.

**EAST VALLEY WATER DISTRICT  
Management’s Discussion and Analysis  
Year Ended June 30, 2022**



Standard & Poor’s and Fitch rated the District’s 2020 Series A and B Revenue Bonds at AA- at the time of issuance. Fitch affirmed this rating after a review of the District’s financial plans in June 2022. Dun & Bradstreet (D&B), based on audited financial statements and creditor input, also rated the District. The rating given by D&B is currently 5A1 accompanied by a financial condition assessment of ‘strong’, which is no change from previous years.

**Rate Increases**

On May 12, 2021 the District adopted rate adjustments for water and wastewater collection activities, and adopted inaugural rates for the District’s water reclamation activities which were implemented in May of 2022 to help pay startup costs being incurred prior to commencement of operations of the Sterling Natural Resource Center. Additional rate adjustments for all water and wastewater services are scheduled to become effective on January 1, 2023, and again on January 1, 2024.

Additional information about the District’s water and wastewater rates can be found on the District’s website at [www.eastvalley.org](http://www.eastvalley.org).

**Contacting the District’s Financial Management**

This financial report is designed to give our customers / ratepayers, creditors, and investors a general overview of the District’s finances, and to demonstrate the District’s accountability for money it receives, and stewardship over facilities it maintains.

If you have questions about this report, or need additional information, contact the District’s Finance Department at 31111 Greenspot Road, Highland, California 92346, or call (909) 381-6463.



# *Basic Financial Section*



**EAST VALLEY WATER DISTRICT**  
**Statement of Net Position**  
**June 30, 2022**

	<b>2022</b>	<b>For Comparative Purposes Only 2021</b>
<b>ASSETS</b>		
Current Assets:		
Cash and Cash Equivalents	\$ 11,313,557	\$ 8,718,115
Investments	4,574,471	3,778,726
Accounts Receivable, Net	6,974,934	6,036,701
Interest Receivable	18,461	8,326
Other Receivables	1,994,056	681,203
Due from Other Governments	10,306,002	18,593,458
Inventory	944,539	503,614
Prepaid Expenses	270,497	387,404
Total Current Assets	36,396,517	38,707,547
Non-Current Assets:		
Restricted Cash and Cash Equivalents	10,960,683	9,975,888
Assessments Receivable	285,745	308,826
Capital Assets not being Depreciated	190,577,346	166,336,585
Capital Assets, Net	118,693,660	123,772,355
Total Non-Current Assets	320,517,434	300,393,654
Total Assets	356,913,951	339,101,201
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred Charge on Refunding	896,852	946,442
Deferred Outflows - Pensions	2,024,887	3,206,817
Deferred Outflows - OPEB	794,163	463,638
Total Deferred Outflows Of Resources	3,715,902	4,616,897
Total Assets and Deferred Outflows of Resources	\$ 360,629,853	\$ 343,718,098

(Continued)

The accompanying notes are an integral part of this statement.



**EAST VALLEY WATER DISTRICT**  
**Statement of Net Position - Continued**  
**June 30, 2022**

	<b>2022</b>	<b>For Comparative Purposes Only 2021</b>
<b>LIABILITIES</b>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 5,283,932	\$ 7,337,004
Accrued Payroll and Benefits	772,778	684,607
Customer Service Deposits	1,390,220	1,331,243
Construction Advances and Retentions	10,188,813	7,324,945
Accrued Interest Payable	263,507	295,316
Current Portion of Compensated Absences	604,122	630,257
Current Portion of Long-Term Debt	2,499,787	2,441,104
Total Current Liabilities	21,003,159	20,044,476
Non-Current Liabilities:		
Compensated Absences, Less Current Portion	683,507	576,285
Net Pension Liability	6,657,689	12,313,294
Net OPEB Liability	1,861,875	2,040,977
Long-Term Debt, Less Current Portion	177,740,054	167,030,458
Total Non-Current Liabilities	186,943,125	181,961,014
Total Liabilities	207,946,284	202,005,490
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred Inflows - Refunding	1,181,143	1,268,266
Deferred Inflows - Pensions	6,115,141	275,850
Deferred Inflows - OPEB	288,464	55,030
Total Deferred Inflows Of Resources	7,584,748	1,599,146
Total Liabilities and Deferred Inflows Of Resources	215,531,032	203,604,636
<b>NET POSITION</b>		
Net Investment in Capital Assets	117,079,071	114,767,362
Restricted for:		
Future Capital Expansion Projects	9,076,014	6,435,505
Unrestricted	18,943,736	18,910,595
Total Net Position	\$ 145,098,821	\$ 140,113,462

The accompanying notes are an integral part of this statement.

**EAST VALLEY WATER DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Year Ended June 30, 2022**

	<b>2022</b>	<b>For Comparative Purposes Only 2021</b>
<b>OPERATING REVENUES</b>		
Water Sales	\$ 18,472,876	\$ 19,305,631
Wastewater Treatment Charges	9,764,357	8,456,508
System Charges	14,020,823	13,922,686
Other Charges	835,559	551,989
	<u>43,093,615</u>	<u>42,236,814</u>
<b>OPERATING EXPENSES</b>		
Water Department:		
Source of Supply	3,515,262	3,617,788
Pumping	756,843	596,586
Treatment	1,045,730	1,008,129
Transmission and Distribution	3,563,328	3,253,175
Customer Accounts	1,225,403	1,185,551
	<u>10,106,566</u>	<u>9,661,229</u>
Wastewater Department:		
Wastewater Treatment	9,084,061	8,456,508
Wastewater Collection	587,128	722,680
Customer Accounts	494,505	438,645
	<u>10,165,694</u>	<u>9,617,833</u>
Administrative and General	<u>13,927,491</u>	<u>10,724,630</u>
Operating Expenses Before Depreciation	34,199,751	30,003,692
Depreciation	6,378,590	6,492,372
	<u>40,578,341</u>	<u>36,496,064</u>
Total Operating Expenses	<u>40,578,341</u>	<u>36,496,064</u>
Operating Income	<u>\$ 2,515,274</u>	<u>\$ 5,740,750</u>

(Continued)

The accompanying notes are an integral part of this statement.

**EAST VALLEY WATER DISTRICT**  
**Statement of Revenues, Expenses, and Changes in Net Position - Continued**  
**Year Ended June 30, 2022**

	<b>2022</b>	<b>For Comparative Purposes Only 2021</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
Investment Income	\$ 165,989	\$ 167,499
Gain on Disposal	1,042,562	-
Other Income	33,706	43,744
Interest Expense	(1,295,223)	(1,387,113)
Unrealized Investment Losses	(303,474)	-
Loss on Disposal of Assets	-	(1,236,600)
	(356,440)	(2,412,470)
Total Non-Operating Revenues (Expenses)		
	2,158,834	3,328,280
<b>CONTRIBUTIONS</b>		
Capacity Charges	2,722,948	577,185
Operating Grants	103,577	300,000
	2,826,525	877,185
Total Contributions		
	4,985,359	4,205,465
<b>CHANGE IN NET POSITION</b>		
	140,113,462	135,907,997
<b>TOTAL NET POSITION, BEGINNING</b>		
	\$ 145,098,821	\$ 140,113,462
<b>TOTAL NET POSITION, ENDING</b>		

The accompanying notes are an integral part of this statement.

**EAST VALLEY WATER DISTRICT**  
**Statement of Cash Flows**  
**Year Ended June 30, 2022**

	<b>2022</b>	<b>For Comparative Purposes Only 2021</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers	\$ 42,383,540	\$ 40,768,273
Cash Payments for Employees Services	(12,167,869)	(11,567,176)
Cash Payments to Suppliers	(22,435,948)	(19,267,178)
Cash to/(from) Other Sources	(1,186,152)	24,325
<b>Net Cash Provided by Operating Activities</b>	<b>6,593,571</b>	<b>9,958,244</b>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Reimbursements Received	8,287,456	-
Grant Funds Received	-	316,145
Proceeds from Sale of Capital Assets	3,368,677	26,552
Developer Fees Received	2,826,525	577,185
Assessments Received	23,081	27,000
Proceeds/Draws from SRF Loan	13,221,385	63,384,866
Proceeds from Issuance of Bonds	-	33,761,890
Payments on Capital Debt	(2,290,011)	(36,225,058)
Interest Paid on Capital Debt	(1,527,660)	(1,718,549)
Acquisition of Capital Assets	(25,897,709)	(72,417,532)
<b>Net Cash Used for Capital and Related Financing Activities</b>	<b>(1,988,256)</b>	<b>(12,267,501)</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received from Investments	62,700	165,235
Acquisition of Investments	(3,456,732)	(2,465,610)
Proceeds from Sale of Investments	2,357,673	4,330,612
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>(1,036,359)</b>	<b>2,030,237</b>
 <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>3,568,956</b>	<b>(279,020)</b>
<b>Cash and Equivalents, Beginning of Year</b>	<b>18,694,003</b>	<b>18,973,023</b>
<b>Cash and Equivalents, End of Year</b>	<b>\$ 22,262,959</b>	<b>\$ 18,694,003</b>
 <b>RECONCILIATION TO STATEMENT OF NET POSITION</b>		
Cash and Cash Equivalents	\$ 11,313,557	\$ 8,718,115
Restricted Cash and Cash Equivalents	10,960,683	9,975,888
 Total Cash and Cash Equivalents	<b>\$ 22,274,240</b>	<b>\$ 18,694,003</b>

(Continued)

The accompanying notes are an integral part of this statement.

**EAST VALLEY WATER DISTRICT**  
**Statement of Cash Flows - Continued**  
**Year Ended June 30, 2022**

	<b>2022</b>	<b>For Comparative Purposes Only 2021</b>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>		
Operating Income	\$ 2,515,274	\$ 5,740,750
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	6,378,590	6,492,372
Miscellaneous Income/(Expense)	126,699	24,325
CIP Projects Expensed	714,343	5,507
Change in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(938,233)	(1,236,263)
(Increase) Decrease in Inventory	(440,925)	(16,643)
(Increase) Decrease in Prepays	116,907	(137,001)
(Increase) in Deferred Outflows of Resources - Pensions	851,405	298,504
Increase (Decrease) in Accounts Payable	(2,053,069)	(1,323,261)
Increase (Decrease) in Accrued Salaries and Benefits	88,171	86,552
Increase (Decrease) in Compensated Absences	81,086	217,552
Increase (Decrease) in Net Pension Liability	(5,655,605)	508,154
Increase in Net OPEB Liability	(179,102)	(55,700)
Decrease in Deferred Inflows of Resources	6,072,725	(414,328)
Increase (Decrease) in Customer Deposits	(1,312,853)	(232,276)
Increase (Decrease) in Developer Deposits	228,158	-
	<u>\$ 6,593,571</u>	<u>\$ 9,958,244</u>
<b>NON-CASH INVESTING, CAPITAL, AND NON-CAPITAL FINANCING ACTIVITIES:</b>		
Fair Value Adjustments to Investments	\$ 300,746	\$ 39,365
Bond Issuance Cost Deducted from Bond Proceeds	\$ -	\$ 72,255
Capital Assets Acquired by Assuming Liabilities, Including Retainage Payable	\$ 2,079,355	\$ 3,416,069

The accompanying notes are an integral part of this statement.

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A) Reporting Entity**

The East Valley Water District is a special district that was formed in 1954, as a result of an election by local residents who desired water service by a public water agency. Later, as the population increased, a modern wastewater system was needed to replace the septic tanks used at the time. Citizens voted to give the District responsibility for that service. The District encompasses an area of approximately 30.1 square miles and provides water and wastewater service to the City of Highland, parts of the City of San Bernardino, and unincorporated parts of the County of San Bernardino, California.

The East Valley Water District Financing Authority (Authority), and the North Fork Water Company (Company) are component units of the East Valley Water District. A component unit is an entity which is financially accountable to the primary government, either because the primary government appoints a voting majority of the component unit's Board, or because the component unit will provide a financial benefit or impose a financial burden on the primary government. The Authority, and Company are blended component units. Only North Fork Water Company prepares separate financial statements.

The Authority was created in August 2010 by a joint exercise of powers agreement for the purpose of financing public capital improvements. It is governed by a Board of Directors comprised of the District's Board of Directors. The Authority issued debt in October 2010 which is secured solely from installment payments under an installment purchase agreement entered into by the District and the Authority.

The Company was established in February 1885 to deliver water, taken from the Santa Ana River, to its property owner /shareholders. The Company is governed by a Board of Directors comprised of, and elected by, Company shareholders. The District has purchased shares of Company stock as they become available to secure rights to the Santa Ana River water and have it delivered to the District's surface water treatment plant. At June 30, 2022, the District owned 7,146.99 of 7,156 outstanding Company shares.

Due to the number of Company shares owned, the District is able to appoint a majority of the Company's Governing Board and is therefore, financially accountable for the Company. In addition, management and staff of the District have complete responsibility for the operations of the Company. As a result, the Company's financial statements have been included in the accompanying financial statements as a blended component unit. Copies of the Company's financial statements may be obtained from the District's Finance Department at 31111 Greenspot Road, Highland, California 92346.

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

The following condensed combining schedule shows how the District and its component units are blended in the accompanying financial statements:

Table 1-1

	<u>District</u>	<u>NFWC</u>	<u>Eliminations</u>	<u>Total</u>
<b>Statement of Net Position</b>				
Current Assets	\$ 36,383,785	\$ 12,732	\$ -	\$ 36,396,517
Capital Assets	311,103,711	233,526	(2,066,231)	309,271,006
Other Assets	8,528,514	2,717,914	-	11,246,428
Deferred Outflows	3,715,902	-	-	3,715,902
Total Assets & Deferred Outflows	<u>359,731,912</u>	<u>2,964,172</u>	<u>(2,066,231)</u>	<u>360,629,853</u>
Current Liabilities	20,963,013	40,146	-	21,003,159
Long-Term Liabilities	186,943,125	-	-	186,943,125
Deferred Inflows	7,584,748	-	-	7,584,748
Total Liabilities & Deferred Inflows	<u>215,490,886</u>	<u>40,146</u>	<u>-</u>	<u>215,531,032</u>
Net Investment in Capital Assets	116,298,971	2,846,331	(2,066,231)	117,079,071
Restricted Net Position	8,998,319	77,695	-	9,076,014
Unrestricted Net Position	18,943,736	-	-	18,943,736
Total Net Position	<u>\$ 144,241,026</u>	<u>\$ 2,924,026</u>	<u>\$ (2,066,231)</u>	<u>\$ 145,098,821</u>
<b>Statement of Changes in Net Position</b>				
Sales and Services	\$ 42,258,056	\$ -	\$ -	\$ 42,258,056
Other Operating Revenue	835,559	-	-	835,559
Operating Expenses	34,033,951	165,800	-	34,199,751
Depreciation	6,322,753	55,837	-	6,378,590
Operating Income	<u>2,736,911</u>	<u>(221,637)</u>	<u>-</u>	<u>2,515,274</u>
Net Non-Operating Revenue (Expenses)	(449,435)	92,995	-	(356,440)
Capital Contributions	2,826,525	-	-	2,826,525
Special Items	-	-	-	-
Change in Net Position	<u>5,114,001</u>	<u>(128,642)</u>	<u>-</u>	<u>4,985,359</u>
Beginning Net Position	<u>139,127,025</u>	<u>3,052,668</u>	<u>(2,066,231)</u>	<u>140,113,462</u>
Ending Net Position	<u>\$ 144,241,026</u>	<u>\$ 2,924,026</u>	<u>\$ (2,066,231)</u>	<u>\$ 145,098,821</u>
Net Cash from Operating Activities	\$ 6,724,455	\$ (130,884)	\$ -	\$ 6,593,571
Net Cash from Capital and Related Financing Activities	(2,070,485)	93,510	-	(1,976,975)
Net Cash from Investing Activities	(1,036,359)	-	-	(1,036,359)
Beginning Cash and Equivalents	18,424,561	269,442	-	18,694,003
Ending Cash & Equivalents	<u>\$ 22,042,172</u>	<u>\$ 232,068</u>	<u>\$ -</u>	<u>\$ 22,274,240</u>

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District uses the economic resources measurement focus and the accrual basis of accounting. Accordingly, revenues are recognized when they are earned, and expenses are recorded when the liability is incurred.

**C) Comparative Data**

Prior year data has been included where practical for comparison purposes only. The prior year data does not represent a complete presentation in accordance with accounting principles generally accepted in the United States of America.

**D) Inventory Valuation**

Inventories are valued at cost using the average-cost method.

**E) Capitalization and Depreciation**

Capital assets purchased or constructed by the District are recorded at cost. Donated capital assets are recorded at acquisition value as of the date received. The District has a capitalization threshold of \$5,000.

Depreciation is computed using the straight-line method over the estimated useful lives of the various assets. Water canals, water, and wastewater lines are depreciated over 25 to 50 years; office equipment and vehicles are depreciated over 5 years.

Water stock and rights contributed to the District are recorded at the same value the District is currently paying for the purchase of similar stock.

**F) 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. Unexpended Bond proceeds are set aside for capital improvements, District deposits into Bond trustee accounts are to be used for debt service, and utility deposits must be returned to the customers at their request after their account has been paid timely for 12 consecutive months, or when their account is closed.



**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**G) Cash and Cash Equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents have been defined as demand deposits and highly liquid investments purchased with an original maturity of 3 months or less. The District invests funds with the Local Agency Investment Fund (LAIF) and Money Market Mutual Funds. Due to the high liquidity of these investments, these funds are classified as cash equivalents.

**H) Investments**

The District has adopted the provisions of GASB Statement No. 72, Fair Value Measurement and Application. The objective of this Statement is to enhance comparability of financial statements among governments by measurement of certain assets and liabilities at their fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value.

**I) Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items which qualify for reporting in this category: Deferred Outflows Charge on Refunding, Deferred Outflows Related to Pensions, and Deferred Outflows Related to OPEB.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items which qualify for reporting in this category: Deferred Inflows related to Pensions, Deferred Inflows related to OPEB, and Deferred Inflows related to Bond Refinancing.

**J) Compensated Absences**

The District has a policy whereby an employee can accumulate unused sick leave and vacation. Sick leave is to be used for extended periods of sickness; however, upon termination or retirement, a portion will be paid as additional benefits to the employee. At retirement or termination, employees who have accumulated over ten years of service will be paid between 50 to 70% of their unused sick leave (based upon their balance of unused sick leave) at their regular payroll rates in effect at the date of termination. Also, employees can cash out up to 300 hours of unused sick time, per calendar year, provided that a minimum of 160 hours is retained after said cash-out. The District has provided for these future costs by accruing a range of the earned and unused sick leave and 100% of the earned and unused vacation.

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**K) Classification of Revenue**

As an enterprise (proprietary) fund, the District classifies its revenues into three classifications: operating revenue, non-operating revenue, and contributions.

Operating revenues are defined as revenues realized by the District in exchange for providing its primary services of water distribution and wastewater collection to its customers. Non-operating revenues are those derived from the investment of cash reserves and from the disposal of excess property, and include those resources received from entities other than customers, such as governmental agencies and developers, for purposes not related to capital improvement. Donated plant and cash received for capital improvement without the requirement that the District give resources in exchange are recorded as contributions.

**L) Use of Restricted Resources**

The District uses restricted resources, prior to using unrestricted resources, to pay expenses meeting the criteria imposed on the use of restricted resources by a third party.

**M) Use of Estimates**

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

**N) Pension**

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

**O) Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the District's OPEB liability related to the California Employer's Retirement Benefits Trust (CERBT), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the CERBT and additions to/deductions from the CERBT fiduciary net position have been determined on the same basis as they are reported by the CERBT. For this purpose, the CERBT recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**P) Future Accounting Pronouncements**

The applicable GASB Statements listed below will be implemented in future financial statements:

Table 1-2

<b>GASB Statement</b>	<b>Description</b>	<b>Effective Date</b>
Statement No. 92	Omnibus 2020	The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The statement addresses a variety of topics. Some requirements are effective upon issuance of the statement and other requirements are effective for the FY 2022-23.
Statement No. 93	Replacement of Interbank Offered Rates	As a result of global reference rate reform, the London Interbank Offered rate (LIBOR) is expected to cease to exist in its current form at the end of 2021. The objective of this statement is to address accounting and financial reporting implications that result from replacement of an IBOR. The statement is effective for the FY 2022-23.

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**1) REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**P) Future Accounting Pronouncements**

Table 1-2 - Continued

<b>GASB Statement</b>	<b>Description</b>	<b>Effective Date</b>
Statement No. 94	Public-Private and Public-Public Partnership and Availability Payment Arrangements	Addresses issues related to public-private and public-public partnership arrangements (PPPs). 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. The statement is effective for the FY 2022-23.
Statement No. 96	Subscription-based Information Technology Arrangements	Guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The statement is effective for the FY 2022-23.
Statement No. 99	Omnibus 2022	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. The statement is effective for reporting periods beginning after June 15, 2023.
Statement No. 100 (an amendment of GASB Statement No. 62)	Accounting Changes and Error Corrections	Prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections. The statement is effective for fiscal years beginning after June 15, 2023.
Statement No. 101	Compensated Absences	Updates the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The statement is effective for fiscal years beginning after December 15, 2023.

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**2) CASH AND INVESTMENTS**

Cash and Investments as of June 30, 2022 are classified in the accompanying financial statements as follows:

Table 2-1

Cash and Cash Equivalents	\$ 11,313,557
Restricted Cash and Cash Equivalents	10,960,683
Investments	<u>4,574,471</u>
Total	<u>\$ 26,848,711</u>

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

Table 2-2

Cash on Hand	\$ 5,400
Deposits with Financial Institutions	5,104,868
Money Market Accounts with Financial Institutions	1,085,264
Investments with Local Agency Investment Fund	16,078,708
Investment in Debt Securities	<u>4,574,471</u>
Total	<u>\$ 26,848,711</u>

**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's investment policy and in accordance with Section 52601 of the California Government Code. The table also identifies certain provisions of the District's investment policy that address interest rate risk and concentration of credit risk.

Table 2-3

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Authorized Limit</u>	<u>Required Rating</u>
Bonds and Certificates of Participation by EVWD	5 years	None	None
U.S. Treasury Bills, Notes, or Bonds	5 years	None	None
State Registered Warrants, Notes, or Bonds	5 years	None	None
Notes and Bonds of other Local California Agencies	5 years	None	None
U.S. Agencies	5 years	None	None
Negotiable Certificates of Deposits	5 years	30%	None
Money Market Mutual Funds and Mutual Funds	5 years	15%	2 - AAA
Collateralized Bank Deposits	5 years	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None

At June 30, 2022, the District had no investments in repurchase agreements and did not utilize this investment media during the reporting year. As a matter of investment policy, the District does not borrow funds with reverse repurchase agreements.

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**2) CASH AND INVESTMENTS - Continued**

**Disclosures Relating to Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the District minimizes its exposure to this type of risk is by investing in investments with laddered maturity dates.

As of June 30, 2022, the District had the following investments and maturities:

Table 2-4

<b>Investment Type</b>	<b>Fair Value</b>	<b>Average Maturity</b>
Freddie Mac	\$ 92,922	3.14 years
Federal Home Loan Bank	2,787,605	2.81 years
Federal Farm Credit Bank	185,068	4.4 years
US Treasury	1,209,953	1.99 years
Tenn Valley Authority	298,923	2.21 years
LAIF	16,078,708	N/A
Money Market Mutual Funds	1,085,264	N/A
	<u>\$ 21,738,443</u>	

**Disclosures Relating to Credit Risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the District's investment policy, and the actual rating as of year-end for each investment type.

Table 2-5

<b>Investment Type</b>	<b>Fair Value</b>	<b>Minimum Legal Rating</b>	<b>Exempt From Disclosure</b>	<b>Rating at Year End AAA</b>	<b>Not Rated</b>
Freddie Mac	\$ 92,922	N/A	\$ -	\$ 92,922	\$ -
Federal Home Loan Bank	2,787,605	N/A	-	2,787,605	-
Federal Farm Credit Bank	185,068	N/A	-	185,068	-
US Treasury	1,209,953	N/A	1,209,953	-	-
Tenn Valley Authority	298,923	N/A	-	298,923	-
LAIF	16,078,708	N/A	-	-	16,078,708
Money Market Mutual Funds	1,085,264	N/A	-	1,085,264	-
	<u>\$ 21,738,443</u>		<u>\$ 1,209,953</u>	<u>\$ 4,449,782</u>	<u>\$ 16,078,708</u>

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**2) CASH AND INVESTMENTS - Continued**

**Fair Value Measurements**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and
- Level 3: Investments reflect prices based upon unobservable sources.

Valuation Technique: Level 2 Investments use the Market Approach which uses prices generated for identical or similar assets or liabilities.

The District has the following recurring fair value measurements as of June 30, 2022:

Table 2-6

	<b>Fair Value Measurements Using</b>			
<b>Investments by Fair Value Level</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>	<b>Total</b>
Debt Securities				
Freddie Mac	\$ 92,922	\$ -	\$ -	\$ 92,922
Federal Home Loan Bank	2,787,605	-	-	2,787,605
Federal Farm Credit Bank	185,068	-	-	185,068
US Treasury	1,209,953	-	-	1,209,953
Tenn Valley Authority	298,923	-	-	298,923
Total Investments Measured at Fair Value	\$ 4,574,471	\$ -	\$ -	\$ 4,574,471
Investments Measured at Amortized Cost				
LAIF				16,078,708
Money Market Mutual Funds				1,085,264
Total Investments				\$ 21,738,443

**Disclosure Related to Concentration of Credit Risk**

The District's policy places no limits on amounts invested in any given issuer beyond that stipulated by the California Government Code. At June 30, 2022, there were no investments (other than external pools, U.S. Government Securities and Money Market Mutual Funds) that exceeded 5% of the District's total investments.



**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**2) CASH AND INVESTMENTS – Continued**

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code requires California banks and savings and loan associations to secure deposits by pledging government securities as collateral. Such collateralization of public funds is accomplished by pooling. As such, collateralized securities are held by the pledging financial institution's agent on behalf of the District. The fair value of the pledged securities must equal at least 110% of Districts deposits. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits. The District may waive collateral requirements for deposits which are fully insured by Federal depository insurance.

As of June 30, 2022, the District had \$9,899,019 deposited with financial institutions that were in excess of federal depository insurance limits. The federal deposit insurance limit is \$250,000.

**Investment in State Investment Pool**

The management of the State of California Pooled Money Investment Account (generally referred to as LAIF) has reported to its participating agencies that, as of June 30, 2022, the carrying amount (at amortized cost) of the pool was \$234,590,320,982 and the estimated fair value of the pool was \$231,570,067,770. The District's proportionate share of the fair value (as determined by LAIF) as of June 30, 2022, was \$16,078,708. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain State funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. Currently LAIF does not have an investment rating. LAIF has a minimum \$5,000 transaction amount in increments of \$1,000 with a maximum of 15 transactions (combination of deposits and withdrawals) per month. LAIF requires a one-day prior notice for deposits and withdrawals of \$10 million or more.

**3) RESTRICTED CASH AND CASH EQUIVALENTS**

Restricted cash and cash equivalents at June 30, 2022 are restricted as follows:

Table 3-1

Held for Debt Service	\$	230,576
Capacity Fees from Developers		8,998,318
Customer Deposits		1,390,220
Construction Advances		109,500
North Fork Water Company		232,069
Total		\$ 10,960,683

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**4) CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2022 is as follows:

Table 4-1

	<b>Beginning of Year</b>	<b>Additions</b>	<b>Deletions</b>	<b>Adjustments</b>	<b>End of Year</b>
<b>Water Fund</b>					
<b>Non-Depreciable Assets</b>					
Land and Easements	\$ 3,408,270	\$ 491,883	\$ (751,842)	\$ -	\$ 3,148,311
Water Rights	732,835	-	-	-	732,835
Construction in Progress	10,058,568	4,664,736	(1,589,243)	-	13,134,061
Total Non-Depreciable Assets	<u>14,199,673</u>	<u>5,156,619</u>	<u>(2,341,085)</u>	<u>-</u>	<u>17,015,207</u>
<b>Depreciable Assets</b>					
Source of Supply	19,253,685	231,875	-	-	19,485,560
Pumping Plant	14,890,661	351,548	(55,365)	-	15,186,844
Treatment Plant	28,884,303	343,048	-	-	29,227,351
Transmission and Distribution Plant	101,936,554	294,779	(1,314,775)	-	100,916,558
General Plant	20,565,864	641,701	-	-	21,207,565
Total Depreciable Assets	<u>185,531,067</u>	<u>1,862,951</u>	<u>(1,370,140)</u>	<u>-</u>	<u>186,023,878</u>
<b>Accumulated Depreciation</b>					
Source of Supply	(8,456,369)	(649,587)	-	-	(9,105,956)
Pumping Plant	(7,600,601)	(495,288)	54,314	-	(8,041,575)
Treatment Plant	(13,185,134)	(650,690)	-	-	(13,835,824)
Transmission and Distribution Plant	(43,104,381)	(2,568,028)	426,278	-	(45,246,131)
General Plant	(7,626,263)	(1,119,122)	-	-	(8,745,385)
Total Accumulated Depreciation	<u>(79,972,748)</u>	<u>(5,482,715)</u>	<u>480,592</u>	<u>-</u>	<u>(84,974,871)</u>
<b>Water Fund Capital Assets, Net</b>	<u>119,757,992</u>	<u>1,536,855</u>	<u>(3,230,633)</u>	<u>-</u>	<u>118,064,214</u>
<b>Wastewater Fund</b>					
<b>Non-Depreciable Assets</b>					
Land and Easements	3,383,431	-	(684,725)	-	2,698,706
Construction in Progress	148,753,482	22,869,942	(759,991)	-	170,863,433
Total Non-Depreciable Assets	<u>152,136,913</u>	<u>22,869,942</u>	<u>(1,444,716)</u>	<u>-</u>	<u>173,562,139</u>
<b>Depreciable Assets</b>					
Wastewater Collection Plant	27,599,602	242,080	-	-	27,841,682
General Plant	9,864,381	84,413	-	-	9,948,794
Total Depreciable Assets	<u>37,463,983</u>	<u>326,493</u>	<u>-</u>	<u>-</u>	<u>37,790,476</u>
<b>Accumulated Depreciation</b>					
Wastewater Collection Plant	(15,510,660)	(462,576)	-	-	(15,973,236)
General Plant	(3,739,288)	(433,299)	-	-	(4,172,587)
Total Accumulated Depreciation	<u>(19,249,948)</u>	<u>(895,875)</u>	<u>-</u>	<u>-</u>	<u>(20,145,823)</u>
<b>Wastewater Fund Capital Assets, Net</b>	<u>170,350,948</u>	<u>22,300,560</u>	<u>(1,444,716)</u>	<u>-</u>	<u>191,206,792</u>
<b>Total Capital Assets, Net</b>	<u>\$ 290,108,940</u>	<u>\$23,837,415</u>	<u>\$ (4,675,349)</u>	<u>\$ -</u>	<u>\$ 309,271,006</u>

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**5) LONG-TERM DEBT**

The schedule below summarizes changes in long-term debt during the year ended June 30, 2022:

Table 5-1

	Beginning Balance (June 30, 2021)	Additions	Retirements/ Payments	Ending Balance (June 30, 2022)	Current Portion	Long-Term Portion
<b>Direct Placement:</b>						
2020A Refunding Bonds	\$ 16,885,000	\$ -	\$ (895,000)	15,990,000	\$ 940,000	\$ 15,050,000
2020A Unamortized Premium	3,121,998	-	(163,094)	2,958,904	163,094	2,795,810
2020B Refunding Bonds	13,615,000	-	(275,000)	13,340,000	280,000	13,060,000
Subtotal Direct Placement	33,621,998	-	(1,333,094)	32,288,904	1,383,094	30,905,810
<b>Direct Borrowing:</b>						
U.S. Bank Lease Purchase	\$ 1,303,702	\$ -	\$ (424,832)	878,870	\$ 434,496	\$ 444,374
SBVMWD Loan	2,146,022	-	(442,003)	1,704,019	429,020	1,274,999
DWR Contracts	-	-	-	-	-	-
AVAD Construction	64,240	-	(6,762)	57,478	6,762	50,716
Plant 134 Construction	5,601,571	-	(233,399)	5,368,172	233,399	5,134,773
EFAD Construction	286,354	-	(13,015)	273,339	13,016	260,323
SNRC	126,447,674	13,221,385	-	139,669,059	-	139,669,059
Subtotal Direct Borrowing	135,849,563	13,221,385	(1,120,011)	147,950,937	1,116,693	146,834,244
Total	\$ 169,471,561	\$ 13,221,385	\$ (2,453,105)	\$ 180,239,841	\$ 2,499,787	\$ 177,740,054

**2020 Revenue Bonds**

**Series 2020A** - On September 10, 2020, the District issued \$16,885,000 of East Valley Water District Refunding Revenue Bonds, Series 2020A (2020A Bonds), to accomplish a current refunding of then outstanding 2010 Revenue Bonds (\$21,635,000). The 2020A Bonds carry interest rates ranging from 3.00% to 5.00% and will be repaid in various principal increments with the final payment due on October 1, 2040. The refunded 2010 Bonds carried interest rates ranging from 4.00% to 5.00% and were due in various principal increments until October 1, 2040.

The 2020A bonds were issued at a premium of \$3,261,890, and after paying issuance costs of \$161,885, net proceeds were \$19,985,005. The net proceeds, combined with a \$2,129,931 sinking fund for 2010 bond debt service, were sufficient to accomplish the refunding of the existing debt. All refunded debt has been retired.

The refunding resulted in a difference between the reacquisition price and the carrying amount of the old debt of \$259,548. This difference is included in the accompanying financial statements as a Deferred Outflows of Resources and is being charged to operations through the year 2040 using the straight-line method of amortization. The District completed the refunding to decrease total debt service over the next 20 years by \$6,052,794, and to obtain an economic gain (difference between the present values of the old and new debt service payment) of \$4,765,023.

**Series 2020B** - Also on September 10, 2020, the District issued \$13,615,000 of East Valley Water District Refunding Revenue Bonds, Series 2020B (2020B Bonds), to accomplish an advance refunding of then outstanding 2013 Revenue Bonds (\$12,085,000). The 2020B Refunding Bonds carry interest rates from 0.42 % to 2.93 % (federally taxable) and will be repaid in various principal increments with the final payment due on October 1, 2043. The refunded 2013 Bonds carried interest rates ranging from 4.00% to 5.00% and were due in various principal increments until October 1, 2043.

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**5) LONG-TERM DEBT - Continued**

The 2020B bonds were issued at face value, and after paying issuance costs of \$123,500, net proceeds were \$13,491,500. The net proceeds, combined with a \$292,563 sinking fund held for 2013 bond debt service, were used to purchase US Government securities which were deposited in an irrevocable trust with an escrow agent to provide debt service on the 2013 Bonds until October 1, 2023 on which date all outstanding bonds will be redeemed. The advance refunding met the requirements of an in-substance defeasance therefore, accordingly, the 2013 Revenue Bonds are no longer reflected as a liability on the accompanying financial statements.

The refunding resulted in a difference between the reacquisition price and the carrying amount of the old debt of \$259,548. This difference is included in the accompanying financial statements as a Deferred Outflows of Resources and is being charged to operations through the year 2043 using the straight-line method of amortization. The District completed the refunding to decrease total debt service over the next 23 years by \$3,014,190, and to obtain an economic gain (difference between the present values of the old and new debt service payment) of \$2,154,117.

**US Bank Lease Purchase**

On November 13, 2013 the District entered into a Lease Purchase Agreement with US Bancorp Government Leasing and Finance, Inc. (US Bank), to implement Energy Conservation Measures (ECM) identified in a comprehensive energy conservation and operational efficiency study prepared by Honeywell International, Inc. (Honeywell). Honeywell has been contracted to install the facilities necessary to achieve the energy savings identified in their study, and has guaranteed that the savings will be sufficient to pay the debt service on the lease with US Bank. Project costs paid to Honeywell, and the amount borrowed from US Bank under the lease agreement is \$3,998,560 with an interest rate of 2.38%. Semi-annual payments are \$226,398, to commence in September 2014 through March 2024. The indenture authorizes, upon default, the Trustee to declare immediate due and payable the total unpaid principal of the Bonds and accrued interest thereon.

**San Bernardino Valley Municipal Water District - City Creek Turnout and Plant 134 Hydroelectric Station Loan**

On January 20, 2015, the District entered into an agreement with the SBVMWD for the construction, financing, and maintenance of a turnout by which the District's surface water treatment plant can receive State Project water. The total amount borrowed for construction of the project is \$4,367,927 bearing interest at the State of California Local Agency Investment Fund (LAIF) apportionment rate, which is 0.75% at June 30, 2022. Debt service payments are to be made annually on February 1st over ten years.

**Department of Water Resources Contract 00C412 - Arroyo Verde Assessment District (AVAD)**

On June 30, 2004, the District entered into a Funding Agreement for replacement of distribution pipelines in the section of the District's service area formerly served by the Arroyo Verde Water Company. The original loan amount was \$169,052 with an annual interest rate of 0%. Semi-annual payments of \$3,381 are due through January 2031 and are secured by annual assessments to property owners within the Arroyo Verde Assessment District. The indenture authorizes, upon default, the Trustee to declare immediate due and payable the total unpaid principal of the Bonds and accrued interest thereon.

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**5) LONG-TERM DEBT - Continued**

**Department of Water Resources Contract 10CX110 - Plant 134**

On December 21, 2010, the District entered into a Funding Agreement to upgrade treatment methods utilized by the District's surface water treatment plant (Plant 134). The amount borrowed under the agreement is \$7,001,964 with an annual interest rate of 0%. Semi-annual payments of \$116,699 are due through January 2045, and are secured by a pledge of net revenues of the District's water operating fund. The indenture authorizes, upon default, the State to declare immediate due and payable the total unpaid principal of the debt and accrued interest thereon.

**Department of Water Resources Contract 11CX101 - Eastwood Farms Assessment District (EFAD)**

On June 15, 2011 the District entered into a Funding Agreement for replacement of distribution pipelines in the section of the District's service area formerly serviced by the Eastwood Farms Water Users Association. The amount of the loan is \$390,482 with an annual interest rate of 0%. Semi-annual payments of \$6,508 are due for 30 years through January 2043. Repayment of the loan is secured by annual assessments to property owners within the Eastwood Farms Assessment District. The indenture authorizes, upon default, the Trustee to declare immediate due and payable the total unpaid principal of the Bonds and accrued interest thereon.

The aggregate debt service requirements to maturity for long-term debt as of June 30, 2022 are as follows (excludes unamortized premiums/discounts and the California State Water Resource Control Board Contract C-06-8106-110):

Table 5-2

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2023	\$ 2,336,693	\$ 1,016,316	\$ 3,353,009
2024	2,392,552	965,074	3,357,626
2025	1,983,177	898,188	2,881,365
2026	1,628,177	850,937	2,479,114
2027	1,243,177	808,729	2,051,906
2028-2032	6,777,505	3,452,319	10,229,824
2033-2037	7,842,075	2,353,005	10,195,080
2038-2042	8,997,075	1,194,543	10,191,618
2043-2045	4,411,448	112,732	4,524,180
	<u>\$37,611,879</u>	<u>\$11,651,843</u>	<u>\$49,263,722</u>

**California State Water Resources Control Board Contract C-06-8106-110 – Sterling Natural Resource Center**

On June 26, 2018 the District entered into a Funding Agreement for the construction of a 6 million gallon per day (mgd) water recycling plant with the State Water Resources Control Board. The initial agreement approves \$11.5 million for design cost reimbursement, with a revised agreement covering design and construction costs totaling \$157 million executed on December 2, 2019. The revised Agreement includes a \$6.7 million grant and a low interest (1.8%) loan for the balance of \$150.3 million.

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**5) LONG-TERM DEBT – Continued**

As of June 30, 2022 the District has incurred \$138.6 million in design and construction cost, the District has drawn approximately \$126.4 million, \$10.3 million is awaiting reimbursement (Due From Other Governments) of the \$150.3 million in loan financing available. Repayment on the loan will begin one year after the completion of construction and annual installment payments of principal and interest are projected to be approximately \$7.3 million. The District has pledged available water and wastewater revenue for the repayment of the loan, including the following new revenue streams:

- Wastewater treatment charges (previously paid to the City of San Bernardino)
- Sale of electrical energy produced by plant digesters (beyond energy used on site)
- Local Resource Investment Program fees for recycled water delivered for groundwater recharge
- Tipping fees from waste haulers

Estimated debt service on this loan is not included in Table 5-2 above.

Security for debt is as follows:

Table 5-3

<u>Debt</u>	<u>Security</u>
2020A and 2020B Refunding Revenue Bonds and Department of Water Resources Construction Loans	The District is required to maintain net revenues, as defined by the revenue bond trust agreements and State of California Department of Public Health Funding agreements of at least 120% of District's annual debt service (principal and interest). At June 30, 2022, net water revenues represented 294% of the annual water debt service and net wastewater revenues represented 1934% of the annual wastewater debt service.

**6) COMPENSATED ABSENCES**

Compensated absences are comprised of unused vacation leave and a limited amount of sick leave which is accrued as earned in accordance with District policy. The District's liability for compensated absences is determined annually. Current portions are determined based on estimates of usage, amounts in excess of 196 hours that will be voluntarily cashed out and amounts that will be cashed out upon termination of employment.

Table 6-1

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Usage / Payments</u>	<u>End of Year</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
Accrued Vacation Leave	\$ 604,783	\$ 231,437	\$(206,087)	\$ 630,133	\$ 347,001	\$ 283,132
Accrued Sick Leave	601,759	808,971	(753,234)	657,496	257,121	400,375
Total	<u>\$ 1,206,542</u>	<u>\$ 1,040,408</u>	<u>\$(959,321)</u>	<u>\$ 1,287,629</u>	<u>\$ 604,122</u>	<u>\$ 683,507</u>

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**7) NET INVESTMENT IN CAPITAL ASSETS**

Net Investment in capital assets at June 30, 2022 consisted of the following:

Table 7-1

Non-Depreciable Capital Assets	\$	190,577,346
Depreciable Capital Assets		223,814,354
Accumulated Depreciation		(105,120,694)
North Fork Water Company		651,683
Loans Payable		(160,270,423)
Bonds Payable		(32,288,904)
Deferred Inflows		(1,181,143)
Deferred Outflows		896,852
Total	\$	117,079,071

**8) DEFINED BENEFIT PENSION PLAN (PERS)**

**A) General Information about the Pension Plans**

**Plan Description**

All qualified permanent and probationary employees are eligible to participate in the District’s Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and East Valley Water District resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

**Benefits Provided**

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2 W Death Benefit. The cost-of-living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2022, are summarized as follows:



**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**8) DEFINED BENEFIT PENSION PLAN (PERS) - Continued**

Table 8-1

<u>Hire Date</u>	<u>Miscellaneous</u>	
	<u>Prior to January 1, 2013</u>	<u>On or after January 1, 2013</u>
Benefit Formula	2.7% @55	2.0% @62
Benefit Vesting Schedule	5 years service	5 years service
Benefit Payments	monthly for life	monthly for life
Retirement Age	50 - 55	52 - 67
Monthly Benefits, as a % of Eligible Compensation	2.0% to 2.7%	1.0% to 2.5%
Required Employee Contribution Rates	8.0%	6.5%
Required Employer Contribution Rates	13.66%	7.65%

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law 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. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2022, the contributions recognized as part of pension expense for the Plans were as follows:

Table 8-2

	<u>Miscellaneous</u>
Contributions - Employer	\$ 1,019,834

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate shares of the net pension liability of the Plans as follows:

Table 8-3

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous	\$ 6,657,689

The District's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2021, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. The

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**8) DEFINED BENEFIT PENSION PLAN (PERS) – Continued**

District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District’s proportionate share of the net pension liability for each Plan as of June 30, 2021 and 2022 was as follows:

Table 8-4

	<b>Miscellaneous</b>
Proportion - June 30, 2021	0.29192%
Proportion - June 30, 2022	0.35063%
Change - Increase (Decrease)	0.05871%

**Amortization of Deferred Outflows and Deferred Inflows of Resources**

Under GASS 68, 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:

Net difference between projected and actual earnings on pension plan investments	5-year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lives (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period

The expected average remaining service lifetime (EARSL) is calculated by dividing the total future service years by the total number of plan participants (active, inactive, and retired) in the Public Agency Cost-Sharing Multiple-Employer Plan (PERF C).

The EARSL for PERF C for the measurement period ending June 30, 2021 is 3.7 years, which was obtained by dividing the total service years of 561,622 (the sum of remaining service lifetimes of the active employees) by 150,648 (the total number of participants: active, inactive, and retired) in PERF C. Inactive employees and retirees have remaining service lifetimes equal to 0. Total future service is based on the members' probability of decrementing due to an event other than receiving a cash refund.

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**8) DEFINED BENEFIT PENSION PLAN (PERS) – Continued**

For the year ended June 30, 2022, the District recognized pension expense of \$2,159,042. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Table 8-5

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 746,589	\$ -
Changes in Assumptions	-	
Net differences between projected and actual earnings on plan investments	-	5,811,810
Change in employer's proportion	48,122	265,265
Difference between the employer's contributions and the employer's proportionate share of contributions	210,342	38,066
Pension contributions subsequent to measurement date	1,019,834	
Total	<u>\$ 2,024,887</u>	<u>\$ 6,115,141</u>

\$1,019,834 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Table 8-6

<u>Year Ended June 30,</u>	<u>Amount</u>
2023	\$ (1,050,926)
2024	(1,146,027)
2025	(1,307,052)
2026	(1,606,083)
	<u>\$ (5,110,088)</u>

**Actuarial Assumptions**

The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**8) DEFINED BENEFIT PENSION PLAN (PERS) – Continued**

Table 8-7

	<b>Miscellaneous</b>
Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry Age Normal in accordance with the requirements of GASB
Asset Valuation Method	Market Value of Assets
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
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 2.50% until Purchasing Power Protection Allowance floor on purchasing power applies, 2.50% thereafter

<sup>(1)</sup> The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and Post-retirement mortality rates include 15 years of projected mortality improvement using 90% of Scale MP-2016 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 December 2017 that can be found on the CalPERS website.

**Discount Rate**

The discount rate used to measure the total pension liability remained the same at 7.15%. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

CalPERS continues the Asset Liability Management (ALM) process to expand its review of assets and liabilities to ensure financial risks to the System are better understood, communicated, and mitigated. To establish appropriate levels of risk, ALM is focused on investment and actuarial policies. These policies include key decision factors and intend to drive optimum asset allocations, while stabilizing employer contribution rates, and the volatility of those rates year to year. Additionally, to better manage risks arising from terminating agencies, CalPERS has enhanced its oversight of contracting public agencies' financial health through its development of a standardized review criteria. These improvements include streamlining the collection and termination process to reduce the timeframe, accelerating notifications to the Board and members, and adopting a risk oversight process to improve early detection of financial hardship issues.

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**8) DEFINED BENEFIT PENSION PLAN (PERS) – Continued**

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

**Subsequent Events**

On July 12, 2021, Cal PERS reported a preliminary 21.3% net return on investments for fiscal year 2020-21. Based on the thresholds specified in CalPERS Funding Risk Mitigation policy, the excess return of 14.3% prescribes a reduction in investment volatility that corresponds to a reduction in the discount rate used for funding purposes of 0.20%, from 7.00% to 6.80%. Since CalPERS was in the final stages of the four-year Asset Liability Management (ALM) cycle, the board elected to defer any changes to the asset allocation until the ALM process concluded, and the board could make its final decision on the asset allocation in November 2021.

On November 17, 2021, the board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expense assumption support a discount rate of 6.90% (net of investment expense but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the board. These new assumptions will be reflected in the GASB 68 accounting valuation reports for the June 30, 2022, measurement date.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**8) DEFINED BENEFIT PENSION PLAN (PERS) – Continued**

Table 8-8

<u>Asset Class <sup>(1)</sup></u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1 - 10 <sup>(2)</sup></u>	<u>Real Return Years 11+ <sup>(3)</sup></u>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	-0.92%
Total	<u>100.0%</u>		

<sup>(1)</sup> In the System's Annual Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity.

<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.

**C) Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents East Valley Water District's proportionate share of the net pension liability for the Plan, calculated using the current discount rate, 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 one-percentage point lower or one-percentage point higher than the current rate:

Table 8-9

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability	\$ 13,346,922
Current Discount Rate	7.15%
Net Pension Liability	\$ 6,657,689
1% Increase	8.15%
Net Pension Liability	\$ 1,127,795

**D) Pension Plan Fiduciary Net Position**

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

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**8) DEFINED BENEFIT PENSION PLAN (PERS) – Continued**

**E) Payable to the Pension Plan**

At June 30, 2022, the District reported a payable of \$0 for the outstanding number of contributions to the pension plan required for the year ended June 30, 2022.

**9) COMMITMENTS AND CONTINGENCIES**

**Grant Awards**

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to the grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

**10) RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The District participates in a joint powers agreement (JPA) with the Special District Risk Management Authority (Authority). The Authority is a risk-pooling self-insurance authority created under the provisions of California Government Code Section 6500 et. sec. The Authority is governed by a Board consisting of 7 directors that are either a manager or Board member of a current member agency that were elected by members of SDRMA. The Board controls the operations of the Authority including selection of management and approval of operation budgets. The relationship between the District and the Authority is such that the Authority is not a component unit of the District for financial reporting purposes. Settled claims have been immaterial and claims liabilities have not been reported in these financial statements as of June 30, 2022, or in the previous two fiscal years.

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.



**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**10) RISK MANAGEMENT – Continued**

At June 30, 2022, the District's participation in the self-insurance programs of the Authority was as follows:

Table 10-1

Description	Limits		Deductible
Personal Injury and Property Damage Liability Coverage - General	\$ 10,000,000	Per occurrence / aggregate where applicable	\$500 (property damage only)
Personal Injury and Property Damage Liability Coverage - Auto	\$ 10,000,000	Per accident	None
Public Officials and Employees Errors and Omissions Liability	\$ 10,000,000	Per wrongful act / annual member aggregate	None
Employment Practices Liability	\$ 10,000,000	Per wrongful employment practice / aggregate limits per member included with Public Officials and Employee Errors and Omissions Coverage	None up to \$10,000, 50% co-insurance from \$10,000 to \$50,000, none for amounts greater than \$50,000
Employee Benefits Liability	\$ 10,000,000	Per wrongful act / annual member aggregate	None
Employee Dishonesty Coverage	\$ 1,000,000	Per loss	None
Public Officials Personal Liability	\$ 500,000	Per occurrence / annual aggregate per Board Member	\$ 500
Automobile Physical Damage	ACV Limits	Replacement cost (stated value adjusted for depreciation on selected vehicles)	\$250/\$500 or \$500/\$1,000 comprehensive / collision (as elected per vehicle)
Uninsured Motorist Bodily Injury Coverage	\$ 750,000	Per accident	None
Property Coverage	\$ 1,000,000,000	Replacement cost for scheduled property if replaced (if not replaced within two years, actual cash value basis)	\$ 1,000
Boiler and Machinery	\$ 100,000,000	Replacement cost	\$ 1,000

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**11) POST-EMPLOYMENT HEALTHCARE BENEFITS**

The District provides post-employment healthcare benefits for retired employees and eligible surviving spouses in accordance with the plan as established by the District. As of June 30, 2022, the District's total liability for post-employment healthcare benefits and details of the plan are explained below:

Table 11-1

<b>OPEB Plan</b>	<b>Net OPEB Liability</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>OPEB Expense</b>
Retiree Benefits Plan	\$1,861,875	\$ 794,163	\$ 288,464	\$ 258,955

**Plan Description and Eligibility**

The District contributes to the retiree health coverage of eligible retirees and eligible surviving spouses. As of June 7, 2011, the District is part of the Public Agency portion of the California Employers' Retiree Benefit Trust Fund (CERBT), an agent multiple-employer plan administered by California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statute within the Public Employees' Retirement Law. The District selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through District resolution. CalPERS issues an Annual Comprehensive Financial Report (Report). The Report is issued in aggregate and includes the sum of all CalPERS plans. Copies of the CalPERS Report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Membership in the health benefit plan consisted of the following at July 1, 2022, the date of the latest actuarial valuation:

Table 11-2

<b>Participant Type</b>	<b>Number of Participants</b>
Inactive participants currently receiving benefits	28
Inactive participants entitled to but not yet receiving benefit	0
Active employees	65
Total	93

**Funding Policy**

The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. At retirement, the District provides the minimum employer contribution under the CalPERS Health Program for eligible retirees and surviving spouses in receipt of a pension benefit from CalPERS. An employee is eligible for this employer contribution provided they are vested in their CalPERS pension benefit and commence payment of their pension benefit within 120 days of retirement with the District. Vesting requires at least five years of service. The surviving spouse of an eligible retiree who elected spouse coverage under CalPERS is eligible for the employer contribution upon death of the retiree.

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**11) POST-EMPLOYMENT HEALTHCARE BENEFITS – Continued**

Employees retiring with at least 10 years of District service will receive an additional District contribution through attainment of Medicare eligibility age. The additional contribution is based on the negotiated dollar amount at retirement (currently \$750 per month). The surviving spouse of an eligible retiree is eligible for the District's contribution upon the death of the retiree through the spouse's attainment of Medicare eligibility age.

The District's funding policy is to contribute the Annual Determined Contribution (ADC) to their account within the CERBT. For fiscal year ended June 30, 2021, the District paid \$412,106 to the plan including the implicit rate subsidy. The District contributed \$186,785 including the implicit rate subsidy for retiree health benefits to the Trust during the fiscal year ended June 30, 2022.

**Net OPEB Liability**

The table herein shows the components of the net OPEB liability of the District:

Table 11-3

	<b>Balance June 30, 2022</b>
Total OPEB Liability	\$ 3,276,038
Plan Fiduciary Net Position	(1,414,163)
District's Net OPEB Liability (Asset)	\$ 4,690,201

**Investments**

As described above, at June 30, 2022, all Plan investments are held in the CERBT through CalPERS.

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

At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the sources as follows:

Table 11-4

<b>Deferred Outflows and Inflows of Resources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Contributions subsequent to measurement date	\$ 348,363	\$ -
Differences between expected and actuarial experience	445,800	-
Changes of assumptions	-	193,081
Differences between projected and actual earnings on OPEB plan investments	-	95,383
Total	\$ 794,163	\$ 288,464

The deferred outflow of resources results from a change of assumptions and is amortized over the expected average remaining service life (EARSL) of the plan participants. Contributions submitted subsequent to the measurement date will be recognized in the following fiscal year. The EARSL for the OPEB plan for

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**11) POST-EMPLOYMENT HEALTHCARE BENEFITS – Continued**

June 30, 2022 is five years. The year of amortization is recognized in OPEB expense for the year the gain or loss occurs. The remaining amount is deferred and will be amortized over the remaining periods not to exceed four years.

The deferred inflows of resources related to OPEB resulting from the net differences between projected and actual earnings on planned investments is amortized over a five-year period on a straight-line basis. One-fifth is recognized in pension expense during the measurement period and the remaining amount is deferred and will be amortized over the remaining four-year period.

Deferred inflows and outflows will be amortized as follow:

Table 11-5

<b>Year Ending June 30,</b>	<b>Amortization</b>
2023	\$ 8,801
2024	8,406
2025	9,100
2026	5,246
2027	31,734
Thereafter	94,049
	<u>\$ 157,336</u>

**Actuarial Methods and Assumptions**

The District’s net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021. Liabilities in this report were calculated as of the valuation date.

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the actuarial assumptions shown herein, applied to all periods included in the measurement, unless otherwise specified.

Table 11-6

**Actuarial Methods and Assumptions**

Valuation Date	June 30, 2021
Measurement Date	June 30, 2021
Inflation	2.75%
Salary Increases	2.75%
Investment Rate of Return	6.50%
Health Care Trend Rate	6.00% HMO / 6.00% PPO

Mortality rates were based upon the rates under the CalPERS pensions plan updated to reflect the most recent experience study.

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**11) POST-EMPLOYMENT HEALTHCARE BENEFITS - Continued**

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of 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. Best estimates of arithmetic real rates of return for each major asset class included in the OPEB plan's target asset allocation at June 30, 2021 are shown herein:

Table 11-7

<b>Asset Class</b>	<b>Target Allocation</b>	<b>L/T Expected Real ROR</b>
Global Equity	40%	5.00%
Fixed Income	43%	5.00%
Inflation Assets	5%	3.00%
Commodities	4%	3.00%
REITs	8%	5.00%
Total	<u>100%</u>	<u>6.50%</u>

The discount rate used to measure the total OPEB liability was 6.50 percent. The discount rate assumes the District continues to fully fund for its retiree health benefits through the CERBT under its investment allocation strategy 2. The rate reflects the CERBT published median interest rate for strategy 2 with an additional margin for adverse deviation.

**Changes in the Net OPEB Liability**

Table 11-8

	<b>Increase (Decrease)</b>		
	<b>Total OPEB Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Liability (Asset) (a) - (b)</b>
Balances at June 30, 2021	\$ 3,064,031	\$ 1,023,054	\$ 2,040,977
Changes for the year:			
Service Cost	122,441	-	122,441
Interest	199,913	-	199,913
Differences between expected and actual experience	278,335	-	278,335
Employer Contributions	-	412,106	(412,106)
Net Investment Income	-	204,887	(204,887)
Change of assumptions	(163,361)	-	(163,361)
Benefit Payments	(225,321)	(225,321)	-
Administrative Expenses	-	(563)	563
Other Expenses	-	-	-
Net Changes	<u>212,007</u>	<u>391,109</u>	<u>(179,102)</u>
Balances at June 30, 2022	<u>\$ 3,276,038</u>	<u>\$ 1,414,163</u>	<u>\$ 1,861,875</u>

**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**11) POST-EMPLOYMENT HEALTHCARE BENEFITS - Continued**

The following presents the District's net OPEB liability calculated using the discount rate of 6.50 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current rate:

Table 11-9

<b>Discount Rate</b>	<b>Net OPEB Liability (Asset)</b>
1% Decrease (5.50%)	\$ 2,097,776
Current Discount Rate (6.50%)	\$ 1,861,875
1% Increase (7.50%)	\$ 1,476,536

The following presents the District's net OPEB liability calculated using the current healthcare cost trend rate of 6.5 percent, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5 percent) or 1-percentage-point higher (7.5 percent) than the current rate:

Table 11-10

<b>Healthcare Trend Rate</b>	<b>Net OPEB Liability (Asset)</b>
1% Decrease (5.00% HMO/5.00% PPO Decreasing to 4.00% HMO/4.00% PPO)	\$ 1,418,479
Current Healthcare Cost Trend Rates (6.00% HMO/6.00% PPO Decreasing to 5.00% HMO/5.00% PPO)	\$ 1,861,875
1% Increase (7.00% HMO/7.00% PPO Decreasing to 6.00% HMO/6.00% PPO)	\$ 2,181,020

**OPEB Expense**

For the year ended June 30, 2022, the District recognized OPEB expense of \$258,955 and recorded deferred outflows of resources of \$794,163 for contributions made during fiscal year 2022 after the measurement date. The deferred outflows will be recognized in OPEB expense for the period ending June 30, 2023.

The District recorded \$288,464 of deferred inflows of resources resulting from the differences between projected and actual earnings on OPEB plan investments for the period ending June 30, 2021. The deferred inflows of resources will be amortized and recognized in OPEB expense over three remaining periods ending June 30, 2025.

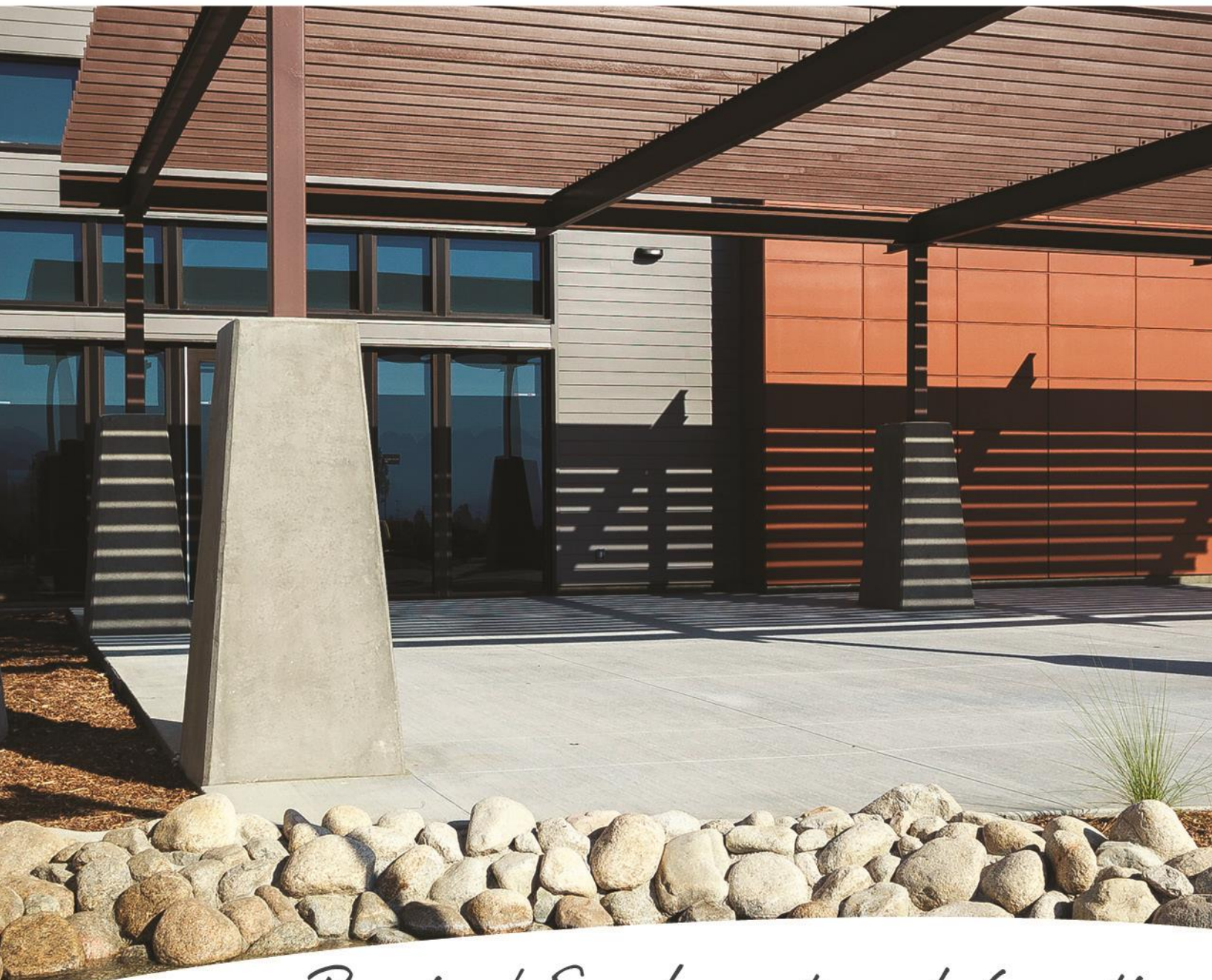
**EAST VALLEY WATER DISTRICT**  
**Notes to the Basic Financial Statements**  
**Year Ended June 30, 2022**

**12) CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

The District has three significant active construction project commitments as of June 30, 2022. The following contracts are related to the construction of the Recycled Water Facility.

Table 12-1

<b><u>Contractual Commitments</u></b>	<b><u>Spent to Date</u></b>	<b><u>Remaining Commitment</u></b>
Design-Build Services of the Granular Activated Carbon Treatment System	\$ -	\$ 1,777,399
Design-Build Services of the Recycled Water Facility	\$ 180,219,119	\$ 30,270,445
Design-Build Services of the Digester	\$ 17,983,544	\$ 2,245,500



*Required Supplementary Information*





**East Valley Water District**  
**Schedule of District's Proportionate Share of the Net Pension Liability**  
**Year Ended June 30, 2022**  
**Last Ten Years\***

**Schedule of District's Proportionate Share of the Net Pension Liability**

The schedule presents information on the District's proportionate share of the net pension liability, the plans' fiduciary net position and, when applicable, the proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

	<u>2022</u>	<u>2021</u>	<u>2020</u>		
Proportion of the Net Pension Liability	0.350626%	0.291917%	0.294797%		
Proportionate Share of the Net Pension Liability	\$ 6,657,689	\$ 12,313,294	\$ 11,805,140		
Covered Payroll	\$ 6,188,589	\$ 5,888,338	\$ 5,658,626		
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	107.58%	209.11%	208.62%		
Plan's Fiduciary Net Position	\$ 44,006,462	\$ 36,172,219	\$ 34,016,773		
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	86.86%	77.71%	77.73%		
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the Net Pension Liability	0.28782%	0.11699%	0.11585%	0.11551%	0.10632%
Proportionate Share of the Net Pension Liability	\$ 10,846,955	\$ 11,601,798	\$ 10,024,712	\$ 7,928,173	\$ 6,615,935
Covered Payroll	\$ 5,447,702	\$ 4,489,575	\$ 5,097,156	\$ 4,715,712	\$ 4,436,236
Proportionate Share of the Net Pension Liability as Percentage of Covered Payroll	199.11%	258.42%	196.67%	168.12%	149.13%
Plan's Fiduciary Net Position	\$ 33,563,265	\$ 27,706,747	\$ 27,529,345	\$ 28,045,198	\$ 29,336,566
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	77.69%	71.37%	74.06%	78.40%	79.82%

Note: Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.

The accompanying notes to required supplementary information are an integral part of this schedule.

**East Valley Water District  
Schedule of District's Contributions  
Year Ended June 30, 2022  
Last Ten Years\***

**Schedule of District's Contributions**

The schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

	<u>2022</u>	<u>2021</u>	<u>2020</u>		
Contractually Required Contribution (Actuarially Determined)	\$ 1,019,834	\$ 1,900,537	\$ 1,798,495		
Contributions in Relation to the Actuarially Determined Contributions	<u>\$ 1,019,834</u>	<u>\$ 1,900,537</u>	<u>\$ 1,798,495</u>		
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
Covered Payroll	\$ 6,536,459	\$ 6,188,589	\$ 5,888,338		
Contributions as a Percentage of Covered Payroll	15.60%	30.71%	30.54%		
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution (Actuarially Determined)	\$ 1,228,277	\$ 1,579,268	\$ 1,035,102	\$ 895,822	\$ 742,546
Contributions in Relation to the Actuarially Determined Contributions	<u>\$ 1,228,277</u>	<u>\$ 1,579,268</u>	<u>\$ 1,035,102</u>	<u>\$ 895,822</u>	<u>\$ 742,546</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 5,658,626	\$ 5,447,702	\$ 4,489,575	\$ 5,097,156	\$ 4,715,712
Contributions as a Percentage of Covered Payroll	21.71%	28.99%	23.06%	17.57%	15.75%

Note: Fiscal year 2015 was the first year of implementation, therefore only eight years are shown.

The accompanying notes to required supplementary information are an integral part of this schedule.

**East Valley Water District**  
**Schedule of Changes in the Net OPEB Liability**  
**Year Ended June 30, 2022**  
**Last Ten Years\***

**Schedule of Changes in the Net OPEB Liability**

Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

<b>Total OPEB Liability</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service Cost	\$ 122,441	\$ 122,428	\$ 106,297	\$ 103,452	\$ 97,138
Interest	199,913	189,204	174,233	166,826	160,043
Differences between expected and actual experience	278,335	75,893	192,265	-	-
Changes of assumptions	(163,361)	-	(65,796)	-	-
Benefit Payments, including refunds of member contributions	<u>(225,321)</u>	<u>(220,316)</u>	<u>(168,787)</u>	<u>(149,550)</u>	<u>(168,724)</u>
Net Change in Total OPEB Liability	212,007	167,209	238,212	120,728	88,457
Total OPEB Liability - Beginning	3,064,031	2,896,822	2,658,610	2,537,882	2,449,425
Total OPEB Liability - Ending (a)	<u>\$ 3,276,038</u>	<u>\$ 3,064,031</u>	<u>\$ 2,896,822</u>	<u>\$ 2,658,610</u>	<u>\$ 2,537,882</u>
<b>Plan Fiduciary Net Position</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contributions - Employer	\$ 412,106	\$ 405,008	\$ 278,539	\$ 149,548	\$ 218,724
Net Investment Income	204,887	38,644	48,769	37,365	36,877
Benefit Payments	(225,321)	(220,316)	(168,787)	(149,548)	(168,724)
Administrative Expense	-	-	(330)	-	(261)
Other Expense	<u>(563)</u>	<u>(427)</u>	<u>(240)</u>	<u>(683)</u>	<u>-</u>
<b>Net Change in Plan Fiduciary Net Position</b>	\$ 391,109	\$ 222,909	\$ 157,951	\$ 36,682	\$ 86,616
<b>Plan Fiduciary Net Position - Beginning</b>	1,023,054	800,145	642,194	605,512	518,896
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 1,414,163</u>	<u>\$ 1,023,054</u>	<u>\$ 800,145</u>	<u>\$ 642,194</u>	<u>\$ 605,512</u>
<b>Net OPEB Liability (Asset) - Ending (a) - (b)</b>	<u>\$ 1,861,875</u>	<u>\$ 2,040,977</u>	<u>\$ 2,096,677</u>	<u>\$ 2,016,416</u>	<u>\$ 1,932,370</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	43.17%	33.39%	27.62%	24.16%	23.86%
Covered Payroll	\$ 5,902,604	\$ 5,744,627	\$ 5,495,000	\$ 5,495,000	\$ 5,220,250
Net OPEB Liability (Asset) as a Percentage of Covered-Employee Payroll	31.54%	35.53%	38.16%	36.70%	37.02%

Note: Fiscal year 2018 was the first year of implementation, therefore only five years are shown.

The accompanying notes to required supplementary information are an integral part of this schedule.

**East Valley Water District  
Schedule of OPEB Healthcare Contributions  
Year Ended June 30, 2022  
Last Ten Years\***

**Schedule of OPEB Healthcare Contributions**

Accounting standards require presentation of 10 years of information. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule as future data becomes available.

<b>OPEB Contributions</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Actuarially Determined Contribution (ADC)	\$ 348,363	\$ 350,024	\$ 362,533	\$ 285,551	\$ 144,415
Contributions in Relation to the ADC	(412,106)	(405,008)	(278,539)	(149,548)	(218,724)
Contribution Deficiency (Excess)	(63,743)	(54,984)	83,994	136,003	(74,309)
District's Covered Payroll	\$ 5,847,000	\$ 5,903,000	\$ 5,745,000	\$ 5,495,000	\$ 5,495,000
Contributions as a Percentage of Covered-Employee Payroll	5.96%	5.93%	6.31%	5.20%	2.63%

Note: Fiscal year 2018 was the first year of implementation, therefore only five years are shown.

The accompanying notes to required supplementary information are an integral part of this schedule.

**East Valley Water District  
Notes to the Required Supplementary Information  
Purpose of Schedules  
Year Ended June 30, 2022**

**Schedule of District’s Proportionate Share of the Net Pension Liability**

The schedule presents information on the District’s proportionate share of the net pension liability, the plans’ fiduciary net position and, when applicable, the State’s proportionate share of the net pension liability associated with the District. In the future, as data becomes available, 10 years of information will be presented.

**Schedule of District’s Contributions**

The schedule presents information on the District’s required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented.

**Schedule of Changes in Net OPEB Liability**

The schedule is intended to show the funded status of the District’s actuarially determined liability for postemployment benefits other than pensions. In the future, as data becomes available, 10 years of information will be presented.

**Schedule of OPEB Healthcare Contributions**

The schedule presents information on the District’s required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, 10 years of information will be presented. Pertinent valuation dates and methods and assumptions used to determine the OPEB liability and required contributions are as follows:

Measurement Date	June 30, 2021
Valuation Date	June 30, 2021
Methods and Assumptions Used to Determine Contribution Rates:	
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll
Remaining Amortization Period	12 years
Assets Valuation Method	5 Year
Inflation	2.75%
Salary Increases	2.75% Annually Plus Merit Increases Based on 2017 Experience Study
Investment Rate of Return	6.50%



# *Supplementary Information*





# **East Valley Water District History and Organization Year Ended June 30, 2022**

## **Formation of the District**

The Board of Supervisors of San Bernardino County approved a petition in writing for the formation of the East Valley Water District (formerly East San Bernardino County Water District) under Division 12 of the Water Code of the State of California and ordered an election held January 12, 1954. The formation of the District was voted by the electors. The Board of Supervisors of San Bernardino County, by action on January 18, 1954, approved the formation of the District. Incorporation of the "East Valley Water District" was approved by the State of California on February 1, 1954.

## **East Valley Water District Financing Authority**

The East Valley Water District Financing Authority (Authority) is a public body organized and existing under a Joint Exercise of Powers Agreement, and under the Constitution and laws of the State of California, between East Valley Water District and the California Municipal Finance Authority. The Authority was formed to assist in the financing and refinancing of capital improvement projects of the District for the use, benefit, and enjoyment of the public.

## **Nature of Business**

The District has been engaged in the furnishing of water service and wastewater transmission services to its customers since inception.

## **Location**

The District office is located at 31111 Greenspot Road, Highland, California. The office is situated within the District's boundaries which encompass an area of approximately 30.1 square miles within the County of San Bernardino, California.

## **Directors**

<u><b>East Valley Water District</b></u>		<u><b>East Valley Water District Financing Authority</b></u>	
Phillip R. Goodrich	Chairman of the Board	Phillip R. Goodrich	President
James Morales, Jr.	Vice-Chairman of the Board	James Morales, Jr.	Vice-President
David E. Smith	Governing Board Member	Michael Moore	Secretary/Executive Director
Ronald L. Coats	Governing Board Member	Brian W. Tompkins	Director of Finance
Chris Carrillo	Governing Board Member		

## **Management**

<u><b>East Valley Water District</b></u>	
Michael Moore	General Manager/CEO
Brian W. Tompkins	Chief Financial Officer/Treasurer

## **District General Counsel**

<u><b>East Valley Water District</b></u>	
Jean Cihigoyenette	JC Law Firm



**East Valley Water District**  
**Combining Schedule of Net Position**  
**June 30, 2022**

<b>ASSETS</b>	<b>Water</b>	<b>Wastewater</b>	<b>Eliminations</b>	<b>Total</b>
<b>Current Assets:</b>				
Cash and Cash Equivalents	\$ 10,441,125	\$ 872,432	\$ -	\$ 11,313,557
Investments	3,066,942	1,507,529	-	4,574,471
Accounts Receivable, Net	6,154,405	820,529	-	6,974,934
Interest Receivable	15,084	3,377	-	18,461
Other Receivables	1,994,056	-	-	1,994,056
Due From Sewer Fund	12,488,658	-	(12,488,658)	-
Due from Other Governments	-	10,306,002	-	10,306,002
Inventory	937,818	6,721	-	944,539
Prepaid Expenses	236,212	34,285	-	270,497
Total Current Assets	<u>35,334,300</u>	<u>13,550,875</u>	<u>(12,488,658)</u>	<u>36,396,517</u>
<b>Non-Current Assets:</b>				
Restricted Cash and Cash Equivalents	5,519,041	5,441,642	-	10,960,683
Assessments Receivable	285,745	-	-	285,745
Capital Assets not being Depreciated	17,015,207	173,562,139	-	190,577,346
Capital Assets, Net (Note 4)	101,049,007	17,644,653	-	118,693,660
Total Non-Current Assets	<u>123,869,000</u>	<u>196,648,434</u>	<u>-</u>	<u>320,517,434</u>
Total Assets	<u>159,203,300</u>	<u>210,199,309</u>	<u>(12,488,658)</u>	<u>356,913,951</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Charge on Refunding	610,559	286,293	-	896,852
Deferred Outflows - Pensions	1,571,216	453,671	-	2,024,887
Deferred Outflows - OPEB	555,915	238,248	-	794,163
Total Deferred Outflows	<u>2,737,690</u>	<u>978,212</u>	<u>-</u>	<u>3,715,902</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 161,940,990</u>	<u>\$ 211,177,521</u>	<u>\$ (12,488,658)</u>	<u>\$ 360,629,853</u>

(Continued)

**East Valley Water District**  
**Combining Schedule of Net Position – Continued**  
**June 30, 2022**

	<u>Water</u>	<u>Wastewater</u>	<u>Eliminations</u>	<u>Total</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts Payable and Accrued Expenses	\$ 5,189,794	\$ 94,138	\$ -	\$ 5,283,932
Accrued Payroll and Benefits	609,394	163,384	-	772,778
Customer Service Deposits	1,390,220	-	-	1,390,220
Construction Advances and Retentions	275,180	9,913,633	-	10,188,813
Accrued Interest Payable	238,560	24,947	-	263,507
Current Portion of Compensated Absences	495,871	108,251	-	604,122
Current Portion of Long-Term Debt	2,324,787	175,000	-	2,499,787
Due To Water Fund	-	12,488,658	(12,488,658)	-
Total Current Liabilities	<u>10,523,806</u>	<u>22,968,011</u>	<u>(12,488,658)</u>	<u>21,003,159</u>
Non-Current Liabilities:				
Compensated Absences, Less Current Portion	571,309	112,198	-	683,507
Net Pension Liability	5,094,004	1,563,685	-	6,657,689
Net OPEB Liability	1,303,313	558,562	-	1,861,875
Long-Term Debt, Less Current Portion	33,690,995	144,049,059	-	177,740,054
Total Non-Current Liabilities	<u>40,659,621</u>	<u>146,283,504</u>	<u>-</u>	<u>186,943,125</u>
Total Liabilities	<u>51,183,427</u>	<u>169,251,515</u>	<u>(12,488,658)</u>	<u>207,946,284</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred Inflows - Refunding	1,181,143	-	-	1,181,143
Deferred Inflows - Pensions	5,201,672	913,469	-	6,115,141
Deferred Inflows - OPEB	201,925	86,539	-	288,464
Total Deferred Inflows	<u>6,584,740</u>	<u>1,000,008</u>	<u>-</u>	<u>7,584,748</u>
Total Liabilities and Deferred Inflows of Resources	<u>57,768,167</u>	<u>170,251,523</u>	<u>(12,488,658)</u>	<u>215,531,032</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	82,129,530	34,949,541	-	117,079,071
Restricted for:				
Future Capital Expansion Projects	3,637,872	5,438,142	-	9,076,014
Unrestricted	18,405,421	538,315	-	18,943,736
Total Net Position	<u>\$ 104,172,823</u>	<u>\$ 40,925,998</u>	<u>\$ -</u>	<u>\$ 145,098,821</u>

**East Valley Water District**  
**Combining Schedule of Revenues, Expenses, and Changes in Net Position**  
**Year Ended June 30, 2022**

	<u>Water</u>	<u>Wastewater</u>	<u>Eliminations</u>	<u>Total</u>
<b>OPERATING REVENUE</b>				
Water Sales	\$ 18,472,876	\$ -	\$ -	\$ 18,472,876
Wastewater Treatment Charges	-	9,764,357	-	9,764,357
System Charges	9,192,297	4,828,526	-	14,020,823
Other Revenue	723,093	112,466	-	835,559
Total Operating Revenue	<u>28,388,266</u>	<u>14,705,349</u>	<u>-</u>	<u>43,093,615</u>
<b>OPERATING EXPENSES</b>				
Source of Supply:				
Salary & Benefits	764,709	-	-	764,709
Contract Services	375,125	-	-	375,125
Utilities	1,811,850	-	-	1,811,850
Insurance	7,314	-	-	7,314
Materials & Supplies	44,085	-	-	44,085
Purchased Water	301,483	-	-	301,483
Water Assessments	71,613	-	-	71,613
Chemicals	109,440	-	-	109,440
Professional Development	684	-	-	684
Taxes	28,959	-	-	28,959
Total Source of Supply	<u>3,515,262</u>	<u>-</u>	<u>-</u>	<u>3,515,262</u>
Pumping:				
Salary & Benefits	38,009	-	-	38,009
Contract Services	58,641	-	-	58,641
Utilities	646,029	-	-	646,029
Materials & Supplies	14,164	-	-	14,164
Total Pumping	<u>756,843</u>	<u>-</u>	<u>-</u>	<u>756,843</u>
Water Treatment:				
Salary & Benefits	454,279	-	-	454,279
Contract Services	171,347	-	-	171,347
Utilities	203,512	-	-	203,512
Materials & Supplies	38,742	-	-	38,742
Chemicals	177,850	-	-	177,850
Total Water Treatment	<u>1,045,730</u>	<u>-</u>	<u>-</u>	<u>1,045,730</u>
Wastewater Treatment:				
Treatment Services	-	9,084,061	-	9,084,061
Transmission & Distribution:				
Salary & Benefits	2,375,773	-	-	2,375,773
Contract Services	449,747	-	-	449,747
Materials & Supplies	699,307	-	-	699,307
Chemicals	729	-	-	729
Permits	5,670	-	-	5,670
Tools	32,027	-	-	32,027
Professional Development	75	-	-	75
Total Transmission & Distribution	<u>\$ 3,563,328</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,563,328</u>

(Continued)

**East Valley Water District**  
**Combining Schedule of Revenues, Expenses, and Changes in Net Position -Continued**  
**Year Ended June 30, 2022**

	<u>Water</u>	<u>Wastewater</u>	<u>Eliminations</u>	<u>Total</u>
<b>OPERATING EXPENSES - Continued</b>				
Wastewater Collection:				
Salary & Benefits	\$ -	\$ 433,506	\$ -	\$ 433,506
Contract Services	-	138,574	-	138,574
Materials & Supplies	-	10,558	-	10,558
Tools	-	4,490	-	4,490
Total Wastewater Collection	-	587,128	-	587,128
Customer Accounts:				
Salary & Benefits	703,130	280,992	-	984,122
Contract Services	379,509	153,515	-	533,024
Utilities	27,763	13,869	-	41,632
Materials & Supplies	9,477	371	-	9,848
General Office Supplies	10,086	310	-	10,396
Tools	2,991	61	-	3,052
Printing & Publishing	1,290	553	-	1,843
Postage	78,870	39,719	-	118,589
Professional Development	12,287	5,115	-	17,402
Total Customer Accounts	1,225,403	494,505	-	1,719,908
General & Administrative:				
Salary & Benefits	6,823,098	1,560,601	-	8,383,699
Contract Services	2,158,892	442,968	-	2,601,860
Conservation Rebates	225,308	-	-	225,308
Utilities	417,273	53,573	-	470,846
Insurance	614,024	153,506	-	767,530
Materials & Supplies	453,266	152,458	-	605,724
General Office Supplies	27,180	11,380	-	38,560
Legal Services	136,019	69,457	-	205,476
Permits	52,476	29,707	-	82,183
Memberships & Dues	96,916	29,485	-	126,401
Tools	22,742	3,449	-	26,191
Printing & Publishing	123,255	61,220	-	184,475
Professional Development	143,842	47,401	-	191,243
Rents & Leases	14,396	3,599	-	17,995
Total General & Administrative	11,308,687	2,618,804	-	13,927,491
<b>OPERATING EXPENSES BEFORE DEPRECIATION</b>				
	21,415,253	12,784,498	-	34,199,751
Depreciation	5,482,714	895,876	-	6,378,590
Total Operating Expenses	26,897,967	13,680,374	-	40,578,341
<b>OPERATING INCOME (LOSS)</b>	\$ 1,490,299	\$ 1,024,975	\$ -	\$ 2,515,274

(Continued)

**East Valley Water District**  
**Combining Schedule of Revenues, Expenses, and Changes in Net Position - Continued**  
**Year Ended June 30, 2022**

	<u>Water</u>	<u>Wastewater</u>	<u>Eliminations</u>	<u>Total</u>
<b>NON-OPERATING REVENUES</b>				
Investment Income	\$ 152,248	\$ 13,741	\$ -	\$ 165,989
Gain on Disposal of Assets	807,425	235,137	-	1,042,562
Other Income	33,706	-	-	33,706
Total Non-Operating Revenues	<u>993,379</u>	<u>248,878</u>	<u>-</u>	<u>1,242,257</u>
<b>NON-OPERATING EXPENSES</b>				
Interest Expense	1,020,436	274,787	-	1,295,223
Unrealized Investment Losses	208,617	94,857	-	303,474
Total Non-Operating Expenses	<u>1,229,053</u>	<u>369,644</u>	<u>-</u>	<u>1,598,697</u>
<b>INCOME BEFORE CONTRIBUTIONS</b>	<u>1,254,625</u>	<u>904,209</u>	<u>-</u>	<u>2,158,834</u>
<b>CONTRIBUTIONS:</b>				
Capacity Charges	983,303	1,739,645	-	2,722,948
Operating Grants	100,248	3,329	-	103,577
Total Contributions	<u>1,083,551</u>	<u>1,742,974</u>	<u>-</u>	<u>2,826,525</u>
<b>CHANGE IN NET POSITION</b>	2,338,176	2,647,183	-	4,985,359
<b>TOTAL NET POSITION, BEGINNING</b>	<u>101,834,647</u>	<u>38,278,815</u>	<u>-</u>	<u>140,113,462</u>
<b>TOTAL NET POSITION, ENDING</b>	<u>\$ 104,172,823</u>	<u>\$ 40,925,998</u>	<u>\$ -</u>	<u>\$ 145,098,821</u>



**East Valley Water District  
Combining Schedule of Cash Flows  
Year Ended June 30, 2022**

	<u>Water</u>	<u>Wastewater</u>	<u>Eliminations</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash Received from Customers	\$ 28,158,779	\$ 14,224,761	\$ -	\$ 42,383,540
Cash Payments for Employees Services	(9,584,253)	(2,583,616)	-	(12,167,869)
Cash Payments to Suppliers	(12,235,070)	(10,200,878)	-	(22,435,948)
Misc Income / (Expense)	(1,186,152)	-	-	(1,186,152)
<b>Net Cash Provided by Operating Activities</b>	<u>5,153,304</u>	<u>1,440,267</u>	<u>-</u>	<u>6,593,571</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Assessments Received	23,081	-	-	23,081
Proceeds from Sale of Capital Assets	2,448,816	919,861	-	3,368,677
Developer Fees Received	1,083,551	1,742,974	-	2,826,525
Reimbursements Received	-	8,287,456	-	8,287,456
Proceeds/Draws from SRF Loan	-	13,221,385	-	13,221,385
Proceeds from Issuance of Bonds	-	-	-	-
Due To Water Fund	-	(3,730,214)	3,730,214	-
Due From Sewer Fund	3,730,214	-	(3,730,214)	-
Payments on Capital Debt	(2,120,011)	(170,000)	-	(2,290,011)
Interest Paid on Capital Debt	(1,268,525)	(259,135)	-	(1,527,660)
Acquisition of Capital Assets	(5,924,371)	(19,973,338)	-	(25,897,709)
<b>Net Cash Used for Capital and Related Financing Activities</b>	<u>(2,027,245)</u>	<u>38,989</u>	<u>-</u>	<u>(1,988,256)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest Received from Investments	51,686	11,014	-	62,700
Acquisition of Investment Securities	(1,860,198)	(1,596,534)	-	(3,456,732)
Proceeds from Sales of Investments	999,643	1,358,030	-	2,357,673
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(808,869)</u>	<u>(227,490)</u>	<u>-</u>	<u>(1,036,359)</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	2,317,190	1,263,047	-	3,568,956
<b>Cash and Equivalents, Beginning of Year</b>	<u>13,642,976</u>	<u>5,051,027</u>	<u>-</u>	<u>18,694,003</u>
<b>Cash and Equivalents, End of Year</b>	<u>\$ 15,960,166</u>	<u>\$ 6,314,074</u>	<u>\$ -</u>	<u>\$ 22,262,959</u>
<b>RECONCILIATION TO STATEMENT OF NET POSITION</b>				
Cash and Cash Equivalents	\$ 10,441,125	\$ 872,432	\$ -	\$ 11,313,557
Restricted Cash and Cash Equivalents	5,519,041	5,441,642	-	10,960,683
<b>Total Cash and Cash Equivalents</b>	<u>\$ 15,960,166</u>	<u>\$ 6,314,074</u>	<u>\$ -</u>	<u>\$ 22,274,240</u>

(Continued)

**East Valley Water District  
Combining Schedule of Cash Flows - Continued  
Year Ended June 30, 2022**

	<u>Water</u>	<u>Wastewater</u>	<u>Eliminations</u>	<u>Total</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>				
Operating Income (Loss)	\$ 1,490,299	\$ 1,024,975	\$ -	\$ 2,515,274
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	5,482,714	895,876	-	6,378,590
Miscellaneous Income/(Expense)	126,699	-	-	126,699
CIP Projects Expensed	494,039	220,304	-	714,343
Change in Assets and Liabilities:				
Customer Receivables	(457,645)	(480,588)	-	(938,233)
Inventory	(440,925)	-	-	(440,925)
Prepays	95,385	21,522	-	116,907
Deferred Outflow of Resources	685,754	165,651	-	851,405
Accounts Payable - Supplier	(2,119,764)	66,695	-	(2,053,069)
Salaries & Benefits Payable	96,969	(8,798)	-	88,171
Compensated absences	106,691	(25,605)	-	81,086
Net Pension Liability	(4,327,278)	(1,328,327)	-	(5,655,605)
Net OPEB Liability	(125,371)	(53,731)	-	(179,102)
Deferred Inflows of Resources	5,130,432	942,293	-	6,072,725
Other Receivables	(1,312,853)	-	-	(1,312,853)
Customer / Developer Deposits	228,158	-	-	228,158
	<u>\$ 5,153,304</u>	<u>\$ 1,440,267</u>	<u>\$ -</u>	<u>\$ 6,593,571</u>
<b>NON-CASH INVESTING, CAPITAL, AND NON-CAPITAL FINANCING ACTIVITIES:</b>				
Fair Value Adjustments to Investments	\$ 208,616	\$ 92,130	\$ -	\$ 300,746
Capital Assets Acquired by Assuming Liabilities, Including Retainage	\$ -	\$ 2,079,355	\$ -	\$ 2,079,355







# STATISTICAL INFORMATION SECTION





Annual Comprehensive Financial Report  
Fiscal Year Ended June 30, 2022

**Table of Contents**

	<u><b>Page No.</b></u>
<b><u>Statistical Information Section</u></b>	
<b>Financial Trends .....</b>	<b>87-91</b>
<i>These schedules contain information to help the reader understand how the District's financial performance and well-being have changed over time.</i>	
Changes in Net Position by Component – Last Ten Fiscal Years .....	87-88
Operating Revenue by Source – Last Ten Fiscal Years .....	89
Water Operating Expenses – Last Ten Fiscal Years .....	90
Wastewater Operating Expenses – Last Ten Fiscal Years .....	91
<b>Revenue Capacity .....</b>	<b>92-98</b>
<i>These schedules contain information to help the reader assess the District's most significant sources of revenue, water sales, meter charges, wastewater system charges, wastewater treatment charges, and other charges.</i>	
Water Sales and Production – Last Ten Fiscal Years .....	92
Revenue Rates for Water – Last Ten Fiscal Years .....	93-94
Revenue Rates for Wastewater – Last Ten Fiscal Years .....	95-96
Active Services by Type – Last Ten Fiscal Years .....	97
Principal Customers – Current Fiscal Year and Nine Years Ago .....	98
<b>Debt Capacity .....</b>	<b>99-100</b>
<i>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.</i>	
Ratio of Outstanding Debt – Last Ten Fiscal Years .....	99
Debt Service Coverage – Last Ten Fiscal Years .....	100



Annual Comprehensive Financial Report  
 Fiscal Year Ended June 30, 2022

**Table of Contents**

	<u><b>Page No.</b></u>
<b><u>Statistical Information Section - Continued</u></b>	
<b>Demographic Information .....</b>	<b>101</b>
<i>These schedules offer demographic indicators to help the reader understand the environment within which the District's financial activities take place.</i>	
Demographic and Economic Statistics – Last Ten Calendar / Fiscal Years .....	101
<b>Operating Information .....</b>	<b>102-103</b>
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the service provided by the District.</i>	
Full-Time Equivalent Employees by Department – Last Ten Fiscal Years.....	102
Operating and Capacity Indicators for Water and Wastewater – Last Ten Fiscal Years.....	103

**EAST VALLEY WATER DISTRICT**  
**Changes in Net Position by Component**  
**Last Ten Fiscal Years**

Year ended June 30,

	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Change In Net Position</b>					
Operating Revenue	\$ 31,513,194	\$ 32,620,577	\$ 30,743,445	\$ 33,024,082	\$ 37,448,549
Operating Expenses	24,859,076	29,191,176	29,146,339	32,655,921	32,299,587
Operating Income (Loss)	<u>6,654,118</u>	<u>3,429,401</u>	<u>1,597,106</u>	<u>368,161</u>	<u>5,148,962</u>
Non-Operating Revenue (Expenses)					
Investment Income	55,310	49,846	100,830	146,874	69,237
Other Income	397,796	334,700	800,278	830,806	401,323
Interest Expense	(1,445,981)	(1,917,676)	(1,980,062)	(1,843,440)	(1,776,684)
Amortization	(69,038)	(99,688)	-	-	-
Gain (Loss) on Disposal of Assets	-	(606,085)	-	-	-
Total Non-Operating Revenue (Expenses)	<u>(1,061,913)</u>	<u>(2,238,903)</u>	<u>(1,078,954)</u>	<u>(865,760)</u>	<u>(1,306,124)</u>
Special Item					
Abandoned Projects	-	-	(2,413,478)	-	(1,615,241)
Hazard Mitigation	-	-	-	-	-
Capital Contributions	832,515	6,369,890	596,940	732,642	2,446,118
Change in Net Position	6,424,720	7,560,388	(1,298,386)	235,043	4,673,715
Prior Period Adjustment	(537,099)	-	(7,956,231)	-	-
Cumulative Effect of Change in Accounting Principles	-	-	-	-	-
Net Position - Beginning	<u>108,621,485</u>	<u>114,509,106</u>	<u>122,069,494</u>	<u>112,814,877</u>	<u>113,049,920</u>
Net Position - Ending	<u>\$114,509,106</u>	<u>\$122,069,494</u>	<u>\$112,814,877</u>	<u>\$113,049,920</u>	<u>\$117,723,635</u>
<b>Net Position By Component</b>					
Net Investment in					
Capital Assets	95,258,164	101,757,787	98,091,685	103,222,160	104,659,796
Restricted	920,554	2,274,769	2,322,238	2,276,695	2,847,924
Unrestricted	18,330,388	18,036,938	12,400,954	7,551,065	10,215,915
	<u>\$114,509,106</u>	<u>\$122,069,494</u>	<u>\$112,814,877</u>	<u>\$113,049,920</u>	<u>\$117,723,635</u>

(Continued)

SOURCE: East Valley Water District - Finance Department

**EAST VALLEY WATER DISTRICT**  
**Changes in Net Position by Component - Continued**  
**Last Ten Fiscal Years**

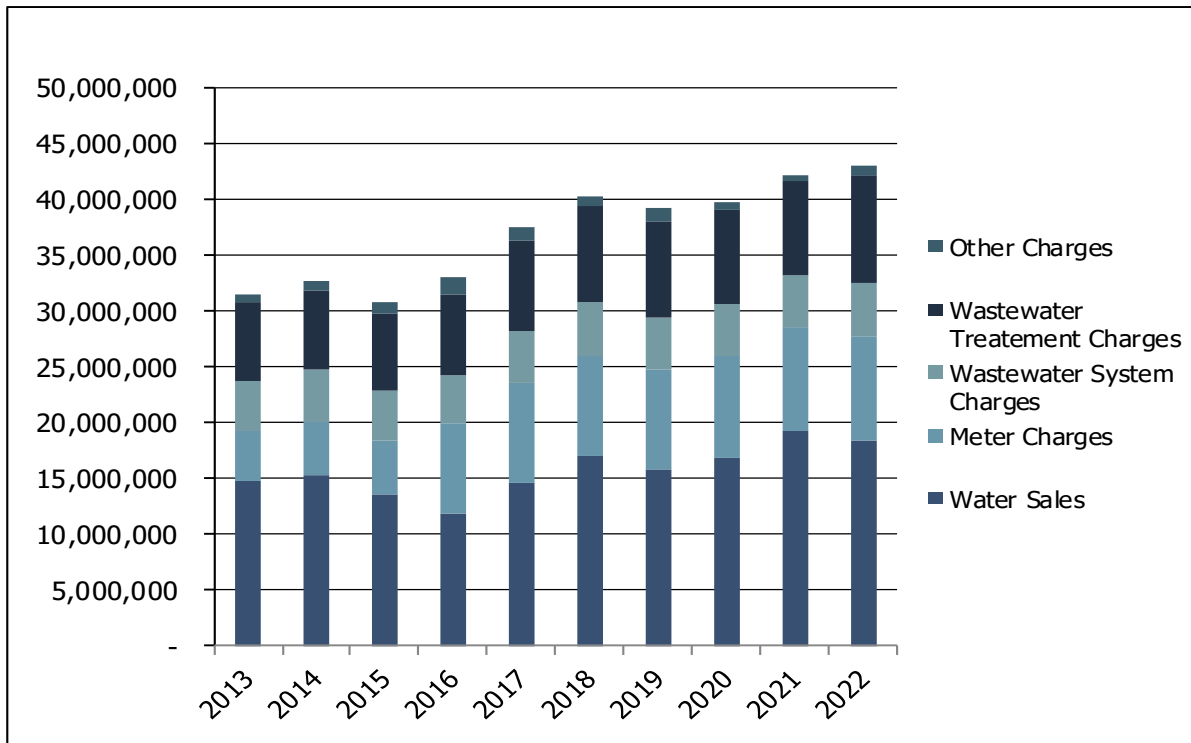
Year ended June 30,

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Change In Net Position</b>					
Operating Revenue	\$ 40,291,125	\$ 39,309,298	\$ 39,812,912	\$ 42,236,814	\$ 43,093,615
Operating Expenses	35,980,099	35,898,073	36,249,650	36,496,064	40,578,341
Operating Income (Loss)	<u>4,311,026</u>	<u>3,411,225</u>	<u>3,563,262</u>	<u>5,740,750</u>	<u>2,515,274</u>
Non Operating Revenue (Expenses)					
Investment Income	221,359	571,549	524,675	167,499	165,989
Other Income	258,560	307,247	121,983	43,744	(269,768)
Interest Expense	(1,777,852)	(1,684,986)	(1,579,104)	(1,387,113)	(1,295,223)
Amortization	-	-	-		
Gain (Loss) on Disposal of Assets	-	705,285	-	(1,236,600)	1,042,562
	<u>(1,297,933)</u>	<u>(100,905)</u>	<u>(932,446)</u>	<u>(2,412,470)</u>	<u>(356,440)</u>
Special Item					
Abandoned Projects	-	-	-	-	-
Hazard Mitigation	(155,177)	-	-	-	-
Capital Contributions	523,918	611,673	9,961,522	877,185	2,826,525
Change in Net Position	3,381,834	3,921,993	12,592,338	4,205,465	4,985,359
Prior Period Adjustment	-	-	-	-	-
Cumulative Effect of Change in Accounting Principles	(1,711,803)	-	-	-	-
Net Position - Beginning	<u>117,723,635</u>	<u>119,393,666</u>	<u>123,315,659</u>	<u>135,907,997</u>	<u>140,113,462</u>
Net Position - Ending	<u>\$119,393,666</u>	<u>\$123,315,659</u>	<u>\$135,907,997</u>	<u>\$140,113,462</u>	<u>\$145,098,821</u>
<b>Net Position By Component</b>					
Net Investment in					
Capital Assets	103,210,762	95,468,735	106,708,555	114,767,362	117,079,071
Restricted	3,334,940	3,460,835	6,659,487	6,435,505	9,076,014
Unrestricted	12,847,964	24,386,089	22,539,955	18,910,595	18,943,736
	<u>\$119,393,666</u>	<u>\$123,315,659</u>	<u>\$135,907,997</u>	<u>\$140,113,462</u>	<u>\$145,098,821</u>

SOURCE: East Valley Water District - Finance Department

**EAST VALLEY WATER DISTRICT**  
**Operating Revenue by Source**  
**Last Ten Fiscal Years**

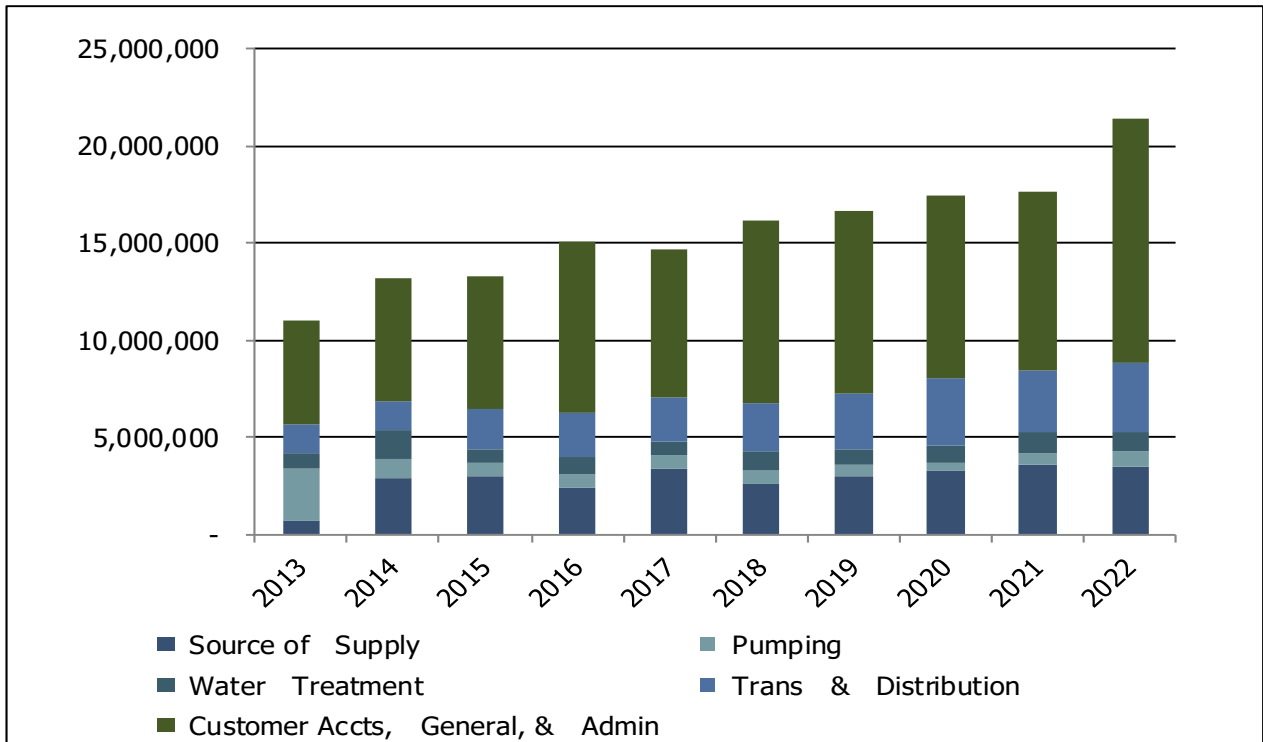
<b>Year Ended June 30,</b>	<b>Water Sales</b>	<b>Meter Charges</b>	<b>Wastewater System Charges</b>	<b>Wastewater Treatment Charges</b>	<b>Other Charges</b>	<b>Total Operating Revenue</b>
2013	14,780,448	4,555,414	4,473,032	6,998,487	705,813	31,513,194
2014	15,351,609	4,704,036	4,649,212	7,197,418	718,302	32,620,577
2015	13,505,159	4,874,581	4,531,355	6,907,828	924,522	30,743,445
2016	11,927,523	8,063,077	4,286,594	7,165,655	1,581,233	33,024,082
2017	14,556,339	8,944,652	4,703,439	8,128,030	1,116,089	37,448,549
2018	17,063,891	8,999,756	4,668,923	8,697,671	860,884	40,291,125
2019	15,746,654	9,009,881	4,643,732	8,592,950	1,316,081	39,309,298
2020	16,902,370	9,023,267	4,647,347	8,496,012	743,916	39,812,912
2021	19,305,631	9,217,003	4,705,683	8,456,508	551,989	42,236,814
2022	18,472,876	9,192,297	4,828,526	9,764,357	835,559	43,093,615



SOURCE: East Valley Water District - Finance Department

**EAST VALLEY WATER DISTRICT**  
**Water Operating Expenses**  
**Last Ten Fiscal Years**

<b>Year Ended June 30,</b>	<b>Source of Supply</b>	<b>Pumping</b>	<b>Water Treatment</b>	<b>Trans &amp; Distribution</b>	<b>Customer Accts, General, &amp; Admin</b>	<b>Total Water Oper Expenses</b>
2013	672,101	2,683,340	874,448	1,469,243	5,323,101	11,022,233
2014	2,875,518	992,555	1,516,412	1,437,831	6,397,534	13,219,850
2015	3,025,714	615,147	743,099	2,120,374	6,785,909	13,290,243
2016	2,442,061	696,432	799,947	2,327,185	8,782,957	15,048,582
2017	3,401,062	646,940	750,052	2,222,953	7,696,211	14,717,218
2018	2,595,071	683,296	969,460	2,538,910	9,347,724	16,134,461
2019	2,975,348	585,585	840,623	2,819,288	9,393,555	16,614,399
2020	3,263,403	457,846	891,127	3,460,642	9,414,762	17,487,780
2021	3,617,788	596,586	1,008,129	3,253,175	9,208,176	17,683,854
2022	3,515,262	756,843	1,045,730	3,563,328	12,534,090	21,415,253

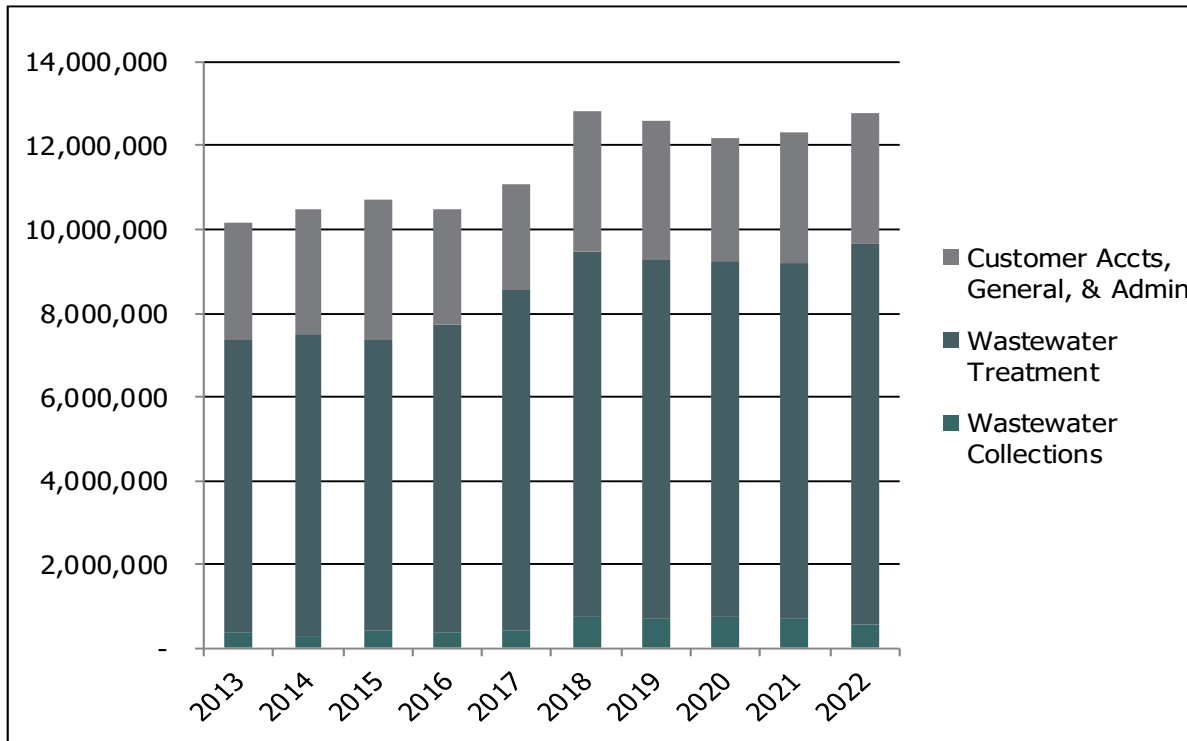


SOURCES: East Valley Water District - Customer Service, Finance, and Operations Departments



**EAST VALLEY WATER DISTRICT  
Wastewater Operating Expenses  
Last Ten Fiscal Years**

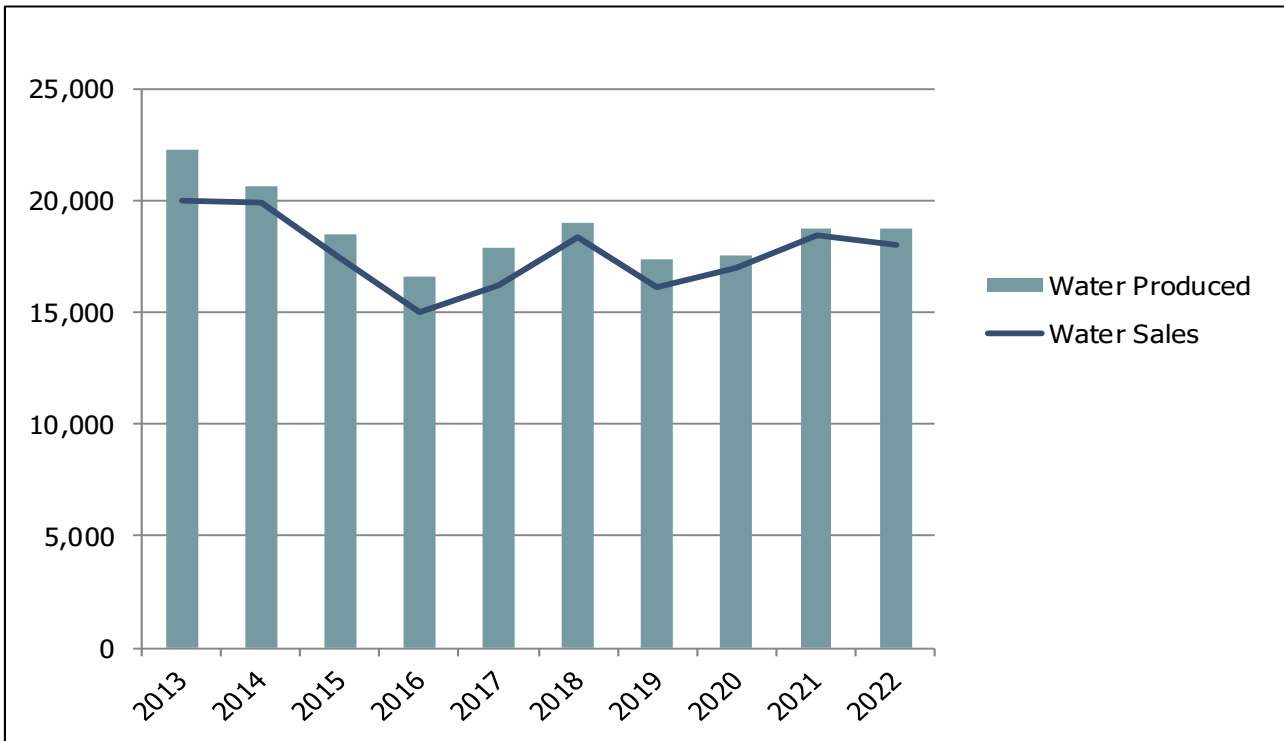
<b>Year Ended June 30,</b>	<b>Wastewater Collections</b>	<b>Wastewater Treatment</b>	<b>Customer Accts, General, &amp; Admin</b>	<b>Total Wastewater Oper Expenses</b>
2013	382,197	6,998,487	2,758,848	10,139,532
2014	312,193	7,197,418	2,953,997	10,463,608
2015	448,399	6,907,828	3,356,250	10,712,477
2016	407,913	7,302,389	2,752,779	10,463,081
2017	425,944	8,128,030	2,510,920	11,064,894
2018	753,000	8,697,671	3,367,091	12,817,762
2019	700,507	8,592,950	3,309,983	12,603,440
2020	767,448	8,496,012	2,922,949	12,186,409
2021	722,680	8,456,508	3,140,650	12,319,838
2022	587,128	9,084,061	3,113,309	12,784,498



SOURCES: East Valley Water District - Customer Service and Finance Departments

**EAST VALLEY WATER DISTRICT**  
**Water Sales and Production**  
**Last Ten Fiscal Years**

<b>Year Ended June 30,</b>	<b>Water Sales (Acre Feet)</b>	<b>Water Produced (Acre Feet)</b>
2013	20,036	22,308
2014	19,910	20,665
2015	17,431	18,494
2016	14,999	16,614
2017	16,223	17,922
2018	18,361	18,997
2019	16,167	17,397
2020	17,037	17,596
2021	18,429	18,784
2022	17,998	18,789



SOURCES: East Valley Water District - Finance and Operations Departments

**EAST VALLEY WATER DISTRICT  
Revenue Rates for Water  
Last Ten Fiscal Years**

**Water Consumption Rates**

Year ended June 30,

	<u>2013</u>	<u>2014</u>	<u>2015<sup>(1)</sup></u>	<u>2016</u>	<u>2017</u>
<b>Charge per HCF</b>	\$ 1.77	\$ 1.77	Tier 1-\$1.45 Tier 2-\$2.07 Tier 3-\$2.89	Tier 1-\$1.45 Tier 2-\$2.07 Tier 3-\$2.89	Tier 1-\$1.63 Tier 2-\$2.32 Tier 3-\$3.24

**Water Monthly System Charges**

Year ended June 30, · ended June 30,

<u>Meter Size (inches)</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
5/8	\$ 13.71	\$ 13.71	\$ 20.96	\$ 20.96	\$ 23.06
3/4	13.71	13.71	26.61	26.61	29.27
1	20.87	20.87	37.92	37.92	41.71
1 1/2	38.60	38.60	66.19	66.19	72.81
2	88.48	88.48	100.12	100.12	110.13
3	163.25	163.25	207.54	207.54	228.30
4	270.06	270.06	365.85	365.85	402.44
6	537.09	537.09	744.67	744.67	819.14
8	857.52	857.52	1,366.62	1,366.62	1,503.28

(Continued)

**NOTES:**

HCF = Hundred Cubic Feet = 748 gallons

- (1) On June 1, 2015 the District adopted Water Budget Based Rates.
- (2) On January 1, 2020 the District adopted New Water Rates.
- (3) On January 1, 2022 the District adopted New Water Rates.

SOURCE: East Valley Water District - Water and Wastewater Rate Resolutions

**EAST VALLEY WATER DISTRICT**  
**Revenue Rates for Water - Continued**  
**Last Ten Fiscal Years**

**Water Consumption Rates**

Year ended June 30,

	<u>2018</u>	<u>2019</u>	<u>2020<sub>(2)</sub></u>	<u>2021</u>	<u>2022<sub>(3)</sub></u>
<b>Charge per HCF</b>	Tier 1-\$1.73	Tier 1-\$1.73	Tier 1-\$1.83	Tier 1-\$1.83	Tier 1-\$1.98
	Tier 2-\$2.46	Tier 2-\$2.46	Tier 2-\$2.61	Tier 2-\$2.61	Tier 2-\$2.54
	Tier 3-\$3.44	Tier 3-\$3.44	Tier 3-\$3.64	Tier 3-\$3.64	Tier 3-\$3.93

**Water Monthly System Charges**

Year ended June 30,

<u>Meter Size (inches)</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022<sub>(3)</sub></u>
5/8	\$ 23.06	\$ 23.06	\$ 23.06	\$ 23.06	\$ 24.01
3/4	29.27	29.27	29.27	29.27	30.85
1	41.71	41.71	41.71	41.71	44.52
1 1/2	72.81	72.81	72.81	72.81	78.69
2	110.13	110.13	110.13	110.13	119.70
3	228.30	228.30	228.30	228.30	229.05
4	402.44	402.44	402.44	402.44	352.07
6	819.14	819.14	819.14	819.14	693.79
8	1,503.28	1,503.28	1,503.28	1,503.28	1,923.98

**NOTES:**

HCF = Hundred Cubic Feet = 748 gallons

- (1) On June 1, 2015 the District adopted Water Budget Based Rates.
- (2) On January 1, 2020 the District adopted New Water Rates.
- (3) On January 1, 2022 the District adopted New Water Rates.

SOURCE: East Valley Water District - Water and Wastewater Rate Resolutions

**EAST VALLEY WATER DISTRICT**  
**Revenue Rates for Wastewater**  
**Last Ten Fiscal Years**

<b>Wastewater Maintenance Charges</b>					
Year ended June 30,					
	<u>2013</u>	<u>2014</u>	<u>2015<sup>(1)</sup></u>	<u>2016</u>	<u>2017</u>
<b>Single-Family Residential</b> (1 to 3 units)					
Flat Monthly Charge (per unit)	\$ 15.36	\$ 15.36	\$ 15.36	\$ 15.36	\$ 15.36
<b>Multi-Family Residential</b> (4 or more units)					
Flat Monthly Charge (per unit)	15.36	\$ 15.36	\$ 15.36	\$ 15.36	15.36
<b>Commercial Non-Residential</b>					
Flat Monthly Charge	3.90	3.90	3.90	3.90	3.90
plus,					
Charge per HCF	0.55	0.55	0.55	0.55	0.55

<b>Wastewater Treatment Charges</b>					
Year ended June 30,					
	<u>2013</u>	<u>2014</u>	<u>2015<sup>(1)</sup></u>	<u>2016</u>	<u>2017</u>
<b>Residential (Flat Monthly Charge)</b>					
Flat Monthly Charge					
Residential (1 unit)	\$ 18.50	\$ 18.50	\$ 18.50	\$ 19.18	\$ 20.85
Residential (2 units)	N/A	N/A	N/A	N/A	N/A
Residential (3 units)	N/A	N/A	N/A	N/A	N/A
Multi-Family (2 units)	37.00	37.00	37.00	38.37	41.72
Multi-Family (3 units)	55.50	55.50	55.50	57.55	62.58
Multi-Family (4 or more units)	N/A	N/A	N/A	N/A	N/A
<b>Commercial</b>					
Multi-Family (4+ units)	2.40	2.40	2.40	1.71	1.90
Non-Residential	2.40	2.40	2.40	3.18	3.42
plus,					
Charge per HCF:					
Multi-Family (4+ units)	1.25	1.25	1.25	1.36	1.48
Retail	2.10	2.10	2.10	2.28	2.47
Restaurants/Lounges	2.70	2.70	2.70	2.93	3.18
Schools/Churches	1.10	1.10	1.10	1.19	1.29
Governments/Municipal	1.50	1.50	1.50	1.63	1.77
Laundromats	1.50	1.50	1.50	1.63	1.77
Dry Cleaners	2.10	2.10	2.10	2.28	2.47
Convalescent Homes	1.35	1.35	1.35	1.46	1.58
Auto Repair/Svc Stations	1.30	1.30	1.30	1.41	1.53
Car Wash	1.30	1.30	1.30	1.41	1.53
Patton State Hospital	N/A	N/A	N/A	N/A	N/A
Hotels	2.70	2.70	2.70	2.93	3.18
Ofc Bldgs/Motels	1.50	1.50	1.50	1.63	1.77

**NOTES:**

(Continued)

HCF = Hundred Cubic Feet = 748 gallons

(1) On June 1, 2015 the District adopted Water Budget Based Rates.

(2) Starting in May 2022, the District transitioned from rates established by the City of San Bernardino to rates adopted as the result of a wastewater Cost of Service Analysis for the District's Sterling Natural Resource Center Water Reclamation Plant.

SOURCE: East Valley Water District - Water and Wastewater Rate Resolutions

**EAST VALLEY WATER DISTRICT**  
**Revenue Rates for Wastewater - Continued**  
**Last Ten Fiscal Years**

<b>Wastewater Maintenance Charges</b>					
Year ended June 30,					
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022<sub>(2)</sub></u>
<b>Single-Family Residential</b> (1 to 3 units)					
Flat Monthly Charge (per unit)	\$ 15.36	\$ 15.36	\$ 15.36	\$ 15.36	\$ 14.25
<b>Multi-Family Residential</b> (4 or more units)					
Flat Monthly Charge (per unit)	N/A	N/A	N/A	N/A	\$ 13.46
<b>Commercial Non-Residential</b>					
Flat Monthly Charge	3.90	3.90	3.90	3.90	10.33
plus,					
Charge per HCF	0.55	0.55	0.55	0.55	-
<b>Wastewater Treatment Charges</b>					
Year ended June 30,					
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022<sub>(2)</sub></u>
<b>Residential (Flat Monthly Charge)</b>					
Flat Monthly Charge					
Residential (1 unit)	\$ 21.55	\$ 21.55	\$ 21.55	\$ 21.55	\$ 23.37
Residential (2 units)	N/A	N/A	N/A	N/A	23.37
Residential (3 units)	N/A	N/A	N/A	N/A	23.37
Multi-Family (2 units)	43.10	43.10	43.10	43.10	20.86
Multi-Family (3 units)	64.64	64.64	64.64	64.64	20.86
Multi-Family (4 or more units)	N/A	N/A	N/A	N/A	20.86
<b>Commercial</b>					
Multi-Family (4+ units)	1.97	1.97	1.97	1.97	N/A
Non-Residential	3.52	3.52	3.52	3.52	10.83
plus,					
Charge per HCF:					
Multi-Family (4 + units)	1.53	1.53	1.53	1.53	N/A
Retail	2.55	2.55	2.55	2.55	1.31
Restaurants/Lounges	3.28	3.28	3.28	3.28	1.31
Schools/Churches	1.33	1.33	1.33	1.33	1.31
Governments/Municipal	1.83	1.83	1.83	1.83	1.31
Laundromats	1.83	1.83	1.83	1.83	1.99
Dry Cleaners	2.55	2.55	2.55	2.55	1.99
Convalescent Homes	1.63	1.63	1.63	1.63	1.99
Auto Repair/Svc Stations	1.58	1.58	1.58	1.58	1.99
Car Wash	1.58	1.58	1.58	1.58	1.99
Patton State Hospital	N/A	N/A	N/A	N/A	2.36
Hotels	3.28	3.28	3.28	3.28	3.88
Ofc Bldgs/Motels	1.83	1.83	1.83	1.83	3.88

**NOTES:**

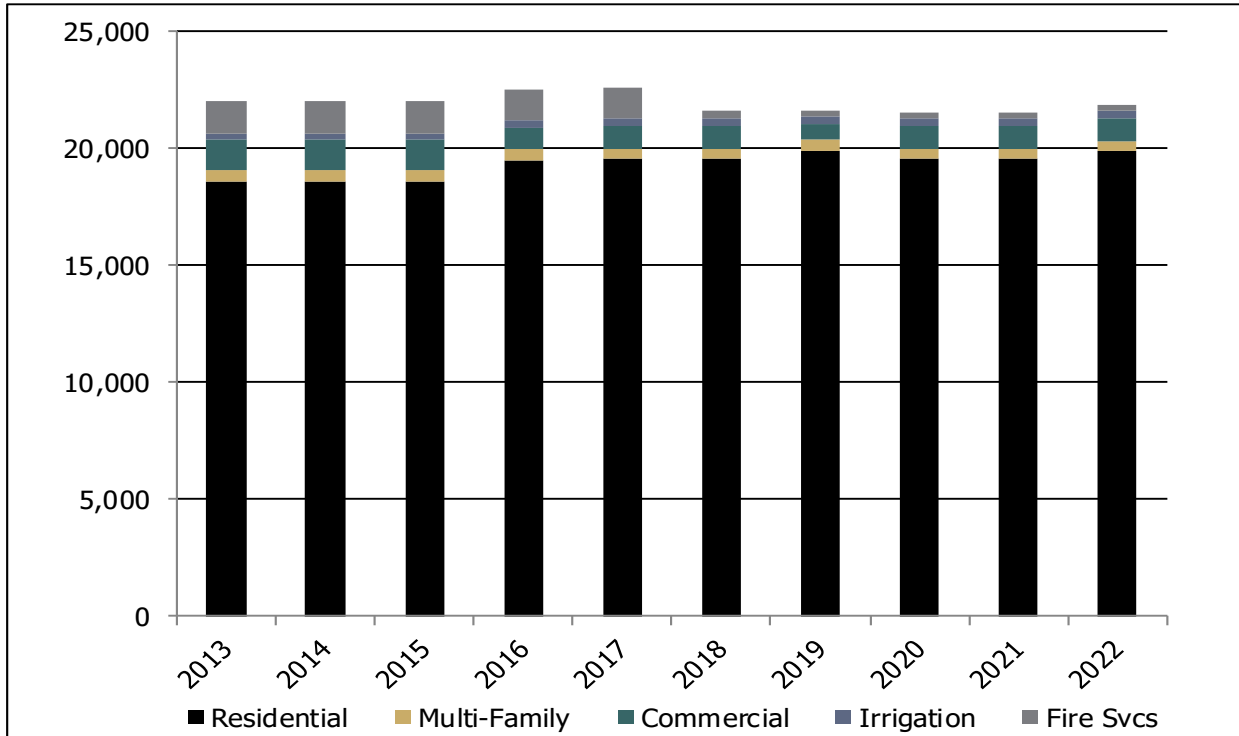
HCF = Hundred Cubic Feet = 748 gallons

- (1) On June 1, 2015 the District adopted Water Budget Based Rates.
- (2) Starting in May 2022, the District transitioned from rates established by the City of San Bernardino to rates adopted as the result of a wastewater Cost of Service Analysis for the District's Sterling Natural Resource Center Water Reclamation Plant.

SOURCE: East Valley Water District - Water and Wastewater Rate Resolutions

**EAST VALLEY WATER DISTRICT**  
**Active Services by Type**  
**Last Ten Fiscal Years**

<b>Year Ended June 30,</b>	<b>Residential (1 to 3 units)</b>	<b>Multi-Family (4+ units)</b>	<b>Commercial</b>	<b>Irrigation</b>	<b>Fire Svcs</b>	<b>Total Service</b>
2013	18,584	497	1,268	313	1,321	21,983
2014	18,584	497	1,268	313	1,321	21,983
2015	18,584	497	1,268	313	1,321	21,983
2016	19,500	463	949	275	1,330	22,517
2017	19,526	463	988	275	1,339	22,591
2018	19,526	463	988	275	361	21,613
2019	19,883	474	681	322	252	21,612
2020	19,526	463	988	275	255	21,507
2021	19,526	463	988	275	255	21,507
2022	19,853	463	988	275	255	21,834



SOURCES: East Valley Water District - Customer Service and Finance Departments

**EAST VALLEY WATER DISTRICT  
Principal Customers  
Current Fiscal Year and Nine Years Ago**

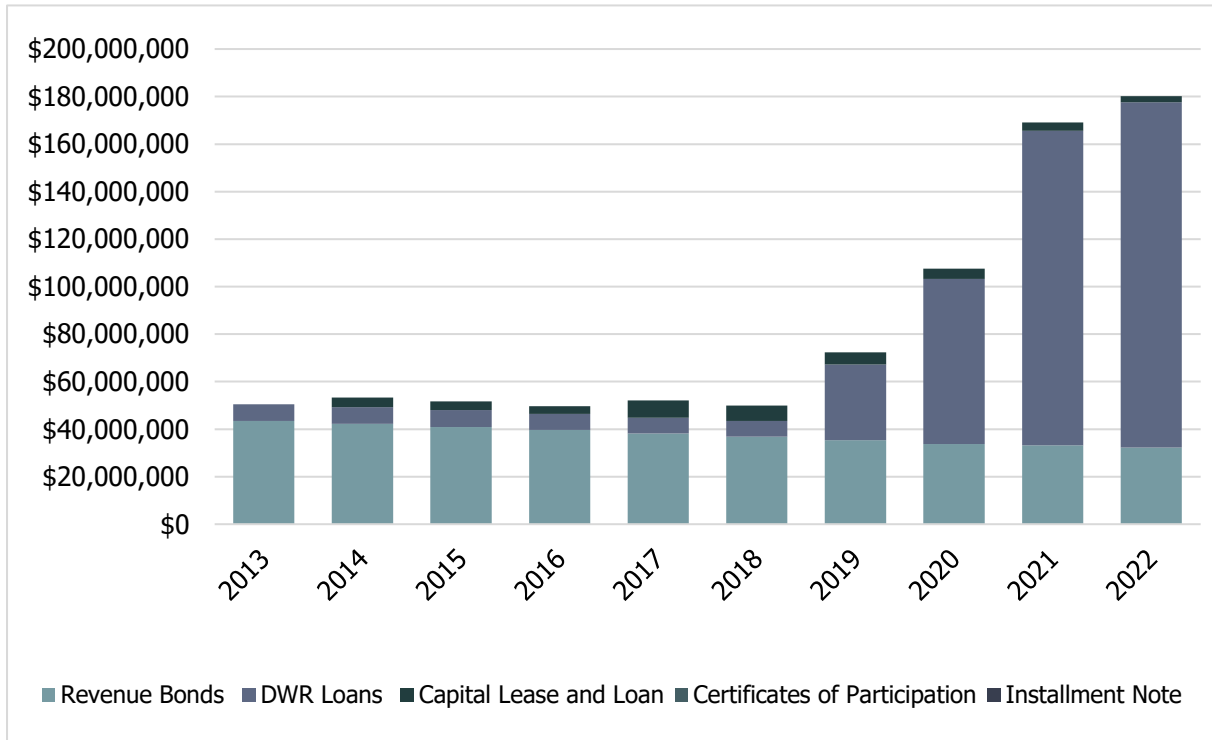
<b>Customer</b>	<b>2022</b>			<b>2013</b>		
	<b>Water Consumed (AF)</b>	<b>Rank</b>	<b>Percentage of Total (%)</b>	<b>Water Consumed (AF)</b>	<b>Rank</b>	<b>Percentage of Total (%)</b>
San Bernardino City Unified School District	649	1	3.45%	667	1	2.99%
Patton State Hospital	406	2	2.16%	451	2	2.02%
San Manuel Mission Indians	390	3	2.08%	270	5	1.21%
City of Highland	348	4	1.85%	313	4	1.40%
San Manuel Indian Bingo & Casino	286	5	1.52%	220	6	0.99%
East Highlands Ranch	259	6	1.38%	318	3	1.43%
Village Lakes Homeowners Association	183	7	0.97%	-		
Tuscany Apartment Homes	148	8	0.79%	-		
Stubblefield Mobile Home Parks & Offices	131	9	0.70%	170	7	0.76%
Valencia Lea Mobile Home Park	125	10	0.67%	136	8	0.61%
City of San Bernardino				111	9	0.50%
Woodman Realty Inc				103	10	0.46%
<b>Total - Top 10</b>	<b><u>2,925</u></b>		<b><u>15.57%</u></b>	<b><u>2,759</u></b>		<b><u>12.37%</u></b>
<b>Total - Water Produced</b>	<b><u>18,789</u></b>		<b><u>100.00%</u></b>	<b><u>22,308</u></b>		<b><u>100.00%</u></b>

SOURCES: East Valley Water District - Customer Service and IT Departments



**EAST VALLEY WATER DISTRICT  
Ratio of Outstanding Debt  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Revenue Bonds</b>	<b>DWR Loans</b>	<b>Capital Lease and Loan</b>	<b>Certificates of Participation</b>	<b>Installment Note</b>	<b>Outstanding Debt</b>	<b>\$ Per Capita</b>	<b>As a Share of Personal Income</b>
2013	43,400,000	7,101,964	-	-	-	50,501,964	540	1.69%
2014	42,195,000	7,091,964	3,998,560	-	-	53,285,524	561	1.67%
2015	40,930,000	7,071,964	3,671,849	-	-	51,673,813	508	1.43%
2016	39,615,000	6,818,565	3,299,108	-	-	49,732,673	476	1.30%
2017	38,235,000	6,565,166	7,278,478	-	-	52,078,644	510	1.36%
2018	36,800,000	6,721,695	6,392,308	-	-	49,914,003	489	1.26%
2019	35,300,000	31,947,551	5,131,238	-	-	72,378,789	710	1.72%
2020	33,720,000	69,565,404	4,295,104	-	-	107,580,508	1,044	*
2021	33,261,998	132,399,838	3,449,724	-	-	169,111,561	1,642	*
2022	32,288,904	145,368,048	2,582,889	-	-	180,239,841	1,733	*



**NOTE:**

\* This data was not developed in the format required for this fiscal year.

SOURCE: East Valley Water District - Finance Department

**EAST VALLEY WATER DISTRICT**  
**Debt Service Coverage**  
**Last Ten Fiscal Years**

**Water Department**

Year Ended June 30,	Gross Revenue <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Available Revenue	Debt Service			Coverage
				Principal <sup>(3)</sup>	Interest	Total	
2013	\$20,225,013	\$11,022,233	\$ 9,202,780	\$1,095,000	\$1,382,013	\$2,477,013	3.72 %
2014	27,397,559	13,219,850	14,177,709	1,167,718	1,840,671	3,008,389	4.71
2015	20,662,750	12,915,690	7,747,060	1,546,490	1,813,348	3,359,838	2.31
2016	22,543,107	15,048,582	7,494,525	1,851,139	1,718,658	3,569,797	2.10
2017	25,257,709	14,717,219	10,540,490	1,926,956	1,653,322	3,580,278	2.94
2018	27,537,072	16,134,461	11,402,611	2,479,570	1,584,820	4,064,390	2.81
2019	27,071,082	16,614,399	10,456,683	2,904,466	1,593,181	4,497,647	2.32
2020	27,466,707	17,487,780	9,978,927	2,564,310	1,456,842	4,021,152	2.48
2021	29,738,333	17,638,854	12,099,479	4,703,778	1,104,438	5,808,216	2.08
2022	30,465,196	21,415,253	9,049,943	2,100,233	957,953	3,058,186	2.96

**Wastewater Department**

Year Ended June 30,	Gross Revenue <sup>(1)</sup>	Operating Expenses <sup>(2)</sup>	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
2013	\$11,600,800	\$10,139,532	\$ 1,461,268	\$ 80,000	\$ 35,100	\$ 115,100	12.70 %
2014	11,974,164	10,463,608	1,510,556	85,000	184,621	269,621	5.60
2015	11,578,742	10,606,751	971,991	85,000	229,725	314,725	3.09
2016	12,095,372	10,463,081	1,632,291	90,000	225,775	315,775	5.17
2017	13,134,564	11,064,894	2,069,670	95,000	221,625	316,625	6.54
2018	13,758,976	12,817,762	941,214	95,000	217,350	312,350	3.01
2019	14,433,970	12,603,440	1,830,530	100,000	212,475	312,475	5.86
2020	22,954,385	12,186,049	10,768,336	105,000	207,350	312,350	34.48
2021	13,586,909	12,319,838	1,267,071	110,000	158,476	268,476	4.72
2022	16,697,201	12,784,498	3,912,703	170,000	100,145	270,145	14.48

**NOTES:**

- (1) Gross revenue includes all operating revenue, interest income, other non-operating revenue and connection fees from the utility fund.
- (2) Operating expenses, less depreciation, for the utility fund.
- (3) Excludes Debt Service for Assessment Districts' Arroyo Verde and Eastwood Farms.

SOURCE: East Valley Water District - Finance Department

**EAST VALLEY WATER DISTRICT**  
**Demographics and Economic Statistics**  
**Last Ten Calendar / Fiscal Years**

<b>Year Ended June 30,</b>	<b>District Population<sub>(3)(4)</sub></b>	<b>County of San Bernardino</b>			
		<b>Unemployment Rate<sub>(1)(3)</sub></b>	<b>Population (2)+</b>	<b>Personal Income (thousands of dollars)<sub>(2)+</sub></b>	<b>Personal Income Per Capita (dollars)<sub>(2)+</sub></b>
2013	93,500	10.6%	2,079,963	66,581,008	32,011
2014	95,000	8.9%	2,095,533	70,425,945	33,608
2015	101,733	7.2%	2,110,852	74,773,589	35,423
2016	104,457	6.0%	2,126,539	77,868,801	36,618
2017	102,208	5.5%	2,144,961	80,514,585	37,537
2018	102,000	4.4%	2,160,049	83,915,091	38,849
2019	102,000	4.0%	2,170,992	89,559,909	41,253
2020	103,000	6.4%	2,182,740	99,313,293	45,499
2021	103,000	9.0%	2,194,710	108,623,799	49,493
2022	104,000	5.4%	*	*	*

**NOTES:**

+ This data was revised in 2021<sup>(2)</sup>

\* This data was not developed in the format required for this fiscal year.

**SOURCES:**

(1) U.S. Department of Labor, Bureau of Labor Statistics (BLS)  
 Census Bureau midyear population estimates.

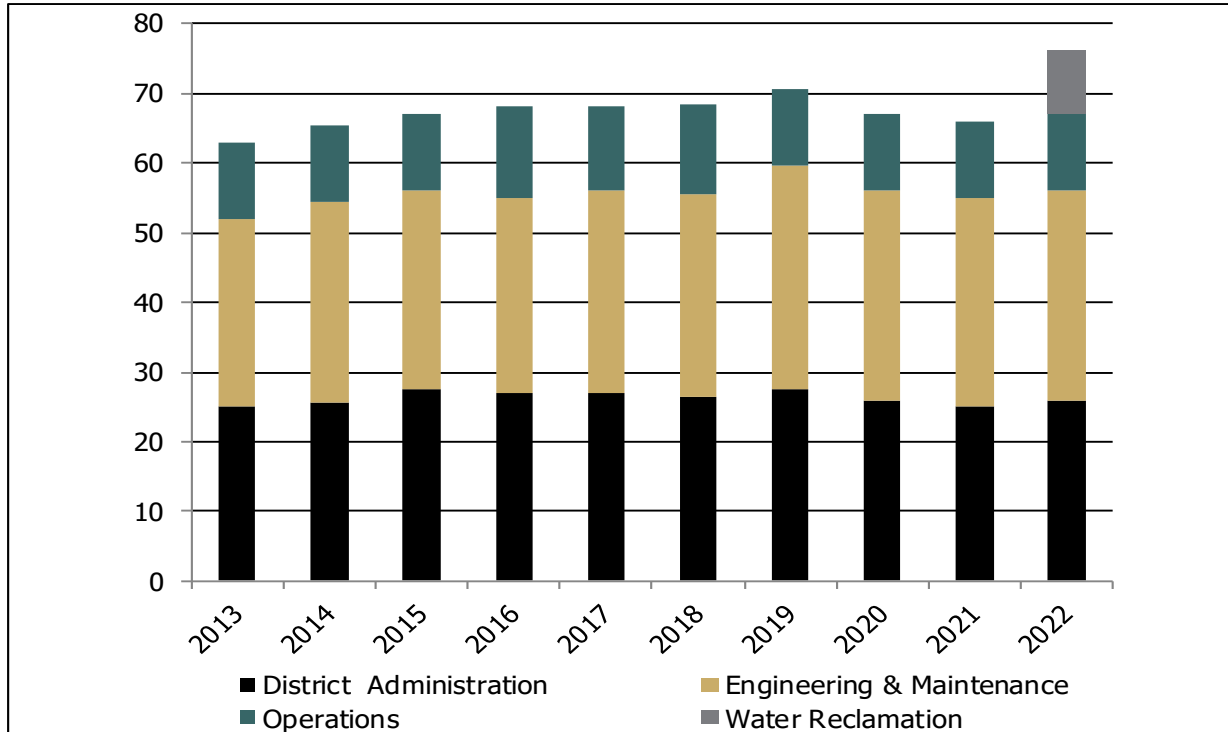
(2) Bureau of Economic Analysis (BEA)  
 Computed using midyear population estimates.

(3) Fiscal Year ends on June 30 of the year that is shown.

(4) East Valley Water District - Finance Department

**EAST VALLEY WATER DISTRICT**  
**Full-Time Equivalent Employees by Department**  
**Last Ten Fiscal Years**

<b>Year Ended June 30,</b>	<b>District Administration</b>	<b>Engineering &amp; Maintenance</b>	<b>Operations</b>	<b>Water Reclamation<sup>(1)</sup></b>	<b>Total</b>
2013	25	27	11	0	63
2014	25.5	29	11	0	65.5*
2015	27.5	28.5	11	0	67*
2016	27	28	13	0	68*
2017	27	29	12	0	68*
2018	26.5	29	13	0	68.5*
2019	27.5	32	11	0	70.5*
2020	26	30	11	0	67
2021	25	30	11	0	66
2022	26	30	11	9	76



**NOTES:**

\* Includes Part-Time Employees (PTEs)

(1) Water Reclamation program started in FY 2021-22

SOURCES: East Valley Water District - Finance and Human Resources Departments

**EAST VALLEY WATER DISTRICT**  
**Operating and Capacity Indicators for Water and Wastewater**  
**Last Ten Fiscal Years**

<b>Water System</b>				
<b>Year Ended June 30,</b>	<b>Miles of Water Main</b>	<b>Number of Fire Hydrants</b>	<b>Annual Production (MG)</b>	<b>Average Production (MGD)</b>
2013	303	2,915	6,529	18
2014	297	2,976	6,488	18
2015	316	3,005	5,680	16
2016	316	3,005	4,887	13
2017	316	3,005	5,286	14
2018	300	3,018	5,983	16
2019	300	3,025	5,268	14
2020	300	3,025	5,552	15
2021	300	3,029	6,121	17
2022	300	3,043	6,122	17

<b>Wastewater System</b>				
<b>Year Ended June 30,</b>	<b>Miles of Wastewater</b>	<b>Service Connections</b>	<b>Annual Sewerage (MG)</b>	<b>Daily Sewerage (MGD)</b>
2013	224	19,502	2,285.06	6.26
2014	223	19,504	2,595.08	7.11
2015	224	19,544	2,271.96	6.22
2016	224	19,572	2,167.71	5.94
2017	260	20,290	2,175.40	5.96
2018	225	20,581	2,149.85	5.89
2019	214	20,563	2,091.45	5.73
2020	214	19,679	2,220.61	6.08
2021	214	19,686	2,220.61	6.08
2022	220	19,766	2,448.97	6.71

SOURCE: East Valley Water District - Engineering and Finance Departments



# OTHER INFORMATION



**EAST VALLEY WATER DISTRICT**  
**Capacity Charge Funds**  
**Year Ended June 30, 2022**

**Capacity Charge Funds**

Government Code Section 66013 requires local agencies that collect capacity charges to deposit and account for these fees in a separate capital facilities fund. In addition, local agencies are required to annual provide the information in this report to the public upon request. Government Code Section 66013 (b) (3) defines "Capacity charge" means a charge for public facilities at the time the charge is imposed or charges for new public facilities to be acquired or constructed in the future that are of proportional benefit to the person or property being charged, including supply or capacity contracts for rights or entitlements, real property interests, and entitlements and other rights of the local agency involving capital expense related to its use of the use of existing or new public facilities. "

Government Code Section 66013 (d) outlines the reporting requirements on the capital facilities funds and expenditures. Government Code Section 66013 (f) (2) exempts capacity charges that are used to pay existing debt service from the reporting requirements of Section 66013 (d). Two of the District's capacity charges are used to pay existing debt service; therefore, they are exempt from the reporting requirements. For the purpose of enhancing transparency, the District has provided the reporting information on its capacity charges that are exempt from Section 66013 (d).

The District has the following capacity charge funds:

**Water Capacity Fee Fund.** This fund collects System Capacity Charges for new water service connections to pay for proportionate shares of the District equipment replacements and facility improvements.

**Wastewater Capacity Fee Fund.** This fund collects a fee for the capacity used by new wastewater connections and the funds are used to pay for equipment replacements and facility improvements.

**EAST VALLEY WATER DISTRICT  
Capacity Charge Funds  
Year Ended June 30, 2022**

A summary of changes in Water Fund Capacity Fees collected for the year ended June 30, 2022 is as follows:

<u>Categories</u>	<u>Beginning of Year</u>	<u>Contributions</u>	<u>Usage</u>	<u>End of Year</u>
Storage	\$ 162,507	\$ 102,831	\$ -	\$ 265,338
Treatment	813,702	31,463	-	845,165
Supply	436,204	46,637	-	482,841
Trans & Distribution	898,883	424,511	-	1,323,394
General	161,385	27,895	-	189,280
East Treatment Plant	104,193	349,966	-	454,159
	<u>\$ 2,576,874</u>	<u>\$ 983,303</u>	<u>\$ -</u>	<u>\$ 3,560,177</u>

A summary of Projects Funded by Capacity Fees for the year ended June 30, 2022:

<u>Categories</u>	<u>CIP Project*</u>	<u>FY 2021-22 Expended</u>	<u>% Funded by Capacity</u>	<u>Total Capacity Fees Usage</u>
Storage		\$ -	0%	\$ -
Treatment				
Supply				
Trans & Distribution				
General				
New Treatment Plant				
		<u>\$ -</u>		<u>\$ -</u>

Note: \* The District did not have any CIP projects utilizing Capacity Fee funds for the year ended June 30, 2022.



**EAST VALLEY WATER DISTRICT  
Capacity Charge Funds  
Year Ended June 30, 2022**

A summary of changes in Wastewater Fund Capacity Fees collected for the year ended June 30, 2022 is as follows:

<u>Categories</u>	<u>Beginning of Year</u>	<u>Contributions</u>	<u>Usage</u>	<u>End of Year</u>
Collection	\$ 1,516,891	\$ 305,126	\$ -	\$ 1,822,017
General	236,975	44,413	-	281,388
Greenspot Main	56,115	343,329	-	399,444
5th Street Main	22,303	136,457	-	158,760
Lynwood Main	5,604	34,287	-	39,891
Treatment	1,860,609	876,033	-	2,736,642
	<u>\$ 3,698,497</u>	<u>\$ 1,739,645</u>	<u>\$ -</u>	<u>\$ 5,438,142</u>

A summary Project Funded by Capacity Fees for the year ended June 30, 2022:

<u>Categories</u>	<u>CIP Project</u>	<u>FY 2021-22 Expended</u>	<u>% Funded by Capacity</u>	<u>Total Capacity Fees Usage</u>
Collection		\$ -	0%	\$ -
Transmission				-
Recharge				-
Operations				-
Treatment				-
		<u>\$ -</u>		<u>\$ -</u>

## DISTRICT HEADQUARTERS

31111 Greenspot Road  
Highland, California 92346



### District Board Meetings

Second and Fourth Wednesday of Each Month at 5:30pm

District Headquarters Board Room  
31111 Greenspot Road  
Highland, CA 92346

### Virtual Board Meetings (Temporary COVID Measure)

Second and Fourth Wednesday

To attend online or telephonically visit [www.eastvalley.org/AgendaCenter](http://www.eastvalley.org/AgendaCenter)  
for details and login information.

